

Bupa Global Designated Activity Company

**Directors' Report and Financial Statements for the
financial year ended 31 December 2021**

Bupa Global Designated Activity Company

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Bupa Global Designated Activity Company

Directors and other information

Directors

Conor Heery
Gavin Beasley (appointed 25 January 2022)
Mark Duffy (resigned 13 April 2021)

Non-Executive Director

Martin Potkins
Taryn McHarg (resigned 31 December 2021)

Independent Non-Executive Directors

Mary Fulton
David Swanton

Secretary

Bupa Secretaries Limited

1 Angel Court
London
EC2R 7HJ

Company number

623889

Registered office

10 Pembroke Place
Ballsbridge
Dublin 4
D04 V1W6

Independent Auditors

PricewaterhouseCoopers
1 North Wall Quay, North Dock
Dublin 1

Head of Actuarial Function

Milliman
7 Grand Canal Street Lower
Dublin 2

Bankers

HSBC Continental Europe
1 Grand Canal Square
Dublin 2
D02 P820

Citibank Europe Plc
1 North Wall Quay
Dublin
D01 T8Y1

Standard Chartered
1 Basinghall Avenue
London
EC2V 5DD

Bank of Valletta
58 Zachary Street
Valletta
VLT 1130
Malta

Danske Bank
Holmens Kanal 2-12
DK-1092 Copenhagen

Barclays Bank Ireland Plc
One Molesworth Street
Dublin 2
D02 RF29

Bupa Global Designated Activity Company Directors' report

The Directors present their report, together with the audited financial statements of the Bupa Global Designated Activity Company ("the Company"), for the financial year ended 31 December 2021. The ultimate parent of the Company is the British United Provident Association Limited ("Bupa Ltd" and together with its subsidiaries "Bupa" or the "Bupa Group").

Principal activities

The principal activity of the Company is to write International Private Medical Insurance ("IPMI") and Travel Insurance to customers based within the European Economic Area ("EEA").

The Company was incorporated on 5 April 2018 and was granted a license to sell insurance by the Central Bank of Ireland ("CBI") in November 2018.

The Company commenced underwriting insurance policies from 29 March 2019.

On 3 June 2021 it was announced that the Company had made the decision to exit the global travel insurance market. From 1 July 2021 the Company ceased writing new travel insurance policies and ceased renewing travel insurance policies from 1 September 2021, with the exception of one large contract, placing the travel segment of the business into run-off. The final policy will go off risk on 31 December 2022.

The Company is part of the Bupa Group, an international healthcare group. Over the past 75 years Bupa's global footprint has grown from our origins in the UK to Australia, Spain, Poland, Chile, New Zealand, Hong Kong, Turkey, Mexico, the US, Brazil, the Middle East and Ireland. Bupa also has associate businesses in Saudi Arabia and India. Bupa has over 38m customers and employs around 85,000 people globally. Bupa was established in 1947 when 17 British provident associations and other UK funding organisations such as hospital contributory schemes came together. Their aim was to enable people to fund high-quality healthcare. Bupa Ltd is a company limited by guarantee with no shareholders, with profits reinvested in the business for the benefit of current and future customers.

The Company is driven by Bupa's purpose, helping people live longer, healthier, happier lives and making a better world. It defines everything we do for our customers, inspiring and motivating us to improve our performance. The Company provides personal, corporate and small to medium enterprise ("SME") IPMI, as well as travel insurance.

The main segment is IPMI provided for individual consumers and employees requiring cover beyond their usual country of residence.

The principal operations take place in the Republic of Ireland, with branches sited in the Netherlands and Malta and a branch closed to new business in Denmark. The provision of mediation and administrative services are provided by Bupa Insurance Services Limited ("BISL") in the UK, Bupa Denmark Services A/S in Denmark and LifeStar Health Limited in Malta.

COVID 19

During 2021 the impact of the COVID-19 pandemic has continued to be felt around the world. We were well placed to continue meeting the needs of our customers through the investment we made to expand and enhance our digital health services during 2020 which we have built on further in 2021.

Key performance indicators

	2021	2020
Insured lives (thousands)	135	146
Net premiums earned (€'m)	97.8	101.9
Profit before taxation (€'m)	3.2	6.4
Loss ratio ¹	53%	52%
Combined operating ratio ²	97%	93%
Solvency II ("SII") coverage ratio	206%	156%

¹ Loss ratio is calculated as the ratio of claims incurred as a percentage of net premiums earned.

² Combined operating ratio is the ratio of total claims and expenses as a percentage of net premiums earned.

Bupa Global Designated Activity Company

Directors' report (continued)

Principal risks and uncertainties

Both the business performance and operations are subject to a number of risks and uncertainties. Significant uncertainties persist through the after-effects of the COVID-19 pandemic and more general economic challenges such as inflation and supply chain resilience. Additionally, the shift to a lower carbon economy and the potential impacts of climate change are now coming into sharper focus. Taking these macro-level conditions and the sector specific risks around competition and demand into account, there is a large range of potential outcomes that might impact the Company, our customer segments and our supply network. The Directors consider that the key risks and uncertainties relate to, market and competitor activity, insurance risk, COVID 19, investment risk, operational risk (including information security and privacy risks), regulatory risk and climate change.

Performance is monitored by the Board and senior management using operational, financial and other data. The Company's Chief Risk Officer provides regular reporting to the Board Risk Committee on the risk profile of the Company and the key mitigation activities in place.

Market and competitor activity

IPMI markets are highly competitive with companies seeking to attract customers through new products and benefits. There is also demand for innovation to meet the different needs of corporate customers and individuals, with increasing customer expectations on the use of technology to provide healthcare services. The Company keeps its competitive position in each of its markets under continuous scrutiny and regularly reviews strategic and tactical objectives.

Insurance risk

The Company seeks to keep insurance risk, in the natural course of business, within the Board's risk appetite.

There is a risk that the frequency, size or timing of claims on insurance policies varies from that expected, leading to an unexpected impact on financial returns. The Company is exposed to a number of factors due to writing medical insurance business, including medical inflation, shifts in demographics, changes in population health, developments in healthcare delivery and technology, and catastrophes. Each of these factors could affect product pricing, reserving, and claim risk accumulation. In addition, general macroeconomic trends and changes in government policies could affect the lapse and persistency behaviour of current and prospective customers.

Insurance risks are managed in a variety of ways. The Company uses its data and experience to develop products that meet customers' needs and are priced competitively and fairly. In addition, the operations apply controls to underwriting and claims settlement. A significant mitigating factor is that the vast majority of business written is for short-term risks, which enable regular opportunities for re-pricing in the event of changes in claims trends. Refer to management of insurance risk in note 27.

COVID-19

The impact of COVID-19 on the Company continues to pose financial, operational and reputational risk including risks to operational resilience. The Stress and Scenario Testing ("SST") exercise, which assesses the impact on the Company's three-year plan, this year considered an interconnected scenario looking at the impact of a new pandemic in the next 2/3 years with higher transmission and mortality rate. The prospective solvency positions are regularly monitored, and management actions are identified where required to ensure the Company remains within risk appetite.

Investment risk

The long-term financial strategy is to facilitate growth without undue investment risk. The Company manages investment risk through setting risk appetites with respect to liquidity, interest rate and credit risk in order to reflect the short-term nature of the insurance liabilities and limit the investment risk charge contribution to the Company's Solvency Capital Requirement ("SCR"). The Company holds a combination of cash on account with highly rated banks and highly rated EEA government bills, refer to note 27.

Operational Risk

A detailed Business Continuity Plan for the Company and all branches with dedicated specialised resources are in place to ensure appropriate operation of key processes and controls. Business continuity issues are reported to the Executive Risk Committee, with significant issues being escalated to the Board Risk Committee, which is responsible for ensuring appropriate controls are in place to mitigate potential risks.

Outsourcing risks exist as the Company engages with a number of service providers, most notably BISL, a Bupa group servicing company in the UK to carry out a number of activities on its behalf.

Information security risks, including those associated with non-compliance with data protection, privacy, and information governance requirements remain key risks for the Company as they are for all insurance companies. The Company continues to ensure that controls are in place and strengthened where necessary to address these risks, including enhancing the event monitoring and incident management.

The Company's IT services are provided by teams within the wider Bupa Group which are overseen by the Company's Director of Operations. These IT teams are responsible for the development, maintenance and monitoring of IT services. A programme of work is in place to ensure the continued development and enhancement of all IT services to provide the level of services required by the business and adequately protect sensitive customer and business data. In response to COVID-19, our office-based staff now work in a hybrid model mixing office and home working, enabled by technology to ensure that we continue to serve our customers and work together effectively. The longer-term impact of hybrid working on our employees has been assessed and appropriate support and checks have been put in place for our people

Bupa Global Designated Activity Company Directors' report (continued)

Principal risks and uncertainties (continued)

Operational Risk (continued)

Undertaking significant change programmes introduces risks in relation to the capacity and capability of staff and senior management to continue to deliver on the strategic objectives, as well as on the change programmes themselves. The Company is focused on ensuring it has the right levels and amount of experience and succession plans to manage the business and deliver on change management.

