

The British United Provident Association Limited (Bupa): HALF YEAR STATEMENT FOR THE SIX MONTHS TO 30 JUNE 2021

Financial headlines

- Revenue¹ of £6.5bn was up 9% (2020: £5.9bn²) at constant exchange rates (CER) with year-on-year growth in the majority of our business lines.
- Underlying profit³ before taxation of £191m, was up 44% at CER (2020: £133m) as the impacts of COVID-19 started to subside in some markets, with health provision and aged care performance returning towards more normal trading levels, offset by an increase in claims in our insurance businesses.
- Statutory profit before taxation of £245m was up 60% at actual exchange rates (AER) (2020: £153m).
- Solvency II capital coverage ratio⁴ remains strong at 163% (FY 2020: 160%).

Business context

- We continue to benefit from our diversified portfolio of businesses and our financial resilience as we navigate the ongoing impacts of COVID-19. We are in a robust position and set up for future growth and transformation as the world begins to emerge from the pandemic.
- The impact of COVID-19 will continue to be felt across all of our businesses for the foreseeable future. However, the Half Year results show early signs of a return to growth as our businesses and the societies we operate in come to terms with evolving rules and restrictions.
- We have seen growing insurance portfolios in many of our markets, increased activity in our health provision businesses, and improving occupancy rates in aged care.
- There are major shifts in customer expectations and engagement, particularly in digital healthcare. We have refreshed our plans and ambition and launched a new strategy to address these changes. Our focus is on embedding this strategy and leveraging our strengths while we transform Bupa.

Iñaki Ereño, Group CEO, commented:

"These results reflect Bupa's resilience and how well our teams have served our customers as our businesses navigate the pandemic. Although restrictions are generally being lifted around the world, we remain vigilant as the pandemic is not yet over."

"Looking ahead, I believe that we must pursue growth from faster transformation, leveraging the solid platform we have developed; we must run and change. We are now embedding our ambitious new strategy which will position Bupa to satisfy major shifts in customer expectations and engagement with healthcare."

Market performance (all at CER)

- **Australia and New Zealand:** Revenue increased by 6% to £2,549m largely due to strong customer retention and the 2020 premium rate deferral in health insurance, and improved customer volumes in our health provision business. Underlying profit increased to £132m,

¹ Revenues from associate businesses are excluded from reported figures. Customer numbers and economic share of post-tax profits from our associate businesses are included.

² Balances have been restated for a gross up between other revenue and financial expense (included within central expenses and net interest margin) in relation to the remeasurement of imputed revenue and interest in respect of interest-free refundable accommodation deposits received by the Group as payment for aged care units in Bupa Villages and Aged Care - Australia. Refer to Note 1.4 for further details.

³ 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 before taxation can be found in the notes to the Condensed Consolidated Financial Statements.

⁴ The 2021 Solvency II capital coverage ratio is an estimate and unaudited.

reflecting stronger health provision business performance, reduced losses in aged care and an improved result in health insurance.

- **Europe and Latin America:** Revenue grew by 14% to £2,016m and underlying profit was broadly flat at £68m as growth in our insurance portfolio, improved health provision and aged care results, were offset by increased insurance claims following the disruption to supply seen in the first half of 2020.
- **Bupa Global and UK:** Revenue was up 9% to £1,660m. This was driven by higher health provision customer volumes; and the impact of the provision for the pledge we made to pass back any exceptional financial benefit ultimately arising from the pandemic to eligible customers (UK return of premium commitment) being lower than it was during the first half of 2020. Underlying profit was down 59% to £9m, as improved dental results were more than offset by higher year-on-year claims in Bupa Global, our International Private Medical Insurance (IPMI) business.
- **Other businesses:** Revenue was up 5% to £232m with higher revenue in our Health Services business in Hong Kong SAR. Underlying profit was down 16% to £26m predominantly reflecting the ongoing COVID-19 impacts on our associate business in India.

Financial position

- Solvency II capital coverage ratio of 163% (FY 2020: 160%).
- Leverage is 31.1% (FY 2020: 32.4%) when including IFRS 16 leases as liabilities. Excluding these liabilities, the leverage ratio is 24.1% (FY 2020: 25.3%).
- Net cash generated from operating activities was £440m, down £403m on prior year (2020: £843m) reflecting the delay in claims outflows in the insurance businesses in 2020 partly offset by the return towards more normal trading levels across provision and insurance businesses.

New strategy – key points

- We have refreshed Bupa's **purpose** to be: "helping people live longer, healthier, happier lives and making a better world".
- We have introduced our **ambition** "to be the world's most customer-centric healthcare company".
- We have refreshed our **values** so that they are aligned to our purpose, ambition and strategy. Together with their supporting statements, these are:
 - Brave: make new possibilities happen
 - Caring: act with empathy and respect
 - Responsible: own your decisions and actions
- This is supported by **3 ambitious KPIs** to measure progress against achieving our purpose and ambition:
 - 40% of customer care touchpoints owned by Bupa
 - 60% active digital customers
 - NPS scores of 80
- We will achieve this ambition through **6 strategic pillars** of: Customer; Growth; Transformation and Sustainability, enabled by focusing on Data and an Agile Culture.
- This **3x6 Strategy** will drive Bupa's transformation.

Other highlights

- We announced the appointment of James Lenton as **Chief Financial Officer (CFO)** and he is due to join Bupa in September 2021.
- We committed to the **Science Based Targets Initiative** to reduce our carbon emissions.
- With effect from 1 July, Bupa Hong Kong has been incorporated into the Australia and New Zealand Market Unit to form **Bupa Asia Pacific**. Also, from the same date, our associate business in India, Max Bupa, is being rebranded **Niva Bupa** and will be overseen by the Bupa Global and UK Market Unit.

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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 31 million⁵ 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 85,000 people, principally in the UK, Australia, Spain, Chile, Poland, New Zealand, Hong Kong SAR, Turkey, 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.

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This document may contain certain 'forward-looking statements'. 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, 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. Other than as required by law, 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.

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.

Group CEO's Review

COVID-19 remains a global challenge but there is more optimism now as vaccination programmes make progress in many countries, and our businesses adapt to the evolving rules and restrictions. Some of our markets have started to emerge from what we hope are the worst parts of the pandemic, although there are many issues still to navigate.

We are continuing to respond to the impacts of the pandemic and play our part in national responses, and I am constantly struck by the unceasing commitment and passion of Bupa's people. They have been amazing in how hard they have worked and how they are continuing to care for our customers and provide great service. I am very proud of all of them.

We have maintained our financial resilience through successive waves of the pandemic. Our Half Year 2021 results reflect the underlying strength of Bupa and improved trading conditions in many of our markets and across our business lines. Revenue was £6.5bn, up 9% year-on-year (2020: £5.9bn at CER), and underlying profit increased by 44% to £191m (2020: £133m at CER).

In health insurance, although revenue has grown, we have seen profits reduce year-on-year driven by a higher claims figure as the disruption to healthcare services seen in 2020 has reduced. Our health provision businesses are coming back strongly as they navigate

⁵ Our total customers as reported in 2020 Annual Report.

successive lockdowns and evolving restrictions. Customer volumes in our dental businesses are improving well. We are seeing occupancy rates improving in our aged care businesses as some lockdown restrictions are eased. Protecting residents and staff remains our absolute focus and we are continuing to invest in safety equipment, staff training and support.

I am pleased with this set of first half results but we know we cannot stand still and will keep working hard through this year and beyond to keep navigating the challenges that arise from these uncertain times. Looking forward, we have undertaken a significant refresh of Bupa's strategy fundamentals which we believe will position us for success into the future.

New strategy

There have been major shifts in customer expectation and engagement, particularly around digital healthcare. We must leverage our strengths and drive transformation across Bupa. We have reviewed the organisation and recently launched an ambitious new strategy to enable Bupa to both run and change. This has the following key elements:

- **Purpose:** Although Bupa's purpose – *Helping people live longer, healthier, happier lives* – is enduring, organisations like ours should adapt and refresh their mission if a new reality demands it. Our reality has changed – we have an increasing part to play, not only in the health of our customers, but also the health of our planet. This is why we have refreshed Bupa's purpose by adding **“and making a better world”**, reflecting the strength of our purpose, while recognising our role in the health of our planet.
- **Ambition:** We have introduced an ambition **“to be the world's most customer-centric healthcare company”**. This means a commitment to excellent customer experience, through great service and value, frictionless access and quality healthcare. We are aligning our health funding and our health provision assets across the world to support this ambition.
- **Values:** We have also refreshed our **values** so that they are aligned to our purpose, ambition and strategy. Together with their supporting statements, these are as follows:
 - **Brave:** make new possibilities happen.
 - **Caring:** act with empathy and respect.
 - **Responsible:** own your decisions and actions.
- **3x6 Strategy:** We have set **3 ambitious internal Key Performance Indicators (KPIs)**. These will measure progress towards achieving our purpose and ambition:
 - 40% of customers' care touchpoints owned by Bupa;
 - 60% active digital customers; and
 - NPS scores of 80, in line with the most customer-centric organisations in the world.

We have established **6 strategic and enabling pillars** to define how we will achieve this ambition. The strategic pillars are as follows:

- **Customers:** obsession with our customers' experience.
- **Growth:** strong performance and governance.
- **Transformation:** continuous innovation and preparation for tomorrow.
- **Sustainability:** making a positive impact in the world.

These are supported by enabling pillars:

- **Data:** enhanced data driven decision making.
- **Agile Culture:** the best, most diverse people and a great place to work.

Each of these will have Bupa-wide emblematic projects which connect to the 3 KPIs.

This is our **3x6 Strategy**, driving Bupa's transformation, helping people live longer, healthier, happier lives, and making a better world, by being the world's most customer centric healthcare company. We are now focused on embedding this strategy throughout the organisation with intensive work in progress. We will provide updates in our next Full Year Results announcement.

Operational highlights

- Sustainability is a strategic pillar of our 3x6 Strategy and our commitment is shown in our refreshed purpose. We continued to progress our environmental agenda by committing to the **Science Based Targets Initiative** to reduce our carbon emissions.
- We launched **eco-Disruptive**, a global innovation challenge involving Bupa teams in Australia, Spain, Chile and the UK. This initiative brings together the agile culture, transformation and sustainability pillars from our 3x6 Strategy. Through this, our teams are interacting with over 900 eco start-ups to develop solutions to help meet environmental and human health challenges.
- We have made some changes to our structure. On 1 July 2021, we formed a **new Market Unit called Bupa Asia Pacific**, incorporating our existing Australia and New Zealand Market Unit and Bupa Hong Kong. Also, as of 1 July, our associate business in India, Max Bupa is being rebranded Niva Bupa and will be overseen by the Bupa Global and UK Market Unit. There will be no changes to the board or ownership structure of this business.
- We announced the **appointment of James Lenton as our new Chief Financial Officer**. James was previously CFO of Hammerson plc, a FTSE 250 property and investment group. He will join us in September, ensuring a smooth handover of responsibilities from our interim CFO, Martin Potkins.

Outlook

Although several of our markets have reached the advanced stages of vaccine deployment, it is clear COVID-19 will still impact economies and health systems for the foreseeable future. We're positive about our future prospects as restrictions, in general, continue to be lifted around the world, although we will remain vigilant as the challenges arising from the pandemic are not yet over.

Conditions in some markets remain challenging, and there remains uncertainty to the timing and volume at which insurance claims will return. In Chile, our insurance business continues to be impacted by regulatory decisions, which reflect the political and social environment in the country. We are taking actions to strengthen this business. In aged care, trading conditions remain challenging, however with more residents being admitted, improved operating performance and some recent portfolio optimisation, this line of business should continue to move towards profitability.

We are well placed to navigate challenges and take opportunities because of our underlying financial strength, resilience and our diversified business model. We are focussed on embedding our new strategy and driving growth and transformation.

MARKET UNIT PERFORMANCE

Australia and New Zealand

	Revenue	Underlying profit
HY 2021	£2,549m	£132m
HY 2020 ⁶ (AER)	£2,251m	£62m
% growth	13%	113%
HY 2020 ⁶ (CER)	£2,396m	£66m
% growth	6%	100%

Revenue increased by 6% to £2,549m at CER. Underlying profit increased to £132m, driven by increased customer volumes in Australian Health Services, lower operating costs in Australian Aged Care and improved margins in Australian Health Insurance. While COVID-19 restrictions generally eased in the first half of 2021, there were ongoing impacts across our businesses and we continued to prioritise the health and safety of our customers and employees through localised lockdowns.

In the Australian Health Insurance business, revenue grew year-on-year. Strong customer retention and favourable net downgrades contributed to improved performance. 2020 premium revenue was impacted by our decision to support customers through the COVID-19 financial hardship scheme, which included premium waivers, discounts and policy suspensions. Claims activity continued to be volatile in the first half of 2021 with ongoing uncertainty and localised lockdowns suppressing claims. Whilst this disruption was not as great as it was in H1 2020, net claims period to period were only marginally higher, given a deferred claims provision (DCP) was raised at H1 2020, which we continue to hold at 30 June 2021 (£180m). The combined operating ratio⁷ (COR) for H1 2021 was 93%⁸ (2020: 95%). We continue to invest to meet customers' evolving needs, including launching a new loyalty programme for longstanding customers.

Health Services in Australia delivered year-on-year revenue growth of 21% at CER driven by improved customer volumes across most businesses, although government mandated lockdowns continued to impact our business. We launched Medical and Health Advisory Services for the Department of Veterans' Affairs (DVA) on 1 April. This network of health professionals provides clinical advice, communication and quality assurance activities to the DVA.

Although revenue in our Australian Aged Care business was stable year-on-year, our operating loss reduced significantly. This was the result of implementing a number of business improvement initiatives and included portfolio optimisation with five homes being sold or closed in the first half of 2021. We officially opened our first Australian retirement village, Bupa Sutherland, in March. Overall closing occupancy rate improved to 88% (HY 2020: 82%). The Royal Commission into Aged Care Quality and Safety published its final report in March 2021. We welcomed the Federal Government's response, which committed additional investment into the sector to support better care over the next five years. This represents an important first step in addressing overall sector challenges and we continue to work through the detailed implications.

⁶ Balances have been restated for a gross up between other revenue and financial expense (included within central expenses and net interest margin) in relation to the remeasurement of imputed revenue and interest in respect of interest-free refundable accommodation deposits received by the Group as payment for aged care units in Bupa Villages and Aged Care - Australia. Refer to Note 1.4 for further details.

⁷ 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.

⁸ Bupa HI Pty Ltd (Australia): based on the Solvency II S.05.01 Quantitative Reporting Template (estimated and unaudited).

