

The British United Provident Association Limited (Bupa): FULL YEAR STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

Financial headlines

- Revenue of £14.0bn was up 7% (2021: £13.1bn) at constant exchange rates (CER) with year-on-year growth in all our lines of business.
- Underlying profit¹ before taxation of £575m was up 43% at CER (2021: £402m) as a result of strong customer demand and included a number of one-off exceptional trading items in our Market Units, which are broadly neutral at a Group level.
- There were asset impairments across goodwill, other intangibles and tangible assets during the second half of the year totalling £1bn. The material Business Unit impairments were UK Dental (£646m), Bupa Chile (£161m), BVAC Australia (£103m) and UK Care Services (£90m). These were the result of macroeconomic, and in some cases, sectoral and operational factors which are further detailed below.
- Statutory loss before taxation of £(427)m is a decline from a profit of £423m in 2021 (a 201% decline at actual exchange rates (AER)).
- Continued implementation of our new 3x6 strategy drove strong customer volume growth, with one million more health insurance customers worldwide. In health provision, we grew by two million customers. Together with pricing action, these dynamics driven by customer demand offset global inflationary headwinds.
- Solvency II coverage ratio² remains strong at 181% reflecting positive underlying performance (2021: 179%) with leverage (excluding IFRS 16 liabilities) improving to 18.6% (2021: 19.6%).

Business context

- These results reflect continuing good organic growth across many of our insurance businesses and increased activity in health provision businesses to meet increasing customer demand.
- These results were offset by ongoing challenges in workforce availability across several markets, particularly in UK Dental. The impacts of COVID-19 have subsided in most of our markets but persisted in parts of our Asia Pacific Market Unit.
- During 2022, global inflation rose sharply resulting in higher central bank interest rates, leading to increased cost of capital which reduces the valuation of business units for impairment testing.

Iñaki Ereño, Group CEO, commented:

"These results demonstrate positive underlying performance in a challenging economic environment and also reflect the rising demand for healthcare across all of our markets. We are making good progress implementing the new 3x6 strategy and we will accelerate this work through 2023 across all businesses.

"We are transforming Bupa worldwide with a focus on digitalisation and customer service, and good organic customer growth demonstrates how our customers see the value of our services, even in a cost-constrained environment.

"Significant goodwill impairments show that our businesses are not immune from macroeconomic challenges and that we also have issues to fix in some businesses. We are encouraged by the quality of the growth across multiple businesses as they transform, while we continue to deliver quality and accessible healthcare for our customers."

¹ Underlying profit is a non-GAAP financial measure. This means it is not comparable to other companies. Underlying profit reflects our trading performance and excludes a number of items included in statutory profit before taxation, to facilitate year-on-year comparison. These items include impairment of intangible assets and goodwill arising on business combinations, as well as market movements such as gains or losses on foreign exchange, on return-seeking assets, on property revaluations and other material items not considered part of trading performance. A reconciliation to statutory profit/loss before taxation can be found in the notes to the consolidated financial statements.

² The 2022 Solvency II coverage ratio is an estimate and unaudited.

Market performance (all at CER)

- **Asia Pacific:** Revenue declined marginally by 1% to £5,638m, largely due to our commitment to not benefit from COVID-19 by returning cash to, and deferring premium rises for, our Australian health insurance customers. Underlying profit was £302m, an increase of 32%, and 3% after removing the impact of, as yet, undistributed health insurance COVID-19 claim savings. Improved underlying profit reflects volume growth across insurance and provision, offset by reduced occupancy in aged care, due to the localised impacts of COVID-19 and workforce availability.
- **Europe and Latin America:** Revenue grew by 16% to £4,560m, and underlying profit increased by 40% to £233m. This included a one-off £40m Consumer Price Index (CPI) linked performance catch-up on a long-standing public private partnership (PPP) hospital contract in Spain. If excluded, the increase in underlying profit was 16%. This was driven by customer growth across most businesses and increased occupancy in Spanish aged care. This was offset by ongoing challenges affecting one of our businesses in Chile (the Isapre insurance business) which are explained below.
- **Bupa Global and UK:** Revenue was up 9% to £3,752m, due to an increase in customers across insurance and health provision, alongside improved occupancy in UK Care Services. Underlying profit declined by 58% to £25m primarily due to a one-off £117m impairment to right of use leases and fixed assets in UK Dental. There was continued customer growth and improved loss ratios in health insurance, with Bupa Global, our International Private Medical Insurance (IPMI) business, returning to profitability. This outweighed higher staff and inflationary costs pressures in health provision and aged care, alongside a shortage of clinician hours in dental.
- **Other businesses:** Underlying profit of £58m is up 16% driven by strong underlying customer growth in our associate businesses as both the demand for private health insurance grew and these businesses emerged from the pandemic.

Financial position

- Solvency II capital coverage ratio of 181% (2021: 179%).
- Leverage ratio is 26.3% (2021: 26.9%) including IFRS 16 lease liabilities. Excluding IFRS 16 liabilities, the leverage ratio is 18.6% (2021: 19.6%).
- Net cash generated from operating activities was £966m, up £47m on prior year (2021: £919m³) primarily due to strong trading performance.

Other highlights

- We continued to develop and roll-out Blua, our digital health solution, expanding it to 10 countries, including the UK.
- We launched our new sustainability strategy through which we will deliver health benefits for people and planet with innovative solutions to sustainability challenges.
- Through our business in Poland, LUX MED, we have been providing free healthcare support to Ukrainian refugees who have been forced to flee the war. To date, we have provided 320,000 free treatments to over 180,000 people and have employed 240 healthcare workers from Ukraine.
- We became the Official Healthcare Partner to ParalympicsGB and Paralympics Australia, joining our existing partnerships in Spain, Poland and Chile.

³ 2021 has been restated for the implementation of the IFRS Interpretations Committee agenda decision on Demand Deposits with Restrictions on Use arising from a contract with a Third Party. This has resulted in an additional £100m of restricted assets being included in cash and cash equivalents at the beginning of the year, and an additional £112m of restricted assets being included in the cash and cash equivalents at the end of the year. The movement in cash held in restricted assets line has consequently been restated by £12m from an increase of £9m to a decrease of £3m. These amounts are included in restricted assets in the Statement of Financial Position.

Note on Chile

- As referenced at the Half Year 2022, the Isapre insurance industry in Chile has been negatively impacted by judicial and regulatory action.⁴
- The Chilean Supreme Court has significantly shifted its interpretation to Isapre pricing in recent years, with the cumulative effect of restricting the previously permitted, and generally accepted, pricing/rate-setting approach. In December 2022, the Supreme Court issued a ruling which requires Isapres to use a statutory risk factor table with retrospective effect – meaning product coverage is not matched by the ability to increase rates to reflect the cost of such coverage. This ruling is complex and uncertain, and the relevant regulator has until May 2023 to implement it.
- Further details regarding the financial implications of these developments are included in the Financial Review.

Enquiries

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About Bupa

Bupa's purpose is helping people live longer, healthier, happier lives and making a better world. We are an international healthcare company serving over 43 million customers worldwide. With no shareholders, we reinvest profits into providing more and better healthcare for the benefit of current and future customers.

We directly employ around 82,000⁵ people, principally in the UK, Australia, Spain, Chile, Poland, New Zealand, Hong Kong SAR, Türkiye, Brazil, Mexico, the US, Middle East and Ireland. We also have associate businesses in Saudi Arabia and India.

For more information, visit www.bupa.com.

Disclaimer: Cautionary statement concerning forward-looking statements

This document may contain certain 'forward-looking statements'. Forward-looking statements often use words such as 'intend', 'aim', 'project', 'anticipate', 'estimate', 'plan', 'believe', 'expect', 'forecasts', 'may', 'could', 'should', 'will', 'continue' or other words of similar meaning. Statements that are not historical facts, including statements about the beliefs and expectations of The British United Provident Association Limited (Bupa) and Bupa's directors or management, are forward-looking statements. In particular, but not exclusively, these may relate to Bupa's plans, current goals and expectations relating to future financial condition, performance and results.