Regulatory risk

Regulatory risk is described as the risk that insurance and reinsurance undertakings are unable to adapt their risk profile in response to sudden or unexpected changes in the legal environment, such as an unforeseen change in the law relating to IPMI in any jurisdiction.

The Company has a compliance function that ensures the Company operates within its legal obligations and in line with the various regulations.

The Company finance team is supported by its outsourced provider and Group finance function in the preparation of its regulatory and other (including statutory) reporting.

The Board has approved a number of risk appetite statements in order to establish boundaries for the aggregate level and types of risk acceptable in order to ensure compliance with regulation and to achieve the strategic objectives and business plans.

Climate change

Climate change is one of the major risks we face as a society. The Company has minimal direct investment and insurance exposures in respect of the physical risks associated with climate change. However, the Company may be impacted by adverse economic outcomes from the transition to a lower-carbon economy if its products become unaffordable for customers. The impact on health, and hence claims experience, will manifest itself over a longer time frame. The ability to reprice policies annually provides a significant mitigant to adverse claims and expense experience.

The Company monitors and assesses the potential financial and operational impacts of climate change. A Bupa Group-led programme is in place supported by suitable governance structures to manage the risks associated with climate change and to ensure compliance with regulatory requirements in relation to the risk management framework, disclosure and SST. The Company is committed to being a responsible and sustainable business and actively promotes positive environmental practices.

Future Outlook

The threat of COVID-19 to economies and health systems remains with the emergence of new variants, most recently Omicron, and varying levels of vaccination across the globe. The world is slowly learning to live with COVID-19 and in the EU, our key market, the vaccine roll out has been considered a success. We are continuing to adapt and innovate by investing in products and services as well as initiatives to improve efficiency and grow the business. We note the deeply worrying conflict in Ukraine. Across Bupa, we're doing everything we can to offer support to people in need. While the Company does not have significant businesses in either Ukraine or Russia, the global macro-economic risks and human consequences of the conflict are uncertain, and we will continue to monitor any potential impacts on the Company's business and on the economic growth and inflation forecasts.

Solvency

As at 31 December 2021, the Company's Eligible Own Funds to meet the SCR were €41.5m (2020: €36.8m), which exceeded the Company's SCR of €20.1m (2020: €23.6m). This represented a SCR ratio of 206% (2020: 156%). Own Funds have increased due to statutory profits and a lower SII technical provisions adjustment. The lower SCR is primarily due to lower operational risk given the business has now 2-years of broadly stable historical premiums, reduced market risk due to the changes in investment strategy and a lower expectation of earned premium over the future rolling 12-month period from end December.

Bupa Global Designated Activity Company Directors' report (continued)

Solvency (continued)

Solvency II Capital position

	2021	2020
	€m	€m
Eligible Own Funds	41.5	36.8
Solvency Capital Requirement	20.1	23.6
Surplus	21.4	13.2
Solvency ratio	206%	156%

Solvency II Eligible Own Funds

	2021	2020
	€m	€m
Total capital and reserves	41.8	38.8
Valuation differences	(0.3)	(2.0)
Solvency II Eligible Own Funds	41.5	36.8

Analysis of the Solvency Capital Requirement

	2021	2020
	€m	€m
Market Risk	2.4	5.1
Health Insurance Risk	14.4	14.7
Non - Life Risk	3.4	3.1
Counterparty Risk	3.3	2.6
Operational Risk	2.9	5.2
Diversification	(6.3)	(7.1)
Total	20.1	23.6

Results and dividends

The results for the period are set out in the Profit and Loss account on page 13 and 14 and in the related notes, showing a profit after tax for the year of €3.0m (2020: €6.2m).

The Directors confirm that they are satisfied that the Company has adequate resources to continue in operation for the next 12 months from the date of signing the Directors' report. Accordingly, they continue to adopt a going concern basis in preparing the financial statements (Note 1).

The Company did not pay a dividend during the year (2020: nil).

Directors, Secretary and their interests

The Directors of the Company are listed on page 1.

The Directors and Secretary who held office during the year ended 31 December 2021 had no interests in the shares in, or debentures or loan stock of, the Company and no options to acquire shares in the Company.

Accounting records

The Directors believe that they have complied with the requirements of Sections 281 to 285 of the Companies Act 2014 with regard to adequate accounting records by employing accounting personnel with appropriate expertise and by providing adequate resources to the finance function. These accounting records are maintained at the Company's registered office, 10 Pembroke Place, Ballsbridge, Dublin 4, D04 V1W6 and also at the service companies Bupa Insurance Services Limited, 1 Angel Court, London, EC2R 7HJ and Bupa Denmark Services A/S, Palaegade 8, DK-1261 Copenhagen K, Denmark.

Bupa Global Designated Activity Company

Directors' report (continued)

Relevant audit information

The Directors believe that they have taken all steps necessary to make themselves aware of any relevant audit information and have established that the Company's statutory auditor are aware of that information. In so far as they are aware, there is no relevant audit information of which the Company's statutory auditor is unaware.

Audit Committee

The Company has established an Audit Committee with responsibility for monitoring the financial reporting process; monitoring the effectiveness of the Company's systems of internal control, internal audit and risk management, monitoring the statutory auditors, and in particular the provision of additional services to the Company, by the auditors.

Directors' compliance statement

The Directors in accordance with 225(2) of the Companies Act 2014, acknowledge that they are responsible for securing the Company's compliance with the obligations specified in that section arising from the Companies Act 2014 and Tax Laws ("relevant obligations").

The Directors confirm that:

- a compliance policy statement had been drawn up setting out the Company's policies with regard to such compliance.
- appropriate arrangements and structures that are, in our opinion, designated to secure material compliance with the Company's relevant obligations, have been put in place; and
- a review has been conducted, during the financial year, of the arrangements and structures that have been put in place to secure the Company's compliance with its relevant obligations.

Political

The Company made no political donations and incurred no political expenditure during the year.

Post balance sheet events

There have been no significant post balance sheet events which affect the financial statements of the Company.

Central Bank of Ireland Corporate Governance Code

The Company is in compliance with the Corporate Governance Requirements for Insurance Undertakings 2015 issued by the Central Bank of Ireland. The Company is not required to comply with the additional requirements for high impact designated insurance undertakings.

Auditors

Following approval by the Board at the meeting on 15 February 2021, PricewaterhouseCoopers was appointed as the Company's auditors with effect from the audit for the financial year ended 31 December 2021, by way of a shareholder's resolution passed by the Company's sole shareholder on 20 July 2021.

Bupa Global Designated Activity Company

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with Irish law. Irish law requires the Directors to prepare financial statements for each financial year giving a true and fair view of the Company's assets, liabilities and financial position at the end of the financial year and the profit or loss of the Company for the financial year.

Under the law, the Directors have prepared the financial statements in accordance with the Companies Act 2014 and Financial Reporting Standard 101 'Reduced Disclosure Framework'.

Under Irish law, the Directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the Company's assets, liabilities and financial position as at the end of the financial year and the profit or loss of the Company for the financial year. In preparing these financial statements, the Directors are required to:

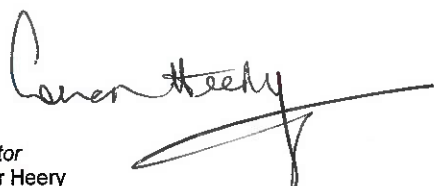
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards and identify the standards in question, subject to any material departures from those standards being disclosed and explained in the notes to the financial statements;
- notify the Company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to:

- correctly record and explain the transactions of the Company;
- enable, at any time, the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy; and
- enable the directors to ensure that the financial statements comply with the Companies Act 2014 and enable those financial statements to be audited.

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board



Director
Conor Heery



Director
Mary Fulton

6 April 2022



Independent auditors' report to the members of Bupa Global Designated Activity Company

Report on the audit of the financial statements

Opinion

In our opinion, Bupa Global Designated Activity Company's financial statements:

- give a true and fair view of the company's assets, liabilities and financial position as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 101 "Reduced Disclosure Framework" and Irish law); and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

We have audited the financial statements, included within the Directors' Report and Financial Statements, which comprise:

- the Balance Sheet as at 31 December 2021;
- Profit and loss: technical account for the year then ended;
- Profit and loss: non-technical account for the year then ended;
- the Statement of Other Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law.

Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard as applicable to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by IAASA's Ethical Standard were not provided to the company.

Other than those disclosed in note 10 to the financial statements, we have provided no non-audit services to the company in the period from 1 January 2021 to 31 December 2021.

Our audit approach

Overview



Materiality

- €977,000
- Based on c. 1% of Net premiums earned.

Audit scope

- We performed a full scope audit of the company's financial statements, based on materiality levels.