In our New Zealand Aged Care business, revenue was flat and underlying profit declined as a result of higher operating costs. Retirement village sales increased by 70% as units across a number of new developments became available. Care home closing occupancy rate remained stable at 88% (HY 2020: 89%). The sale of seven rehabilitation sites and of one care home were completed. We officially opened our new Foxbridge Retirement Village and Care Home.

Europe and Latin America

	Revenue	Underlying profit
HY 2021	£2,016m	£68m
HY 2020 (AER)	£1,827m	£73m
% growth/(decline)	10%	(7%)
HY 2020 (CER)	£1,769m	£70m
% growth/(decline)	14%	(3%)

Revenue grew by 14% and underlying profit declined by 3% at CER with portfolio growth seen in nearly all our insurance businesses, improved performance in our health provision business and efficiency initiatives in aged care. This was more than offset by a return to more normal claims performance as customers were better able to access private healthcare that was unavailable at times during H1 2020.

Our health insurance business in Spain, Sanitas Seguros, delivered solid revenue performance driven by sales, including a historic record of nearly 96,000 net new customers in H1 2021. Underlying profit declined by 43% at CER due to higher claims than in the previous year as lockdown measures were eased. The COR for the half year was 89%⁹ (2020: 84%). We continued to enhance our digital offer with our new service, BluaU Smart, in which the customer actively participates in the product design choosing from a selection of innovative personalised cover options.

Our Dental business in Spain delivered good results. Revenue and underlying profit grew, driven by higher activity in our dental centres as we return to more normal operating levels after lockdowns. In March, our dental centres reached their highest level of new customers per working day and we continued to increase video consultation volumes.

In our Hospitals business in Spain, revenue and underlying profit grew year-on-year driven by increased customer visits as lockdowns eased. As part of our continued pandemic response, we launched the COVID-19 Medical Advisor: a service provided by medical professionals who support our customers and activate close contact tracing. To date, we have tested over 380,000 customers. We have also introduced Sanitas' Home Hospitalisation Unit, which offers continuous support to patients recovering in their homes.

In Sanitas Mayores, our aged care business in Spain, underlying profit improved year-on-year due to efficiency initiatives and some recovery in occupancy. We have launched a new campaign to attract new residents and we have included health insurance cover for all aged care customers. Closing occupancy rate was 80% (HY 2020: 78%), which has been progressively increasing during 2021.

⁹ Sanitas S.A de Seguros (Spain): Prepared under local GAAP (unaudited)

In Chile, revenue grew mainly driven by good performance in our outpatient business, Integramedica and Clinica Bupa Santiago Hospital. Underlying profit, however, was down year-on-year, driven by higher claims in the Isapre insurance business with regulatory interventions, which included preventing premium adjustments and mandating extensions to cover, impacting the whole sector.

In Poland, LuxMed delivered good revenue growth, partly driven by growth in the corporate subscription business customer base of over 8% year-on-year. Underlying profit was stable year-on-year predominantly due to COVID-19 related costs offsetting revenue growth. We continued to enhance and expand telehealth and digital health services. As part of our response to the pandemic, St. Elisabeth Hospital in Warsaw continued to work with the public sector to care for COVID-19 patients.

In Turkey, our health insurance business Bupa Acıbadem Sigorta, delivered good revenue growth, while underlying profit decreased due to higher claims compared to 2020 as lockdowns eased.

Care Plus in Brazil delivered solid revenue and customer growth. Bupa Mexico delivered strong revenue growth, while underlying profit was stable. Bupa Global Latin America (BGLA) saw underlying performance improve steadily year-on-year.

Bupa Global and UK

	Revenue	Underlying profit
HY 2021	£1,660m	£9m
HY 2020 (AER)	£1,532m	£22m
% growth/(decline)	8%	(59%)
HY 2020 (CER)	£1,516m	£22m
% growth/(decline)	9%	(59%)

We achieved good revenue growth of 9% at CER driven mainly by a strong increase in customer visits in the dental business, and the reduction in the impact of the UK return of premium provision compared to 2020. Underlying profit decreased by 59% at CER, mainly driven by higher claims in Bupa Global. This was partly offset by improved year-on-year performance in UK Dental and higher revenue in UK Insurance.

UK Insurance revenue was up and underlying profit increased due to improved product mix. Following the commitment made to pass back any exceptional financial benefit ultimately arising as a result of the temporary disruption to some medical treatments in 2020, we announced in March 2021 that eligible customers would receive a share of £125m. We are the first major health insurer to do this and payment has been made to around 290,000 customers to date. The final settlement is yet to be determined as we continue to see how claims rebound, and we retain a residual provision of £40m at 30 June 2021. We continue to expand our digital services. We are supporting 6,000 customers a week with Digital GP appointments, and 42% of our business customers now use our Bupa Connect portal.

In Bupa Global, our IPMI business, revenue was stable and underlying profit declined as claims levels increased, including a bounce back from the lower levels experienced in 2020. We have continued to see an increase in customers using our Global Virtual Care app which provides remote access to a global network of doctors. Over 68% of our customers now

interact with us through our enhanced digital channels, and around half of claims are now done online.

The COR for Bupa Insurance Limited, the UK based insurance entity that underwrites both domestic and international insurance, deteriorated to 97%¹⁰ (HY 2020: 94%) largely reflecting increased claims in Bupa Global.

UK Dental delivered improved performance with strong revenue growth year-on-year due to increased private customer visits. The business is welcoming an increasing number of NHS patients. The limitations imposed by COVID-19 safety measures are unlikely to be relaxed in the short term, thereby continuing to restrict the number of appointments and increasing costs.

Revenue in UK Care Services was flat year-on-year and underlying profit was stable as the sector continues to be supported by government infection control funding. There has been a steady increase in occupancy during 2021. The closing occupancy rate was up to 82% (HY 2020: 78%). In Richmond Villages, property sales increased to pre-pandemic levels.

In Health Services, revenue increased by 13% driven by increased customer activity in the clinics while underlying profit was stable year-on-year. We continue to develop our COVID-19 testing services. At the Cromwell Hospital, the “long COVID” clinic had increased demand and the hospital continues to work in partnership with NHS England to provide time-critical cancer and cardiac care for NHS patients.

Other businesses

	Revenue	Underlying profit
HY 2021	£232m	£26m
HY 2020 (AER)	£243m	£34m
% decline	(5%)	(24%)
HY 2020 (CER)	£221m	£31m
% growth/(decline)	5%	(16%)

Revenue in our other businesses was £232m, up 5% at CER, driven by our Hong Kong SAR business with higher check-up and nursing services in health provision, as well as strong corporate client retention in insurance. Underlying profit in other businesses was down 16% to £26m at CER largely driven by higher COVID-19 related claims in our associate business in India, which is being rebranded to Niva Bupa.

¹⁰ Bupa Insurance Limited: based on the Solvency II S.05.01 Prudential Regulation Authority (SII) form Quantitative Reporting Template (estimated and unaudited).

FINANCIAL REVIEW

Overview

Revenue was £6.5bn, up 9% on the prior year (2020: £5.9bn¹¹ at CER), and underlying profit was £191m, up 44% (2020: £133m at CER). The Group's underlying results reflect the impacts of COVID-19 starting to subside in many markets, with health provision and aged care performance improving, partially offset by increased insurance claims levels following reduced disruption year-on-year.

Our statutory profit before taxation was £245m, up 60% (2020: £153m at AER), reflecting higher underlying profit, and gains made on acquisitions and divestments, including a one-off gain arising upon the transfer of customers from CS Healthcare into our UK Insurance business and divestment of the rehabilitation business in New Zealand.

We generated cash from operating activities of £440m, down £403m on prior year (2020: £843m) reflecting the delay in claims outflows in the insurance businesses in 2020, partly offset by the return towards more normal trading levels across provision and insurance businesses.

Our Solvency II capital coverage ratio¹² of 163% at 30 June 2021 (FY 2020: 160%) sits comfortably within our target working range of 140-170% and reflects our ongoing financial resilience, despite the continued volatility caused by the pandemic.

Revenue (CER)

Revenue was up 9% as a result of portfolio growth, price rises in a majority of our insurance markets and increased activity in our health provision businesses.

Revenue in insurance grew by 5%. Our insurance customers increased by 9% year-on-year, with growth coming in Europe and Latin America, particularly in our Spanish and Turkish businesses. Revenue was also buoyed by approved premium rises in Australia where an agreed change was postponed in 2020, and which are set in the context of medical inflation.

Our health provision businesses saw revenue growth of 34% reflecting higher customer numbers as the impacts of COVID-19 began to subside and health facilities were generally able to operate more normally.

In our aged care businesses, revenue was broadly in line with 2020 with overall occupancy rates 3 percentage points higher as restrictions began to ease and residents being able to be admitted to our homes. This was offset by some targeted disposals of homes as part of portfolio management.

Underlying profit (CER)

Group underlying profit increased by 44% to £191m (2020: £133m at CER). This reflects our businesses beginning to emerge from the pandemic, which has resulted in insurance profits reducing as claims levels return, and higher profits in health provision and aged care as a

¹¹ Balances have been restated for a gross up between other revenue and financial expense (included within central expenses and net interest margin) in relation to the remeasurement of imputed revenue and interest in respect of interest-free refundable accommodation deposits received by the Group as payment for aged care units in Bupa Villages and Aged Care - Australia. Refer to Note 1.4 for further details.

¹² The 2021 Solvency II capital coverage ratio is an estimate and unaudited.

result of reduced lockdowns and government restrictions as well as lower COVID-19 related costs.

For our largest line of business, health insurance, despite revenue growth, underlying profit decreased due to a higher incurred claims number when compared to the particularly volatile claims experience during the first half of 2020. As lockdown measures began to be lifted across most of our markets, our customers began to access private healthcare facilities which they had not been able to at times during the prior year. During the first half of 2021 we have seen a trend of incurred claims returning towards more normalised levels, however the volume and timing of these varies market by market. Given the restriction on supply during the first half of last year, we held deferred claims reserves (30 June 2020: £389m) in many of our markets, however at H1 2021 we are only holding a reserve in Australia (£180m). Despite the reduction in such reserves, claims experience during the first half of 2021 drives a period-on-period reduction in underlying profit.

In the UK we had held a provision at the beginning of the year to satisfy our commitment to pass on any exceptional financial benefit ultimately arising from the pandemic to eligible UK PMI customers (FY 2020: £145m). In March 2021 we announced that eligible customers would receive a share of £125m. To date we have made cash payments to around 290,000 customers, the first major health insurer to do so. The final settlement is yet to be determined as we continue to monitor claims experience, and at 30 June 2021 we retain a residual provision of £40m.

We returned to profitability in our health provision businesses, as capacity restrictions in the majority of our markets reduced. This is in contrast to the prior year when there were a number of temporary closures due to localised government restrictions.

The underlying loss in aged care reduced significantly year-on-year, with revenue and customer levels broadly in line, but with lower costs, particularly on agency staffing and PPE, benefitting these results. Overall occupancy rates still remain below historical levels, as localised restrictions continue to arise intermittently. We have taken targeted actions to optimise our care home portfolio, and as restrictions continue to ease, we expect the aged care business to move back to profitability, although long-term structural challenges around government funding remain in some markets.

Central expenses and net interest margin of £44m were lower than prior year (2020: £56m at CER) as higher investment returns were partly offset by the additional interest costs associated with the debt issuances completed in June 2020.

Statutory profit

Statutory profit before taxation was £245m up 60% (2020: £153m), driven by both underlying and non-underlying results. The non-underlying items totaled £54m profit in 2021, compared with £13m profit in 2020.

The key drivers for non-underlying items in 2021 were property revaluation gains in our New Zealand retirement villages, gains made on the divestment of the rehabilitation business in New Zealand and a one-off gain on acquisition, arising upon the transfer of customers from CS Healthcare into our UK Insurance business (£39m).

	2021 £m	2020 £m
Australia and New Zealand at CER ¹³	132	66
Europe and Latin America at CER	68	70
Bupa Global and UK at CER	9	22
Other businesses at CER	26	31
Underlying profit for reportable segments at CER	235	189
Central expenses and net interest margin at CER	(44)	(56)
Consolidated underlying profit before taxation at CER	191	133
Foreign exchange re-translation on 2020 results (CER/AER)	-	7
Consolidated underlying profit before taxation at AER	191	140
Impairment of intangible assets and goodwill arising on business combinations	(1)	-
Net gains/(losses) on disposal of businesses and transaction costs on business combinations	9	(5)
Net property revaluation gains	7	11
Realised and unrealised foreign exchange gains	9	14
Gains/(losses) on return-seeking-assets, net of hedging	3	(5)
Other non-underlying items	27	(2)
Total non-underlying items	54	13
Statutory profit before taxation at AER	245	153

Taxation

The Group's effective tax rate for the period was 25% (2020: 29%), which is higher than the current UK corporation tax rate of 19%. This is mainly due to profits arising in jurisdictions with a higher rate of corporate income tax than the UK. The revaluation of UK deferred tax balances following the change in enacted UK tax rate from 19% to 25% did not have a material impact on the effective tax rate for the period.

Cashflow

Net cash generated from operating activities decreased by £403m to £440m, reflecting the delay in claims outflows in the insurance businesses in 2020; partially offset by the return towards more normal trading levels and revenue growth across some provision and insurance businesses.

Net cash used in investing activities decreased by £337m to £209m in the first half of the year due to lower deposits than during the same period last year as a result of higher levels of claims being made.

Net cash used in financing activities has increased by £572m to £284m. This movement is driven by the Group issuing £300m senior and £350m Tier 2 bonds in June 2020, with the repayment of £350m senior bond in June 2021 primarily funded through partial drawdown of the Group's revolving credit facility (RCF).

¹³ Balances have been restated for a gross up between other revenue and financial expense (included within central expenses and net interest margin) in relation to the remeasurement of imputed revenue and interest in respect of interest-free refundable accommodation deposits received by the Group as payment for aged care units in Bupa Villages and Aged Care - Australia. Refer to Note 1.4 for further details.

Funding

We manage our funding prudently to ensure a strong platform for continued growth. A key element of our funding policy is to target an A-/A3 senior credit rating for Bupa Finance plc, the main issuer of Bupa's debt.