By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend upon future circumstances that may or may not occur, many of which are beyond Bupa's control and all of which are solely based on Bupa's current beliefs and expectations about future events. These circumstances include, among others, global economic and business conditions, market-related risks such as fluctuations in interest rates and exchange rates, the policies and actions of governmental and regulatory authorities, risks arising out of health crises and pandemics, the impact of competition, the timing, impact and other uncertainties of future mergers or combinations within relevant industries. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual future condition, results, performance or achievements of Bupa or its industry to be materially different to those expressed or implied by such forward-looking statements. Recipients should not place reliance on, and are cautioned against relying on, any forward-looking statements. Except as required by any laws and regulations, Bupa expressly disclaims any obligations or undertakings to release publicly any updates or revisions to any forward-looking statements to reflect any change in the expectations of Bupa with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Forward-looking statements in this document are current only as of the date on which such statements are made. No statement in this document is intended to be a profit forecast. Neither the content of Bupa's website nor the content of any other website accessible from hyperlinks on Bupa's website is incorporated into, or forms part of, this document.

⁴Isapres are part of Chile's social security system and provide access to health insurance for individuals, among other things. Pricing for Isapre contracts is determined by reference to a base price, a risk factor table (which adjusts for age) and a "GES" price (a flat rate covering a list of diseases).

⁵Based on average number of employees during the year.

Group CEO's Review

These results demonstrate positive underlying performance across the Group in a challenging economic environment. We are making good progress implementing the new 3x6 strategy and our focus on driving significant transformation around digitalisation and customer service improvements has led to good organic customer growth in several businesses. As well as being the first full year of implementation of the new strategy, 2022 was also a significant year for Bupa as we celebrated our 75th anniversary.

The increase in both our revenue and underlying profit as a result of strong customer demand demonstrates this progress, with strong insurance customer volume growth.

The large statutory loss arising from goodwill impairments is disappointing, however, and reflects different factors. Global inflation has risen sharply driven by the aftermath of the pandemic and the invasion of Ukraine. Global markets responded by increasing central bank rates leading to increasing and more volatile bond yields causing interest rates to rise sharply during the second half of 2022. This led to significant increases in the cost of capital of our businesses, impacting the carrying value. In addition to this macro-economic impact:

- In UK Dental, operational challenges increased further during the second half of the year, in particular below target recruitment and retention of clinicians and increasing wage and energy costs, resulting in lower projected cash flows. A strategic review was initiated and new leadership was put in place.
- In Chile, the Isapre industry has been negatively impacted by judicialisation of premium pricing and regulatory action leading us to reassess our expectations of future cash flow from our Isapre business.
- In Australian aged care, we have reassessed our expectations of future cash flows to make an allowance for implementing the expected impact of mandatory care minutes for residents and future reform of government residential aged care funding.

Our underlying performance, together with the quality of growth we are achieving across multiple businesses, gives us confidence for the future. Our portfolio management approach is delivering results, particularly in recovering performance in Bupa Global.

We are pleased with the continued strong growth across health insurance in multiple countries, including Australia, Spain, UK, Poland, Brazil and Türkiye. We believe this demonstrates how our customers continue to see the value of our services, even in a cost-constrained environment. We are also working hard to meet customers' changing expectations of healthcare and we continued to make significant progress in our digital transformation journey with further implementation of our digital platform, Blua, across different markets.

Rising demand for healthcare and post-pandemic recovery are also reflected in the growth across our health provision businesses, as we served two million more customers than in 2021. In aged care, occupancy improved in Spain and the UK, while occupancy was down in Australia and New Zealand as these businesses continued to navigate challenges from COVID-19 impacts and workforce availability.

It is a challenging time for our employees due to the increased cost of living. We are focused on helping our customer-facing colleagues, in particular, and have provided support which has varied according to local markets. We've also just announced a broader package of health and wellbeing initiatives, Viva, to help our people worldwide and this will be rolled out across Bupa this year.

Our thoughts are with everyone impacted by the tragic recent earthquakes in Türkiye and Syria. As the recovery efforts continue, our team in Türkiye has been working hard on a

support package for those in need, including customers and colleagues. Through our business in Poland, we have been providing free healthcare support to Ukrainian refugees who have been forced to flee the war over the past year. We're clear that we will continue to fund this support for as long as needed.

Strategic progress

Bupa's 3x6 strategy is structured around three ambition KPIs focused on digitalisation and customer experience and six strategic and enabling pillars. Over 2022, we made good progress, including:

- **Customer:** We've received over three million responses from our Net Promoter Score surveys. Through listening to this feedback, we have delivered over 6,000 customer experience improvements.
- **Growth:** We are focused on driving strong and sustainable growth in our market share across our funding businesses and we delivered 8% growth in insurance customers (16% when including our associate businesses).
- **Transformation:** We continued to develop Blua, our digital health solution. This app, which gives access to virtual health appointments and preventative health coaching and has now expanded to 10 countries, including the UK.
- **Sustainability:** We launched our new sustainability strategy. Eco-Disruptive, our global talent and innovation programme through which we work with eco-start-ups, ran for the second successful year and is helping us to discover and develop more sustainable solutions to how we deliver healthcare.
- **Agile Culture:** Through our internal app, our leaders have listened to 53,000 customer feedback calls and submitted over 15,000 customer improvement ideas.
- **Data:** Over 3,000 colleagues took part in our Data SummIT as part of our ongoing programme to build digital skills and literacy.

New Sustainability strategy

It's becoming clearer that we can't look after people's health if we don't also help to address the health of our planet – this is now part of Bupa's purpose. To address this, we finalised a new sustainability strategy. It aims to deliver health benefits for people and the planet with innovative solutions to the sustainability challenges we face. The strategy has three key pillars:

- **Mission Zero:** Doing less harm by minimising our impact on the environment.
- **Mission Accelerate:** Working to accelerate climate and health action and playing our part in transforming the wider sector.
- **Mission Regenerate:** Going beyond doing less harm to doing more good.

Outlook

We are seeing continued strong demand for our products and services to meet changing customer needs, particularly digital access to healthcare. Through our 3x6 strategy, we are focused on expanding the availability of these services across all of our markets. We are encouraged by the positive overall performance across the Group and how our businesses are transforming while continuing to deliver for our customers.

High inflation continues to increase costs for our businesses and for our customers, although we are encouraged by the customer growth we have seen. The recruitment and retention of healthcare workers remains an ongoing sector-wide challenge in multiple markets – impacting our health provision businesses, notably UK dental and some aged care businesses. In Chile, as noted on page 3 ongoing judicial and regulatory uncertainty continues to affect the Isapre industry creating a challenging operating environment for our Isapre business.

We are confident in the future and see positive momentum behind the implementation of our strategy. There is much to do but we are well-positioned to meet rising demand for healthcare services across all our markets.

FINANCIAL REVIEW

Summary

	FY 2022	FY 2021 (AER)	% growth/ (decline)	FY 2021 (CER)	% growth/ (decline)
Revenue	£14.0bn	£12.9bn	8 %	£13.1bn	7 %
Underlying profit	£575m	£405m	42 %	£402m	43 %
Cash generated from operating activities	£966m	£919m	5 %	n/a	n/a
Statutory (loss)/profit	£(427)m	£423m	(201)%	n/a	n/a
Leverage (excl. IFRS 16)	18.6 %	19.6 %	1.0 ppts	n/a	n/a
Leverage (incl. IFRS 16)	26.3 %	26.9 %	0.6 ppts	n/a	n/a
Solvency	181 %	179 %	2 ppts	n/a	n/a

Revenue (CER)

Revenue was up 7% due to customer growth in health insurance, increased activity in our provision businesses and higher occupancy in most aged care businesses post-pandemic.