Key audit matters

- Appropriateness of methodologies and assumptions applied in the valuation of the claims incurred but not reported element of claims outstanding.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
<p><i>Appropriateness of methodologies and assumptions applied in the valuation of claims outstanding.</i></p> <p><i>Refer to note 2, note 23, and note 27 to the financial statements.</i></p> <p>The provision for claims outstanding is the company's largest liability and its valuation involves judgment. The liabilities are based on the estimated ultimate cost of all claims incurred but not settled at 31 December 2021, whether reported or not, together with the related claims handling costs.</p> <p>The estimate of the ultimate cost of outstanding claims is determined using complex actuarial calculations and requires the considerations of detailed methodologies, multiple assumptions and significant judgements. Underlying these methods are a number of explicit or implicit assumptions relating to the expected settlement amount and settlement patterns of claims.</p> <p>The key assumptions underlying the calculations are claims development patterns, claims cost inflation, seasonality and expected loss ratios, together with an additional assessment of the margin of prudence.</p>	<p>We obtained an understanding of the processes, controls and calculations supporting the actuarial reserving process used to calculate the claims outstanding.</p> <p>Based on the results of our risk assessment and materiality, we selected certain classes of business for independent valuation by our actuarial specialists. The results of our independent valuation were compared to the company's valuation to assess the reasonability of the estimate.</p> <p>In respect of the other classes of business not subject to our independent valuation we assessed the company's valuations with the assistance of our actuarial specialists by performing key indicator testing. This included, amongst other analyses, consideration the development of prior years' estimates and analysis of the current year estimate, including the company's historic claims experience.</p>



<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p>The valuation is also dependent on the completeness and accuracy of data used in the actuarial calculations.</p> <p>The provision booked in the financial statements includes a margin over actuarial best estimate to provide for the risk of adverse claims development.</p> <p>Given the significant judgement involved in this area, the valuation of claims outstanding, specifically the assumptions, was a key area of focus for us.</p>	<p>On a sample basis, we agreed case estimates held to supporting claims documentation.</p> <p>We tested significant post year end developments for reported claims and claims unreported at the year end date.</p> <p>On a sample basis, we tested the data underlying the calculation of reserves and reconciled to underlying supporting information.</p> <p>We considered the value of reserves held by the company, as reflected in the financial statements, relative to the independent actuary's best estimate, and assessed the rationale for and reasonableness of the margin included in the booked reserves over the actuarial best estimate.</p> <p>Through the procedures detailed above and considering the specific nature and circumstances of the company's business, we have concluded that management's assumptions and methodologies used in the valuation of claims outstanding are appropriate.</p>

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	€977,000
How we determined it	c. 1% of Net premiums earned.
Rationale for benchmark applied	We consider net earned premium to be the most appropriate benchmark as it provides a stable measure of company's performance.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €48,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- obtaining and evaluating management's going concern assessment for a period of at least twelve months from the date on which the financial statements are authorised for issue;
- considering the solvency position and the surplus over the Solvency Capital Ratio;
- considering the projected solvency position of the Company under a number of stress scenarios set out in the Company's Own Risk and Solvency Assessment and comparing these to regulatory solvency capital requirement; and
- considering the liquidity position of the company including the company's ability to pay customers, suppliers, creditors as amounts fall due and the sufficiency of investments to cover any anticipated potential cash outflows for a period of at least twelve months from the date on which the financial statements are authorised for issue.



Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Directors' Report and Financial Statements other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the Companies Act 2014 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (Ireland) and the Companies Act 2014 require us to also report certain opinions and matters as described below:

- In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.
- Based on our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are 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 the directors either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.



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 ISAs (Ireland) 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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at:

https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf

This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with section 391 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2014 opinions on other matters

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.

Other exception reporting

Directors' remuneration and transactions

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.

Appointment

We were appointed by the directors on 15 February 2021 to audit the financial statements for the year ended 31 December 2021 and subsequent financial periods. This is therefore our first year of uninterrupted engagement.

Shane McDonald
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin

8 April 2022

Bupa Global Designated Activity Company

Profit and Loss account

for the financial year ended 31 December 2021

	Notes	For year ended 31 December 2021 €'000	For year ended 31 December 2020 €'000
Profit and Loss: technical account			
Gross premiums written	3	95,482	101,133
Outward-reinsurance premiums		(135)	-
Premiums written, net of reinsurance		95,347	101,133
Change in the gross provision of unearned premiums	22	2,354	805
Change in the provision for unearned premiums, reinsurers' share	22	95	-
Change in the gross provision of unearned premiums, net of reinsurance		2,449	805
Net premiums earned		97,796	101,938
Other income		514	734
Total technical income		98,310	102,672
Gross claims paid		(52,528)	(46,905)
Reinsurers' share of claims paid		7	-
Gross claims paid net of reinsurance		(52,521)	(46,905)
Gross Change in the provision for claims	23	766	(6,185)
Reinsurers' share of change in the provision	23	5	-
		771	(6,185)
Net claims incurred	3	(51,750)	(53,090)
Net operating expenses	4	(43,143)	(42,210)
Total technical charges		(94,893)	(95,300)
Balance on the technical account		3,417	7,372

All profits are derived from continuing activities.

The accompanying notes on pages 18 to 38 form an integral part of these financial statements.

Bupa Global Designated Activity Company

Profit and Loss account

for the financial year ended 31 December 2021

	Notes	For year ended 31 December 2021 €'000	For year ended 31 December 2020 €'000
Profit and loss: non-technical account			
Balance on the technical account		3,417	7,372
Investment income	8	848	-
Investment charges	9	(1,102)	(969)
Net financial expense		(254)	(969)
Profit on ordinary activities before taxation		3,163	6,403
Tax on profit on ordinary activities	11	(153)	(228)
Profit on ordinary activities after taxation		3,010	6,175

	Notes	For year ended 31 December 2021 €'000	For year ended 31 December 2020 €'000
Statement of Other Comprehensive Income			
Profit on ordinary activities after taxation		3,010	6,175
Amortisation of merger reserve	21	(187)	(187)
Travel branch merger reserve transfer	21	(360)	-
Other comprehensive expense for the year, net of tax		(547)	(187)
Total comprehensive profit for the year		2,463	5,988

All profits are derived from continuing activities.

The accompanying notes on pages 18 to 38 form an integral part of these financial statements.

Bupa Global Designated Activity Company

Balance sheet

as at 31 December 2021

	Notes	2021 €'000	2020 €'000
Assets			
Investments			
Deposits with credit institutions	13	-	19,901
Debt securities and other fixed income securities	13	40,108	-
		40,108	19,901
Reinsurers' share of technical provisions			
Provision for unearned premiums	22	95	-
Claims outstanding	23	5	-
		100	-
Debtors			
Debtors arising out of direct insurance operations	14	15,428	16,107
Debtors arising out of reinsurance operations		31	-
Other debtors	15	69	142
		15,528	16,249
Other assets			
Property, plant and equipment	16	527	744
Land and buildings	12	2,496	2,841
Cash at bank and in hand	17	46,446	64,988
		49,469	68,573
Prepayments and accrued income			
Deferred acquisition costs	18	3,709	4,431
Deferred tax asset	19	32	21
Prepayments		46	293
		3,787	4,745
Total assets		108,992	109,468

The accompanying notes on pages 18 to 37 form an integral part of these financial statements.


Bupa Global Designated Activity Company
Balance sheet (continued)
as at 31 December 2021

	Notes	2021 €'000	2020 €'000
Equity and liabilities			
Capital and reserves			
Called up share capital	20	39,600	39,600
Merger reserve	21	(106)	(653)
Profit and loss reserve		2,318	(145)
Total capital and reserves		41,812	38,802
Liabilities			
Technical Provisions			
Provision for unearned premiums	22	32,805	35,159
Claims outstanding	23	12,334	12,808
		45,139	47,967
Other provisions	24	3,041	116
Creditors			
Creditors arising out of direct insurance operations		3,788	6,184
Creditors arising out of reinsurance operations		135	-
Other creditors including tax and social welfare	26	12,401	13,374
		16,324	19,558
Lease liabilities	25	2,676	3,025
Total liabilities		67,180	70,666
Total equity and liabilities		108,992	109,468

The accompanying notes on pages 18 to 38 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 6 April 2022 and were signed on its behalf by:

Director
Conor Heery



Director
Mary Fulton



Bupa Global Designated Activity Company

Statement of Changes in Equity

For the year ended 31 December 2021

	Notes	Share capital account €'000	Merger reserve €'000	Profit and loss reserve €'000	Total €'000
At the beginning of the year		39,600	(653)	(145)	38,802
Amortisation of Merger Reserve	21	-	187	(187)	-
Travel branch Merger Reserve transfer	21	-	360	(360)	-
Profit for the year		-	-	3,010	3,010
Total comprehensive profit for the year		-	547	2,463	3,010
At the end of the year		39,600	(106)	2,318	41,812

For the year ended 31 December 2020

	Notes	Share capital account €'000	Merger reserve €'000	Profit and loss reserve €'000	Total €'000
At the beginning of the year		39,600	(840)	(6,133)	32,627
Amortisation of Merger Reserve		-	187	(187)	-
Profit for the year		-	-	6,175	6,175
Total comprehensive profit for the year		-	187	5,988	6,175
At the end of the year		39,600	(653)	(145)	38,802

The accompanying notes on pages 18 to 38 form an integral part of these financial statements.

Bupa Global Designated Activity Company

Notes forming part of the financial statements

1. Basis of Preparation

Bupa Global Designated Activity Company is a company limited by shares and incorporated and domiciled in Ireland, for the registered office address see page 1. The Company is authorised by the Central Bank of Ireland to carry out non-life insurance business.

