

Bupa Global Designated Activity Company

**Directors' Report and Financial Statements for the
financial year ended 31 December 2022**

Bupa Global Designated Activity Company

Contents

	Page
Directors and other information	1
Directors' report	2 – 6
Statement of directors' responsibilities in respect of the Directors' report and the financial statements	7
Independent auditors' report	8 – 13
Profit and Loss: technical account	14
Profit and Loss: non-technical account	15
Statement of Other Comprehensive Income	15
Balance sheet	16 -17
Statement of changes in equity	18
Notes forming part of the financial statements	19 - 40

Bupa Global Designated Activity Company

Directors and other information

Directors

Conor Heery
Gavin Beasley (appointed 25/01/2022)

Non-Executive Directors

Martin Potkins
Anna-Marie Oldfield (appointed 27/01/2023)
Gabriela Pueyo Roberts (appointed 14/04/2022, resigned 31/07/2022)

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 2022. 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.

The Company is part of the Bupa Group, an international healthcare group. Over the past 75 years Bupa Group's global footprint has grown from our origins in the UK to Australia, Spain, Poland, Chile, New Zealand, Hong Kong, Türkiye, Mexico, the US, Brazil, the Middle East and Ireland. Bupa Group also has associate businesses in Saudi Arabia and India. Bupa Group has over 43m customers and employs around 82,000¹ 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 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.

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 went off risk on 31 December 2022.

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

Our principal operations take place in the Republic of Ireland, with branches sited in Denmark, the Netherlands and Malta. 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 (ceasing in 2023) and LifeStar Health Limited in Malta.

¹ Based on average number of employees during the year

Key performance indicators

	2022	2021
Insured lives (thousands)	41	135
Net premiums earned (€'m)	95.3	97.8
Profit on ordinary activities before taxation (€'m)	11.7	3.2
Loss ratio ¹	51%	53%
Combined operating ratio ²	88%	97%
Solvency II ("SII") coverage ratio	315%	206%

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

² Combined operating ratio is the ratio of net claims incurred and net operating 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 COVID-19 pandemic continues to cause uncertainty for people, governments, economies and the healthcare sector. This impacts our customers, our suppliers, the independent healthcare providers and the markets in which we operate. The Company has remained resilient and well capitalised while also giving consideration to the value customers have been able to derive from our products and services.

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. Following 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 world economies are challenged in the wake of the pandemic and the war in Ukraine which have led to significant inflation levels and a rising cost of living. While the Company does not have business in Ukraine or Russia, the global macro-economic risks and human consequences of the conflict are uncertain and we will continue to monitor any potential impact on the business.

Following the pandemic, an increased focus on health has developed which has increased demand for independent healthcare. The Company will continue to invest in digital offerings to improve customer experience and accessibility of services. The Company is focused on growth, with new propositions to address affordability challenges and investment in distribution and customer experience. Alongside its growth agenda, the Company will focus on sustainability and improving healthcare coordination to reduce waste in the system.

The Company will continue to support customers and our people where appropriate as we navigate the high-inflationary environment.

Solvency

As at 31 December 2022, the Company's Eligible Own Funds to meet the SCR were €56.1m (2021: €41.5m), which exceeded the Company's SCR of €17.8m (2021: €20.1m). This represented a SCR ratio of 315% (2021: 206%). Own Funds have increased due to statutory profits in the year and a reduction in Solvency II technical provisions adjustment.

The lower SCR is primarily due to the recognition of the loss absorption capacity of deferred tax (LACDT) which amounted to €2.4m. For the first time this year, BGDAC is able to recognise a LACDT adjustment as a deduction to the SCR which reflects the ability to claim back tax already paid/charged in prior years where a significant loss event (the 1-in-200 year SCR scenario) has deemed to have occurred.