Revenue in health insurance was up 7% as customer numbers increased and, although we sought to manage costs for customers as much as possible, premiums rose to address global inflation. This was partially offset by cash returns to customers and premium increase deferrals in our Australian health insurance business where we delivered on our commitment to not benefit from COVID-19. Insurance customer growth of 8% represented nearly one million more lives (16% when including our associate businesses) driven by strong growth in the UK and continued growth in our Australian, Polish, Turkish, Spanish and Brazilian businesses.

In health provision, revenue grew by 8%, reflecting over two million additional customers as demand for health services increased and the impacts of COVID-19 largely subsided, but still remained in places. Dental revenue however was impacted by sector-wide clinician shortages across several of our markets and the divestment of some practices in New Zealand.

In aged care, revenue was up 4% as occupancy rates increased by 1.6 ppts driven by our Spanish and UK businesses as they continued to emerge from the pandemic. COVID-19 challenges remained in our Australian and New Zealand businesses, however, as localised restrictions and sector-wide staffing availability continued to impact our ability to welcome new residents and reduced occupancy rates in this region.

Underlying profit (CER)

Group underlying profit increased by 43% to £575m (FY 2021: £402m at CER).

Underlying profit includes one-off items that are related to trading but are exceptional in nature. There was £66m of additional profit in Asia Pacific which we have attributed to undistributed health insurance claims savings related to COVID-19. This is intended to be returned to customers in the future in line with our commitment to not benefit from the pandemic. In Europe and Latin America, profits were £40m higher as a result of applying higher CPI to rates in historical periods in line with a Public Private Partnership hospital contract in Spain. In our BGUK Market Unit, UK Dental has been impacted by higher weighted average cost of capital (WACC) rates and reduced profit expectations which has led to impairments of goodwill, customer intangibles, fixed assets and right of use leases. The tangible asset impairments are £117m and are included in underlying profit. The net impact of these across our Market Units was an £11m downside.

For our largest line of business, health insurance, underlying profit increased from good customer growth, alongside both premium increases and careful cost management, which broadly offset higher claims and operating costs caused by the inflationary environment.

As noted on page 3, in Chile, we continue to see the negative impacts of judicial and regulatory action affecting the entire Isapre insurance industry which have caused underlying losses to grow in our Isapre business, Isapre Cruz Blanca.

Profitability further increased in our health provision businesses, as COVID-19 restrictions reduced in 2022. However, we continue to see challenges in our dental business, particularly in the UK, driven by sector-wide pressures, including an ongoing shortage of available clinician hours.

Underlying losses in aged care increased year-on-year. In Spain, profits improved from higher customer volumes as the business emerged from the pandemic (closing occupancy 92.8% was up 5.9 ppts). However, this was more than offset by challenges in Australia and New Zealand which were impacted from temporary closures in the first half of 2022, resulting from COVID-19, along with workforce availability constraints, and in the UK, which faced higher staff and energy costs in a heightened inflationary environment.

Central expenses and net interest margin of £43m were lower (FY 2021: £103m at CER). This was driven by higher investment returns from increased interest rates, and reduced costs from the early redemption of the £250m subordinated bond and maturity of a £350m senior bond in 2021.

Statutory (loss)/profit

Statutory loss before taxation was £(427)m, a 201% decline at AER (FY 2021: £423m profit), driven by certain non-underlying items which contributed a £1,002m loss in 2022, compared with £18m profit in 2021.

The key drivers for non-underlying items in 2022 were the impairments of goodwill and intangible assets:

- UK Dental (£529m), due to increased WACC rates and a deterioration of the underlying forecast cash flows of the business following below target recruitment and retention of clinicians, combined with increased wage and energy costs, during the second half of 2022.
- Bupa Chile (£161m), driven by increased WACC rates and reductions in future cash flow forecasts reflective of the judicial and regulatory action affecting the Isapre industry summarised on page 3.
- Bupa Villages and Aged Care Australia (£103m) due to increased WACC rates in the period and future cash flows affected by lower occupancy and higher future staff costs expected from implementing minimum mandatory care minutes for residents.
- UK Care Services (£90m) due to an increase in WACC rates.

Also included was the amortisation of intangible assets in Bupa Villages and Aged Care Australia following the government announcement in 2021 to deregulate bed licences from 2024 (£34m) and the loss on return seeking assets, net of hedging of (£39m). Türkiye is considered a hyperinflationary economy, as a consequence the results and balances for the Group's Turkish operations being adjusted for changes in the general purchasing power of the Turkish Lira (£31m) and this is recognised in "realised and unrealised foreign exchange (losses)/gains".

	2022	2021
	£m	£m
Bupa Asia Pacific at CER	302	229
Europe and Latin America at CER	233	166
Bupa Global and UK at CER	25	60
Other businesses at CER	58	50
Underlying profit for reportable segments at CER	618	505
Central expenses and net interest margin at CER	(43)	(103)
Consolidated underlying profit before taxation at CER	575	402
Foreign exchange re-translation on 2021 results (CER/AER)	-	3
Consolidated underlying profit before taxation at AER	575	405
Impairment of intangible assets and goodwill arising on business combinations	(888)	(18)
Net (losses)/gains on disposal of businesses and transaction costs on business combinations	(4)	13
Net property revaluation (losses)/gains	(5)	16
Realised and unrealised foreign exchange (losses)/gains	(12)	5
Amortisation of bed licences	(34)	0
Other Market Unit non-underlying items	(24)	13
Group non-underlying items	4	(14)
(Losses)/gains on return-seeking-assets, net of hedging	(39)	3
Total non-underlying items	(1,002)	18
Statutory (loss)/profit before taxation at AER	(427)	423

Taxation

The Group's taxation expense for the year was £91m which represents an effective tax rate of (21)% (2021: 15%). This is mainly due to the net tax impact of one-off goodwill and fixed assets impairments and IAS 29 adjustments applied as a result of hyperinflation in Türkiye for which no tax deductions can be claimed. If these exceptional items were excluded from the Group's profit before taxation, the effective tax rate would be 30%, which is higher than the UK corporation tax rate of 19%. This is mainly due to profits arising in jurisdictions with a higher rate of corporate income tax. The 2021 effective tax rate was lower than the UK corporation tax rate mainly driven by a prior year credit of £43m following a favourable court decision in Spain.

Cash flow

Net cash generated from operating activities increased by £47m period on period, to £966m with strong business performance translating into higher revenues being received in the period.

Cash generation has in turn driven the increase in cash used in investing activities by £654m to £889m, as that cash has been invested into financial assets on the balance sheet. Net cash used in financing activities is also stable, decreasing by £89m to £459m, with Group reducing debt balances in the period by £173m.

Funding

We manage our funding prudently to ensure a strong platform for continued growth. Bupa's policy is to maintain investment grade access to both the senior and subordinated bond markets. Fitch and Moody's reviewed Bupa's credit ratings during 2022 with Moody's

changing the outlook for Bupa's ratings to stable from negative. Fitch held Bupa's ratings and outlook steady during the year.

We continue to hold a good level of Group liquidity. At 31 December 2022, our £900m Revolving Credit Facility was drawn by £70m (2021: £150m). Coverage of financial covenants within the facility remains strong.

We focus on managing our leverage in line with our credit rating objectives. Leverage excluding IFRS 16 leases at 31 December 2022 was 18.6% (FY 2021: 19.6%) and was 26.3% (FY 2022: 26.9%) when IFRS 16 lease liabilities are included.