The financial statements are presented in Euro, which is the Company's functional currency. All amounts have been rounded to the nearest €1,000.

The financial statements have been prepared on the going concern basis. The Directors have conducted an assessment of the Company's going concern status based on its current position and forecast results. The going concern assessment has been made with consideration to the principal impacts and risks posed to the Company by COVID-19. As part of their assessment of the Company's ability to continue as a going concern including any associated impact on liquidity, regulatory capital and ability to meet obligations, the Directors looked at financial performance, capital management, cash flow, solvency and future outlook.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") under the historical cost convention and also in accordance with the requirements of the European Union (Insurance Undertakings Financial Statements) Regulations 2015.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs") but makes amendments where necessary in order to comply with Companies Act 2014 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

As the Company is a wholly owned subsidiary undertaking of Bupa Ltd, a company registered in England and Wales, which publishes consolidated accounts, the Company has not included details of transactions with other Bupa Group companies which are subsidiary undertakings of Bupa.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Statement of cash flows and related notes;
- Disclosures in respect of the compensation of key management personnel;
- Related party transactions with fellow wholly owned Bupa Group companies; and
- The effects of new but not yet effective IFRSs.

The Company has consistently applied the accounting policies to all periods presented in these financial statements.

A number of amended standards and interpretations became applicable for the current reporting period. The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amendments.

2. Accounting policies

Summary of significant accounting policies

The Company has identified the accounting policies that are most significant to its current business operations and the understanding of its results.

The accounting policies set out below have been applied consistently throughout the period presented in these financial statements, unless otherwise stated.

They are prepared under the historical cost convention except for financial assets, which are stated at fair value.

2.1 Foreign currencies

a) Foreign branches

The activities of the foreign branches are carried out as an extension of the Company and, as such, have a Euro functional currency.

b) Foreign transactions

Transactions in foreign currencies other than the functional currency of the Company are translated to the respective functional currency of the Company or its foreign operations. Realised exchange differences arising on transactions of foreign currency amounts are recorded in the Profit and Loss Account.

Bupa Global Designated Activity Company

Notes forming part of the financial statements (continued)

2. Accounting policies (continued)

2.1 Foreign currencies (continued)

b) Foreign transactions (continued)

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate ruling at the balance sheet date; the resulting foreign exchange gain or loss is recognised in operating expenses, except where the gain or loss arises on financial assets or liabilities and then it is presented in financial income or expense as appropriate. Non-monetary assets and liabilities denominated in a foreign currency at historic cost are translated using the exchange rate at the date of the transaction; no exchange differences therefore arise. Non-monetary assets and liabilities denominated in a foreign currency at fair value are translated using the exchange rate ruling at the date that the fair value was determined.

2.2 Income tax

The taxation expense on the profit for the year comprises current and deferred tax.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year and is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised, in respect of all timing differences that have originated but not reversed by the balance sheet date, except that;

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Where they relate to timing differences in respect of branches and the Company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.3 Basis of accounting for underwriting activities

Underwriting activities are accounted for on an annual "accident year" basis, where loss experience is based on the calendar year they are incurred in.

2.4 Gross premiums written

Gross premiums written represent the total premiums receivable for the whole period of cover of policies inception during the reporting period. Premiums are recognised on the commencement date of the policy. Premiums are shown gross of commissions payable and net of insurance premium taxes that may apply in certain jurisdictions.

2.5 Net premiums earned

Net premiums earned represent the premiums earned relating to risk exposure for the reported financial year. They comprise gross premiums written, net of reinsurance and expected lapses, adjusted for the change in the net provision for unearned premiums during the financial year.

The unearned premium provision represents the proportion of premiums written in the financial year that relate to periods of risk in future accounting years.

Premiums are shown gross of commissions payable and net of insurance premium taxes that may apply in certain jurisdictions.

2.6 Outward reinsurance premiums

Outward reinsurance premiums represent the reinsurance premiums payable for contracts entered into that relate to risk mitigation for the reported financial year. These comprise written premiums ceded to reinsurers, adjusted for the reinsurers' share of the movement in the gross provision for unearned premiums.

In cases where the Company cedes reinsurance for the purpose of limiting its net loss potential, the arrangements do not relieve the Company of its direct obligations under insurance policies written.

Premiums, losses and other amounts relating to reinsurance treaties are recognised over the period from inception of a treaty to expiration of the related business. The actual profit and loss is therefore recognised not at inception but as such profit and loss emerges. Any initial reinsurance commission is recognised on the same basis as the acquisition costs incurred.

Bupa Global Designated Activity Company

Notes forming part of the financial statements (continued)

2. Accounting policies (continued)

2.7 Other income

Other income relates to recharges of staff and marketing costs from the branch located in Denmark to Bupa Danmark Services A/S.

2.8 Net claims incurred

Net claims incurred represent the cost of all claims occurring during the year whether paid or provided for, net of reinsurance.

The gross technical provision for claims represents the estimated liability arising from claims episodes which have not yet given rise to claims paid. The provision includes an allowance for claims management and handling expenses.

The gross technical provision for claims is estimated based on current information and the ultimate liability may vary as a result of subsequent information and events. Adjustments to the amount of claims provision for prior years are included in the technical account in the financial year in which the change is made.

Provision is made for unexpired risks where the claims and administrative expenses likely to arise after the end of the financial year, in respect of contracts commencing before that date, are expected to exceed the related unearned premiums, less related deferred acquisition costs. The methods used, and estimates made for claims provisions are reviewed regularly. Any identified deficiency is charged to the Profit and Loss account, initially by writing off deferred acquisition costs, and subsequently by establishing an unexpired risk provision for losses arising in excess of deferred acquisition costs.

2.9 Reinsurers' share of claims

Reinsurers' share of claims incurred represents recoveries from reinsurers on claims paid, adjusted for the reinsurers' share of the change in the gross technical provision for claims. The recoverable balances due from reinsurers are assessed for impairment at each balance sheet date. Impairments are accounted for within the technical account on an incurred loss basis.

2.10 Acquisition costs

Acquisition costs included within net operating expenses, represent commissions payable and other direct expenses related to the acquisition of insurance contract revenues written during the financial year. Acquisition costs that have been paid that relate to subsequent periods are deferred and recognised in the technical account across the period in which the benefit has been recognised, on a straight-line basis.

2.11 Operating Expenses

Operating expenses include staff costs, overheads, depreciation, amortisation of intangible assets and gains or losses on foreign exchange transactions incurred as a consequence of operating our business. Operating expenses are recognised as an expense in the period in which they are incurred.

2.12 Investment income and expenses

Investment income comprises interest income, realised gains on investments and foreign exchange gains and losses. Interest income except in relation to assets classified as fair value through profit or loss, is recognised in the non-technical account as it accrues, using the effective interest method. No interest on investments is specifically designated for the payment of claims.

A gain or loss on a financial investment is only realised on disposal or transfer, and is the difference between the proceeds received, net of transaction costs, and its original cost or amortised cost, as appropriate.

2.13 Property, Plant and Equipment

Equipment (including leasehold improvements) are stated at cost less accumulated depreciation and accumulated impairment losses. The Company undertakes impairment reviews if there are indicators of impairment.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of assets. A review of useful lives is carried out annually the estimated useful lives are as follows:

Leasehold improvements	Shorter of useful life or lease term (10 years)
Equipment	3-5 years
Fixtures and Fittings	3-8 years

Bupa Global Designated Activity Company

Notes forming part of the financial statements (continued)

2. Accounting policies (continued)

2.14 Cash at bank and in hand

Cash at bank and in hand is carried in the Balance Sheet at amortised cost.

2.15 Debtors

Insurance debtors are carried at amortised cost less provision for impairment. Non-insurance debtors are carried at amortised cost less expected credit losses.

2.16 Financial instruments

The Company has classified its financial investments into the following categories: fair value through profit or loss and amortised cost. The Directors determine the classification of all financial investments at initial recognition. Financial investments are derecognised when the rights to receive cash flows from the financial investments have expired or where the Company has transferred substantially all risks and rewards of ownership.

Measurement	Criteria and treatment
Fair value through profit or loss	Debt and equity instruments where performance is managed and evaluated on a fair value basis and the objective is to realise cash flows through the sale of the assets. The investments are carried at fair value, with gains and losses arising from changes in this value recognised in the statement of Profit and Loss Account in the period in which they arise.
Amortised cost	Non-derivative debt instruments where the contractual characteristics of the financial assets represent solely payments of principal and interest and the objective is to hold the instrument to collect cash flows over its life. Any disposals are expected to be infrequent or insignificant. The investments are measured at amortised cost using the effective interest method, less any impairment losses. Any discount or premium on purchase is amortised over the life of the investment through the Profit and loss Account.

Financial investments carried at fair value are measured using different valuation inputs categorised into a three-level hierarchy. The different levels have been defined by reference to the lowest level input that is significant to the fair value measurement, as follows;

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

Recognition

All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

Under IFRS 9, impairment provisions for expected credit losses are recognised for financial investments measured at amortised cost. An allowance for either 12-month or life-time expected credit losses (ECL) is required depending on whether there has been a significant increase in credit risk since initial recognition. However, an assumption can be made that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date (e.g. it is investment grade). The Company applies a 12-month ECL allowance, as all relevant financial investments are either investment grade or short term.