Our Bupa Finance plc senior debt ratings are A3 (negative) by Moody's and BBB+ (stable) by Fitch with no changes in the period. Bupa Finance plc's Long-Term Issuer Default Rating (LT IDR) from Fitch is 'A-' and senior and Tier 2 bonds BBB+ and BBB- respectively. Bupa Insurance Limited's Insurer Financial Strength (IFS) rating and LT IDR are A+ (Strong) and A respectively. The outlook on both Bupa Finance plc's LT IDR and Bupa Insurance Limited's IFS ratings is stable. Moody's Bupa Insurance Limited Insurance Financial Strength Rating is A1 and the senior and subordinated debt ratings of Bupa Finance plc are A3 and Baa1 respectively, with a negative outlook.

A £350m senior bond was repaid on its maturity in June 2021 following the issuance of a £300m senior and a £350m Tier 2 bond in June 2020.

At 30 June 2021, our £800m RCF was drawn by £290m. The RCF matures in August 2022 and will be refinanced well in advance of its expiry. In the period, we also put in place a EUR30m bank facility in Spain to further support local and therefore Group liquidity. This remains fully undrawn.

We focus on managing our leverage in line with our credit rating targets. Leverage excluding operating leases at 30 June 2021 was 24.1% (FY 2020: 25.3%). Leverage is 31.1% (FY 2020: 32.4%) when IFRS 16 lease liabilities are taken into account.

Coverage of financial covenants remains well within the levels required in our bank facilities.

Solvency¹⁴

Our solvency coverage ratio of 163% remains strong and comfortably within 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 30 June 2021, the estimated SCR of £2.5bn was the same as at 31 December 2020 and Own Funds of £4.1bn was £0.1bn higher when compared to 31 December 2020.

Our surplus capital was estimated to be £1.6bn, compared to £1.5bn at 31 December 2020, representing a solvency coverage ratio of 163% (2020: 160%). Our business continued to generate capital through our underlying profitability. This capital generation was largely offset by capital expenditure, debt financing costs and negative FX movements during the period as GBP appreciated against all major currencies.

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 14 percentage point reduction to the solvency coverage ratio.

¹⁴ The 2021 Solvency II capital coverage ratio is an estimate and unaudited.

Our capital position is resilient in the face of the individual risks, illustrating the strength of our balance sheet.

Risk Sensitivities	Solvency II coverage ratio
Solvency coverage ratio	163%
Property values -10%	149%
Loss ratio worsening by 2%	156%
Interest rate -100bps	161%
Sterling appreciates by 10%	162%
Group Specific Parameter (GSP) ¹⁵ +0.2%	162%
Credit spreads +100bps (no credit transition)	163%
Pension risk +10%	163%
Equity markets -20%	163%

As detailed in the Group's 2020 Annual Report and Accounts, Bupa includes a Group Specific Parameter ('GSP') in respect of the insurance risk parameter in the Standard Formula. The 2020 claims experience is not included in the GSP data set supporting the estimated HY 2021 SCR. It is the Group's judgement that the exceptional volatility experienced in 2020 claims as a result of COVID-19, is not representative of future premium risk. We are currently in discussions with the PRA to confirm how the impact of the pandemic will be taken into consideration in future reporting periods.

BUSINESS RISKS

We described our main risks in the Risk section of the Annual Report and Accounts 2020, which is available on Bupa.com. In the period to 30 June 2021 we are still seeing impacts from the COVID-19 pandemic which has resulted in significant uncertainty for society as a whole and for Bupa, but the principal risks and themes previously identified at the 2020 year-end also remain. Across Bupa we continue to take action to address ongoing operational risks and challenges in regards to the management of the pandemic. Governments continue to use varying levels of restrictions to control the infection rate. We are prepared for the operational impacts, including the potential closures of provision facilities, restrictions on resident visitation rights and changes in restrictions across our markets.

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

The macroeconomic environment is challenging in most markets, and this is compounded by COVID-19. It is uncertain how severe the impacts will be and how long they will last but any reduction in consumer or government spending may impact our businesses. Medical inflation continues to increase at a higher rate than income inflation and this is likely to be exacerbated by weakened economic environments. As a result, we are likely to see insurance premium increases at rates lower than medical inflation to maintain affordability of health insurance. This is particularly true in Australia, where the government continues to approve premium increases well below medical inflation.

Although claims costs have increased compared to last year as a result of some restrictions in place being lifted, disruptions still continue and the cost of claims could increase in the long run due to deferred costs of treating under-treated illnesses.

We have undertaken a range of stress and scenario analyses on our businesses to understand the potential impact of the pandemic on our business performance, solvency capital and

¹⁵ Group Specific Parameter (GSP) is substituted for the insurance premium risk parameter in the standard formula, reflecting the Group's own loss experience.

liquidity position. This has helped us understand and mitigate the impact of the pandemic as far as possible and develop appropriate targeted actions to respond to these challenges. These tests have been designed to assess the impact on both 2021 and over the Group's three-year planning period.

Governmental and regulatory policy risks:

Changes in governmental and regulatory policy has consistently been one of our top risks given the nature of our businesses and this remains true. The significant governmental and regulatory responses to the pandemic has shown that future legislation, regulations and government funding decisions could have a material impact on the Group. We continue to engage both governments and regulators in the markets we operate in to understand and influence potential changes to ensure we are able to continue to deliver quality and value for our customers.

Operational Risks:

Information Security and Privacy remain key risks for the Group. Our focus on information security, technology and operational resilience in recent years, supported by significant investment to uplift capability and capacity in this area across the Group, has been critical in our response to this crisis. This investment has equipped us to effectively enhance digital and telehealth services and enabled our people to work remotely.

Following the pandemic, we are likely to see extensive and wide-ranging reviews into all aspects of the public and private response. These responses will often be judged in hindsight and this increases the risk of potential future litigation for all participants in the health care sector, including Bupa.

Social and environmental risks:

The pandemic has further demonstrated the importance of managing our reputation, with higher scrutiny on the actions of businesses in respect of customers, employees; and their contributions to society. It is more important now than ever that we continue to deliver on our purpose and serve and support our customers, our people and the communities we operate in.

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 new 3x6 strategy. We closely manage our environmental impacts and promote positive environmental practices. The Group's longer term exposure to climate change falls into two broad categories. Physical risks, particularly to the Group's property assets arising from severe weather events and the longer term health impacts, including possible increases in frequency of pandemics, as a result of the link between planetary and population health which may impact insurance claims and product design in the long term; and transition risks from the move to a low carbon economy, which will impact the value of those investments associated with higher levels of greenhouse gas emissions and affect the broader macroeconomic environment.

We have established a Group wide Environment and Climate Action programme, overseen by the Board Sustainability Committee, to consider and take appropriate action for Bupa. This programme includes considerations relating to our own carbon output, Risk Management processes and procedures, health implications from climate change and reporting and disclosure.

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. The pandemic has reinforced that our Risk Management Framework remains appropriate for Bupa

and has operated effectively, even during these extraordinary times. Internal controls, particularly regarding customer conduct and information security and privacy, continue to be key areas of focus.

BUPA AROUND THE WORLD

Australia and New Zealand

- Bupa Health Insurance, with 4m customers, is a leading health insurance provider in Australia and also offers health insurance for overseas workers and visitors.
- Bupa Health Services is a health provision business, comprising dental, optical, audiology, medical assessment services, and health services for the Australian Defence Force (ADF) and the Department of Veterans' Affairs.
- Bupa Villages and Aged Care Australia cares for around 5,700 residents across 63 homes and 1 Retirement Village in Australia.
- Bupa Villages and Aged Care New Zealand cares for around 3,300 residents across 48 care homes. It also operates 35 independent living retirement villages in Aotearoa, New Zealand.

Europe and Latin America

- Sanitas Seguros is the second largest health insurance provider in Spain, with 1.9m customers.
- Sanitas Dental provides dental services through 200 centres and third-party networks in Spain.
- Sanitas Hospitales and New Services comprise four private hospitals, 31 private medical clinics and one public hospital under a Public-Private partnership model.
- Sanitas Mayores cares for around 5,100 residents in 46 care homes and operates six day-care centres in Spain.
- LuxMed is a leading private healthcare business in Poland, operating in health funding and provision through 12 hospitals and 248 private clinics.
- Bupa Chile is a leading health insurer in Chile in terms of contracts and has around 789,000 customers. It offers provision services across four hospitals and 34 medical clinics.
- Bupa Acibadem Sigorta is Turkey's second largest health insurer, with products for corporate and individual customers, and has around 910,000 customers.
- Care Plus is a leading health insurance company in Brazil, with around 125,000 customers, concentrated in São Paulo.
- Bupa Mexico is a health insurer offering international and local private medical insurance to individuals and corporates in Mexico, with around 57,000 customers.
- Bupa Global Latin America provides international health insurance, local health insurance, and travel insurance in Latin America to around 70,000 customers.

Bupa Global and UK

- Bupa UK Insurance is a leading health insurer, with 2.3m customers.
- Bupa Global serves over 491,000 IPMI customers and administers medical assistance for individuals, small businesses and corporate customers.
- Bupa Dental Care UK is the leading provider of private dentistry in the UK, providing dental services through 488 centres across the UK and Ireland.
- Bupa Care Services has around 6,000 residents in 124 care homes, and 10 Richmond care villages.
- Bupa Health Services comprises 50 health clinics, and the Cromwell Hospital in London.

Other businesses

We also have associate health insurance businesses in Saudi Arabia (Bupa Arabia) and India (Max Bupa, which is being rebranded to Niva Bupa), an interest in MyClinic in Saudi Arabia, a health insurance and provision business in Hong Kong SAR and a representative office and medical centre in mainland China.

The British United Provident Association Limited

(Company Number 432511)

Condensed Consolidated Half Year Financial Statements (unaudited)

Six months ended 30 June 2021

The British United Provident Association Limited
Condensed Consolidated Income Statement (unaudited)
for six months ended 30 June 2021

		For six months ended 30 June 2021 £m	For six months ended 30 June 2020 restated ¹ £m	For year ended 31 December 2020 restated ¹ £m
	Note			
Revenues				
Gross insurance premiums		4,633	4,387	8,908
Premiums ceded to reinsurers		(47)	(47)	(95)
Net insurance premiums earned		4,586	4,340	8,813
Care, health, and other customer contract revenue		1,837	1,467	3,230
Other revenue		34	46	99
Total revenues	3	6,457	5,853	12,142
Claims and expenses				
Insurance claims incurred		(3,685)	(3,308)	(6,712)
Reinsurers' share of claims incurred		35	31	57
Net insurance claims incurred		(3,650)	(3,277)	(6,655)
Share of post-taxation results of equity accounted investments		25	36	56
Impairment of goodwill and intangible assets		(3)	-	(19)
Other operating expenses		(2,589)	(2,393)	(5,012)
Other income and charges	4	46	(5)	1
Total claims and expenses		(6,171)	(5,639)	(11,629)
Profit before financial income and expense		286	214	513
Financial income and expense				
Financial income	5	47	39	92
Financial expense	5	(87)	(91)	(180)
Net impairment loss on financial assets		(1)	(9)	(15)
Net financial expense		(41)	(61)	(103)
Profit before taxation expense		245	153	410
Taxation expense	6	(60)	(44)	(180)
Profit for the financial period		185	109	230
Attributable to:				
Bupa		184	108	228
Non-controlling interests		1	1	2
Profit for the financial period		185	109	230

1. Balances have been restated for a gross up between other revenue and financial expense in relation to the remeasurement of imputed revenue and interest in respect of interest-free refundable accommodation deposits received by the Group as payment for aged care units in Bupa Villages and Aged Care - Australia. Refer to Note 1.4 for further details.

Notes 1-19 form part of these Condensed Consolidated Financial Statements.

The British United Provident Association Limited
Condensed Consolidated Statement of Comprehensive Income (unaudited)
for six months ended 30 June 2021

	For six months ended 30 June 2021 £m	For six months ended 30 June 2020 restated ¹ £m	For year ended 31 December 2020 £m
Profit for the financial period	185	109	230
Other comprehensive income/(expense)			
Items that will not be reclassified to the Income Statement			
Remeasurement (losses)/gains on pension schemes	(41)	39	(128)
Unrealised losses on revaluation of property	(10)	(2)	(5)
Taxation credit/(charge) on income and expenses recognised directly in other comprehensive income	17	(7)	11
Items that may be reclassified subsequently to the Income Statement			
Foreign exchange translation differences on goodwill	(73)	74	63
Other foreign exchange translation differences	(146)	175	42
Net gains/(losses) on hedge of net investment in overseas subsidiary companies	46	(68)	(62)
Change in fair value of financial investments through other comprehensive income	2	1	7
Share of other comprehensive income of equity accounted investments	7	-	13
Change in cash flow hedge reserve ²	(21)	-	-
Taxation credit on income and expenses recognised directly in other comprehensive income	-	-	2
Total other comprehensive (expense)/income	(219)	212	(57)
Comprehensive (expense)/income for the period	(34)	321	173
Attributable to:			
Bupa	(34)	320	171
Non-controlling interests	-	1	2
Comprehensive (expense)/income for the period	(34)	321	173

- Balances have been restated due to the IFRS Interpretations Committee decision in relation to Multiple Tax Consequences of Recovering an Asset. Refer to Note 1.4 for further details.
- Change in cash flow hedge reserve includes a correction of £(21)m in relation to amounts arising on the hedging of acquisitions that should have been reallocated to goodwill (£20m) or investments in associates (£1m) on conversion to IFRS 9 Financial Instruments.

Notes 1-19 form part of these Condensed Consolidated Financial Statements.

The British United Provident Association Limited
Condensed Consolidated Statement of Financial Position (unaudited)
as at 30 June 2021

		At 30 June 2021 £m	At 31 December 2020 £m	At 30 June 2020 restated ¹ £m
	Note			
Goodwill and intangible assets	7	3,713	3,908	3,960
Property, plant and equipment	8	3,896	4,144	4,272
Investment property	9	637	627	574
Equity accounted investments		869	868	804
Post-employment benefit net assets	10	506	547	698
Restricted assets	11	156	149	123
Financial investments	12	2,980	2,865	2,796
Derivative assets		42	61	26
Deferred taxation assets		52	49	47
Current taxation assets		27	12	17
Assets arising from insurance business	13	1,894	1,345	2,069
Inventories		111	126	104
Trade and other receivables		684	613	631
Cash and cash equivalents	14	1,596	1,706	1,843
Assets held for sale	15	148	8	292
Total assets		17,311	17,028	18,256
Subordinated liabilities	16	(1,248)	(1,247)	(1,595)
Other interest-bearing liabilities	16	(1,028)	(1,191)	(1,171)
Lease liabilities		(958)	(1,016)	(1,087)
Post-employment benefit net liabilities	10	(72)	(76)	(65)
Provisions arising from insurance contracts	17	(3,897)	(3,212)	(4,060)
Derivative liabilities		(12)	(77)	(86)
Provisions for liabilities and charges		(225)	(232)	(205)
Deferred taxation liabilities		(327)	(350)	(324)
Current taxation liabilities		(74)	(117)	(104)
Other liabilities arising from insurance business		(221)	(162)	(188)
Trade and other payables		(2,033)	(2,149)	(1,822)
Liabilities associated with assets held for sale	15	(53)	(1)	(202)
Total liabilities		(10,148)	(9,830)	(10,909)
Net assets		7,163	7,198	7,347
Equity				
Property revaluation reserve		679	699	705
Income and expenditure reserves		6,358	6,194	6,202
Cash flow hedge reserve		-	21	21
Foreign currency translation reserve		109	266	401
Equity attributable to Bupa		7,146	7,180	7,329
Equity attributable to non-controlling interests		17	18	18
Total equity		7,163	7,198	7,347

1. Balances have been restated due to the IFRS Interpretations Committee decision in relation to Multiple Tax Consequences of Recovering an Asset. Refer to Note 1.4 for further details.