Chile - Isapre Cruz Blanca contingent liability

The December 2022 Supreme Court ruling in Chile, as detailed on page 3, has given rise to a material contingent liability as at 31 December 2022. The calculation of the impact of the ruling is not possible without detailed application guidance which needs to be specified by the regulator. In the absence of the necessary application details, Bupa Chile is unable to reliably estimate the value of the future retrospective payments, therefore, no IFRS provision has been recognised as at 31 December 2022. There are a broad range of possible outcomes, however, in contrast to the requirements of IFRS, under Solvency II the Group is required to include a value for contingent liabilities, even if the amount of the obligation cannot be measured with sufficient reliability. The Group has included an allowance of £100m for this contingent liability for retrospective payments within the Solvency II regulatory balance sheet. The final impact is likely to differ materially from this value and this is a calculation for Solvency II purposes and not a pre-estimate of all actual or potential losses relating to Isapre Cruz Blanca. Any retrospective payments finally determined to be due in respect of historic policies as a result of this ruling would be liabilities for Isapre Cruz Blanca. See the contingent liabilities note (Note 28) within the financial statements for further details.

Solvency

Our solvency coverage ratio of 181%⁶ remains strong and is above our target working range of 140-170%.

The Group holds capital to cover its Solvency Capital Requirement (SCR), calculated on a Standard Formula basis, considering all our risks, including those related to non-insurance businesses. As at 31 December 2022, the estimated SCR of £2.7bn was £0.2bn higher and Own Funds of £4.9bn was £0.4bn higher when compared to 31 December 2021.

Our surplus capital was estimated to be £2.2bn, compared to £2.0bn at 31 December 2021, representing a solvency coverage ratio of 181% (2021: 179%). Our business continued to generate capital through our underlying profitability.

This capital generation was partially offset by capital expenditure, debt financing activities, asset impairments and the regulatory recognition of a material contingent liability in relation to Isapre Cruz Blanca in Chile, as detailed above.

We perform an analysis of the relative sensitivity of our estimated solvency coverage ratio to changes in market conditions and underwriting performance. Each sensitivity is an independent stress of a single risk and before any management actions. The selected sensitivities do not represent our expectations for future market and business conditions. A movement in values of properties that we own continues to be the most sensitive item, with a 10% decrease having a 11% percentage point reduction to the solvency coverage ratio. Our capital position is resilient in the face of the individual risks, illustrating the strength of our balance sheet.

⁶ The 2022 Solvency II capital coverage ratio is an estimate and unaudited.

Risk Sensitivities	Solvency II coverage ratio
Solvency coverage ratio ⁷	181%
Property values -10%	170%
Loss ratio worsening by 2%	174%
Sterling depreciates by 20%	174%
Group Specific Parameter (GSP) +0.2% ⁸	179%
Credit spreads +100bps (no credit transition)	180%
Interest rate -100bps	180%
Pension risk +10%	181%
Equity markets -20%	181%

We include a Group Specific Parameter ('GSP') in respect of the insurance risk parameter in the Standard Formula. We apply a premium recognition adjustment to the GSP loss ratio data to allow for the distorting impact of the COVID-19 pandemic.

IFRS17 Insurance Contracts

IFRS 17 Insurance Contracts was issued in May 2017 as a replacement for IFRS 4 Insurance Contracts. The final standard is effective for annual periods beginning on or after 1 January 2023. We have completed our assessment of the adoption of the standard, including setting our accounting policies and estimating the impact on our balance sheet at transition. For a large majority of its business, the Group will apply the simplified Premium Allocation Approach and, together with the policy choices set out in the Group's Annual Report and Accounts, this means our revenue recognition is materially consistent with that used under IFRS 4. The Group's net assets at transition on 1 January 2022 are reduced by an estimated £55m. We will report on an IFRS17 basis at HY 23, which will include the opening 2023 statement of financial position.

⁷ The 2022 Solvency II capital coverage ratio is an estimate and unaudited.

⁸ Group Specific Parameter (GSP) is substituted for the insurance premium risk parameter in the standard formula, reflecting the Group's own loss experience.

MARKET UNIT PERFORMANCE

Asia Pacific

	Revenue	Underlying profit
2022¹	£5,638m	£302m
2021 (AER)	£5,498m	£222m
% growth	3 %	36 %
2021 (CER)	£5,692m	£229m
% (decline)/growth	(1)%	32 %

¹Underlying profit includes £66m of undistributed health insurance claims savings related to COVID-19. This is intended to be returned to Australian health insurance customers in line with our commitment to not benefit from COVID-19. Future health insurance underlying profit will be impacted by the cost of any amounts returned to customers at the point such a return is announced.

Revenue declined marginally, which reflects the impact of £314m (AUD\$558m) returned, through cash and premium increase deferrals, to Australian health insurance customers in line with our commitment to not benefit from COVID-19 (£67m (AUD\$120m) in 2021 at CER). Excluding the undistributed COVID-19 claim savings, underlying profit increased due to improved gross margin in Australian Health Insurance and lower costs in Australian Health Services. Our businesses continued to experience impacts from COVID-19 as they emerged from the pandemic later compared to other Market Units. This led to declined performance in aged care, due to lower occupancy and increased workforce costs.

In Australia Health Insurance, when excluding the undistributed COVID-19 claims savings, performance was driven by customer growth, an enhanced portfolio mix and continued business transformation initiatives. The combined operating ratio (COR)⁹ was 90%¹⁰ (2021: 92%). Since the pandemic started, we have returned, or committed to return, £492m (AUD\$875m) to customers, including in cash and premium increase deferrals. Recognising the importance of customer retention, we launched Bupa Life Rewards, a member loyalty programme. Our digital health platform, Blua, was expanded to our international health insurance customers, giving them 24/7 online access to consultations with general practitioners.

In Australian Health Services, revenue declined due to the divestment of our dental practices in New Zealand and clinician vacancies. This was partially offset by new business revenue and growth in medical assessment volumes as COVID-19 lockdown backlogs were cleared. Underlying profit improved, driven by lower operating costs and increased customer demand for optical and hearing services.

In Australian Villages and Aged Care, revenue and underlying performance declined. This was largely due to COVID-19 restrictions which contributed to workforce challenges and constrained admissions as well as the sale or closure of nine homes in 2021. Closing occupancy was 84% (2021: 87%). Higher labour, infection prevention and control costs also contributed to the decreases.

In New Zealand Villages and Aged Care, revenue was broadly in line with 2021 as new developments and government funding increases offset divestments and site closures. Underlying loss increased primarily due to the impact of COVID-19 on occupancy, as well as higher labour costs. As part of continued portfolio optimisation, we opened a new retirement

⁹ Combined operating ratio is an alternative performance metric for insurance businesses. It is calculated based on incurred claims and operating expenses divided by net earned premiums

¹⁰ Bupa HI Pty Ltd (Australia): Based on S.05.01 Prudential Regulation Authority (SII) form (estimated and unaudited)

village and adjacent care home and closed three care homes. Closing occupancy was 87% (2021: 88%).

In Hong Kong SAR, revenue increased due to strong COVID-19 vaccination clinic volumes and pricing. We provided more than 12,500 virtual consultations and opened seven new medical and dental centres. This was despite COVID-19 restrictions in place during the first half of the year and visitor entry restrictions remaining in place for the majority of the year. The impact of COVID-19 on insurance claims did, however, contribute to an underlying loss.

In November, we announced that Hisham El-Ansary, CEO for Asia Pacific, will step down at the end of March 2023 with an executive search process currently underway to find his replacement. Nick Stone, currently CFO for Asia Pacific, will become Acting CEO.