Bupa Global Designated Activity Company Directors' report (continued)

Solvency (continued)

Solvency II Capital position

	2022	2021
	€m	€m
Eligible Own Funds	56.1	41.5
Solvency Capital Requirement	17.8	20.1
Surplus	38.3	21.4
SII coverage ratio	315%	206%

Solvency II Eligible Own Funds

	2022	2021
	€m	€m
Total capital and reserves	49.9	41.8
Valuation differences	6.2	(0.3)
Solvency II Eligible Own Funds	56.1	41.5

Analysis of the Solvency Capital Requirement

	2022	2021
	€m	€m
Market Risk	1.2	2.4
Health Insurance Risk	15.9	14.4
Non - Life Risk	0.8	3.4
Counterparty Risk	2.8	3.3
Operational Risk	2.9	2.9
Diversification	(3.4)	(6.3)
Loss absorption capacity of deferred tax	(2.4)	-
Total	17.8	20.1

Results and dividends

The results for the year are set out in the Profit and Loss account on page 14 and 15 and in the related notes, showing a profit after tax for the year of €8.1m (2021: €3m).

The directors are satisfied that there are no material uncertainties about the ability of the Company to continue its operations in the future.

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 1.2).

The Company did not pay a dividend during the year (2021: 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 2022 had no interests in the shares in, or debentures or loan stock of, the Company and no options to acquire shares in the Company.

Insurance and indemnities

Bupa has a directors' and officers' insurance policy in place, together with indemnities for the Directors and certain senior managers, to the extent permitted by English law and the Company's Articles of Association.

Bupa Global Designated Activity Company

Directors' report (continued)

Insurance and indemnities (continued)

These cover all losses arising out of, or in connection with, the execution of their powers, duties, and responsibilities, as Directors of the Company or of any of its subsidiaries. These have been in place throughout 2022 and to the date of this Annual Report. There are no other qualifying third-party indemnity provisions or pension indemnity provisions in place.

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.

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 donations and political expenditure

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

Pursuant to Section 383(2) of the Companies Act 2014, the auditor will be deemed to be reappointed and PricewaterhouseCoopers will therefore continue in office.

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.

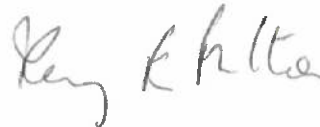
The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board

Director
Conor Heery



Director
Mary Fulton



3 April 2023

Bupa Global Designated Activity Company

Bupa Global Designated Activity Company

Bupa Global Designated Activity Company

Bupa Global Designated Activity Company

Bupa Global Designated Activity Company

Bupa Global Designated Activity Company

Bupa Global Designated Activity Company

Profit and Loss account

for the financial year ended 31 December 2022

	Notes	For year ended 31 December 2022 €'000	For year ended 31 December 2021 €'000
Profit and Loss: technical account			
Gross premiums written	3	98,087	95,482
Outward reinsurance premiums		(586)	(135)
Premiums written, net of reinsurance		97,501	95,347
Change in the gross provision of unearned premiums	22	(2,196)	2,354
Change in the provision for unearned premiums, reinsurers' share	22	30	95
Change in the gross provision of unearned premiums, net of reinsurance		(2,166)	2,449
Net premiums earned		95,335	97,796
Other income		134	514
Total technical income		95,469	98,310
Gross claims paid		(50,506)	(52,528)
Reinsurers' share of claims paid		310	7
Gross claims paid net of reinsurance		(50,196)	(52,521)
Gross Change in the provision for claims	23	1,482	766
Reinsurers' share of change in the provision	23	57	5
		1,539	771
Net claims incurred	3	(48,657)	(51,750)
Net operating expenses	4	(35,096)	(43,143)
Total technical charges		(83,753)	(94,893)
Balance on the technical account		11,716	3,417

All profits are derived from continuing activities.

The accompanying notes on pages 19 to 40 form an integral part of these financial statements.