The measurement of ECL should reflect a probability-weighted outcome, the time value of money and the best available forward-looking information as at 31 December 2021.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expires, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised in the Balance Sheet.

Bupa Global Designated Activity Company

Notes forming part of the financial statements (continued)

2. Accounting policies (continued)

2.16 Financial instruments (continued)

Financial liabilities

The Company's financial liabilities consist of other creditors including tax and social welfare which are recognised initially at fair value net of transaction cost incurred. They are subsequently recognised at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised as profit or loss in the Statement of Other Comprehensive Income over the financial year using the effective interest rate method. The Company derecognises financial liabilities when its contractual obligations are discharged, cancelled or expired.

Offsetting of financial instruments

Financial assets and financial liabilities are off-set and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amount and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.17 Creditors

Creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

2.18 Property leases

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 Company's incremental borrowing rate, taking into account the duration of the lease.

The lease liability is subsequently measured at amortised cost using the effective interest method, with the finance cost charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability. It is remeasured when there is a change in future lease payments arising from a change in index or rate, or if the Company changes its assessment of whether it will exercise an extension or termination option. The lease liability is recalculated using a revised discount rate if the lease term changes as a result of a modification or re-assessment of an extension or termination option.

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 restore properties to their original condition, less any lease incentives received. The right-of-use asset, excluding restorations costs, is typically depreciated on a straight-line basis over the lease terms. In addition, the right-of-use asset may be adjusted for certain remeasurements of the lease liability, such as indexation and market rent review uplifts. Restoration costs included in the right-of-use asset are amortised over the same term as the corresponding provision, which may be longer than the IFRS 16 contractual lease term.

The Company has elected not to recognise the right-of-use assets and lease liabilities for short-term leases that have a term of 12 months or less or leases that are of low value (€4,720). Lease payments associated with these leases are expensed on a straight-line basis over the lease term.

2.19 Common control transactions

Common control transactions are acquisition / disposal of assets or businesses that occur between companies with the same ultimate parent as the Company. Any amounts in excess of book value, as recorded within the transferring company, are recognised in a merger reserve.

2.20 Related party transactions

As the Company is a wholly owned subsidiary undertaking of Bupa Ltd, a company registered in England and Wales, which publishes consolidated accounts, the Company has not included details of transactions with other Bupa Group companies which are wholly owned subsidiary undertakings of Bupa.

FRS 101 exempts entities from disclosure of compensation for key management personnel as required by IAS 24. There were no other related party transactions.

2.21 Accounting estimates and judgements

The preparation of financial statements in conformity with FRS 101 requires the use of certain accounting estimates and assumptions that affect the reported assets, liabilities, income and expenses. It also requires the Directors to exercise judgement in applying the Company's accounting policies. The estimates and assumptions are based on historical experience and other related variables (as detailed below), updated to reflect current trading performance. The estimates and assumptions are reviewed on an ongoing basis and are considered to be appropriate but actual results may differ from these estimates.

Bupa Global Designated Activity Company

Notes forming part of the financial statements (continued)

2. Accounting policies (continued)

2.21 Accounting estimates and judgements (continued)

Judgements made by management in applying the Company's accounting policies that have a significant effect on the financial statements, and estimates with a significant risk of material adjustment in subsequent periods, are set out below:

Assumptions for general insurance business

The process of recognising liabilities arising from general insurance entails the estimation of future payments to settle incurred claims and associated claims handling expenses, as well as assessing whether additional provisions for unexpired risk are required. The principal assumptions in the estimation of the liability relate to the expected frequency, severity and settlement patterns of insurance claims, which are expected to be consistent with recently observed experience and trends. The aim of claims reserving is to select assumptions and reserving methods that will produce the best estimate of the future cash outflows for the subject claims; it is an uncertain process which also requires judgements to be made. The resulting provisions for outstanding claims incorporate a margin for adverse deviation, over and above the best estimate liability, the quantum of which reflects the level of this uncertainty.

Estimation techniques are used in the calculation of the claims outstanding which are valued at a point estimate. The claims outstanding comprises the estimated costs of claims and claims handling expense for the two claims components as follows:

- Claims reported but not paid;
- Claims incurred but not reported (IBNR)

Claims reported but not paid are computed from direct data extraction from claims administration and accounting systems. For IBNR the method of computation is based upon the development of previously settled claims and the extrapolation of payments to date for each prior month.

Claims development patterns are analysed; where distinct sub-portfolios with different claims cost and development characteristics exist, further analysis is undertaken to derive assumptions for reserving that are appropriate and can be applied to relatively homogeneous groups of policies. Such sub-portfolios are currently defined by the market segments. Various established reserving methods for general insurance are considered, typically basic chain ladder, Bornhuetter-Ferguson and pure risk cost methods. Additional consideration is given to the treatment of large claims, claim seasonality, claims inflation, currency effects and the impact of COVID-19 in 2021, for which appropriate adjustments to assumptions and methods are made.

While there is some diversity in the development profile of health insurance claims across the Company, such claims are generally highly predictable in both frequency and average amount, and claims are settled quickly following the medical event for which the benefit is claimed. Medical expenses claims are typically, substantially fully-settled within just a few months. Claims management practices such as pre-authorisation of the claim with the insured, electronic claims settlement and effective network provider arrangements can reduce the development period to four to six months.

Insurance provisions are best estimates with a margin for adverse deviation. Actual experience of claims costs and/or administrative expenses may well vary from that anticipated in the reserving estimates.

3. Segmental analysis of gross premiums written

	IPMI €'000	Travel €'000	Total €'000
For year ended 31 December 2021			
Gross premiums written – Ireland	547	32	579
Gross premiums written – Other EEA countries	78,684	16,219	94,903
Earned premium	78,680	19,116	97,796
Other income	6	508	514
Claims incurred	(38,103)	(13,647)	(51,750)
Net operating expenses	(28,665)	(14,478)	(43,143)
Balance on the technical account	11,918	(8,501)	3,417

Premiums written are disclosed on a sold in country basis in this table. An immaterial number of policies are Irish resident with the remainder situated outside the Republic of Ireland.

On 3 June 2021 it was announced that the Company had made the decision to exit the global travel insurance market. From the 1 July 2021 the Company ceased writing new travel insurance policies and ceased renewing travel insurance policies from the 1 September 2021, with the exception of one large contract that renewed on 1 January 2022, placing the travel segment of the business into run-off. The last travel policy will come off risk on 31 December 2022.

Bupa Global Designated Activity Company
Notes forming part of the financial statements (continued)

3. Segmental analysis of gross premiums written (continued)

	IPMI €'000	Travel €'000	Total €'000
For year ended 31 December 2020			
Gross premiums written – Ireland	1,169	17	1,186
Gross premiums written – Other EEA countries	78,278	21,669	99,947
Earned premium	79,333	22,605	101,938
Other income	-	734	734
Claims incurred	(42,417)	(10,673)	(53,090)
Net operating expenses	(30,005)	(12,205)	(42,210)
Balance on the technical account	6,911	461	7,372

4. Net operating expenses

	For year ended 31 December 2021 €'000	For year ended 31 December 2020 €'000
Commission and other acquisition costs	10,848	12,854
Changes in deferred acquisition costs	704	253
Administrative expenses	31,016	28,534
Depreciation	575	569
Total	43,143	42,210

5. Employees

The average number of employees, including Executive Directors, employed by the Company, in the year was 93 (2020: 90).

	For year ended 31 December 2021	For year ended 31 December 2020
Employees categorised as sales	17	13
Employees categorised as administration	76	77

6. Staff costs

	For year ended 31 December 2021 €'000	For year ended 31 December 2020 €'000
Wages and salaries	7,389	7,953
Social insurance costs	1,587	1,489
Other retirement benefit costs	815	817
Other compensation costs	3,853	14
Total	13,644	10,273

Included in Wages and salaries are costs of €2,296k (2020: €2,542k), which are included within Commission and other acquisition costs. Acquisition wages and salary costs of €906k were deferred during the year (2020: €901k). Included in Other compensation costs is a redundancy provision of €2,864k (2020: €nil) for the exit of travel business and €58k (2020: €nil) for the voluntary leavers scheme.

Bupa Global Designated Activity Company
Notes forming part of the financial statements (continued)

7. Directors' remuneration

	For year ended 31 December 2021 €'000	For year ended 31 December 2020 €'000
Emoluments	664	961
Company contributions to defined contribution pension schemes	363	87
Amounts receivable under long-term incentive schemes	102	502
Compensation for loss of office	670	-
Total	1,799	1,550

There are no loans, quasi loans or credit transactions with Directors that require disclosure. The Company has not paid any fees or other remuneration to the non-independent non-executive directors related to the directorship role they provided to the Company as part of their group-wide executive management role. The above amounts pertaining to non-executive directors are a recharge of the emoluments paid or payable by a group member to those individuals in relation to their group wide executive management role. The recharge is based on an estimate of the qualifying services (including management of the affairs of the Company) they provided to the Company during the financial year.