Europe and Latin America

	Revenue	Underlying profit
2022	£4,560m	£233m
2021 (AER)	£4,004m	£162m
% growth	14 %	44 %
2021 (CER)	£3,935m	£166m
% growth	16 %	40 %

Revenue grew by 16% to £4,560m with underlying profit increasing by 40% to £233m at CER. This included £40m profit as a result of applying higher CPI to historical periods in line with a Public Private Partnership hospital contract in Spain. Excluding this, underlying profit growth was driven by organic customer growth in our Spanish health insurance business, Sanitas Seguros, and in our business in Poland, LUX MED, alongside improved occupancy within our aged care business in Spain, Sanitas Mayores.

Health insurance in Spain, delivered good revenue growth with over 100,000 more lives insured. Underlying profit increased through both portfolio growth and price increases which offset some inflationary headwinds. We reached the milestone of two million customers in June 2022, with distribution agreements with bancassurance partners contributing to more than a third of sales. The COR for the full year was 89%¹¹ (2021: 88%).

Our dental business in Spain continued to deliver good customer growth leading to improved revenue and underlying profit. We opened four new dental centres and acquired one that was previously operating through a franchise model.

In our Hospitals and New Services business in Spain, revenue and underlying profit increased after applying the historical CPI catchup, noted above. We also opened a new laboratory and are building a new hospital in Madrid, which we expect to open in 2025.

In Sanitas Mayores, our aged care business in Spain, underlying profit increased due to improved occupancy as we continued to emerge from the pandemic (closing occupancy was 93%, up 6 ppts). In addition, a new version of our BlueU app to support access to home care services, was launched.

In Chile, while there was some revenue increase in our Isapre insurance business due to permitted price increases from 2021, losses increased as a result of the judicial and regulatory action affecting the industry, which has had a significant negative impact on pricing. The Isapre industry challenges are summarised in the Note on Chile on page 3. In health provision, revenue improved due to higher volumes and prices and increased activity in our Santiago hospital, however underlying profit was impacted by inflation. We also opened a new medical centre in Santiago.

In Poland, LUX MED delivered robust revenue and underlying profit growth mainly from new corporate subscriptions. Insurance revenue was ahead of prior year, but profit remained broadly flat due to higher claims. A new health insurance product with inpatient coverage was launched to around 20,000 new net members.

In Bupa Acıbadem Sigorta, our health insurance business in Türkiye, revenue increased due to both corporate and individual customer growth and pricing actions to counter high inflationary pressure. Underlying losses worsened from higher claims linked to increasing medical inflation.

¹¹ Sanitas S.A. de Seguros (Spain): Prepared under local GAAP (unaudited).

Care Plus in Brazil delivered strong revenue and customer growth, however, underlying profit decreased as a result of higher claims volumes and inflation.

Bupa Mexico delivered good revenue growth through increased customer numbers and new products. Underlying profit however declined due to higher volumes of claims and inflation. We signed a ten year coinsurance and reinsurance deal with, our partner, HDI, which will provide access to over 7,000 agents to distribute products. We also acquired a new hospital in Mexico City.

Bupa Global Latin America generated an underlying profit by maintaining high customer retention alongside premium increases to offset higher claims inflation.

Bupa Global and UK

	Revenue	Underlying profit
2022	£3,752m	£25m
2021 (AER)	£3,396m	£62m
% growth/(decline)	10%	(60)%
2021 (CER)	£3,432m	£60m
% growth/(decline)	9%	(58)%

Revenue was up 9% to £3,752m and underlying profit decreased by 58% to £25m at CER. Excluding £117m of impairments to right of use leases and fixed assets in our dental business, underlying profit increased driven by higher volumes in UK Insurance and improved performance in Bupa Global, our international health insurance business. Revenue growth in health provision and aged care was offset by heightened costs in an inflationary environment.

UK Insurance increased revenue and underlying profit through strong growth in customer volumes and premium increases required to offset inflationary pressures on claims and staff costs. We grew by over 275,000 net customers across medical insurance, health trusts, dental and cash plan, passing the milestone of three million lives covered. We continue to expand digital services with the launch of Blua, our new digital healthcare platform, which provides customers with easy 24/7 access to primary care services.

We launched new propositions, including 'Inclusive Health' for corporate customers, covering women's health, sexual health and neurodiversity. For our insurance customers, we launched a new specialist centre for prostate cancer within our Cromwell Hospital and increased the number of specialist centres for breast and bowel cancers.

In Bupa Global, revenue and underlying profit increased as a result of strong customer retention and new business sales, cost management and improved loss ratios due to pricing action. Across our regions, we continued to develop customer propositions, delivering product variants that respond to distinct local needs. We also implemented new claims adjudication and healthcare management systems to continue to help our customers access high quality, good value care.

The COR for Bupa Insurance Limited, the UK based insurance entity that underwrites both domestic and international insurance, improved to 94%¹² (2021: 97%).

UK Dental's underlying losses increased due to sector-wide pressures, including an ongoing shortage of dentists, particularly for NHS work, increased staff costs and high inflation. With new leadership in place, a strategic review is underway to drive the turnaround and growth of this business. We added over 12,000 new customers to our new digital B2C subscription product, the Bupa Smile Plan.

UK Care Services delivered higher revenue due to the continued post-pandemic recovery of occupancy levels, combined with higher income from both private- and public-funded residents. This was largely offset by sector-wide staffing challenges, high energy costs and other inflationary pressures. We continued to drive transformation through digital innovation in our sites including the rollout of an electronic care planning system which is now in place across 10 Richmond Villages and 75 care homes. Closing occupancy rates increased to 87% (2021: 84%).

¹² Bupa Insurance Limited: Prepared under local GAAP.

In Health Services, revenue increased from strong growth in health assessments, mental health and primary care services, and higher customer volumes in The Cromwell. We opened two new health clinics and reorganised our clinic network as we will end our franchise arrangement with Spire Healthcare in 2023. The Cromwell saw an increase in self-pay and international activity driven by complex cancer, transplant and cardiothoracic care.

Other businesses

	Revenue	Underlying profit
2022	£7m	£58m
2021 (AER)	£5m	£45m
% growth	40 %	29 %
2021 (CER)	£6m	£50m
% growth	17 %	16 %

Underlying profit was up 16% to £58m driven by steady customer growth and favourable investment returns in Bupa Arabia alongside significant customer growth and improved loss ratios in Niva Bupa in India.

BUSINESS RISKS

We described our main risks in the Risk section of the Annual Report and Accounts 2022, which will be published in March and made available on www.bupa.com. While economic volatility, information security and strategic workforce challenges are heightened, the principal risks and themes previously identified at the 2021 year-end remain. As we deliver our strategy and purpose, we also continue to place significant emphasis on the risks associated with these.

Strategic and financial risks and risks impacting our ability to deliver for our customers:

The macroeconomic environment is challenging in most markets in which we operate. In particular, we are seeing heightened inflationary pressures and the risk of recessions.

Heightened inflation is likely to impact our businesses in a variety of ways, including: increased costs, higher interest rates impacting households, reduced personal expenditure and affordability issues and changes in government funding levels. The potential impacts from inflation was the key focus of our stress testing programme this year, assessing the impacts on both short-term profit and over the three year plan. In all businesses we are taking actions to mitigate the impacts, including pricing increases and cost control measures.

In many markets, we continue to see strategic challenges associated with workforce availability and cost, exacerbated by the challenging economic environment, which may impact our ability to deliver services. We also see other risks associated with the resilience of our own people, including health, safety and wellbeing, and capacity.

Governmental and regulatory policy risks:

Changes in governmental and regulatory policy have consistently been one of our top risks given the nature of our businesses and this remains true. The challenges affecting our Chilean Isapre business are an example of 'stroke of pen' risk. The significant governmental and regulatory responses to the pandemic have shown that future legislation, regulations and government funding decisions could have a material impact on the Group. We continue to engage governments and regulators in the markets in which we operate to understand and influence potential changes to ensure we are able to continue to deliver quality and value for our customers. Global supply chains continue to remain challenged, and we have heightened our supplier monitoring, management and communications to help minimise disruption.