Bupa Global Designated Activity Company

Profit and Loss account

for the financial year ended 31 December 2022

	Notes	For year ended 31 December 2022 €'000	For year ended 31 December 2021 €'000
Profit and loss: non-technical account			
Balance on the technical account		11,716	3,417
Investment income	8	1,060	848
Investment charges	9	(1,105)	(1,102)
Net financial expense		(45)	(254)
Profit on ordinary activities before taxation		11,671	3,163
Tax on profit on ordinary activities	11	(3,571)	(153)
Profit on ordinary activities after taxation		8,100	3,010

	Notes	For year ended 31 December 2022 €'000	For year ended 31 December 2021 €'000
Statement of Other Comprehensive Income			
Profit on ordinary activities after taxation		8,100	3,010
Amortisation of merger reserve	21	(27)	(187)
Travel branch merger reserve transfer	21	-	(360)
Other comprehensive expense for the year, net of tax		(27)	(547)
Total comprehensive profit for the year		8,073	2,463

All profits are derived from continuing activities.

The accompanying notes on pages 19 to 40 form an integral part of these financial statements.

Bupa Global Designated Activity Company

Balance sheet

as at 31 December 2022

	Notes	2022 €'000	2021 €'000
Assets			
Investments			
Debt securities and other fixed income securities	13	54,722	40,108
		54,722	40,108
Reinsurers' share of technical provisions			
Provision for unearned premiums	22	125	95
Claims outstanding	23	62	5
		187	100
Debtors			
Debtors arising out of direct insurance operations	14	16,290	15,428
Debtors arising out of reinsurance operations		113	31
Other debtors	15	58	69
		16,461	15,528
Other assets			
Property, plant and equipment	16	303	527
Land and buildings	12	2,151	2,496
Cash at bank and in hand	17	36,230	46,446
		38,684	49,469
Prepayments and accrued income			
Deferred acquisition costs	18	3,957	3,709
Deferred tax asset	19	43	32
Prepayments		43	46
		4,043	3,787
Total assets		114,097	108,992

The accompanying notes on pages 19 to 40 form an integral part of these financial statements.

Bupa Global Designated Activity Company
Balance sheet (continued)
as at 31 December 2022

	Notes	2022 €'000	2021 €'000
Equity and liabilities			
Capital and reserves			
Called up share capital	20	39,600	39,600
Merger reserve	21	(79)	(106)
Profit and loss reserve		10,391	2,318
Total capital and reserves		49,912	41,812
Liabilities			
Technical Provisions			
Provision for unearned premiums	22	35,001	32,805
Claims outstanding	23	10,935	12,334
		45,936	45,139
Other provisions	24	2,274	3,041
Creditors			
Creditors arising out of direct insurance operations		3,645	3,788
Creditors arising out of reinsurance operations		174	135
Other creditors including tax and social welfare	26	9,836	12,401
		13,655	16,324
Lease liabilities	25	2,320	2,676
Total liabilities		64,185	67,180
Total equity and liabilities		114,097	108,992

The accompanying notes on pages 19 to 40 form an integral part of these financial statements.

The financial statements on pages 14 to 40 were approved by the Board of Directors on 3 April 2023 and 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 2022

	Notes	Called up share capital €'000	Merger reserve €'000	Profit and loss reserve €'000	Total €'000
At the beginning of the year		39,600	(106)	2,318	41,812
Amortisation of Merger Reserve	21	-	27	(27)	-
Profit on ordinary activities after taxation		-	-	8,100	8,100
Total comprehensive profit for the year		-	27	8,073	8,100
At the end of the year		39,600	(79)	10,391	49,912

For the year ended 31 December 2021

	Notes	Called up share capital €'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 on ordinary activities after taxation		-	-	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

The accompanying notes on pages 19 to 40 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.

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 Irish 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 fellow wholly owned Bupa Group companies.

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 International Financial Reporting Standards ("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.