Notes 1-19 form part of these Condensed Consolidated Financial Statements.

The British United Provident Association Limited
Condensed Consolidated Statement of Cash Flows (unaudited)
for six months ended 30 June 2021

	Note	For six months ended 30 June 2021 £m	For six months ended 30 June 2020 restated ¹ £m	For year ended 31 December 2020 restated ¹ £m
Cash flow from operating activities				
Profit before taxation expense		245	153	410
<i>Adjustments for:</i>				
Net financial expense ¹		41	61	103
Depreciation, amortisation and impairment		252	246	527
Other non-cash items ¹		(82)	(54)	(94)
<i>Changes in working capital and provisions:</i>				
Increase in provisions and other liabilities arising from insurance contracts		839	1,179	442
(Increase)/decrease in assets arising from insurance business		(577)	(621)	16
Funded pension scheme employer contributions		-	(4)	(9)
(Increase)/decrease in trade and other receivables, and other assets		(80)	(37)	21
(Decrease)/increase in trade and other payables, and other liabilities		(75)	(15)	95
Cash generated from operations		563	908	1,511
Income taxation paid		(116)	(59)	(136)
Increase in cash held in restricted assets	11	(7)	(6)	(32)
Net cash generated from operating activities		440	843	1,343
Cash flow from investing activities				
Acquisition of subsidiary companies and businesses, net of cash acquired		2	(17)	(25)
Investment in equity accounted investments		(12)	-	(109)
Dividends received from associates		34	-	-
Disposal of subsidiary companies and businesses, net of cash disposed of		9	(5)	-
Divestment in equity accounted investments		5	-	-
Purchase of intangible assets	7	(43)	(61)	(148)
Purchase of property, plant and equipment		(63)	(90)	(184)
Proceeds from sale of property, plant and equipment		2	2	101
Purchase of investment property		(23)	(27)	(59)
Disposal of investment property		-	1	1
Purchases of financial investments, excluding deposits with credit institutions		(385)	(498)	(1,440)
Proceeds from sale and maturities of financial investments, excluding deposits with credit institutions		273	487	1,302
Net investment into deposits with credit institutions		(33)	(355)	(393)
Interest received		25	17	51
Net cash used in investing activities		(209)	(546)	(903)
Cash flow from financing activities				
Proceeds from issue of interest-bearing liabilities and drawdowns on other borrowings		330	686	648
Repayment of interest-bearing liabilities and other borrowings		(473)	(272)	(578)
Principal repayment of lease liabilities		(61)	(59)	(126)
Repayment of interest on lease liabilities		(24)	(27)	(54)
Interest paid		(45)	(37)	(103)
(Payments)/receipts on settlement of hedging instruments		(10)	(3)	4
Dividends paid to non-controlling interests		(1)	-	(1)
Net cash (used in)/generated from financing activities		(284)	288	(210)
Net (decrease)/increase in cash and cash equivalents		(53)	585	230
Cash and cash equivalents at the beginning of period		1,705	1,451	1,451
Effect of exchange rate changes		(54)	58	24
Cash and cash equivalents at end of period²	14	1,598	2,094	1,705

- Balances have been restated for a gross up between other revenue (other non-cash) and financial expense in relation to the remeasurement of imputed revenue and interest in respect of interest-free refundable accommodation deposits received by the Group as payment for aged care units in Bupa Villages and Aged Care - Australia. Refer to Note 1.4 for further details.
- Includes cash balances classified as held for sale of £3m (HY 2020: £252m; FY 2020: £nil) and bank overdrafts of £1m (HY 2020: £1m; FY 2020: £1m) which are not considered as a component of cash and cash equivalents within Note 14.

Notes 1-19 form part of these Condensed Consolidated Financial Statements.

The British United Provident Association Limited
Condensed Consolidated Statement of Changes in Equity (unaudited)
for six months ended 30 June 2021

	Property revaluation reserve £m	Income and expenditure reserve £m	Cash flow hedge reserve ¹ £m	Foreign exchange translation reserve £m	Total attributable to Bupa £m	Non- controlling interests £m	Total equity £m
For six months ended 30 June 2021							
Balance as at 1 January 2021	699	6,194	21	266	7,180	18	7,198
Profit for the financial period	-	184	-	-	184	1	185
Other comprehensive income/(expense)							
Unrealised loss on revaluation of property	(10)	-	-	-	(10)	-	(10)
Realised revaluation profit on disposal of property	(1)	1	-	-	-	-	-
Remeasurement loss on pension schemes	-	(41)	-	-	(41)	-	(41)
Foreign exchange translation differences on goodwill	-	-	-	(73)	(73)	-	(73)
Other foreign exchange translation differences	(12)	(3)	-	(130)	(145)	(1)	(146)
Net gain on hedge of net investment in overseas subsidiary companies	-	-	-	46	46	-	46
Change in fair value of financial investments through other comprehensive income	-	2	-	-	2	-	2
Share of other comprehensive income of equity accounted investments	-	7	-	-	7	-	7
Change in cash flow hedge reserve ¹	-	-	(21)	-	(21)	-	(21)
Taxation credit on income and expense recognised directly in other comprehensive income	3	14	-	-	17	-	17
Other comprehensive expense for the period, net of taxation	(20)	(20)	(21)	(157)	(218)	(1)	(219)
Total comprehensive (expense)/income for the period	(20)	164	(21)	(157)	(34)	-	(34)
Dividends to non-controlling interests	-	-	-	-	-	(1)	(1)
Balance as at 30 June 2021	679	6,358	-	109	7,146	17	7,163

1. Change in cash flow hedge reserve includes a correction of £(21m) in relation to amounts arising on the hedging of acquisitions that should have been reallocated to goodwill (£20m) or investments in associates (£1m) on initial application of IFRS 9 Financial Instruments.

Notes 1-19 form part of these Condensed Consolidated Financial Statements.

The British United Provident Association Limited
Condensed Consolidated Statement of Changes in Equity (unaudited)
for six months ended 30 June 2021

	Property revaluation reserve £m	Income and expenditure reserve £m	Cash flow hedge reserve £m	Foreign exchange translation reserve £m	Total attributable to Bupa £m	Non- controlling interests £m	Total equity £m
For year ended 31 December 2020							
Balance as at 1 January 2020	692	6,059	21	237	7,009	17	7,026
Profit for the financial period	-	228	-	-	228	2	230
Other comprehensive (expense)/ income							
Unrealised loss on revaluation of property	(5)	-	-	-	(5)	-	(5)
Realised revaluation profit on disposal of property	(8)	8	-	-	-	-	-
Remeasurement loss on pension schemes	-	(128)	-	-	(128)	-	(128)
Foreign exchange translation differences on goodwill	-	-	-	63	63	-	63
Other foreign exchange translation differences	16	(1)	-	27	42	-	42
Net loss on hedge of net investment in overseas subsidiary companies	-	-	-	(62)	(62)	-	(62)
Change in fair value of financial investments through other comprehensive income	-	7	-	-	7	-	7
Share of other comprehensive income of equity accounted investments	-	13	-	-	13	-	13
Taxation credit on income and expense recognised directly in other comprehensive income	4	8	-	1	13	-	13
Other comprehensive income/(expense) for the period, net of taxation	7	(93)	-	29	(57)	-	(57)
Total comprehensive income for the period	7	135	-	29	171	2	173
Dividends to non-controlling interests	-	-	-	-	-	(1)	(1)
Balance as at 31 December 2020	699	6,194	21	266	7,180	18	7,198

Notes 1-19 form part of these Condensed Consolidated Financial Statements.

The British United Provident Association Limited
Condensed Consolidated Statement of Changes in Equity (unaudited)
for six months ended 30 June 2021

	Property revaluation reserve	Income and expenditure reserve	Cash flow hedge reserve	Foreign exchange translation reserve	Total attributable to Bupa	Non- controlling interests	Total equity
For six months ended 30 June 2020	£m	£m	£m	£m	£m	£m	£m
Balance as at 1 January 2020	692	6,059	21	237	7,009	17	7,026
Profit for the financial period	-	108	-	-	108	1	109
Other comprehensive income/(expense)							
Unrealised loss on revaluation of property	(2)	-	-	-	(2)	-	(2)
Remeasurement gain on pension schemes	-	39	-	-	39	-	39
Foreign exchange translation differences on goodwill (restated) ¹	-	-	-	74	74	-	74
Other foreign exchange translation differences (restated) ¹	15	2	-	158	175	-	175
Net loss on hedge of net investment in overseas subsidiary companies	-	-	-	(68)	(68)	-	(68)
Change in fair value of financial investments through other comprehensive income	-	1	-	-	1	-	1
Taxation charge on income and expense recognised directly in other comprehensive income	-	(7)	-	-	(7)	-	(7)
Other comprehensive income for the period, net of taxation	13	35	-	164	212	-	212
Total comprehensive income for the period	13	143	-	164	320	1	321
Balance as at 30 June 2020	705	6,202	21	401	7,329	18	7,347

1. Balances have been restated due to the IFRS Interpretations Committee decision in relation to Multiple Tax Consequences of Recovering an Asset. Refer to Note 1.4 for further details.

Notes 1-19 form part of these Condensed Consolidated Financial Statements.

The British United Provident Association Limited

Notes to the Condensed Consolidated Financial Statements (unaudited)

for six months ended 30 June 2021

1 Basis of preparation

1.1 Basis of preparation

The British United Provident Association Limited ('Bupa' or the 'Company'), a company limited by guarantee and incorporated in England and Wales, together with its subsidiaries (collectively the 'Group') is an international healthcare business, providing health insurance, treatment in clinics, dental centres and hospitals, and operating care homes. The Company is the ultimate parent entity of the Group.

The Condensed Consolidated Half Year Financial Statements of the Company as at and for the six months ended 30 June 2021 comprise those of the Company and its subsidiary companies.

The interim financial statements have been prepared in accordance with UK adopted International Accounting Standard 34 Interim Financial Reporting and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority, and should be read in conjunction with the annual financial statements for the year ended 31 December 2020, which have been prepared in accordance with international accounting standards in conformity of the Companies Act 2006 and in accordance with International Financial Reporting Standards ('IFRS') adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. The Group's change, on 1 January 2021, from IFRS as adopted in the European Union, to UK adopted IFRS, was a change in accounting framework, in line with the requirements of UK company law, not a change in accounting policy. There was no impact on recognition, measurement or disclosure from this change in framework. The interim financial statements have been prepared on the basis of the accounting policies set out in the annual financial statements for the year ended 31 December 2020.

The interim financial statements were approved by a duly appointed and authorised committee of the Board of Directors of Bupa on 4 August 2021.

The financial information contained in these interim results does not constitute statutory accounts of Bupa within the meaning of Section 435 of the Companies Act 2006. The comparative figures for the financial year ended 31 December 2020 are not the Company's statutory accounts for the financial year. Those accounts have been reported on by the Company's auditor and delivered to the Registrar of Companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

1.2 Going concern

Following a detailed assessment of the Group's going concern status based on its current position and forecast results, the Directors have concluded that the Group has adequate resources to operate for at least the next 12 months from the approval of these financial statements. This assessment considered forecast and reasonably possible adverse changes to the Group's regulatory solvency, liquidity, access to funding and trading profitability over the next 12 months.

The assessment identified the risks and uncertainties most likely to impact the Group and considered the impact to the Group's businesses under reasonably possible severe scenarios including more onerous COVID-19 outcomes and associated broader economic impacts. Under such scenarios, significant short-term reductions in profitability arise, however the Group would still remain within its risk appetites for regulatory solvency and liquidity. The Group has access to a £800m revolving credit facility ('RCF') in order to meet liquidity needs. The RCF was drawn down by £290m at 30 June 2021 (31 December 2020: undrawn, 30 June 2020: undrawn). Additional management actions would allow the downside impact to be further mitigated by reducing expenditure, obtaining additional funding or divesting investments or businesses. Therefore the Directors do not consider that the scenarios considered change the conclusion of the Group's going concern assessment.

Details of the Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Half Year 2021 Results Announcement. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are also described in the Financial Review of the Half Year 2021 Results Announcement.

1.3 Accounting estimates and judgements

The preparation of financial statements requires the use of certain accounting estimates and assumptions that affect the reported assets, liabilities, income and expenses. It also requires management to exercise judgement in applying the Group's accounting policies.

Key areas of estimation as well as key areas of judgement, including areas that have been recognised as particularly sensitive to the impact of COVID-19, are set out below. Further detail on any judgements taken are included in the related notes.

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1.3.1 Estimates

Goodwill and intangible assets

Goodwill and intangible assets are recognised on business combinations and are tested for impairment on an annual basis, or where there are indicators of impairment. The key assumptions within this process include the discount rate, terminal growth rate and the forecast cash flows; which are key sources of estimation uncertainty. At 30 June 2021, all CGUs and intangible assets with an indefinite useful life were reviewed for indicators of impairment. Whilst there were no indicators of impairment identified, goodwill impairment tests were performed for CGUs which had limited headroom at 31 December 2020. This resulted in no impairment. The outcome of goodwill impairment test reviews and sensitivities to reasonably possible changes in assumptions are included in Note 7.

Property valuations

The Group has a significant portfolio of care home, hospital and office properties. Significant assumptions for freehold properties include average occupancy and capitalisation rates, whereas for investment property key assumptions include discount and capital growth rates. Further details of the significant assumptions are included in Notes 8 and 9.

Provisions arising from insurance contracts

Estimates included in the provisions arising from insurance contracts include expected claims payments and expenses required to settle existing insurance contract obligations. The key assumptions used in the calculation of the outstanding claims provision include claims development, margin of prudence, claims costs inflation, medical trends and seasonality.