Operational risks:

Information Security and Privacy remain key risks for the Group. Our focus on information security, technology and operational resilience in recent years is supported by continued investment in this area across the Group.

Environmental risks:

Climate change remains one of the major risks we face as a society and is a key area of focus for us as Sustainability is a core pillar of our 3x6 strategy. We closely manage our environmental impacts and promote positive environmental practices. A key focus is our commitment to become a net zero business by 2040 across all our operations and throughout our value chain, underpinned by our 1.5 degree aligned science-based targets. We have identified our key climate-related risks over the short, medium and long term. The principal risks we have identified are reputational and regulatory compliance risk (short term), acute and chronic physical risk impacting our property portfolio and aged care businesses (medium to long term), and transition risk impacts in the wider economy impacting affordability of our products and services (medium to long term). The link between planet and human health is clear and, therefore, there are also likely to be health impacts from climate change which will impact health insurance claims in the longer term (long term). We do not expect climate change to have a material impact on our fixed assets or investment and insurance risk exposures in the short term. Climate change risks continues

to be a key focus of our stress testing programme and we are focussed on enhancing our capability in this area.

Our approach to risk management:

We have a well-established process for identifying and managing all business risks, including all types of operational risk such as information security and privacy. Monitoring and managing our risks is key to ensuring that we achieve our strategic objectives in the long-term, meeting the evolving expectations of our customers, people, bondholders and regulators. Internal controls, particularly regarding customer conduct and information security and privacy, continue to be key areas of focus.

In line with the Principles set out in the UK Corporate Governance Code, the Board completed an annual review of the Group's systems of risk management and internal controls in 2022, covering the Group's material controls including financial, operational and compliance, and the impact of the volatile economic situation on the control environment. This review took into consideration the work of the Audit and Risk Committees during the year, including reports provided to those Committees from the first, second and third lines of defence. In making its assessment, the Board received and reviewed an integrated assurance report which set out an overall assessment of the Group's systems of risk management and internal control in 2022. The Board has concluded that Bupa has a sound system of risk management and internal control, with some weaknesses which are being addressed by management and monitored by the Risk and Audit Committees.

BUPA AROUND THE WORLD

Bupa Asia Pacific

- Bupa Health Insurance Australia, with 4.1m customers, is a leading health insurance provider in Australia and also offers health insurance for overseas workers and visitors.
- Bupa Health Services in Australia is a health provision business, comprising dental, optical, audiology, medical assessment services, and healthcare for the Australian Defence Force.
- Bupa Villages and Aged Care Australia cares for around 5,100 residents across 59 homes. It also operates 1 retirement village in Australia.
- Bupa Villages and Aged Care New Zealand cares for around 3,200 residents across 47 care homes. It also operates 38 retirement villages.
- Bupa Hong Kong comprises a health insurance business with 416,000 customers and a Health Services business operating 89 medical centres providing healthcare services to around 1.3m customers.

1. Bupa Health Insurance Australia customer numbers includes 85k wellness and telehealth customers

Europe and Latin America

- Sanitas Seguros is the second largest health insurance provider in Spain, with more than 2m customers.
- Sanitas Dental provides dental services through 204 centres and third-party networks in Spain.
- Sanitas Hospitales and New Services comprise four private hospitals, 28 private medical clinics and one public hospital under a public-private partnership model.
- Sanitas Mayores cares for around 6,100 people in 43 care homes, operates six day-care centres and has professional home care services with digital medical support for seniors in Spain.
- LUX MED is a leading private healthcare business in Poland, operating in health funding (subscription and insurance) and provision through 14 hospitals and 270 private clinics.
- Bupa Chile is a leading health insurer and health provision business. In insurance we serve over 870,000 customers across Isapre Cruz Blanca and Bupa Seguros. In health provision we serve around 2.8m customers across four hospitals and 39 clinics.
- Bupa Acıbadem Sigorta is Türkiye's second largest health insurer, with products for corporate and individual customers, and has 1.4m customers.
- Care Plus is a leading health insurance company in Brazil, with around 450,000 customers, concentrated in São Paulo.
- Bupa Mexico is a health insurer offering international and domestic local private medical insurance, with more than 100,000 customers. During 2022, we acquired Bite Medica, our first hospital in Mexico.
- Bupa Global Latin America provides international health insurance, local health insurance and travel insurance in Latin America to more than 80,000 customers. It is headquartered in Miami and has operations in Guatemala, Panama, Dominican Republic, Ecuador, and Bolivia.

Bupa Global and UK

- Bupa UK Insurance is a leading health insurer, with 3.1m customers across private medical insurance, health trusts, dental and cash plan.
- Bupa Global serves over 460,000 IPMI customers including individuals, small businesses and corporate customers.
- Bupa Dental Care is a leading provider of private dentistry, providing dental services through 490 centres across the UK and the Republic of Ireland.

- Bupa Care Services cares for around 6,600 residents in 121 care homes and 10 Richmond care villages.
- Bupa Health Services comprises 52 health clinics and the Cromwell Hospital.

Other businesses

- We also have associate health insurance businesses in Saudi Arabia (Bupa Arabia) and India (Niva Bupa) and an interest in MyClinic in Saudi Arabia.

BUPA GROUP

Preliminary Announcement Financial Information

Year ended 31 December 2022

The British United Provident Association Limited
Consolidated Income Statement
for the year ended 31 December 2022

	2022	2021
	£m	£m
Revenues		
Gross insurance premiums	10,029	9,227
Premiums ceded to reinsurers	(132)	(102)
Net insurance premiums earned	9,897	9,125
Care, health and other customer contract revenue	3,967	3,699
Other revenue	93	79
Total revenues	13,957	12,903
Claims and expenses		
Insurance claims incurred	(7,726)	(7,294)
Reinsurers' share of claims incurred	97	79
Net insurance claims incurred	(7,629)	(7,215)
Share of post-taxation results of equity-accounted investments	53	42
Impairment of goodwill and intangible assets	(894)	(27)
Other operating expenses	(5,789)	(5,237)
Other income and charges	(39)	49
Total claims and expenses	(14,298)	(12,388)
(Loss)/profit before financial income and expense	(341)	515
Financial income and expense		
Financial income	186	97
Financial expense	(175)	(185)
Net monetary loss	(87)	–
Net impairment on financial assets	(10)	(4)
Net financial expense	(86)	(92)
(Loss)/profit before taxation expense	(427)	423
Taxation expense	(91)	(62)
(Loss)/profit for the year	(518)	361
Attributable to:		
Bupa	(521)	358
Non-controlling interests	3	3
(Loss)/profit for the year	(518)	361

The British United Provident Association Limited
Consolidated Statement of Comprehensive Income
for the year ended 31 December 2022

	2022	2021
	£m	£m
(Loss)/profit for the year	(518)	361
Other comprehensive income/(expense)		
Items that will not be reclassified to the Income Statement		
Unrealised loss on revaluation of property	(44)	(26)
Remeasurement loss on pension schemes	(128)	(5)
Taxation credit on income and expenses recognised directly in other comprehensive income	59	8
Items that may be reclassified subsequently to the Income Statement		
Foreign exchange translation differences on goodwill	112	(126)
Other foreign exchange translation differences	346	(240)
Net (loss)/gain on hedge of net investment in overseas subsidiaries	(80)	62
Share of other comprehensive income of equity-accounted investments	2	6
Change in fair value of financial investments through other comprehensive income	(4)	(6)
Realised gain on disposal of financial investments at fair value through other comprehensive income	–	1
Change in cash flow hedge reserve	–	(21)
Release of foreign exchange translation reserve on closure of subsidiaries	4	–
Total other comprehensive income/(expense)	267	(347)
Comprehensive (expense)/income for the year	(251)	14
Attributable to:		
Bupa	(256)	14
Non-controlling interests	5	–
Comprehensive (expense)/income for the year	(251)	14