From 1 January 2023, there will be a change in accounting framework and the financial statements will be prepared in accordance with Irish-adopted International Financial Reporting Standards. This is not a change in accounting policy and is required due to a change in the definition of a qualifying entity for FRS 101. The impact of this change will be an increase in disclosure in the areas where exemptions are currently taken. There are no changes to the value of assets and liabilities for the Company as a result of changing the accounting framework.

1.2 Going concern

The Directors have conducted an assessment of the Company's going concern status based on its current position and forecast results. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of the Financial Statements and in the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Directors' Report, Financial Statements and notes.

The going concern assessment has been made with consideration to the principal impacts and risks posed to the Company, including the prolonged level of heightened inflation. As part of their assessment of the Company's ability to continue as a going concern the Directors looked at the financial performance, capital management, cash flow, solvency and future outlook of the Company, including under a number of reasonably plausible severe scenarios and severe and concurrent risks as part of stress testing and reverse stress testing. Scenarios considered included a heightened inflation environment. Under such scenarios, significant short-term reductions in profitability arise, however the Company would still remain within its risk appetites for regulatory solvency and liquidity. Additional management actions would allow the downside impact to be further mitigated by reducing expenditure, reducing dividends to the Company's parent or divesting investments.

As part of their assessment, the Directors have given due regard to the liquidity, regulatory capital and the ability of the company to meet obligations over a three-year time horizon in line with our planning cycle and reflective of the short-tail nature of our business. The Company is well capitalised with a strong liquidity position, with €91.0m of liquid assets available at 31 December and a Solvency II capital ratio of 315%. The Directors have a reasonable expectation that the Company is expected to remain well-capitalised over the Company's three-year planning horizon.

Bupa Global Designated Activity Company

Notes forming part of the financial statements (continued)

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.

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 Current and deferred taxation

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 and expected lapses.

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.

Bupa Global Designated Activity Company

Notes forming part of the financial statements (continued)

2. Accounting policies (continued)

2.5 Net premiums earned (continued)

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.

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 and a margin for adverse deviation.

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.

Bupa Global Designated Activity Company

Notes forming part of the financial statements (continued)

2. Accounting policies (continued)

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)
Computer Equipment	3-5 years
Fixtures and Fittings	3-8 years

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.

Bupa Global Designated Activity Company

Notes forming part of the financial statements (continued)

2. Accounting policies (continued)

2.16 Financial instruments (continued)

Recognition (continued)

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 2022.

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.

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, excluding restoration costs, 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 restoration 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 (€4,690). 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

Bupa Global Designated Activity Company

Notes forming part of the financial statements (continued)

2. Accounting policies (continued)

2.19 Common control transactions (continued)

which is subsequently amortised over its useful life.

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.

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 and currency effects, 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.

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

3. Segmental analysis of gross premiums written

	IPMI €'000	Travel €'000	Total €'000
For year ended 31 December 2022			
Gross premiums written – Ireland	250	-	250
Gross premiums written – Other EEA countries	94,333	3,504	97,837
Net premiums earned	90,451	4,884	95,335
Other income	134	-	134
Net claims incurred	(45,695)	(2,962)	(48,657)
Net operating expenses	(27,680)	(7,416)	(35,096)
Balance on the technical account	17,210	(5,494)	11,716

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 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 that renewed on 1 January 2022, placing the travel segment of the business into run-off. The last travel policy came off risk on 31 December 2022.

	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
Net premiums earned	78,680	19,116	97,796
Other income	6	508	514
Net 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

4. Net operating expenses

	For year ended 31 December 2022 €'000	For year ended 31 December 2021 €'000
Commission and other acquisition costs	11,238	10,848
Changes in deferred acquisition costs	(245)	704
Administrative expenses	23,533	31,016
Depreciation	570	575
Total	35,096	43,143

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

5. Employees

The average number of employees, including Executive Directors, employed by the Company, in the year was 72 (2021: 93).