8. Investment income

	For year ended 31 December 2021 €'000	For year ended 31 December 2020 €'000
Realised foreign exchange gains	234	-
Unrealised foreign exchange gains	595	-
Expected credit loss provision movement	19	-
Total	848	-

9. Investment charges

	For year ended 31 December 2021 €'000	For year ended 31 December 2020 €'000
Realised foreign exchange losses	-	218
Unrealised foreign exchange losses	503	244
Expected credit loss charge	-	86
Interest expense on lease liabilities	54	63
Interest payable	545	358
Total	1,102	969

10. Auditors' remuneration

	For year ended 31 December 2021 €'000	For year ended 31 December 2020 €'000
Audit of these financial statements	151	105
Other assurance services	70	50
Total	221	155

Bupa Global Designated Activity Company
Notes forming part of the financial statements (continued)

11. Tax on profit on ordinary activities

(i) **Analysis of tax charge in the financial year**

	2021 €'000	2020 €'000
Current Tax		
Irish tax on income for the year	(406)	(174)
Foreign tax	242	(75)
Total current tax	(164)	(249)
Deferred Tax		
Origination and reversal of temporary differences	11	21
Total deferred tax	11	21
Tax charge	(153)	(228)

(ii) **Reconciliation of effective tax rate**

The differences between the total taxation expense shown above and the amount calculated by applying the standard rate of Irish corporation taxation to the profit before taxation is as follows:

	2021 €'000	2020 €'000
Profit on ordinary activities before taxation	3,163	6,403
Irish Corporation tax rate	12.5%	12.5%
Tax charge at the Irish corporation tax rate	(395)	(800)
Effects of:		
Deductions not allowable for tax purposes	-	(11)
Different taxation rates in foreign jurisdictions	242	(72)
Adjustments in respect of current income tax of previous years	-	(3)
Movement on deferred tax asset not recognised	-	658
Taxation expense at the effective rate of 4.8% (2020: 2.9%)	(153)	(228)

12. Land and buildings

Property right-of-use assets

	2021 €'000	2020 €'000
Balance at 1 January	2,841	3,182
Additions	-	-
Balance at 31 December	2,841	3,182
Depreciation	(345)	(341)
Total	2,496	2,841

Bupa Global Designated Activity Company

Notes forming part of the financial statements (continued)

13. Other financial investments

	2021		2020	
	Carry Value	Fair Value	Carry Value	Fair Value
	€'000	€'000	€'000	€'000
Debt securities and other fixed income securities	40,108	39,764	-	-
Deposits with credit institutions	-	-	19,901	19,992
Total	40,108	39,764	19,901	19,992

Fair value of financial investments

The fair value of a financial instrument is defined as the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties. The fair values of quoted investments in active markets are based on current bid prices. The fair values for all other financial investments are determined through discounted cash flow valuation techniques using observable inputs or are sourced from multiple third parties.

The company does not hold any financial investments at fair value.

Financial instruments carried at fair value are measured using different valuation methods categorised into a fair value hierarchy. The different levels have been defined by reference to the lowest level input that is significant to the fair value measurement, as follows:

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

An analysis is as follows:

2021	€'000 Level 1	€'000 Level 2	€'000 Level 3	€'000 Total
Amortised cost				
Debt securities and other fixed income securities	39,764	-	-	39,764
Total	39,764	-	-	39,764
2020	€'000 Level 1	€'000 Level 2	€'000 Level 3	€'000 Total
Amortised cost				
Deposits with credit institutions	-	19,992	-	19,992
Total	-	19,992	-	19,992

14. Debtors arising out of direct insurance operations

	2021 €'000	2020 €'000
Policyholders	15,524	16,065
Provision for bad debt	(96)	(149)
Intermediaries	-	191
Total	15,428	16,107

15. Other debtors

	2021 €'000	2020 €'000
Amounts owed by Bupa Group undertakings	13	14
Sundry debtors	56	58
VAT recoverable	-	70
Total	69	142

Bupa Global Designated Activity Company

Notes forming part of the financial statements (continued)

16. Property, Plant and Equipment

	Computer Equipment €'000	Fixture and Fittings €'000	Total €'000
Cost			
At 31 December 2020	32	1,087	1,119
Additions	12	-	12
Disposals	-	-	-
At 31 December 2021	44	1,087	1,131
Accumulated depreciation			
At 31 December 2020	(19)	(356)	(375)
Charge during the year	(12)	(217)	(229)
Disposals	-	-	-
At 31 December 2021	(31)	(573)	(604)
Net book value			
At 31 December 2020	13	731	744
At 31 December 2021	13	514	527

17. Cash at bank and in hand

	2021 €'000	2020 €'000
Cash at bank and in hand	46,446	64,988

18. Deferred acquisition costs

	2021 €'000	2020 €'000
Balance at 1 January	4,431	4,684
Acquisition costs deferred	6,743	10,308
Amounts amortised to Profit and Loss	(7,488)	(10,548)
Foreign exchange	23	(13)
Balance at 31 December	3,709	4,431

19. Deferred tax asset

	2021 €'000	2020 €'000
At the beginning of the year - net deferred taxation assets	21	-
Charged to profit and loss account	11	21
At the end of the period - net deferred taxation assets	32	21

Net deferred taxation asset is analysed as follows:

	2021 €'000	2020 €'000
Accelerated capital allowances	27	16
Other employee benefits (other than post-employment)	5	5
Total	32	21

Bupa Global Designated Activity Company
Notes forming part of the financial statements (continued)

20. Called up share capital

	2021	2020
	€	€
Allotted, called up and fully paid		
39,600,001 ordinary shares of €1 each (2020: 39,600,001 ordinary shares of €1 each)	39,600,001	39,600,001

21. Merger reserve

The merger reserve represents a €988k purchase of trade and assets of branches from Bupa Insurance Limited in 2019. The purchase related to renewal rights which are amortised over their useful lives (7 years for the Malta branch and 5 years for the Danish travel branch), to the profit and loss reserve €187k (2020: €187k). Following the announcement to exit the travel business the remaining merger reserve of the Danish travel branch of €360k has been transferred to the profit and loss reserve.

22. Technical provisions

Provision for unearned premiums

	Gross	Reinsurance	Net
	€'000	€'000	€'000
2021			
Balance at 1 January	35,159	-	35,159
Premiums written	95,482	(135)	95,347
Deferred premiums released to income	(97,836)	40	(97,796)
Balance at 31 December	32,805	(95)	32,710

	Gross	Reinsurance	Net
	€'000	€'000	€'000
2020			
Balance at 1 January	35,964	-	35,964
Premiums written	101,133	-	101,133
Deferred premiums released to income	(101,938)	-	(101,938)
Balance at 31 December	35,159	-	35,159

23. Claims outstanding

	Gross	Reinsurance	Net
	€'000	€'000	€'000
2021			
Balance at 1 January	12,808	-	12,808
Increase in current year claims	51,762	(12)	51,750
Cash paid to settle claims	(52,528)	7	(52,521)
Foreign exchange movements	292	-	292
Balance at 31 December	12,334	(5)	12,329

	Gross	Reinsurance	Net
	€'000	€'000	€'000
2020			
Balance at 1 January	6,944	-	6,944
Increase in current year claims	49,574	-	49,574
Cash paid to settle claims	(43,389)	-	(43,389)
Foreign exchange movements	(321)	-	(321)
Balance at 31 December	12,808	-	12,808

Bupa Global Designated Activity Company
Notes forming part of the financial statements (continued)

24. Other provisions

	2021	2020
	€'000	€'000
Balance at 1 January	116	113
Provision made during the year	2,964	3
Utilised in the year	(39)	-
Balance at 31 December	3,041	116

Other provisions consists of a redundancy provision of €2,922k (2020: €nil) and the restoration costs associated with the right of use property €119k (2020: €116k). Following the announcement to exit the travel insurance business the Company has recognised a redundancy provision to cover termination payments and legal fees. The restoration provision relates to estimates of costs to restore the leased property to its original condition, where the key assumptions are the weighted average restoration cost per square foot of €26 and the expected term of occupancy of 10 years.

25. Lease liabilities

	2021	2020
	€'000	€'000
Balance at 1 January	3,025	3,366
Additions	-	-
Repayment of debt	(403)	(403)
Interest on lease liability	54	62
Balance at 31 December	2,676	3,025
Falling due within one year	356	349
Falling due between one year and five years	1,494	1,466
Falling due after more than five years	826	1,210

26. Other creditors including tax and social welfare

	2021	2020
	€'000	€'000
Amounts owed to Bupa Group undertakings	5,581	6,488
Accruals and deferred income	1,240	2,679
Premium tax	3,852	2,301
Corporation tax (receivable)/payable	85	532
PAYE	164	170
VAT	23	-
Other payables	1,456	1,204
Total	12,401	13,374

27. Risk management

The Directors are responsible for identifying, evaluating and managing risks faced by the Company and consider the acceptable level of risk, the likelihood of these risks materialising, how to reduce the risk and the cost of operating particular controls relative to the benefit from managing the related risks.