During the course of the COVID-19 pandemic government restrictions across many of our markets affected insurance customers' ability to access treatment in private healthcare facilities and make claims, particularly for elective procedures. A deferred claim provision is established on a best estimate basis (plus a risk margin) for these claims where regulatory or other public commitments give rise to a constructive obligation to fund the deferred medical service, even if the service were to postdate a customer's contract period. The key assumption is the estimated cost of deferred claims that are expected to rebound. Further details of the reserving approach are included in Note 17.

Pension liabilities

The Group's principal defined benefit scheme is in the UK, The Bupa Pension Scheme. The scheme closed to future accrual at 31 December 2020 and the current triennial valuation as of 1 July 2020 was finalised in the current period. The key assumptions used in the valuation of the pension liabilities include the discount rate, rates of inflation, salary increases and mortality. Further details are included in Note 10.

1.3.2 Judgements

Impact of COVID-19 on valuations

The Group has made a number of key judgements in assessing the longer-term impacts of COVID-19 on the business. This notably includes judgements on the timing and extent of the recovery of the provision and aged-care businesses over the medium term from the impacts of COVID-19 as part of the cash flow forecasts used in goodwill impairment testing. Further details are included in Note 7.

In addition, significant judgements have been made in forecasting the insurance claims that remain deferred at the reporting date following COVID-19 disruption, including the timing and amount of claims that are expected to rebound. These judgements are used in the calculation of the deferred claims provision in the Australian health insurance business, the return of premium provision in the UK PMI business and to perform liability adequacy testing to ensure that the unearned premium provisions held across the insurance businesses are sufficient to meet expected claims and administrative expenses. Further details are included in Note 17.

1.4 Restatements

1.4.1 Refundable Accommodation Deposits ('RADs')

The Group receives interest-free RADs in respect of payments for aged care units in Bupa Villages and Aged Care - Australia. Revenue is recognised for the imputed interest on RADs, reflecting the Group's position as lessor. The Group has determined that the use of the Maximum Permissible Interest Rate ('MPIR') is most appropriate to determine the imputed revenue and interest amounts. The MPIR is a rate set by the Australian Government and is used to calculate the Daily Accommodation Payment to applicable residents. Previously the Group used the overnight funding rate to determine imputed revenue and interest.

The impact of this change in measurement is shown in the table below. Comparative periods have been restated for the change.

	For six months ended 30 June 2021 £m	For six months ended 30 June 2020 £m	For year ended 31 December 2020 £m
Other revenue	10	13	24
Financial expense	(10)	(13)	(24)
Total impact on profit before tax	-	-	-

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1.4.2 IFRS Interpretations Committee decision 'Multiple Tax Consequences of Recovering an Asset (IAS 12 Income Taxes)'

In April 2020, the IFRS Interpretations Committee ('IFRS IC') published its final agenda decision 'Multiple Tax Consequences of Recovering an Asset (IAS 12 Income Taxes)'. The agenda item considered how an entity accounts for deferred taxes on an asset that has two distinct taxation consequences over its life which cannot be offset (taxable economic benefits from use and capital gains on disposal or expiry). The IFRS IC concluded that in these circumstances an entity identifies separate temporary differences (and deferred taxes) that reflect the distinct and separate taxation consequences of recovering the asset's carrying amount.

Previously, the Group measured deferred taxes by considering the use and disposal of the asset as one simultaneous manner of recovering the carrying amount of the bed licences held in Bupa Villages and Aged Care – Australia. Taking into account the IFRS IC decision, the Group amended its policy to take into account the multiple consequences of recovery. This policy change has been implemented on a retrospective basis.

The change in accounting policy was implemented from 31 December 2020 and the impacts for the 30 June 2020 comparative reporting period and the beginning of the earliest period presented are shown below:

	30 June 2020	1 January 2020
	£m	£m
Goodwill and intangible assets	29	27
Deferred taxation liabilities	(29)	(27)
Total impact on net assets	-	-

The movement of £2m in the above balances relates to foreign exchange differences. This has led to a restatement of 'Foreign exchange translation differences on goodwill' of £2m and 'Other foreign exchange translation differences' of £(2)m in both the Condensed Consolidated Statement of Comprehensive Income and Condensed Consolidated Statement of Changes in Equity for the period ended 30 June 2020.

1.5 New and amended accounting standards

1.5.1 New and amended standards adopted by the Group

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

1.5.2 Impact of standards issued but not yet applied by the Group

IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts was issued in May 2017 as a replacement for IFRS 4 Insurance Contracts, with amendments to IFRS 17 issued in June 2020. The final standard will be effective for annual periods beginning on or after 1 January 2023.

IFRS 17 requires a current measurement model where estimates are remeasured each reporting period. Under the general measurement model, contracts are measured using the building blocks of discounted probability-weighted cash flows, an explicit risk adjustment, and a contractual service margin ('CSM') representing the unearned profit of the contract which is recognised as revenue over the coverage period. However, an optional, simplified premium allocation approach, similar in nature to the Group's existing measurement basis, is permitted for short-duration contracts.

The detailed application of IFRS 17 is currently being evaluated by the Group. It is expected that the simplified premium allocation approach option will be available for the majority of the Group's insurance contracts, so a significant change in the measurement basis is not anticipated. The presentation and disclosure requirements of IFRS 17 will, however, differ considerably compared to the current approach.

IFRS Interpretations Committee decision 'Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets)'

In April 2021, the IFRS Interpretations Committee ('IFRS IC') published its final agenda decision 'Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets)'. This agenda decision considered how an entity should account for configuration and customisation costs incurred in implementing a Software as a Service ('SaaS') arrangement. The IFRS IC concluded that such costs should be expensed unless the criteria for recognising a separate asset are met.

The impact of this agenda decision is currently being evaluated by the Group. This evaluation is expected to be completed, and any impact of the agenda decision recorded, during the second half of 2021.

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1.6 Foreign exchange

The following significant exchange rates applied during the period:

	Average rate			Closing rate		
	At 30 June 2021	At 31 December 2020	At 30 June 2020	At 30 June 2021	At 31 December 2020	At 30 June 2020
Australian dollar	1.80	1.86	1.92	1.84	1.77	1.80
Brazilian real	7.48	6.61	6.17	6.88	7.10	6.72
Chilean peso	1,000.12	1,015.49	1,024.77	1,013.71	971.08	1,016.91
Danish krone	8.57	8.38	8.54	8.66	8.33	8.22
Euro	1.15	1.12	1.14	1.16	1.12	1.10
Hong Kong dollar	10.78	9.96	9.79	10.72	10.60	9.59
Mexican peso	28.02	27.53	27.19	27.52	27.19	28.49
New Zealand dollar	1.94	1.97	2.01	1.98	1.90	1.92
Polish zloty	5.23	4.99	5.04	5.27	5.10	4.90
Turkish lira	10.98	9.03	8.16	12.02	10.17	8.49
US dollar	1.39	1.28	1.26	1.38	1.37	1.24

1.7 Events occurring after the reporting period

On 4 August 2021, the Group completed the sale of its 70% stake in Ginemed, a provision business in Spain held for sale as at 30 June 2021. There was no material gain or loss on disposal from the 30 June 2021 carrying value.

2 Operating segments

The organisational structure of the Group is managed through three Market Units based on geographic locations and customers: Australia and New Zealand; 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 Hong Kong, Bupa China and the Group's associate investments, Bupa Arabia and Max Bupa are reported within Other businesses. The segmental disclosures below are reported consistently with the way the business is managed and reported internally.

With effect from 1 July 2021, Bupa Hong Kong has been incorporated into the Australia and New Zealand Market Unit to form Bupa Asia Pacific. The 2021 Annual Report will reflect this reporting change and 2020 balances will be restated, where applicable.

Reportable Segments	Service and Products
Australia and New Zealand	<p>Bupa Health Insurance: Domestic health insurance and international health cover in Australia.</p> <p>Bupa Health Services: Health provision services relating to dental, optical, audiology and medical assessments and therapy.</p> <p>Bupa Villages and Aged Care - Australia: Nursing, residential and respite care.</p> <p>Bupa Villages and Aged Care - New Zealand: Nursing, residential, respite care and residential villages.</p>
Europe and Latin America	<p>Sanitas Seguros: Health insurance and related products in Spain.</p> <p>Sanitas Dental: Insurance and dental services through clinics and third-party networks in Spain.</p> <p>Sanitas Hospitales and New Services: Management and operation of hospitals and health clinics in Spain.</p> <p>Sanitas Mayores: Nursing, residential and respite care in care homes and day centres in Spain.</p> <p>LuxMed: Medical subscriptions, health insurance, and the management and operation of diagnostics, health clinics and hospitals in Poland.</p> <p>Bupa Acibadem Sigorta: Domestic health insurance in Turkey.</p> <p>Bupa Chile: Domestic health insurance and the management and operation of health clinics and hospitals in Chile.</p> <p>Care Plus: Domestic health insurance in Brazil.</p> <p>Bupa Mexico: Domestic health insurance in Mexico.</p> <p>Bupa Global Latin America: International health insurance.</p>
Bupa Global and UK	<p>Bupa UK Insurance: Domestic health insurance, and administration services for Bupa health trusts.</p> <p>Bupa Dental Care UK: Dental services and related products.</p> <p>Bupa Care Services: Nursing, residential, respite care and care villages.</p> <p>Bupa Health Services: Clinical services, health assessment related products and management and operation of a private hospital.</p> <p>Bupa Global: International health insurance to individuals, small businesses and corporate customers.</p>
Other businesses	<p>Bupa Hong Kong: Domestic health insurance, primary healthcare and day care clinics including diagnostics.</p> <p>Bupa China: Clinical services.</p> <p>Associates: Bupa Arabia (Kingdom of Saudi Arabia) and Max Bupa (India): Health insurance.</p>

A key performance measure of operating segments utilised by the Group is underlying profit. This alternative performance measure is more relevant as it distinguishes underlying profit from other constituents of the IFRS reported profit before taxation not directly related to the trading performance of the business.

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Underlying profit

The following items are excluded from underlying profit:

- Impairment of intangible assets and goodwill arising on business combinations – impairment reviews are performed at least annually. Goodwill impairments are considered to be one-off and not reflective of the in-year trading performance of the business.
- Net gains/losses on disposal of businesses and transaction costs on business combinations – gains/losses on disposal of businesses that are material and one-off in nature to the reportable segment are not considered part of the continuing business. Transaction costs that relate to material acquisitions or disposals are not related to the ongoing trading performance of the business.
- Net property revaluation gains/losses – short-term fluctuations which would distort underlying trading performance. Includes unrealised gains or losses on investment properties, deficit on revaluations and property impairment losses.
- Realised and unrealised foreign exchange gains/losses – short-term fluctuations outside of management control, which would distort underlying trading performance.
- Gains/losses on return-seeking assets, net of hedging – fluctuations on investments that are not considered to be directly related to underlying trading performance.
- Other Market Unit/Group non-underlying items – includes items that are considered material to the reportable segment or Group and are not reflective of ongoing trading performance. This includes items such as restructuring costs and profit or loss amounts related to changes to strategic investments.

The total underlying profit of the reportable segments is reconciled below to the profit before taxation expense in the Condensed Consolidated Income Statement.

	Australia and New Zealand £m	Europe and Latin America £m	Bupa Global and UK £m	Other businesses £m	Total £m
For six months ended 30 June 2021					
(i) Revenues					
Gross insurance premiums	1,968	1,341	1,146	178	4,633
Premiums ceded to reinsurers	-	(9)	(36)	(2)	(47)
Internal reinsurance	-	(1)	26	(25)	-
Net insurance premiums earned	1,968	1,331	1,136	151	4,586
Care, health and other customer contract revenue	558	681	519	79	1,837
Other revenue	23	4	5	2	34
Total revenues for reportable segments	2,549	2,016	1,660	232	6,457
Consolidated total revenues					6,457
(ii) Segmental result					
Underlying profit for reportable segments	132	68	9	26	235
Central expenses and net interest margin					(44)
Underlying profit for reportable segments					191
Non-underlying items:					
Impairments of intangible assets and goodwill arising on business combinations	-	(1)	-	-	(1)
Net gain on disposal of businesses and transaction costs on business combinations ¹	7	-	2	-	9
Net property revaluation gain	7	-	-	-	7
Realised and unrealised FX gain	-	1	8	-	9
Other Market Unit non-underlying items ²	-	(3)	31	(1)	27
Gain on return-seeking assets, net of hedging					3
Total non-underlying items					54
Consolidated profit before taxation expense					245

1. Includes £7m in Australia and New Zealand, which includes a £5m gain on sale of the rehabilitation business in New Zealand, and a £2m gain in Bupa Global and UK.
2. £31m within the Bupa Global and UK segment includes a £39m gain on the acquisition of the membership and business of CS Healthcare (see Note 18) and restructuring costs.

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For six months ended 30 June 2020	Australia and New Zealand restated ¹ £m	Europe and Latin America £m	Bupa Global and UK £m	Other businesses £m	Total restated ¹ £m
(i) Revenues					
Gross insurance premiums	1,756	1,326	1,108	197	4,387
Premiums ceded to reinsurers	-	(11)	(34)	(2)	(47)
Internal reinsurance	-	-	24	(24)	-
Net insurance premiums earned	1,756	1,315	1,098	171	4,340
Care, health and other customer contract revenue	459	510	430	68	1,467
Other revenue ¹	36	2	4	4	46
Total revenues for reportable segments	2,251	1,827	1,532	243	5,853
Consolidated total revenues					5,853
(ii) Segmental result					
Underlying profit for reportable segments	62	73	22	34	191
Central expenses and net interest margin ¹					(51)
Underlying profit for reportable segments					140
Non-underlying items:					
Net loss on disposal of businesses and transaction costs on business combinations	-	(3)	(2)	-	(5)
Net property revaluation gain	10	-	-	-	10
Realised and unrealised FX gain	-	8	5	1	14
Loss on return-seeking assets, net of hedging					(5)
Group non-underlying items					(1)
Total non-underlying items					13
Consolidated profit before taxation expense					153

1. Balances have been restated for a gross up between other revenue and financial expense (included within central expenses and net interest margin) in relation to the remeasurement of imputed revenue and interest in respect of interest-free refundable accommodation deposits received by the Group as payment for aged care units in Bupa Villages and Aged Care - Australia. Refer to Note 1.4 for further details.