	For year ended 31 December 2022	For year ended 31 December 2021
Employees categorised as sales	15	17
Employees categorised as administration	57	76

6. Staff costs

	For year ended 31 December 2022 €'000	For year ended 31 December 2021 €'000
Wages and salaries	4,994	7,389
Social insurance costs	1,182	1,587
Other retirement benefit costs	512	815
Other compensation costs	58	3,853
Total	6,746	13,644

Included in Wages and salaries are costs of €2,346k (2021: €2,296k), which are included within Commission and other acquisition costs. Acquisition wages and salary costs of €860k were deferred during the year (2021: €906k). Included in Other compensation costs is a redundancy provision of €nil (2021: €2,864k) for the exit of travel business and €nil (2021: €58k) for the voluntary leavers scheme.

7. Directors' remuneration

	For year ended 31 December 2022 €'000	For year ended 31 December 2021 €'000
Emoluments	803	664
Company contributions to defined contribution pension schemes	59	363
Amounts receivable under long-term incentive schemes	-	102
Compensation for loss of office	27	670
Total	889	1,799

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 2022 €'000	For year ended 31 December 2021 €'000
Realised foreign exchange gains	156	234
Unrealised foreign exchange gains	777	595
Expected credit loss provision movement	40	19
Interest receivable	87	-
Total	1,060	848

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

9. Investment charges

	For year ended 31 December 2022 €'000	For year ended 31 December 2021 €'000
Unrealised foreign exchange losses	651	503
Interest expense on lease liabilities	49	54
Interest payable	405	545
Total	1,105	1,102

10. Auditors' remuneration

	For year ended 31 December 2022 €'000	For year ended 31 December 2021 €'000
Audit of these financial statements	161	151
Other assurance services	70	70
Total	231	221

11. Tax on profit on ordinary activities

(i) **Analysis of tax charge for year ended 31 December**

	2022 €'000	2021 €'000
Current Tax		
Irish tax on income for the year	(1,470)	(406)
Irish tax adjustments in respect of prior periods	6	-
Foreign tax on income for the year	(453)	242
Foreign tax adjustments in respect of prior periods	(1,665)	-
Total current tax	(3,582)	(164)
Deferred Tax		
Origination and reversal of temporary differences	11	11
Total deferred tax	11	11
Tax charge	(3,571)	(153)

Bupa Global Designated Activity Company

Notes forming part of the financial statements (continued)

11. Tax on profit on ordinary activities (continued)

(ii) Reconciliation of effective tax rate for year ended 31 December

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:

	2022 €'000	2021 €'000
Profit on ordinary activities before taxation	11,671	3,163
Irish Corporation tax rate	12.5%	12.5%
Tax charge at the Irish corporation tax rate	(1,459)	(395)
Effects of:		
Deductions not allowable for tax purposes	-	-
Different taxation rates in foreign jurisdictions	(453)	242
Adjustments in respect of current income tax of previous years	(1,659)	-
Movement on deferred tax asset not recognised	-	-
Taxation expense at the effective rate of 31.2% (2021: 4.8%)	(3,571)	(153)

12. Land and buildings

Property right-of-use assets

	2022 €'000	2021 €'000
Balance at 1 January	2,496	2,841
Additions	-	-
Balance at 31 December	2,496	2,841
Depreciation	(345)	(345)
Total	2,151	2,496

13. Debt securities and other fixed income securities

	2022		2021	
	Carry Value €'000	Fair Value €'000	Carry Value €'000	Fair Value €'000
Debt securities and other fixed income securities	54,722	54,618	40,108	39,764
Total	54,722	54,618	40,108	39,764

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).