The British United Provident Association Limited
Consolidated Statement of Financial Position
for the year ended 31 December 2022

	2022	2021
	£m	£m
Assets		
Goodwill and intangible assets	2,803	3,577
Property, plant and equipment	3,715	3,816
Investment property	750	666
Equity-accounted investments	1,032	905
Post-employment benefit net assets	406	542
Restricted assets	119	158
Financial investments	3,716	2,911
Derivative assets	28	41
Deferred taxation assets	129	89
Current taxation assets	41	24
Assets arising from insurance business	1,626	1,374
Inventories	91	93
Trade and other receivables	929	624
Cash and cash equivalents	1,403	1,739
Assets held for sale	32	38
Total assets	16,820	16,597
Liabilities		
Subordinated liabilities	(998)	(997)
Other interest-bearing liabilities	(648)	(822)
Lease liabilities	(932)	(921)
Post-employment benefit net liabilities	(51)	(69)
Provisions arising from insurance contracts	(3,709)	(3,233)
Derivative liabilities	(137)	(35)
Provisions for liabilities and charges	(304)	(279)
Deferred taxation liabilities	(177)	(295)
Current taxation liabilities	(34)	(55)
Other liabilities arising from insurance business	(221)	(213)
Trade and other payables	(2,392)	(2,216)
Liabilities associated with assets held for sale	(1)	(4)
Total liabilities	(9,604)	(9,139)
Net assets	7,216	7,458
Equity		
Property revaluation reserve	634	655
Income and expenditure reserve	5,812	6,502
Foreign exchange translation reserve	453	(13)
Equity attributable to Bupa	6,899	7,144
Restricted Tier 1 notes	297	297
Non-controlling interests	20	17
Total equity	7,216	7,458

The British United Provident Association Limited
Consolidated Statement of Cash Flows
for the year ended 31 December 2022

	2022	2021 restated ¹
	£m	£m
Operating activities		
(Loss)/profit before taxation expense	(427)	423
<i>Adjustments for:</i>		
Net financial (income)/expense	(1)	92
Net monetary loss	87	–
Depreciation, amortisation and impairment	1,558	532
Other non-cash items	(30)	(135)
<i>Changes in working capital and provisions:</i>		
Increase in provisions and other liabilities arising from insurance contracts	359	238
Increase in assets arising from insurance business	(211)	(73)
Funded pension scheme employer contributions	(2)	(1)
Increase in trade and other receivables, and other assets	(200)	(25)
Increase in trade and other payables, and other liabilities	53	65
Cash generated from operations	1,186	1,116
Income taxation paid	(225)	(200)
Decrease in cash held in restricted assets ¹	5	3
Net cash generated from operating activities	966	919
Cash flow from investing activities		
Acquisition of subsidiaries and businesses, net of cash acquired	(29)	(19)
Investment in equity-accounted investments	(14)	(14)
Dividends received from associates	42	34
Disposal of subsidiaries and other businesses, net of cash disposed of	3	104
Divestment of equity-accounted investments	–	7
Purchase of intangible assets	(124)	(108)
Purchase of property, plant and equipment	(211)	(193)
Proceeds from sale of property, plant and equipment	7	18
Purchase of investment property	(29)	(37)
Disposal of investment property	1	–
Purchases of financial investments, excluding deposits with credit institutions	(1,720)	(1,070)
Proceeds from sale and maturities of financial investments, excluding deposits with credit institutions	1,222	750
Net (investments into)/withdrawals from deposits with credit institutions	(119)	231
Interest received	82	62
Net cash used in investing activities	(889)	(235)
Cash flow from financing activities		
Proceeds from issue of Restricted Tier 1 notes	–	297
Payment of Restricted Tier 1 coupon	(12)	–
Proceeds from issue of interest-bearing liabilities and drawdowns on other borrowings	51	391
Repayment of interest-bearing liabilities and other borrowings	(194)	(983)
Principal repayment of lease liabilities	(135)	(130)
Payment of interest on lease liabilities	(46)	(47)
Interest paid	(64)	(83)
Net (payments)/receipts on settlement of hedging instruments	(57)	8
Dividends paid to non-controlling interests	(2)	(1)
Net cash used in financing activities	(459)	(548)
Net (decrease)/increase in cash and cash equivalents	(382)	136
Cash and cash equivalents at beginning of year	1,850	1,805
Effect of exchange rate changes	11	(91)
Cash and cash equivalents at end of year²	1,479	1,850

- 2021 has been restated for the implementation of the IFRS Interpretations Committee agenda decision on Demand Deposits with Restrictions on Use arising from a contract with a Third Party. This has resulted in an additional £100m of restricted assets being included in cash and cash equivalents at the beginning of the year, and an additional £112m of restricted assets being included in the cash and cash equivalents at the end of the year. The movement in cash held in restricted assets line has consequently been restated by £12m from an increase of £9m to a decrease of £3m. These amounts are included in restricted assets in the Statement of Financial Position.
- Includes restricted cash of £78m (2021: £112m), along with bank overdrafts of £2m (2021: £1m) which are not considered as a component of cash and cash equivalents in the Statement of Financial Position.

The British United Provident Association Limited
Consolidated Statement of Changes in Equity
for the year ended 31 December 2022

	Property revaluation reserve	Income and expenditure reserve	Foreign exchange translation reserve	Total attributable to BuPa	Restricted Tier 1 notes	Non- controlling interests	Total equity
	£m	£m	£m	£m	£m	£m	£m
2022							
Balance as at 1 January 2022	655	6,502	(13)	7,144	297	17	7,458
Initial application of IAS 29	–	(84)	105	21	–	–	21
Balance as at 1 January 2022, as restated	655	6,418	92	7,165	297	17	7,479
(Loss)/profit for the year	–	(521)	–	(521)	–	3	(518)
Other comprehensive income/(expense)							
Unrealised loss on revaluation of property	(44)	–	–	(44)	–	–	(44)
Realised revaluation profit on disposal of property	(6)	6	–	–	–	–	–
Remeasurement loss on pension schemes	–	(128)	–	(128)	–	–	(128)
Foreign exchange translation differences on goodwill	–	–	112	112	–	–	112
Other foreign exchange translation differences	17	2	325	344	–	2	346
Net loss on hedge of net investment in overseas subsidiaries	–	–	(80)	(80)	–	–	(80)
Share of other comprehensive income of equity-accounted investments	–	2	–	2	–	–	2
Change in fair value of financial investments through other comprehensive income	–	(4)	–	(4)	–	–	(4)
Release of foreign exchange translation reserve on closure of subsidiaries	–	–	4	4	–	–	4
Taxation credit on income and expense recognised directly in other comprehensive income	12	47	–	59	–	–	59
Other comprehensive (expense)/income for the year, net of taxation	(21)	(75)	361	265	–	2	267
Total comprehensive (expense)/income for the year	(21)	(596)	361	(256)	–	5	(251)
Payment of Restricted Tier 1 coupon, net of taxation	–	(10)	–	(10)	–	–	(10)
Dividends paid to non-controlling interests	–	–	–	–	–	(2)	(2)
Balance as at 31 December 2022	634	5,812	453	6,899	297	20	7,216

The British United Provident Association Limited
Consolidated Statement of Changes in Equity (continued)
for the year ended 31 December 2022

