



Bupa Arabia

# Helping You Live Your Best

Annual Report 2023

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Bupa



# Helping You Live Your Best

BUPA Arabia is a customer focused insurance provider, always looking for innovative ways to enhance customer service and provide a wider range of products and services to suit all types of customers, ranging from individuals to corporates.

Apart from its diverse range of products and services, BUPA also enhances the lives of its employees and communities, by conducting fitness and health programs, and supporting the community through various CSR initiatives.

By “Helping You Live Your Best” we tie together these two aspects of our focus, implying the holistic approach to helping customers be the best version of themselves and supporting them in that mission through premium health insurance services.



Over the past 300 years, and under all circumstances, our country has proven its ability to overcome all challenges with determination and to emerge from them victorious with the grace of God.

Message from the Custodian of the Two Holy Mosques,  
King Salman bin Abdulaziz





**His Royal Highness  
Prince Mohammed Bin Salman  
Bin Abdulaziz Al-Saud**  
Crown Prince and Prime Minister

**King Salman Bin Abdulaziz Al-Saud**  
Custodian of the Two Holy Mosques



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## About the Report

Bupa Arabia's 2023 Annual Report adheres to integrated reporting principles and mirrors the Company's commitment to transparency. Aligned with the Company's tradition of publishing its Financial Statements and Board Report, the purpose of this annual report is to convey Bupa Arabia's strategy, governance, and performance over the period in review, to its stakeholders.

### Report Boundary and Reporting Period

The report encompasses Bupa Arabia's operations during the period from 1 January 2023 to 31 December 2023. The Annual Report is accessible in both English and Arabic, ensuring wider stakeholder engagement.

### Compliance

In adherence to the standards, rules, and regulations set forth by the Saudi Central Bank (SAMA), the Ministry of Commerce (MC), the Capital Market Authority (CMA), and other regulatory agencies, this report ensures compliance with all applicable standards.

### Financial Statements

The Financial Statements for the fiscal year ended 31 December 2023 have been prepared in compliance with the International Financial Reporting Standards (IFRSs) endorsed within the Kingdom of Saudi Arabia, along with adherence to additional standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA) (collectively termed as "IFRS endorsed in the Kingdom of Saudi Arabia").



<https://bupa.com.sa/en/annual-report>





# View of the Leadership

# Chairman's Message



As we complete our 26th year of operations, Bupa Arabia remains committed to serving the insurance sector and has contributed immensely to improving the health insurance sector of the KSA.

It is with great pleasure that I take this opportunity to highlight 2023's noteworthy achievements and successes of Bupa Arabia as we complete our 26th year of operations. Bupa Arabia remains committed to serving the insurance sector and has contributed immensely to improving the health insurance sector of the Kingdom of Saudi Arabia over the years. Whilst thanking our team for their loyalty to the Company and for their services to our customers, it is our view that Bupa Arabia is in a unique position to cater to the ever-evolving needs of our valued members and customers in the years ahead.

## Regulatory breakthrough

Health insurance, which accounts for about two thirds of the insurance sector in Saudi Arabia, has been operating under a dual regulatory setup (The Saudi Central Bank (SAMA), and the Council of Health Insurance (CHI)) since the launch of insurance regulations two decades ago. While this setup was fit-for-purpose in the early days, it became a burden as the sector matured, specifically in the following areas:

- Excessive levies, by regional and global benchmarks, to fund two entities in charge of regulations.
- An exhaustive list of sector initiatives, driven by two regulators, eating into the bandwidth of the limited resources at insurance companies.

Bupa Arabia, albeit a single line insurer, had maintained a healthy market share in the total insurance sector of

28%





It was clear that a single regulator was the logical solution in order for the sector to fully flourish and become a key contributor to the Saudi economy while delivering on the KPIs of the Financial Sector Development Program, a Saudi Vision 2030 program. A single regulator under the name “Insurance Authority” was created at the end of 2023, and we believe this marked a pivotal point in the growth journey of the sector which was well-received and welcomed by the sector.

We believe the Insurance Authority has an opportunity to produce a set of sector laws and regulations to propel the sector for the next two to three decades and address all pain points of the existing regulations and we trust that the current leadership of the Insurance Authority have such intentions.

## Performance highlights

During the year, the KSA insurance industry’s gross written premiums grew by 25%, driven by many factors such as regulations, enforcement, technology, giga projects, participation of women workforce etc. Bupa Arabia, albeit a single line insurer, had maintained a healthy 28% market share of the total insurance sector.

In 2023, Bupa Arabia achieved a gross written premium of SR 16.7 billion, a growth of 20% versus 2022, a total revenue of SR 15.9 billion, a growth of 23% versus 2022 and a net profit of SR 940 million, a growth of 17%. As a result, the company’s earnings per share also improved by approximately 17% to SR 6.29 in 2023, compared to SR 5.39 in 2022.