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

13. Debt securities and other fixed income securities (continued)

Fair value of financial investments (continued)

An analysis is as follows:

2022	€'000 Level 1	€'000 Level 2	€'000 Level 3	€'000 Total
Amortised cost				
Debt securities and other fixed income securities	54,618	-	-	54,618
Total	54,618	-	-	54,618

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

14. Debtors arising out of direct insurance operations

	2022 €'000	2021 €'000
Policyholders	16,512	15,524
Provision for bad debt	(222)	(96)
Total	16,290	15,428

15. Other debtors

	2022 €'000	2021 €'000
Amounts owed by Bupa Group undertakings	15	13
Sundry debtors	43	56
Total	58	69

16. Property, Plant and Equipment

	Computer Equipment €'000	Fixture and Fittings €'000	Total €'000
Cost			
At 1 January 2022	44	1,087	1,131
Additions	-	-	-
Disposals	-	-	-
At 31 December 2022	44	1,087	1,131
Accumulated depreciation			
At 1 January 2022	(31)	(573)	(604)
Charge during the year	(6)	(218)	(224)
Disposals	-	-	-
At 31 December 2022	(37)	(791)	(828)
Net book value			
At 1 January 2022	13	514	527
At 31 December 2022	7	296	303

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

17. Cash at bank and in hand

	2022	2021
	€'000	€'000
Cash at bank and in hand	36,230	46,446

18. Deferred acquisition costs

	2022	2021
	€'000	€'000
Balance at 1 January	3,709	4,431
Acquisition costs deferred	11,149	6,743
Amounts amortised to Profit and Loss	(10,933)	(7,488)
Foreign exchange movement	32	23
Balance at 31 December	3,957	3,709

19. Deferred tax asset

	2022	2021
	€'000	€'000
At the beginning of the year - net deferred taxation assets	32	21
Charged to profit and loss account	11	11
At the end of the year - net deferred taxation assets	43	32

Net deferred taxation asset is analysed as follows:

	2022	2021
	€'000	€'000
Accelerated capital allowances	38	27
Other employee benefits (other than post-employment)	5	5
Total	43	32

20. Called up share capital

	2022	2021
	€	€
Allotted, called up and fully paid		
39,600,001 ordinary shares of €1 each (2021: 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 €27k (2021: €187k). Following the announcement in June 2021 to exit the travel business the remaining merger reserve of the Danish travel branch of €360k was transferred, in full, to the profit and loss reserve in 2021.

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

22. Technical provisions – Provision for unearned premiums

	Gross	Reinsurance	Net
2022	€'000	€'000	€'000
Balance at 1 January	32,805	(95)	32,710
Premiums written	98,087	(586)	97,501
Deferred premiums released to income	(95,891)	556	(95,335)
Balance at 31 December	35,001	(125)	34,876

	Gross	Reinsurance	Net
2021	€'000	€'000	€'000
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

23. Technical provisions – Claims outstanding

	Gross	Reinsurance	Net
2022	€'000	€'000	€'000
Balance at 1 January	12,334	(5)	12,329
Increase in current year claims	49,024	(367)	48,657
Cash paid to settle claims	(50,506)	310	(50,196)
Foreign exchange movements	83	-	83
Balance at 31 December	10,935	(62)	10,873

	Gross	Reinsurance	Net
2021	€'000	€'000	€'000
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

24. Other provisions

	2022	2021
	€'000	€'000
Balance at 1 January	3,041	116
Provision made during the year	689	2,964
Released in the year	(307)	-
Utilised in the year	(1,149)	(39)
Balance at 31 December	2,274	3,041

Other provisions consists of a redundancy provision of €1,407k (2021: €2,922k), a provision for insurance premium tax related liabilities €746k (2021: €nil) and the restoration costs associated with the right of use property €121k (2021: €119k). Following the announcement in June 2021 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.

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

25. Lease liabilities

	2022	2021
	€'000	€'000
Balance at 1 January	2,676	3,025
Repayment of debt	(403)	(403)
Interest on lease liability	47	54
Balance at 31 December	2,320	2,676
Falling due within one year	363	356
Falling due between one year and five years	1,524	1,494
Falling due after more than five years	433	826

26. Other creditors including tax and social welfare

	2022	2021
	€'000	€'000
Amounts owed to Bupa Group undertakings	4,983	5,581
Accruals and deferred income	822	1,240
Premium tax	1,575	3,852
Corporation tax payable	1,796	85
PAYE	189	164
VAT	104	23
Other payables	367	1,456
Total	9,836	12,401

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.