The Company operates the 'three lines of defense' approach to the governance of risk management;

1. Business management is responsible for the identification and assessment of risks and controls;
2. Risk and compliance functions provide support and challenge the completeness and accuracy of risk assessments and the adequacy of mitigation plans, and ensure that the Company is in compliance with the various regulatory and other requirements; and
3. Internal audit provides independent and objective assurance on the robustness of the risk management framework, and the appropriateness and effectiveness of internal controls.

Bupa Global Designated Activity Company

Notes forming part of the financial statements (continued)

27. Risk management (continued)

The principal significant risks of the Company and how they are mitigated are described on pages 3 to 4.

The Company has adopted a risk management strategy that aims to mitigate these risks to an acceptable level, which is approved by the Board.

The Company has exposure to a number of risks from its use of financial instruments and risks associated with its insurance business. These have been categorised into the following types of risk, and details of the nature, extent and how the Company has managed these risks is described below:

1. Insurance risk
2. Market risk
3. Credit risk
4. Liquidity risk

Insurance risk

Insurance risk consists of underwriting and pricing risks which relate to inadequate tariffs of insurance products as well as reserving risk which relates to the potential inadequacy of claims provision.

i. Underwriting risk

Underwriting risk refers to the potential deviation from the actuarial assumptions used for setting insurance premium rates which could lead to premium inadequacy. Underwriting risk is therefore concerned with both the setting of adequate premiums rates (pricing risk) and the management of claims (claims risk) for insurance policies.

ii. Pricing risk

Pricing risk relates to the setting of adequate premium rates taking into consideration the volume and characteristics of the insurance policies issued, such as future claim projections. External influences on pricing risk include (but are not limited to) competitors' pricing and product design initiatives, and regulatory environments. The level of influence from these external factors can vary significantly between regions and largely depend on the maturity of health insurance markets and the role of the regulator. Actuarial analysis performed on a regular basis combined with an understanding of local market dynamics and the ability to change premium rates when necessary are effective risk mitigations.

The direct impacts of climate change on health are unclear but these impacts are likely to emerge over time and the short-tailed nature of our products allows us to respond to these developments, although this can be limited by pricing controls in some markets.

The Company's dominant product is an annually renewable IPMI contract. This permits insurance premium rate revisions to respond quickly to changes in customer risk profiles, claims experience and market considerations.

The ability to review premium rates is a significant mitigant to pricing risk. In addition, the Company does not underwrite material insurance business that commits it to cover risks at premiums fixed beyond a 12-month period from inception or renewal.

iii. Claims risk

Claims risk is the risk of claims exceeding the amounts assumed in the premium rates. This can be driven by an adverse fluctuation in the amount and incidence of claims incurred and external factors such as medical cost inflation greater than that included in the premium rates.

Claims risk is managed and controlled by means such as pre-authorisation of claims, outpatient benefit limits, the use of consultant networks and agreed networks of hospitals and charges. Specific claims management processes vary across the Company depending on local requirements, market environment and practice.

Adverse claims experience, for example, which is caused by external factors such as medical inflation, will affect cash flows after the date of the financial statements. Recent claims experience is reflected in these financial statements in claims paid and in the movement in the claims provisions.

Generally, the Company's health insurance contracts provide for the reimbursement of incurred medical expenses, typically in-hospital for treatment related to acute, rather than chronic, medical conditions. The contracts do not provide for capital sums or indemnified amounts. Therefore, claims experience is necessarily underpinned by prevailing rates of illness giving rise to hospitalisations. Claims risk is generally mitigated by the Company having processes to ensure that both the treatments and the consequent reimbursements are appropriate.

iv. Reserving risk

Reserving risk is the risk that provisions made for claims incurred prove to be insufficient in light of later events and claims experience. There is a relatively low exposure to reserving risk compared to underwriting risk due to the very short-term nature of our claims development patterns. The short-term nature of the Company's insurance contracts means that movements in claims development assumptions are generally not significant. The development claims patterns are kept under constant review to maintain the validity of the assumptions and, hence, the validity of the estimation of recognised insurance liabilities.

Bupa Global Designated Activity Company

Notes forming part of the financial statements (continued)

27. Risk management (continued)

Insurance risk (continued)

iv. Reserving risk (continued)

Insurance provisions are best estimates. Actual experience of claims costs and/or administrative expenses may well vary from that anticipated in the reserving estimates.

The following table shows the impact on profit before tax, and consequently equity, of reasonably possible variation in assumptions in the carrying value of insurance contract liabilities at the end of the reporting period:

2021	Increase in claims €'000	Increase in expenses €'000
Change in variable	5%	10%
Reduction in profit before taxation	558	74

Since premium provisions include profit margins, variances from expectations can be absorbed by these margins.

The amount of claims provision at any given time that relates to potential claims payments that have not been resolved within one year is not material. The small provisions that relate to longer than one year can be calculated with reasonable confidence.

v. Other risks relating to underwriting health insurance business

Claims provisions are not discounted, and their short-term nature means that changes in interest rates have no material impact on reserving risk. In addition, the future premium income and claims outflows of health insurance premium liabilities are largely unaffected by changes in interest rates. However, changes to inflationary factors such as wage inflation and medical cost inflation affect the value of future claims outflows.

The Company is exposed to foreign currency risk through some of the insurance liabilities which are settled in a local currency. Where possible these liabilities are matched to assets in the relevant currency to provide an economic hedge to this exposure.

The majority of the Company's insurance activities are single line health portfolios. Even though only one line of business is involved, the Company does not have significant concentrations of insurance risk for the following reasons:

- Geographically diverse policyholders.
- product diversity between individual and corporate health insurance; and
- a variety of claims type exposures across diverse medical providers - consultants, nursing staff, clinics, individual hospitals and hospital groups.

Only in select circumstances does the Company use reinsurance. The reinsurance used does not give rise to a material counterparty default exposure for the Company. Restrictions are in place on the credit quality and amount of reinsurance ceded to individual counterparties.

vi. Geographical concentrations of risk

The Company is exposed to the risk that a single event occurs in a location which would result in a large number of claims arising under a group risk policy. This is mitigated by the nature of the IPMI business which diversifies the Company's portfolio of risks across a number of countries.

vii. Catastrophe risk

A natural disaster or a man-made disaster could potentially lead to a large number of claims and thus higher than expected claims costs. In the majority of jurisdictions, the Company is not contractually liable for such claims. Risks are further reduced by the geographical diversity of the portfolio of risks. Consideration of pandemics forms part of our regular stress and scenario testing.

Market risk

Market risk is the risk of adverse financial impact due to changes in fair values of future cash flows of financial instruments from fluctuations in interest rates, foreign exchange rates, commodity prices, credit spread and equity prices. The focus of the Company's long-term financial strategy is to facilitate growth without undue balance sheet risk.

The Company actively manages market risk by holding investments in highly rated EEA government treasury bills and by ensuring that the majority of its cash is held with highly rated credit institutions, in line with the Company's Risk Appetite Statement.

Bupa Global Designated Activity Company

Notes forming part of the financial statements (continued)

27. Risk management (continued)

Market risk (continued)

i. Foreign exchange risk

The Company is exposed to foreign exchange risks arising from commercial transactions and from recognising assets, liabilities and investments in overseas operations. The Company is exposed to both transaction and translation risk.

Transactional exposures arise as a result of differences between the currency of local revenues and costs. Key exposures are to the US dollar, Danish krone and Sterling.

A program is in place to reduce the foreign currency exposures and minimise the foreign exchange charge within the SII SCR. The Company matches significant non-euro balances through regular rebalancing of cash accounts in the major corresponding currencies. Due to the large number of currencies involved, it is not possible for the Company to fully match the currency risk and it will therefore frequently monitor residual balances to ensure it remains within expected levels.

The carrying value of net assets/(liabilities) categorised by foreign currency is as follows:

	Net currency exposure €'000
2021	
US dollar	(2,833)
Danish krone	(3,454)
Sterling	(11,873)
Total foreign currency denominated net assets	(18,160)
	Net currency exposure €'000
2020	
US dollar	(2,418)
Danish krone	(4,234)
Sterling	(13,296)
Total foreign currency denominated net assets	(19,948)

The table presents the 'net currency exposure' of the Company's net assets which drive translational foreign exchange risk. The rates used by the Company were the same as those applied across Bupa and the following exchange rates applied during the financial year.

	Average rate 2021	Average rate 2020	Closing rate 2021	Closing rate 2020
Swiss Franc	1.0812	1.0712	1.0379	1.0816
Danish krone	7.4384	7.4596	7.4365	7.4442
Sterling	0.8597	0.8897	0.8412	0.8935
US dollar	1.1827	1.1420	1.1383	1.2212

The impact of a hypothetical 10% strengthening and weakening of Euro against the currencies below, with all other variables constant, would have increased / (decreased) profit before taxation and reserves by the amounts shown below:

	Gain/(loss) include in Profit and Loss, strengthening 10%		Gain/(loss) include in Profit and Loss, weakening 10%	
	€'000	€'000	€'000	€'000
	2021	2020	2021	2020
Swiss Franc	(13)	-	27	-
Danish krone	(570)	51	695	(42)
Sterling	1073	1,338	(1,457)	(1,095)
US dollar	(173)	(488)	193	399
	317	901	(542)	(738)

Bupa Global Designated Activity Company

Notes forming part of the financial statements (continued)

Market risk (continued)

ii. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

To minimise this interest rate risk the Company holds short duration highly rated EEA government treasury bills and funds on account with highly rated banks.