## Commitment to community well-being

In 2023, we remained focused on elevating our role in enhancing social well-being by championing diversity and inclusion, actively supporting local communities, and ensuring equitable treatment of both customers and employees. We also initiated a range of programs aimed at enhancing access to insurance for everyone and provided

local SMEs with a chance to participate in bids as a means of fortifying relationships. Furthermore, the Company has given precedence in promoting insurance literacy and awareness. On the corporate social responsibility front, we held numerous fitness sessions at our gym facilities and sponsored sports events including football, padel, ping-pong, cricket tournaments. And additionally, we conducted mental well-being programs, to help our employees manage their professional, social and personal lives, while being involved in social welfare activities in the community such as donating to orphanages and volunteering for our community well-being programs.

## Commitment to employees well-being

We remain committed to the mental and physical well-being of our colleagues, with our burnt-out services (mental health) initiative aimed at supporting employees and their families facing mental health challenges, in addition to a twice-yearly ‘health lounge’ campaign and health awareness sessions. Our Flexible Working Model is an added benefit for staff members, whereby we provide them with different degrees of flexibility. Our employee engagement survey to gauge overall satisfaction and engagement recorded an engagement score (e-sat) of 87% and 88% for May and November 2023 respectively, exceeding the target of 80% for both periods.

## Awards and recognition

We take great pride in the local and global recognition of our unwavering commitment towards excellence in the insurance industry and beyond. In 2023, Bupa Arabia was presented with a number of brand awards, including being named the Most Valuable Insurance Brand (KSA - by Kantar BrandZ), and being recognized among the Top 10 Strongest Brands in the country (by Brand Finance). We were also named Health Insurer of the Year (by InsureTek), Best Health Insurance Mobile App (by World Economic Magazine), and were ranked 69th among the Top 100 Companies in the Middle East in 2023 (by Forbes).

## Acknowledgements

On behalf of the Board of Directors, I take this opportunity to thank our employees for their commitment to grow the business and deliver robust results. I also wish to convey our gratitude to all our valued stakeholders, including investors, customers, suppliers and partners, for rendering their continuous support throughout our journey. We are deeply appreciative of the confidence placed in us, as we work tirelessly towards taking Bupa Arabia to ever greater heights in the years ahead.

By order of the Board

**Eng. Loay Hisham Nazer**  
Chairman

# Chief Executive Officer's Review



The impact of the “1Bupa strategy” was broad-based and well beyond the financial outcomes. The growth earned Bupa Arabia various external recognitions including being amongst the top the 10 strongest and most valuable brands in Saudi Arabia.

Concluding the “1Bupa Strategy” on a high note, Bupa Arabia recorded a finale year with a robust set of financial results including a YoY increase in GWP of

20%

I take great pride in presenting Bupa Arabia's Annual Report for the financial year 2023, highlighting our financial results and achievements for the period under review. Along with the Board of Directors, I take this opportunity to thank the entire Bupa Arabia team members for their continued commitment to the Company, for their service dedication to our insured members and for delivering the “1Bupa Strategy” finale with record-breaking results for the year despite the challenges facing the sector.

## Concluding “1Bupa Strategy” on a high note

Back in 2018, we developed a five year ‘1Bupa’ strategy which we then launched at the beginning of 2019 to re-energize the organization and deliver SR 1 billion of pre-zakat and tax profit by end of 2023. Despite the Covid-19 and post Covid-19 turbulence, we stayed the course and carried out excellent executions of the strategy streams. Five years later, Bupa Arabia recorded a finale year of robust set of financial results, with a 20.0% YoY increase in gross written premiums (GWP), and 15.2% YoY rise in profit before zakat and income tax to SAR 1.12 billion.

The impact of the 1Bupa strategy was broad-based and well beyond the financial outcomes. The growth was across all regions, across all customers segments, across internal organizational KPIs and earned Bupa Arabia various external recognitions amongst top 10 strongest and most valuable brands in Saudi Arabia. What a great foundation to base our next strategy phase upon.

## Key performance indicators snapshot



Gross written premiums  
**SR 16.7 billion**

(+20% vs 2022)

Profit before zakat and income tax  
**SR 1.12 billion**

(+15.2% vs 2022)

Assets under management  
**SR 14.4 billion**

(+19% vs 2022)

Saudization  
**81%**



## Sector dynamics, challenges, and opportunities

The insurance sector is maturing, and signs of maturity can be seen everywhere. A new regulatory body (Insurance Authority - created end of 2023) that will review and issue new laws and regulations reviving the 25+ years old ones, the continued consolidation within insurance companies via M&As, opening up the provision sector to insurance companies to take part in the service delivery, more insurance products been mandated, moving to IFRS-17 reporting standards, and last but not least, no price wars.