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

Bupa Global Designated Activity Company

Notes forming part of the financial statements (continued)

27. Risk management (continued)

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.

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:

2022	Increase in claims	Increase in expenses
	€'000	€'000
Change in variable	5%	10%
Reduction in profit before taxation	498	59

Bupa Global Designated Activity Company

Notes forming part of the financial statements (continued)

27. Risk management (continued)

Insurance risk (continued)

iv. Reserving risk (continued)

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.

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.

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

27. Risk management (continued)

Market risk (continued)

i. Foreign exchange risk (continued)

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

	Net currency exposure €'000
2022	
US dollar	(4,006)
Swiss Franc	134
Danish krone	(1,865)
Sterling	(6,041)
Total foreign currency denominated net assets	(11,778)
2021	
US dollar	(2,833)
Danish krone	(3,454)
Sterling	(11,873)
Total foreign currency denominated net assets	(18,160)

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 2022	Average rate 2021	Closing rate 2022	Closing rate 2021
Swiss Franc	1.0056	1.0812	0.9892	1.0379
Danish krone	7.4422	7.4384	7.4365	7.4365
Sterling	0.8527	0.8597	0.8862	0.8412
US dollar	1.0544	1.1827	1.0697	1.1383

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) included in Profit and Loss, strengthening 10%		Gain/(loss) included in Profit and Loss, weakening 10%	
	€'000	€'000	€'000	€'000
	2022	2021	2022	2021
Swiss Franc	17	(13)	(4)	27
Danish krone	(97)	(570)	116	695
Sterling	710	1073	(1,014)	(1,457)
US dollar	(496)	(173)	635	193
	134	317	(267)	(542)

Bupa Global Designated Activity Company

Notes forming part of the financial statements (continued)

27. Risk management (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 increased profit and reserves by c€0.7m (2021: decrease c€0.5m). 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	Cash at bank and in hand	Debtors arising out of direct insurance operations	Other debtors
	€'000	€'000	€'000	€'000
2022				
AAA to A-	54,749	35,390	-	-
BBB+ and below	-	840	-	-
Not rated	-	-	16,290	58
Total	54,749	36,230	16,290	58
ECL provision	(27)	-	-	-
Carrying amount	54,722	36,230	16,290	58
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

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	
2022						
Policyholders	11,880	2,891	395	717	629	16,512
Provision for bad debt - insurance debtors – direct	-	-	(50)	(128)	(45)	(223)
Debtors arising out of direct insurance operations	11,880	2,891	345	589	584	16,289
Other debtors	55	3	-	-	-	58
ECL provision	-	-	-	-	-	-
Total	11,935	2,894	345	589	584	16,347
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

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
2022					
At 1 January	40,174	-	46,446	15,428	69
Recognition and settlement	14,575	-	(10,308)	915	(12)
Foreign exchange and other movements	-	-	92	(53)	1
Balance at 31 December	54,749	-	36,230	16,290	58
ECL provision	(27)	-	-	-	-
Carrying amount	54,722	-	36,230	16,290	58
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

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 2022					
2023	35,001	10,935	13,655	403	59,843
2024	-	-	-	403	403
2025	-	-	-	403	403
2026	-	-	-	403	403
2027	-	-	-	403	403
2028 -2031	-	-	-	439	439
Total	35,001	10,935	13,655	2,454	61,894
Carrying value	35,001	10,935	13,655	2,320	61,760
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

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 2022 consists of shareholder's equity of €49.9m (2021: €41.8m).

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 €56.1m (2021: €41.5m) which was in excess of the SCR of €17.8m (2021: €20.1m). This represented a SCR ratio of 315% (2021: 206%).

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.

31. Approval of financial statements

The Board approved these financial statements on 3 April 2023.