For year ended 31 December 2020	Australia and New Zealand restated ¹ £m	Europe and Latin America £m	Bupa Global and UK £m	Other businesses £m	Total restated ¹ £m
(i) Revenues					
Gross insurance premiums	3,668	2,658	2,200	382	8,908
Premiums ceded to reinsurers	-	(24)	(68)	(3)	(95)
Internal reinsurance	-	-	48	(48)	-
Net insurance premiums earned	3,668	2,634	2,180	331	8,813
Care, health and other customer contract revenue	1,023	1,124	932	151	3,230
Other revenue ¹	70	7	10	12	99
Total revenues for reportable segments	4,761	3,765	3,122	494	12,142
Consolidated total revenues					12,142
(ii) Segmental result					
Underlying profit for reportable segments	137	184	110	61	492
Central expenses and net interest margin ¹					(104)
Underlying profit for reportable segments					388
Non-underlying items:					
Impairments of intangible assets and goodwill arising on business combinations	-	(1)	-	(11)	(12)
Net gain/(loss) on disposal of businesses and transaction costs on business combinations ²	-	26	(27)	-	(1)
Net property revaluation gain/(loss)	30	-	(4)	-	26
Realised and unrealised FX loss	-	-	(2)	-	(2)
Other Market Unit non-underlying items	-	-	(7)	-	(7)
Group non-underlying items					3
Gain on return-seeking assets, net of hedging					15
Total non-underlying items					22
Consolidated profit before taxation expense					410

1. Balances have been restated for a gross up between other revenue and financial expense (included within central expenses and net interest margin) in relation to the remeasurement of imputed revenue and interest in respect of interest-free refundable accommodation deposits received by the Group as payment for aged care units in Bupa Villages and Aged Care - Australia. Refer to Note 1.4 for further details.
2. Net loss on disposal of businesses and transaction costs on business combinations includes £26m relating to the reclassification of a provision business in the Europe and Latin America segment out of held for sale and £26m in Bupa Global and UK relating to ongoing completion costs in respect of the disposal of UK care homes.

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3 Revenues

Revenue has been analysed at Business Unit level reflecting the nature of services provided by each geography that is reported internally to management.

	Care, health and other customer contract revenue £m	Net insurance premiums earned £m	Other revenue £m	Total revenues £m
For six months ended 30 June 2021				
Bupa Health Insurance	5	1,968	-	1,973
Bupa Health Services	324	-	-	324
Bupa Villages and Aged Care - Australia	158	-	16	174
Bupa Villages and Aged Care - New Zealand	71	-	7	78
Australia and New Zealand	558	1,968	23	2,549
Sanitas Seguros	5	616	-	621
Sanitas Dental	57	35	3	95
Sanitas Hospitales and New Services	120	-	-	120
Sanitas Mayores	64	-	-	64
LuxMed	229	6	-	235
Bupa Acibadem Sigorta	-	91	-	91
Bupa Chile	195	349	1	545
Care Plus	1	85	-	86
Bupa Mexico	4	7	-	11
Bupa Global Latin America	6	142	-	148
Europe and Latin America	681	1,331	4	2,016
Bupa UK Insurance	9	773	1	783
Bupa Dental Care UK	243	-	-	243
Bupa Care Services	192	-	-	192
Bupa Health Services	75	-	1	76
Bupa Global	-	363	3	366
Bupa Global and UK	519	1,136	5	1,660
Bupa Hong Kong	79	151	-	230
Other	-	-	2	2
Other businesses	79	151	2	232
Consolidated total revenues	1,837	4,586	34	6,457

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	Care, health and other customer contract revenue	Net insurance premiums earned	Other revenue restated ¹	Total revenues
For six months ended 30 June 2020	£m	£m	£m	£m
Bupa Health Insurance	3	1,756	1	1,760
Bupa Health Services	239	-	12	251
Bupa Villages and Aged Care - Australia ¹	149	-	16	165
Bupa Villages and Aged Care - New Zealand	68	-	7	75
Australia and New Zealand	459	1,756	36	2,251
Sanitas Seguros	4	592	-	596
Sanitas Dental	32	32	1	65
Sanitas Hospitales and New Services	98	-	-	98
Sanitas Mayores	70	-	-	70
LuxMed	192	5	-	197
Bupa Acibadem Sigorta	-	104	-	104
Bupa Chile	109	342	1	452
Care Plus	1	91	-	92
Bupa Mexico	-	7	-	7
Bupa Global Latin America	4	142	-	146
Europe and Latin America	510	1,315	2	1,827
Bupa UK Insurance	7	719	2	728
Bupa Dental Care UK	166	-	-	166
Bupa Care Services	192	-	-	192
Bupa Health Services	65	-	-	65
Bupa Global	-	379	2	381
Bupa Global and UK	430	1,098	4	1,532
Bupa Hong Kong	68	171	-	239
Other	-	-	4	4
Other businesses	68	171	4	243
Consolidated total revenues	1,467	4,340	46	5,853

1. Balances have been restated for a gross up between other revenue and financial expense in relation to the remeasurement of imputed revenue and interest in respect of interest-free refundable accommodation deposits received by the Group as payment for aged care units in Bupa Villages and Aged Care - Australia. Refer to Note 1.4 for further details.

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	Care, health and other customer contract revenue £m	Net insurance premiums earned £m	Other revenue restated ¹ £m	Total revenues £m
For year ended 31 December 2020				
Bupa Health Insurance	6	3,668	-	3,674
Bupa Health Services	562	-	23	585
Bupa Villages and Aged Care - Australia ¹	313	-	35	348
Bupa Villages and Aged Care - New Zealand	142	-	12	154
Australia and New Zealand	1,023	3,668	70	4,761
Sanitas Seguros	8	1,203	1	1,212
Sanitas Dental	82	66	2	150
Sanitas Hospitales and New Services	220	-	1	221
Sanitas Mayores	136	-	-	136
LuxMed	407	12	1	420
Bupa Acibadem Sigorta	-	179	-	179
Bupa Chile	259	687	1	947
Care Plus	1	176	-	177
Bupa Mexico	-	15	-	15
Bupa Global Latin America	11	296	1	308
Europe and Latin America	1,124	2,634	7	3,765
Bupa UK Insurance	16	1,430	4	1,450
Bupa Dental Care UK	389	-	-	389
Bupa Care Services	389	-	-	389
Bupa Health Services	138	-	1	139
Bupa Global	-	750	5	755
Bupa Global and UK	932	2,180	10	3,122
Bupa Hong Kong	151	331	6	488
Other	-	-	6	6
Other businesses	151	331	12	494
Consolidated total revenues	3,230	8,813	99	12,142

1. Balances have been restated for a gross up between other revenue and financial expense in relation to the remeasurement of imputed revenue and interest in respect of interest-free refundable accommodation deposits received by the Group as payment for aged care units in Bupa Villages and Aged Care - Australia. Refer to Note 1.4 for further details.

4 Other income and charges

	For six months ended 30 June 2021 £m	For six months ended 30 June 2020 £m	For year ended 31 December 2020 £m
Gain on acquisition of businesses ¹	41	-	-
Net gain/(loss) on disposal and restructuring of businesses ²	9	(5)	(1)
(Deficit)/surplus on revaluation of property	(4)	-	1
Net gain on disposal of property, plant and equipment	-	-	1
Total other income and charges	46	(5)	1

1. Gain on acquisition of businesses includes a £41m gain in relation to the acquisition of the membership and business of CS Healthcare (see Note 18). This is gross of related transaction costs of £2m.
2. Net gain/(loss) on disposal and restructuring of businesses includes £7m in Australia and New Zealand, which includes a £5m gain on sale of the rehabilitation business in New Zealand, and a £2m gain in Bupa Global and UK. (HY 2020: £3m loss in respect of a provision business in the Europe and Latin America segment; FY 2020: £26m gain relating to the reclassification of a provision business in the Europe and Latin America segment out of held for sale and losses of £26m in Bupa Global and UK relating to ongoing completion costs in respect of the disposal of UK care homes).

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5 Financial income and expense

Financial income

	For six months ended 30 June 2021 £m	For six months ended 30 June 2020 £m	For year ended 31 December 2020 £m
Interest income:			
Investments at fair value through profit or loss	20	12	21
Investments at fair value through other comprehensive income	1	-	2
Investments at amortised cost	10	15	28
Net realised gains/(losses):			
Net realised gains/(losses) on financial investments at fair value through profit or loss	2	(3)	(3)
Net realised gains on financial investments designated at fair value through other comprehensive income	4	2	5
Net increase in fair value:			
Investments at fair value through profit or loss	2	-	13
Investment property	11	11	25
Net foreign exchange translation (losses)/gains	(3)	2	1
Total financial income	47	39	92

Included within financial income is a net gain, after hedging, on the Group's return-seeking asset portfolio of £3m (HY 2020: net loss of £5m; FY 2020: net gain of £15m).

Financial expense

	For six months ended 30 June 2021 £m	For six months ended 30 June 2020 restated ¹ £m	For year ended 31 December 2020 restated ¹ £m
Interest expense on financial liabilities at amortised cost	51	49	98
Finance charges in respect of leases and restoration provisions	24	28	55
Other financial expenses ¹	12	14	27
Total financial expenses	87	91	180

1. Balances have been restated for a remeasurement of imputed interest in respect of interest-free refundable accommodation deposits received by the Group in respect of payment for aged care units in Bupa Villages and Aged Care - Australia. Refer to Note 1.4 for further details.

Other financial expenses for the six months ended 30 June 2021 includes £10m (HY 2020: £13m; FY 2020: £24m) of imputed financial expenses in relation to interest free refundable accommodation deposits received by the Group in respect of payment for aged care units in Bupa Villages and Aged Care – Australia.

6 Taxation expense

The Group's effective taxation rate for the period was 25% (HY 2020: 29%; FY 2020: 44%), which is higher than the current UK corporation taxation rate of 19%. This is mainly due to profits arising in jurisdictions with a higher rate of corporate income taxation. The revaluation of UK deferred taxation balances following the change in the enacted UK taxation rate from 19% to 25% did not have a material impact on the effective taxation rate for the period.

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7 Goodwill and intangible assets

	At 30 June 2021 £m	At 31 December 2020 £m	At 30 June 2020 restated ¹ £m
Net book value at beginning of period	3,908	3,869	3,869
Assets arising on business combinations	37	13	11
Additions	43	148	61
Disposals	(3)	(11)	-
Amortisation for the period	(82)	(160)	(79)
Impairments	(3)	(19)	-
Transfer to assets held for sale	(68)	-	-
Other ²	(20)	-	3
Foreign exchange	(99)	68	95
Net book value at end of period	3,713	3,908	3,960

- Balances have been restated due to the IFRS Interpretations Committee decision in relation to Multiple Tax Consequences of Recovering an Asset. Refer to Note 1.4 for further details.
- Other includes a £20m movement in goodwill in relation to amounts arising on the hedging of acquisitions that should have been allocated from the cash flow hedge reserve to goodwill on initial application of IFRS 9 Financial Instruments.

The net book value of intangible assets comprises:

	At 30 June 2021 £m	At 31 December 2020 £m	At 30 June 2020 restated ¹ £m
Goodwill	2,499	2,642	2,655
Computer software	385	399	373
Brands and trademarks	149	171	176
Customer relationships	512	515	552
Other ²	168	181	204
Net book value at end of period	3,713	3,908	3,960

- Balances have been restated due to the IFRS Interpretations Committee decision in relation to Multiple Tax Consequences of Recovering an Asset. Refer to Note 1.4 for further details.
- Predominantly comprises bed licences, distribution networks and licences to operate care homes.

Intangible assets of £3,713m (HY 2020: £3,960m; FY 2020: £3,908m) includes £829m (HY 2020: £932m; FY 2020: £867m) attributable to other intangible assets arising on business combinations. This comprises customer relationships, brands and trademarks and other in the above table.

Computer software assets of £385m (HY 2020: £373m; FY 2020: £399m) includes £315m (HY 2020: £305m; FY 2020: £332m) attributable to capitalised internal development costs. £37m of costs (HY 2020: £48m; FY 2020: £117m) were capitalised in the period.

Impairment testing

Goodwill and intangible assets with an indefinite useful life are tested at least annually for impairment in accordance with IAS 36 Impairment of Assets and IAS 38 Intangible Assets. At 30 June 2021, all CGUs and intangible assets with an indefinite useful life were reviewed for indicators of impairment. Whilst there were no indicators of impairment identified, goodwill impairment tests were performed for CGUs which had limited headroom at 31 December 2020. This resulted in no impairment.

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Goodwill by CGU is as follows:

	At 30 June 2021 £m	At 31 December 2020 £m	At 30 June 2020 restated ¹ £m
Australia and New Zealand			
Bupa Australia Health Insurance	830	894	883
Bupa Health Services Australia	308	311	308
Bupa Villages and Aged Care - Australia	105	111	113
Europe and Latin America			
Bupa Chile	148	152	146
LuxMed	233	251	260
Sanitas Seguros	46	101	102
Sanitas Mayores	21	22	22
Bupa Acibadem Sigorta	35	41	49
Care Plus	27	19	20
Other	4	-	-
Bupa Global and UK			
Bupa Care Services UK	90	90	90
Bupa Dental Care UK	467	467	468
Bupa Global	68	68	68
Other	3	3	2
Other businesses			
Hong Kong	114	112	124
Total	2,499	2,642	2,655

1. Balances have been restated due to the IFRS Interpretations Committee decision in relation to Multiple Tax Consequences of Recovering an Asset. Refer to Note 1.4 for further details.

Key judgements in performing this testing are the assumptions underlying the five-year cash flow forecasts of the businesses. For aged care, key drivers are occupancy rates, fee rates, staff costs and operating expenses. For provision business the cash flows are driven by available clinician hours, fee rates and operating expenses. For UK Dental, cash flows are particularly sensitive to the availability of dentists for the Group to recruit. Due to the regulated nature of insurance, the cash flows of Insurance CGUs can be impacted by the political and regulatory environment in which the businesses operate. This is particularly the case in Bupa Chile, where ongoing social and political changes mean that it is harder to anticipate how the local regulatory environment might develop.

The goodwill impairment tests have been performed using the latest cash flow forecasts for the CGUs as at 30 June 2021. These reflect the anticipated recovery of the provision and aged care businesses over the medium term alongside the impacts of management actions, such as delaying capital expenditure, that have been implemented in the short term. These assumptions are largely unchanged from those made at 31 December 2020. Acknowledging that the longer term economic and social impact of COVID-19 is not yet fully known, projecting future cash flows is inevitably judgemental and will require periodic further review.