	Property revaluation reserve	Income and expenditure reserve	Cash flow hedge reserve	Foreign exchange translation reserve	Total attributable to Bupa	Restricted Tier 1 notes	Non- controlling interests	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m
2021								
Balance as at 1 January 2021	699	6,147	21	263	7,130	–	18	7,148
Profit for the year	–	358	–	–	358	–	3	361
Other comprehensive income/(expense)								
Unrealised loss on revaluation of property	(26)	–	–	–	(26)	–	–	(26)
Realised revaluation profit on disposal of property	(4)	4	–	–	–	–	–	–
Remeasurement loss on pension schemes	–	(5)	–	–	(5)	–	–	(5)
Foreign exchange translation differences on goodwill	–	–	–	(126)	(126)	–	–	(126)
Other foreign exchange translation differences	(20)	(6)	–	(211)	(237)	–	(3)	(240)
Net gain on hedge of net investment in overseas subsidiaries	–	–	–	62	62	–	–	62
Share of other comprehensive income of equity-accounted investments	–	6	–	–	6	–	–	6
Change in fair value of financial investments through other comprehensive income	–	(6)	–	–	(6)	–	–	(6)
Realised gain on disposal of financial investments at fair value through other comprehensive income	–	1	–	–	1	–	–	1
Change in cash flow hedge reserve	–	–	(21)	–	(21)	–	–	(21)
Taxation credit/(charge) on income and expense recognised directly in other comprehensive income	6	3	–	(1)	8	–	–	8
Other comprehensive expense for the year, net of taxation	(44)	(3)	(21)	(276)	(344)	–	(3)	(347)
Total comprehensive (expense)/income for the year	(44)	355	(21)	(276)	14	–	–	14
Issue of Restricted Tier 1 notes	–	–	–	–	–	297	–	297
Dividends paid to non-controlling interests	–	–	–	–	–	–	(1)	(1)
Balance as at 31 December 2021	655	6,502	–	(13)	7,144	297	17	7,458

The British United Provident Association Limited

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

Segmental Information

The organisational structure of the Group is managed through three Market Units based on geographic locations and customers: Bupa Asia Pacific; Europe and Latin America; and Bupa Global and UK. Management monitors the operating results of the Market Units separately to assess performance and make decisions about the allocation of resources. Bupa China and the Group's associate investments, Bupa Arabia and Niva Bupa, are reported within other businesses. The segmental disclosures below are reported consistently with the way the business is managed and reported internally.

Reportable segments	Service and products
Bupa Asia Pacific	Bupa Health Insurance: Health insurance, international health cover in Australia Bupa Health Services: Health provision services relating to dental, optical, audiology and medical assessments and therapy Bupa Villages and Aged Care Australia: Nursing, residential, respite care and residential villages Bupa Villages and Aged Care New Zealand: Nursing, residential, respite care and residential villages Bupa Hong Kong: Domestic health insurance, primary healthcare and day care clinics including diagnostics
Europe and Latin America	Sanitas Seguros: Health insurance and related products in Spain Sanitas Dental: Insurance and dental services through clinics and third-party networks in Spain Sanitas Hospitales and New Services: Management and operation of hospitals and health clinics in Spain Sanitas Mayores: Nursing, residential and respite care in care homes and day centres in Spain LUX MED: Medical subscriptions, health insurance, and the management and operation of diagnostics, health clinics and hospitals in Poland Bupa Acıbadem Sigorta: Domestic health insurance in Türkiye Bupa Chile: Domestic health insurance and the management and operation of health clinics and hospitals in Chile Care Plus: Domestic health insurance in Brazil Bupa Mexico: Domestic health insurance in Mexico Bupa Global Latin America: International health insurance
Bupa Global and UK	Bupa UK Insurance: Domestic health insurance, and administration services for Bupa health trusts Bupa Dental Care UK: Dental services and related products Bupa Care Services: Nursing, residential, respite care and care villages Bupa Health Services: Clinical services, health assessment related products and management and operation of a private hospital Bupa Global: International health insurance to individuals, small businesses and corporate customers Associate: Highway to Health (United States of America) (operating as GeoBlue)
Other businesses	Bupa China: Clinical services Associates: Bupa Arabia (Kingdom of Saudi Arabia) and Niva Bupa (India): Health insurance

The British United Provident Association Limited
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022

(i) Revenues

	Bupa Asia Pacific		Europe and Latin America		Bupa Global and UK		Other businesses		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Gross insurance premiums	4,367	4,241	3,026	2,663	2,636	2,323	–	–	10,029	9,227
Premiums ceded to reinsurers	(7)	(5)	(28)	(22)	(97)	(75)	–	–	(132)	(102)
Internal reinsurance	(64)	(53)	–	–	64	53	–	–	–	–
Net insurance premiums earned	4,296	4,183	2,998	2,641	2,603	2,301	–	–	9,897	9,125
Care, health and other customer contract revenue	1,282	1,264	1,550	1,354	1,135	1,081	–	–	3,967	3,699
Other revenue	60	51	12	9	14	14	7	5	93	79
Total revenues for reportable segments	5,638	5,498	4,560	4,004	3,752	3,396	7	5	13,957	12,903
Consolidated total revenues									13,957	12,903

(ii) Segmental result

	Bupa Asia Pacific		Europe and Latin America		Bupa Global and UK		Other businesses		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Underlying profit for reportable segments ¹	302	222	233	162	25	62	58	45	618	491
Central expenses and net interest margin									(43)	(86)
Consolidated underlying profit before taxation expense									575	405

Non-underlying items:

Impairments of intangible assets and goodwill arising on business combinations ²	(108)	(18)	(161)	–	(619)	–	–	–	(888)	(18)
Net (loss)/gain on disposal of businesses and transaction costs on business combinations	4	8	(3)	3	(1)	2	(4)	–	(4)	13
Net property revaluation (loss)/gain	22	17	5	–	(32)	(1)	–	–	(5)	16
Realised and unrealised foreign exchange (loss)/gain ³	–	–	(28)	(3)	16	7	–	1	(12)	5
Amortisation of bed licences ⁴	(34)	–	–	–	–	–	–	–	(34)	–
Other Market Unit non-underlying items ⁴	(4)	–	(16)	(9)	(4)	22	–	–	(24)	13
Group non-underlying items ⁵									4	(14)
(Loss)/gain on return-seeking assets, net of hedging									(39)	3
Total non-underlying items									(1,002)	18
Consolidated (loss)/profit before taxation expense									(427)	423

- Underlying profit for reportable segments includes share of post-taxation results of equity-accounted investments. Other businesses includes Bupa Arabia and Niva Bupa. Bupa Global and UK includes Highway to Health.
- 2022 includes impairments recognised within Bupa Asia Pacific (Bupa Villages and Aged Care Australia), Europe and Latin America (Bupa Chile) and Bupa Global and UK (Bupa Dental Care UK and Bupa Care Services).
- Within the Europe and Latin America segment, 2022 includes decrease in profit before tax of £31m in Bupa Acibadem Sigorta arising from the effect of IAS 29 Financial Reporting in Hyperinflationary Economies. Within the Bupa Global and UK segment, 2022 and 2021 include the foreign exchange impact of treating unearned premiums and deferred acquisition costs as non-monetary items.
- 2022, within the Europe and Latin America segment, includes £16m restructuring costs. 2021 £22m within the Bupa Global and UK segment includes a £40m net gain on the acquisition of the membership and business of CS Healthcare and restructuring costs.
- 2021 includes an £18m loss recognised following the early redemption of £250m of unguaranteed subordinated bonds during the year.

The British United Provident Association Limited
Notes to the Consolidated Financial Statements
for the year ended 31 December 2022

General information

The information in this announcement does not constitute the Group's statutory accounts as defined in section 434 of the Companies Act 2006 for the years ended 31 December 2022 or 2021. Statutory accounts for the year ended 31 December 2021 have been delivered to the Registrar of Companies, and those for the year ended 31 December 2022 will be delivered in due course. The report of the auditor on those accounts is unqualified and did not draw attention to matters by way of emphasis.