The impact of a hypothetical rise of 100 bps in interest rates at the reporting date, on an annualised basis, would have decreased profit and reserves by c€500k (2020: decrease c€800k). This analysis assumes that all other variables, in particular foreign exchange rates, remain constant.

Credit risk

Credit risk is the risk that the Company will suffer a financial loss as a result of a counterparty failing to meet all or part of their contractual obligations. Bupa Group Treasury manages the Company's credit risk under the guidance of the Board. The Company does not plan to hold any corporate bonds over the business planning period and is therefore not exposed to the risk of widening corporate spreads and defaults. The Company has invested in EEA government treasury bills, the credit risk is mitigated by only purchasing German and French government bills which have high credit ratings and short duration.

There is banking counterparty default risk in respect of deposits and policyholder receivables.

Counterparty exposure is managed by dealing with highly rated counterparties with exposure limits as approved by Bupa Group and the Company. In addition, the Company does not permit securitised lending of its assets.

Investment exposure with external counterparties is managed by ensuring there is a sufficient spread of investments and that all counterparties are rated at least 'A' by two of the three key rating agencies used by the Company (unless specifically approved by the CFO and Bupa Group).

Information regarding the credit rating of financial assets held at amortised cost is provided below:

	Debt securities and other fixed income securities	Deposits with credit institutions	Cash at bank and in hand	Debtors arising out of direct insurance operations	Other debtors
	€'000	€'000	€'000	€'000	€'000
2021					
AAA to A-	40,174	-	45,383	-	-
BBB+ and below	-	-	1,063	-	-
Not rated	-	-	-	15,428	69
Total	40,174	-	46,446	15,428	69
ECL provision	(66)	-	-	-	-
Carrying amount	40,108	-	46,446	15,428	69
		Deposits with credit institutions	Cash at bank and in hand	Debtors arising out of direct insurance operations	Other debtors
		€'000	€'000	€'000	€'000
2020					
AAA to A-		19,987	64,102	-	-
BBB+ and below		-	886	-	-
Not rated		-	-	16,107	142
Total		19,987	64,988	16,107	142
ECL provision		(86)	-	-	-
Carrying amount		19,901	64,988	16,107	142

Bupa Global Designated Activity Company
Notes forming part of the financial statements (continued)

27. Risk management (continued)

Credit risk (continued)

Information regarding the ageing of financial assets arising from insurance operations, and the value of the impairment made against these assets, is provided below:

	Financial assets that are past due but not impaired					Total carrying value €'000
	Not past due or impaired €'000	0 to 3 months €'000	3 months to 6 months €'000	6 months to 1 year €'000	Greater than 1 year €'000	
2021						
Policyholders	9,991	3,088	1,468	586	390	15,523
Provision for bad debt - insurance debtors – direct	-	-	(64)	(25)	(6)	(95)
Debtors arising out of direct insurance operations	9,991	3,088	1,404	561	384	15,428
Other debtors	53	16	-	-	-	69
ECL provision	-	-	-	-	-	-
Total	10,044	3,104	1,404	561	384	15,497
2020						
Policyholders	11,562	2,278	1,395	624	206	16,065
Intermediaries	191	-	-	-	-	191
Provision for bad debt - insurance debtors – direct	-	(19)	(57)	(73)	-	(149)
Debtors arising out of direct insurance operations	11,753	2,259	1,338	551	206	16,107
Other debtors	121	19	-	-	2	142
ECL provision	-	-	-	-	-	-
Total	11,874	2,278	1,338	551	208	16,249

Bupa Global Designated Activity Company
Notes forming part of the financial statements (continued)

27. Risk management (continued)

Credit risk (continued)

Information regarding the ECL allowance by class of financial investments at amortised cost and fair value through profit or loss is shown below.

	Debt securities and other fixed income securities	Deposits with credit institutions	Cash at bank and in hand	Debtors arising out of direct insurance operations	Other debtors
	€'000	€'000	€'000	€'000	€'000
2021					
At 1 January	-	19,987	64,988	16,107	142
Recognition and settlement	40,174	(19,987)	(18,991)	(993)	(73)
Foreign exchange and other movements	-	-	449	314	-
Balance at 31 December	40,174	-	46,446	15,428	69
ECL provision	(66)	-	-	-	-
Carrying amount	40,108	-	46,446	15,428	69
2020					
At 1 January	-	-	66,940	17,724	509
Recognition and settlement	-	19,987	(1,546)	(1,252)	(367)
Foreign exchange and other movements	-	-	(406)	(365)	-
Balance at 31 December	-	19,987	64,988	16,107	142
ECL provision	-	(86)	-	-	-
Carrying amount	-	19,901	64,988	16,107	142

Bupa Global Designated Activity Company
Notes forming part of the financial statements (continued)

27. Risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not have available funds to meet its liabilities when they fall due. The Company enjoys a strong liquidity position and adheres to strict liquidity management policies as set by its Board.

Liquidity is managed by currency and by considering the segregation of accounts required for regulatory purposes.

The contractual maturities of financial liabilities and the expected maturities of other liabilities including estimated interest payments of the Company as at 31 December are as follows:

	Provision for unearned premiums €'000	Claims outstanding €'000	Total creditors €'000	Lease liability €'000	Total €'000
As at 31 December 2021					
2022	32,805	12,334	16,324	403	61,866
2023	-	-	-	403	403
2024	-	-	-	403	403
2025	-	-	-	403	403
2026	-	-	-	403	403
2027 -2030	-	-	-	842	842
Total	32,805	12,334	16,324	2,857	64,320
Carrying value	32,805	12,334	16,324	2,676	64,139
As at 31 December 2020					
2021	35,159	12,808	19,558	403	67,928
2022	-	-	-	403	403
2023	-	-	-	403	403
2024	-	-	-	403	403
2025	-	-	-	403	403
2026 -2029	-	-	-	1,245	1,245
Total	35,159	12,808	19,558	3,260	70,785
Carrying value	35,159	12,808	19,558	3,025	70,550

The Company manages liquid cash with financial institutions and EEA government bills. The maturity profile of financial assets at 31 December are all less than one year or equal to one year in duration.

Bupa Global Designated Activity Company

Notes forming part of the financial statements (continued)

28. Capital management

The total capital of the Company as at 31 December 2021 consists of shareholder's equity of €41.8m (2020: €38.8m).

The Company's capital management objective is to maintain sufficient capital to safeguard the Company's ability to continue as a going concern and to protect the interests of all its customers, investors, regulator and trading partners while also efficiently deploying capital and managing risk to sustain ongoing business development.

Management reviews capital on an on-going basis with a view to maintaining a level of capital sufficient to cover significant balance sheet risks and regulatory requirements.

The Company's capital position is kept under constant review and is reported quarterly to the Board.

The Company is subject to the requirements of the SII Directive and must hold sufficient capital to cover its SCR. In addition, the Company maintains a buffer in excess of this capital requirement, calibrated in line with the capital risk appetite set by the Board. The SCR is calculated in accordance with the Standard Formula specified in the SII regulations.

At least annually, the Company will carry out an Economic Capital Assessment (ECA) in which it makes its own quantification of how much capital is required to support its risks. The ECA is used to assess how well the Standard Formula SCR reflects the Company's actual risk profile.

The ECA forms part of the Own Risk and Solvency Assessment (ORSA) which comprises all the activities by which the Company establishes the level of capital required to meet its solvency needs over the planning period given the Company's strategy and risk appetite. The conclusions from these activities are summarised in the ORSA Report which is reviewed by the Risk Committee, approved by the Board and submitted to the CBI at least annually.

The Company's Eligible Own Funds, determined in accordance with the SII valuation rules, were €41.5m (2020: €36.8m) which was in excess of the SCR of €20.1m (2020: €23.6m). This represented a SCR ratio of 206% (2020: 156%).

29. Immediate and ultimate parent company

The Company's immediate parent undertaking is Bupa Global Holdings Limited, and the ultimate parent undertaking is Bupa, a company incorporated in the UK. The smallest and largest group into which these financial statements are consolidated are that headed by Bupa Finance plc and Bupa respectively. The consolidated financial statements for both Bupa Finance plc and Bupa may be obtained in offices located at 1 Angel Court, London, EC2R 7HJ, United Kingdom and are available at www.bupa.com.

30. Subsequent events

There have been no significant subsequent events since the balance sheet date that require disclosure or adjustment to the financial statements. We note the deeply worrying conflict in Ukraine. Across Bupa, we're doing everything we can to offer support to people in need. While the Company does not have significant businesses in either Ukraine or Russia, the global macro-economic risks and human consequences of the conflict are uncertain, and we will continue to monitor any potential impacts on the Company's business and on the economic growth and inflation forecasts.

31. Approval of financial statements

The Board approved these financial statements on 6 April 2022.