The tests have not indicated that an impairment of goodwill is required for any of the CGUs. Sensitivities have been provided below for CGUs where a reasonably possible adverse change to the discount rate, terminal growth rate or cash flows could give rise to an impairment in the future.

	Headroom £m	Discount rate %	Terminal growth rate %	Reduction in headroom from 0.5% increase in discount rate £m	Reduction in headroom from 0.5% reduction in terminal growth rate £m	Reduction in headroom from 10% reduction in cash flows £m
Bupa Dental Care UK	32	7.8	2.6	(91)	(79)	(79)
Bupa Care Services UK	27	6.1	2.6	(120)	(108)	(90)
Bupa Villages and Aged Care - Australia	84	9.8	3.0	(38)	(32)	(56)
Bupa Chile	98	11.6	3.0	(49)	(40)	(61)

Key assumptions underpinning the cash flows will differ across the CGUs. For Bupa Dental Care UK, cash flows are highly sensitive to the availability of dentists for the Group to recruit and an additional 10% of average available clinician hours are assumed during the forecast period – this level of growth rate, assuming all other assumptions remain unchanged, is required to support the current carrying value. For Bupa Care Services UK and Bupa Villages and Aged Care – Australia cash flows, key drivers will be the recovery of occupancy rates and the controlling of operating expenses. For Bupa Chile, future cash flows are sensitive to local regulatory approval of assumed future insurance premium rate rises.

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8 Property, plant and equipment

	At 30 June 2021 £m	At 31 December 2020 £m	At 30 June 2020 £m
Net book value at beginning of period	4,144	4,197	4,197
Assets arising on business combinations	4	13	1
Additions	85	230	115
Transfer to assets held for sale	(67)	(8)	(1)
Disposals	(4)	(55)	(2)
Revaluations	(14)	(4)	(2)
Remeasurements	13	5	28
Depreciation charge for the period	(166)	(338)	(167)
Impairment loss	(1)	(10)	-
Other	(2)	(1)	(4)
Foreign exchange	(96)	115	107
Net book value at end of period	3,896	4,144	4,272

Property, plant and equipment are the physical assets utilised by the Group to carry out business activities and generate revenues and profits. Most of the assets held relate to care homes, hospital properties, office buildings and equipment. Lease right-of-use assets relate primarily to property leases.

Freehold properties are initially measured at cost and subsequently at revalued amount less accumulated depreciation and impairment losses. These properties are subject to periodic and at least triennial valuations performed by external independent valuers. Care homes, clinics and hospital freehold property valuations are either determined based on a capitalisation of earnings approach (i.e. each facility's normalised earnings are divided by an appropriate capitalisation rate to determine a value in use) or based on discounted future cash flow projections where the discount rate is determined according to the time value of money, the level of risk of the industry and the corresponding premium risk. All other properties are valued by external valuers, based on observable market values of similar properties.

No external valuations were performed as at 30 June 2021. A review of the underlying assumptions underpinning the property valuations as at 30 June 2021 resulted in write-downs of £14m in respect of owned property (HY 2020: £2m, FY 2020: £4m).

Right-of-use assets in relation to property leases, are carried at historical cost less depreciation. An assessment for indicators of impairment of right-of-use assets is made at the CGU level of the business concerned, based on value in use. If impairment testing is required, key assumptions include future projected cash flows and discount rates.

Whilst only minor impairments totalling £1m have been recognised as at 30 June 2021 (HY 2020: £nil; FY 2020: £10m) in relation to various items of property, plant and equipment, as with other key accounting judgements, there is future uncertainty until the full longer term economic and social impacts of COVID-19 are fully understood.

9 Investment property

	At 30 June 2021 £m	At 31 December 2020 £m	At 30 June 2020 £m
At beginning of period	627	522	522
Additions	23	59	27
Disposals	-	(1)	(1)
Increase in fair value	11	25	11
Reclassification from property, plant and equipment	1	-	-
Foreign exchange	(25)	22	15
At end of period	637	627	574

Investment properties are physical assets that are not occupied by the Group and are leased to third parties to generate rental income. Most investment properties held by the Group relate to a portfolio of retirement villages in Australia and New Zealand.

Investment properties are initially measured at cost and subsequently at fair value, determined individually, on a basis appropriate to the purpose for which the property is intended and with regard to recent market transactions for similar properties in the same location. Where no active market exists, as is the case for retirement villages, these properties are valued using discounted cash flow projections based on reliable estimates of future cash flows. Investment property is revalued annually with any gain or loss arising from a change in fair value recognised in the Consolidated Income Statement within financial income and expense.

The carrying value of investment properties primarily consists of the Group's portfolio of retirement villages in Australia and New Zealand of £630m (HY 2020: £568m, FY 2020: £615m). These were valued by management using internally prepared discounted cash flow projections, supported by the terms of any existing lease and other contracts. Discount rates are used to reflect current market assessments of the uncertainty in the amount or timing of the cash flows. Significant assumptions used in the valuation include:

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Australia and New Zealand	
Discount rate	13.0% – 15.3%
Capital growth rate	0.0% – 3.5%
Provision for capital replacement	0.6% – 3.0%
Vacancy period	0 – 3 months
Turnover in apartments and villas	4 – 6 years

The sensitivity analysis below considers the impact on the year end valuation of Level 3 investment properties and is based on a change in assumption while holding all other assumptions constant. In practice, changes in assumptions may be correlated.

Australia and New Zealand	0.5% absolute increase	0.5% absolute decrease
Discount rate	£10m decrease	£11m increase
Capital growth rate	£15m increase	£14m decrease

10 Post-employment benefits

The Group operates several funded defined benefit and defined contribution pension schemes for the benefit of employees and Directors, in addition to an unfunded scheme and a post-retirement medical benefit scheme.

The defined benefit pension schemes provide benefits based on final pensionable salary. The Group's net obligation in respect of the defined benefit pension and the post-retirement medical scheme is calculated separately for each scheme and represents the present value of the defined benefit obligation less, for funded schemes, the fair value of scheme assets. The discount rate used is the yield at the balance sheet date on high-quality corporate bonds denominated in the currency in which the benefit will be paid. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of any future refunds from the scheme or reductions in future contributions to the scheme.

The main defined benefit scheme is The Bupa Pension Scheme which has been closed to new entrants since 1 October 2002 and closed to future accrual on 31 December 2020, although members will retain any ongoing salary link, with future benefits payable dependent upon member salary at the date of leaving or retirement. Existing current employees who were members of the Bupa Pension Scheme were automatically enrolled into the new defined contribution pension scheme, the My Bupa LifeSight Plan from 1 January 2021.

The Bupa Pension Scheme has been valued as at 30 June 2021, under IAS 19 Employee Benefits, using the projected unit method based on data used for the most recent triennial valuation as at 1 July 2020.

Unfunded defined benefit pension arrangements exist for certain employees and former employees in excess of the funded pension arrangements provided by the Group. There are no separate funds or assets in the Condensed Consolidated Statement of Financial Position to support the unfunded schemes; however, provisions are included in the Condensed Consolidated Statement of Financial Position in respect of these liabilities and assets are ring-fenced to support these liabilities (see Note 11). The latest valuation of these arrangements was performed as at 30 June 2021 under IAS 19 by the Group's independent actuary.

The Group also provides unfunded post-retirement medical benefits for certain former employees. These benefits were granted under an agreement which closed to new entrants in 1992. The latest valuation of this scheme was carried out as at 30 June 2021 by an actuary employed by the Group using the same key assumptions as adopted at 30 June 2021 under IAS 19 for The Bupa Pension Scheme.

Amount recognised in the Condensed Consolidated Income Statement

The amounts credited to other operating expenses for the period are:

	For six months ended 30 June 2021 £m	For six months ended 30 June 2020 £m	For year ended 31 December 2020 £m
Current service cost	-	4	10
Net interest on defined benefit liability/asset	(4)	(6)	(12)
Administrative expenses	1	1	1
Total amount credited to the Condensed Consolidated Income Statement	(3)	(1)	(1)

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Amount recognised directly in other comprehensive income

The amounts charged/(credited) directly to equity are:

	For six months ended 30 June 2021 £m	For six months ended 30 June 2020 £m	For year ended 31 December 2020 £m
Actual return less expected return on assets	123	(225)	(228)
(Gain)/loss arising from changes to financial assumptions	(92)	190	302
Loss arising from changes to experience assumptions	-	-	36
Loss/(gain) arising from changes to demographic assumptions	10	(4)	18
Total remeasurement losses/(gains) charged/(credited) directly to equity	41	(39)	128

Assets and liabilities of schemes

The assets and liabilities in respect of the defined benefit funded pension schemes, unfunded pension and post-retirement medical benefit scheme are as follows:

	At 30 June 2021 £m	At 31 December 2020 £m	At 30 June 2020 £m
Present value of funded obligations	(1,938)	(2,031)	(1,876)
Fair value of scheme assets	2,430	2,564	2,566
Net assets of funded schemes	492	533	690
Present value of unfunded obligations	(58)	(62)	(57)
Net recognised assets	434	471	633
Represented on the Condensed Consolidated Statement of Financial Position:			
Net liabilities	(72)	(76)	(65)
Net assets	506	547	698
Net recognised assets	434	471	633

The Bupa Pension Scheme's investment strategy aims to hedge against interest and inflation risk as measured on a long-term funding basis, via a liability-driven investment strategy that utilises a combination of high-quality gilts and swaps. This means that on a funding valuation basis, assets will move broadly in the same direction as the liabilities, although this can differ under the IAS 19 valuation.

11 Restricted assets

	At 30 June 2021 £m	At 31 December 2020 £m	At 30 June 2020 £m
Non-current restricted assets	48	48	44
Current restricted assets	108	101	79
Total restricted assets	156	149	123

Restricted assets are amounts held in respect of specific obligations and potential liabilities and may be used only to discharge those obligations and potential liabilities should they crystallise. The non-current restricted assets balance of £48m (HY 2020: £44m; FY 2020: £48m) consists of cash deposits held to secure a charge over the unfunded pension scheme obligations (see Note 10). Included in current restricted assets is £106m (HY 2020: £77m; FY 2020: £101m) in respect of claims funds held on behalf of corporate customers.

12 Financial investments

The Group generates cash from its underwriting, trading and financing activities and invests the surplus cash in financial investments. These include government bonds, corporate bonds, pooled investments funds and deposits with credit institutions.

Classification

All financial investments are initially recognised at fair value, which includes transaction costs for financial investments not classified at fair value through profit or loss. Financial investments are recorded using trade date accounting on initial recognition.

Financial investments are derecognised when the rights to receive cash flows from the financial investments have expired or where the Group has transferred substantially all risks and rewards of ownership.

The Group has classified its financial investments into the following categories: at fair value through profit or loss ('FVTPL'), at fair value through other comprehensive income ('FVOCI') and at amortised cost.

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Impairment

Under IFRS 9, impairment provisions for expected credit losses ('ECL') are recognised for financial investments measured at amortised cost and FVOCI. An allowance for either a 12-month or lifetime 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. The Group applies a 12-month ECL allowance, as there has not been a significant increase in credit risk since initial recognition.

The measurement of ECL reflects a probability-weighted outcome, the time value of money and the best available forward-looking information.

	At 30 June 2021		At 31 December 2020		At 30 June 2020	
	Carrying value £m	Fair value £m	Carrying value £m	Fair value £m	Carrying value £m	Fair value £m
Fair value through profit or loss						
Corporate debt securities and secured loans	345	345	342	342	311	311
Government debt securities	40	40	47	47	49	49
Pooled investment funds	391	391	301	301	221	221
Deposits with credit institutions	1	1	1	1	1	1
Other loans	8	8	8	8	6	6
Equities	11	11	12	12	12	12
Fair value through other comprehensive income						
Corporate debt securities and secured loans	90	90	85	85	100	100
Government debt securities	36	36	38	38	35	35
Amortised cost						
Corporate debt securities and secured loans	645	650	616	622	650	656
Government debt securities	99	101	103	106	139	141
Deposits with credit institutions	1,314	1,316	1,311	1,318	1,271	1,278
Other loans	-	-	1	1	1	1
Total financial investments	2,980	2,989	2,865	2,881	2,796	2,811
Non-current	865	870	945	951	990	998
Current	2,115	2,119	1,920	1,930	1,806	1,813

The performance of the Group's financial investments has been resilient during the period, largely due to the proportion invested in high credit quality bank deposits and corporate bonds. Certain insurance businesses in the Group also invest in smaller return-seeking asset portfolios of bonds and loans, which has also proven to be resilient over the period.

Fair value of financial investments

Fair value is a market-based measurement of assets based on observable market transactions, where market information might be available. The objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or to transfer the asset would take place between market participants at the measurement date under current market conditions.

The fair values of quoted investments in active markets are based on current bid prices. The fair values of unlisted securities and quoted investments for which there is no active market are established by using valuation techniques supported by market transactions and observable market data provided by independent third parties. These may include reference to the current fair value of other investments that are substantially the same and discounted cash flow analysis.

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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).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

An analysis of financial investment by hierarchy level is as follows:

As at 30 June 2021	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Fair value through profit or loss				
Corporate debt securities and secured loans	39	305	1	345
Government debt securities	22	18	-	40
Pooled investment funds	94	288	9	391
Deposits with credit institutions	1	-	-	1
Other loans	-	-	8	8
Equities	-	-	11	11
Fair value through other comprehensive income				
Corporate debt securities and secured loans	90	-	-	90
Government debt securities	36	-	-	36
Amortised cost				
Corporate debt securities and secured loans	541	109	-	650
Government debt securities	59	42	-	101
Deposits with credit institutions	-	1,316	-	1,316
Total financial investments	882	2,078	29	2,989

As at 31 December 2020	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Fair value through profit or loss				
Corporate debt securities and secured loans	36	306	-	342
Government debt securities	47	-	-	47
Pooled investment funds	135	158	8	301
Deposits with credit institutions	1	-	-	1
Other loans	-	-	8	8
Equities	-	-	12	12
Fair value through other comprehensive income				
Corporate debt securities and secured loans	85	-	-	85
Government debt securities	38	-	-	38
Amortised cost				
Corporate debt securities and secured loans	621	1	-	622
Government debt securities	105	1	-	106
Deposits with credit institutions	-	1,318	-	1,318
Other loans	-	1	-	1
Total financial investments	1,068	1,785	28	2,881

As at 30 June 2020	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Fair value through profit or loss				
Corporate debt securities and secured loans	14	297	-	311
Government debt securities	49	-	-	49
Pooled investment funds	47	167	7	221
Deposits with credit institutions	1	-	-	1
Other loans	-	-	6	6
Equities	-	-	12	12
Fair value through other comprehensive income				
Corporate debt securities and secured loans	100	-	-	100
Government debt securities	35	-	-	35
Amortised cost				
Corporate debt securities and secured loans	653	3	-	656
Government debt securities	140	1	-	141
Deposits with credit institutions	-	1,278	-	1,278
Other loans	-	1	-	1
Total financial investments	1,039	1,747	25	2,811

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Transfers between fair value hierarchy levels

The Group's policy is to determine whether transfers have occurred between fair value hierarchy levels at the end of a reporting period. Classification is re-assessed based on the lowest level input that is significant to the fair value measurement as a whole.

£113m of government debt securities and corporate debt securities and secured loans have been transferred from Level 1 to Level 2 following a review of the level of market activity and readily available quoted prices in those investments. In addition, there were transfers of £5m from Level 2 to Level 1 and £1m from Level 2 to Level 3.

There were no transfers between fair value hierarchy levels for the period ended 30 June 2020 or the year ended 31 December 2020.

The Group currently holds Level 3 financial investments totalling £29m (HY 2020: £25m; FY 2020: £28m). The majority of Level 3 investments are unlisted equities and convertible notes valued at the recent subscription value and conversion price, which are deemed to be unobservable inputs. Reasonably possible changes to the valuation assumptions applied could result in a change in fair value of plus or minus £1m.

The table below shows movement in the Level 3 assets measured at fair value:

	At 30 June 2021 £m	At 31 December 2020 £m	At 30 June 2020 £m
Opening balance	28	22	22
Additions	1	6	2
Transfer between levels	1	-	-
Foreign exchange	(1)	-	1
Total Level 3 assets measured at fair value	29	28	25

Transfers into Level 3 financial assets reflected changes in the availability of observable inputs used in the valuation of those assets.

13 Assets arising from insurance business

	At 30 June 2021 £m	At 31 December 2020 £m	At 30 June 2020 £m
Insurance debtors	1,591	1,087	1,744
Ceded insurance provisions (see Note 17)	58	24	54
Deferred acquisition costs	162	138	188
Medicare Rebate	68	76	74
Risk Equalisation Special Account recoveries	15	20	9
Total assets arising from insurance business	1,894	1,345	2,069
Non-current	10	11	12
Current	1,884	1,334	2,057

Due to the nature of the Group's insurance business and the timing of renewals, half year balances are higher than year end.

14 Cash and cash equivalents

	At 30 June 2021 £m	At 31 December 2020 £m	At 30 June 2020 £m
Cash at bank and in hand	1,201	1,279	1,132
Short-term deposits	395	427	711
Total cash and cash equivalents	1,596	1,706	1,843

Cash and cash equivalents comprise cash balances, call deposits and other short-term highly liquid investments (including money market funds) with original maturities of three months or less, which are subject to an insignificant risk of change in value.

Bank overdrafts of £1m (HY 2020: £1m; FY 2020: £1m) that are repayable on demand are reported within other interest bearing liabilities (Note 16) on the Condensed Consolidated Statement of Financial Position, although these are considered as a component of cash and cash equivalents for the purpose of the Condensed Consolidated Statement of Cash Flows.

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15 Assets and liabilities held for sale

	At 30 June 2021 £m	At 31 December 2020 £m	At 30 June 2020 £m
Assets held for sale			
Goodwill and intangible assets	68	-	-
Property, plant and equipment	69	8	5
Financial investments	-	-	6
Deferred taxation assets	-	-	1
Inventories	6	-	6
Trade and other receivables	2	-	22
Cash and cash equivalents	3	-	252
Total assets classified as held for sale	148	8	292
Liabilities associated with assets held for sale			
Other interest-bearing liabilities	-	-	(17)
Lease liabilities	(10)	(1)	-
Derivative liabilities	(18)	-	-
Deferred taxation liabilities	(4)	-	(2)
Trade and other payables	(21)	-	(182)
Current taxation liabilities	-	-	(1)
Total liabilities classified as held for sale	(53)	(1)	(202)
Net assets classified as held for sale	95	7	90

Net assets and liabilities held for sale as at 30 June 2021 comprise various care home businesses and non-operating care home sites in Bupa Villages and Aged Care – Australia, care homes in Sanitas Mayores and a provision business in Spain, as well as an office building in Brazil. Net assets held for sale at 31 December 2020 comprised the rehabilitation business within Bupa Villages and Aged Care – New Zealand as well as an office building in Brazil and at 30 June 2020 comprised a provision business within the Europe and Latin America segment (reclassified out of held for sale in late 2020 following the cancellation of a planned disposal) and a retirement village in Bupa Villages and Aged Care – New Zealand.

16 Borrowings

	At 30 June 2021 £m	At 31 December 2020 £m	At 30 June 2020 £m
Subordinated liabilities			
Callable subordinated perpetual guaranteed bonds	-	-	346
Fair value adjustment in respect of hedged interest rate risk	-	-	3
Callable subordinated perpetual guaranteed bonds at carrying value	-	-	349
Subordinated unguaranteed bonds	1,248	1,247	1,246
Total subordinated liabilities	1,248	1,247	1,595
Other interest-bearing liabilities			
Senior unsecured bonds	645	997	992
Fair value adjustment in respect of hedged interest rate risk	(2)	12	11
Bank loans and overdrafts	385	182	168
Total other interest-bearing liabilities	1,028	1,191	1,171
Total borrowings	2,276	2,438	2,766
Non-current	1,896	2,000	2,334
Current	380	438	432

Other interest-bearing liabilities

£350m of senior unsecured bonds were repaid on 17 June 2021. The Group maintains a £800m revolving credit facility in order to meet liquidity needs which matures in August 2022. At 30 June 2021 the facility was drawn down by £290m (HY 2020 and FY 2020: fully undrawn). The Group's £40m bilateral loan facility was fully drawn down at 30 June 2021 (HY 2020 and FY 2020: fully drawn). During the period the Group put in place a EUR30m bank facility in Spain, maturing in May 2022 which remains fully undrawn as at 30 June 2021.

The British United Provident Association Limited
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Fair value of financial liabilities

The fair value of a financial liability is defined as the amount for which a financial liability could be exchanged in an arm's-length transaction between informed and willing parties. Where available, fair values disclosed in the table below have been calculated based on quoted prices. The fair values of quoted liabilities in active markets are based on current offer prices. The fair values of financial liabilities for which there is no active market are established using valuation techniques corroborated by independent third parties. These may include reference to the current fair value of other instruments that are substantially the same and discounted cash flow analysis.

Financial liabilities are categorised into a three-level hierarchy. A description of the different levels is detailed in Note 12.

An analysis of borrowings by fair value classification is as follows:

	At 30 June 2021			At 31 December 2020			At 30 June 2020		
	Level 1 £m	Level 2 £m	Total £m	Level 1 £m	Level 2 £m	Total £m	Level 1 £m	Level 2 £m	Total £m
Subordinated liabilities	1,399	-	1,399	1,424	-	1,424	1,653	-	1,653
Senior unsecured bonds	617	47	664	983	49	1,032	967	45	1,012
Bank loans and overdrafts	-	385	385	-	182	182	-	168	168
Total	2,016	432	2,448	2,407	231	2,638	2,620	213	2,833

The Group does not have any Level 3 financial liabilities.

17 Provisions arising from insurance contracts

	At 30 June 2021			At 31 December 2020			At 30 June 2020		
	Gross £m	Re- insurance £m	Net £m	Gross £m	Re- insurance £m	Net £m	Gross £m	Re- insurance £m	Net £m
General insurance business									
Provisions for unearned premiums	2,712	(50)	2,662	2,094	(17)	2,077	2,797	(43)	2,754
Provisions for claims	1,150	(8)	1,142	1,083	(7)	1,076	1,227	(11)	1,216
Long-term business									
Life insurance contract liabilities	35	-	35	35	-	35	36	-	36
Total insurance provisions	3,897	(58)	3,839	3,212	(24)	3,188	4,060	(54)	4,006

Provision for unearned premiums

The provision for unearned premiums primarily represents premiums written that relate to periods of risk in future accounting periods. It is released to the Income Statement on a straight-line basis, which is not materially different from a calculation based on the pattern of incidence of risk.

In circumstances where a return of premium is due to policyholders, a provision for the return of premium is treated as an adjustment to the initial premium and is established within the provision for unearned premiums, reducing gross premium income. A provision is currently held in respect of Bupa Insurance Limited making a commitment to pass back any exceptional financial benefits experienced by the UK PMI business that ultimately arise as a result of COVID-19 to eligible customers. At 30 June 2021, the return of premium provision held is £40m (HY 2020 £111m; FY 2020: £145m). The reduction in the provision is impacted by Bupa Insurance Limited announcing the payment of £125m to UK health insurance customers from April 2021. At 30 June 2021 £38m of these payments are still being processed, with the outstanding amount being recognised as a creditor in other liabilities arising from insurance business.

Provision is also made for unexpired risks when unearned premiums, net of associated acquisition costs, are insufficient to meet expected claims and administrative expenses. The expected cash flows are calculated having regard only to contracts commencing prior to or at the balance sheet date. At 30 June 2021, an unexpired risk provision of £9m has been recognised (HY 2020: £50m; FY 2020: £5m).

The British United Provident Association Limited

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Provision for claims

The gross provision for claims represents the estimated liability arising from claims episodes in current and preceding financial years which have not yet given rise to claims paid. A claims episode is an insured medical service that the Group has an obligation to fund which could be consultation fees, diagnostic investigations, hospitalisation or treatment costs. The provision includes an allowance for claims management and handling expenses. The gross provision for claims also includes a deferred claims provision for claims episode that have not taken place by the reporting date where the Group has a constructive obligation to fund deferred medical services, due to regulatory or other public commitments following periods of severe service disruption, as has been the case with COVID-19.

In setting the provisions for claims outstanding, a best estimate is determined on an undiscounted basis with no allowance for prudence, and then a margin of prudence is added such that there is confidence that future claims will be met from the provisions. The gross provision for claims across the group is set in line with Bupa's Claims Reserving standards, at a level to achieve an appropriate probability of sufficiency and is estimated based on current information and the ultimate liability may vary as a result of subsequent information and events.

A deferred claims provision of £180m has been recognised as at 30 June 2021 (HY 2020: £389m; FY 2020: £171m). As at 30 June 2021, the provision has been established solely in respect of the health insurance business in Australia, where the Australian prudential regulator ('APRA') has mandated the need to provide for the rebound of claims following the COVID-19 disruption, creating a constructive obligation for the Group to pay claims in relation to the disrupted business. The estimated cost of claims expected to rebound after the reporting date has been calculated as a proportion (the deferral factor) of the observed shortfall in incurred claims, compared with pre-COVID-19 expectations. This has been recognised on a best estimate basis, together with an allowance for claims handling costs and an additional risk margin. The deferred claims provision is expected to be materially fully utilised over the next 18 months. Related future claims experience may differ significantly from these estimates.

18 Business combinations and disposals

A summary of material acquisitions is provided below. There have been no material disposals in the six-month period ended 30 June 2021.

a) 2021 acquisitions

During the period the Group made acquisitions for a total consideration of £17m, recognising net assets on acquisition of £53m.

In January 2021, the Group acquired Vitamédica, a health insurance provider in Mexico for a consideration of £16m. Net assets of £12m and resulting goodwill of £4m were recognised on acquisition.

In addition, the Group acquired the business and membership of Civil Service Healthcare Society Limited ('CS Healthcare') in January 2021 for £nil consideration. Intangible assets consisting of customer relationships totalling £26m and other net assets totalling £15m have been recognised as part of the business combination. The resulting gain of £41m has been recorded as a gain on acquisition of businesses within other income and charges (see Note 4). This is gross of related transaction costs of £2m.

The acquisition balance sheets of these acquisitions are provisional and will be finalised during 2021.

Goodwill of £1m was recognised in respect of other minor acquisitions. There was no adjustment to goodwill in respect of prior period acquisitions.

19 Commitments and contingencies

Capital commitments

Capital expenditure for the Group contracted at 30 June 2021 but for which no provision has been made in the financial statements amounted to £108m (HY 2020: £169m; FY 2020: £122m), primarily due to aged care facilities and retirement village project commitments in the Australia and New Zealand Market Unit.

Contingent assets and contingent liabilities

The Group currently has no contingent assets.

The Group has contingent liabilities arising in the ordinary course of business and in relation to a limited number of historic business disposals. These include losses which might arise from litigation, other disputes, regulatory compliance (including data protection) and interpretation of law (including superannuation law and tax law). It is not considered that the ultimate outcome of any contingent liabilities will have a significant adverse impact on the financial condition of the Group.

The British United Provident Association Limited

Statement of Directors' responsibilities for six months ended 30 June 2021

We confirm that to the best of our knowledge:

- The condensed set of financial statements have been prepared in accordance with UK adopted International Accounting Standard 34 Interim Financial Reporting and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.
- The interim management report includes a fair review of the information voluntarily provided in accordance with the requirements of:
 - (a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year.
 - (b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

The Directors of The British United Provident Association Limited are listed in the 2020 Annual Report. Since the publication of the Company's Annual Report and Accounts for the year ended 31 December 2020, Joy Linton resigned as a Director on 4 March 2021, and Martin Potkins was appointed as a Director on 5 March 2021.

By order of the Board

Iñaki Ereño
Group CEO

4 August 2021

Martin Potkins
Interim CFO

Independent review report to The British United Provident Association Limited

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed The British United Provident Association Limited's condensed consolidated interim financial statements (the "interim financial statements") in the Condensed Consolidated Half Year Financial Statements of The British United Provident Association Limited for the 6 month period ended 30 June 2021 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority as if the company were required to comply with these rules.

What we have reviewed

The interim financial statements comprise:

- the Condensed Consolidated Statement of Financial Position as at 30 June 2021;
- the Condensed Consolidated Income Statement for the period then ended;
- the Condensed Consolidated Statement of Comprehensive Income for the period then ended;
- the Condensed Consolidated Statement of Cash Flows for the period then ended;
- the Condensed Consolidated Statement of Changes in Equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Condensed Consolidated Half Year Financial Statements of The British United Provident Association Limited have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority as if the company were required to comply with these rules.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The Condensed Consolidated Half Year Financial Statements, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the Condensed Consolidated Half Year Financial Statements in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority as if the company were required to comply with these rules.

Our responsibility is to express a conclusion on the interim financial statements in the Condensed Consolidated Half Year Financial Statements based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority as if the company were required to comply with these rules and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Condensed Consolidated Half Year Financial Statements and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
London
4 August 2021