Zooming in into health insurance specifically, it's today the largest line of insurance with a share of +60%, the challenges are many and so do opportunities. The main challenges this line of business faces today are:

1. Regulatory challenges with chronic pain points that we are hopeful that most, if not all, will be addressed by the newly created Insurance Authority which replaced the previous dual-regulator setup. Some key regulatory challenges are:
  - a. Excessive levies and fees that are far beyond regional and international benchmarks.
  - b. Lack of enforcement. After nearly 25 years of implementing insurance regulations, we believe that only 70-75% of the mandated groups are enforced by end of 2023.
2. Medical inflation - the past two years have been exceptional with double-digit inflation in the healthcare services that ultimately impact the end customer. Key drivers of the medical inflation are:
  - a. Excessive operating margins by providers.
  - b. Predatory implementation and pricing of Article-11 which resulted in Ministry of Health being the 4th largest biller to insurance companies in just two years.
  - c. Abuse of rich insurance benefits specially with increased levels of automations that help systemize and scale such a wrong behavior.

As for the opportunities we see moving forward, on top of turning the above challenges into opportunities, the other key ones are:

1. Playing an active role in health provision. Following the removal of the bylaws article that prohibited insurance companies from provision end of 2022; we see an opportunity for insurers to test models of vertical integration to optimize and solve for "best health outcomes at the most efficient cost to serve."
2. Acceleration of Vision 2030 projects executions.
3. Corporatization of MoH facilities under Health HoldCo as they could bring additional provision supply to the market - provided better service experience - to help rationalize the cost of private providers.

## In focus - Bupa Arabia digital transformation

Our digital initiatives for 2023 saw the Company expand its range of services by introducing new features, which were incorporated as part of an overall mobile app revamp. Additionally, our Tebtom services, accessible through the mobile app, provide valuable assistance to members on their healthcare journey. By integrating innovative healthcare technologies through unified communications and fostering a culture of ongoing improvement, Bupa Arabia has showcased its dedication to providing high-quality, patient-centric care. This commitment extends to remaining at the forefront of developments within the healthcare industry.

## Key digital highlights of 2023

App downloads  
**3.7 million**

App transactions  
**52.8 million**

App rating  
**4.4**



App NPS

**79**

### **NPHIES**

(The National Platform for Health and Insurance Exchange Services)

**4,216 providers, 104 million transactions**

### **PBM**

(Pharmacy Business Management)

**1,198 live providers, 68 million transactions**

### **RPA**

(Robotic Process Automation)

**20 bots launched, 20.6 million transactions**

With technology transformation being pivotal to the overall business objective of caring for our members, Bupa Arabia's technology strategy supports the business strategy and customer expectations of healthcare insurance, by understanding the business environment and long-term vision. Moreover, we adopted a customer-centric approach that differentiates and aligns the value proposition, customizes business processes, and drives better value, compared to our competitors.

In 2023, Bupa Arabia's digital transformation strategy focused on data and analytics, security tools and protecting the core, whilst adhering to new regulations and insurance authorities, offering services that focus on the health state and journey of our members, and enhancing the Company's working model and ecosystem to ensure that we deliver technological services in the best and fastest way to our customers.

## **Recognition of excellence**

As in previous years, our commitment to excellence in the health sector garnered the Company a host of accolades, including Health Insurer of the Year by InsureTek, Best Health Insurance Mobile App by World Economic Magazine, Regional Healthcare Excellence by Digital Experience Show Middle East. The Company also received recognition for Health Insurance for the Year, Best Customer Experience and Digital Excellence - by the Council of Health Insurance. Additionally, we also received recognition for Regional Healthcare Excellence and Best Digital Campaign from the Chartered Institute of Personnel and Development.

## **Fostering the best industry talent**

Bupa Arabia maintains a human resources functional purpose of being the most admired healthcare company, by attracting, growing, engaging and retaining the best talent in the industry. We place high importance on employee career development and seek out best-in-class partners to collaborate with, ensuring that we deliver the best outcomes for our leaders.

We provide our employees with a plethora of benefits, including an employee benefits program in collaboration with suppliers, service recognition and the people care program, whilst also offering a flexible working model, mental health services and health awareness sessions. The success of our employee initiatives was evident in our biannual employee engagement survey: the People Pulse Survey, handled by the independent entity Glint, recorded an engagement score (e-sat) of 87% and 88% for May and November 2023 respectively, exceeding the target of 80% for both periods.

### **Key employee highlights of 2023**

**83%**

Employee engagement



**86%**

Succession pipeline

### **Best in class learning programs**

**50,000**

Total learning hours



## **Looking ahead to 2024**

We believe 2024 will be a transformational year for the entire insurance sector as we anticipate the issuance of the first upgrade to the sector's regulations in more than two decades. We are hopeful they will address existing shortfalls and gaps.

We also anticipate a serious focus - from the regulator - on enforcement of the mandates, not only in health insurance but also in motor and other lines.

Last but not least, as we have announced on Tadawul, Bupa Arabia has established a full-owned subsidiary to provide healthcare services digitally and physically when needed. Bupa CareConnect has received licenses from both MoH and CHI. This is a step-change in the sector examining the full potential of vertical integration and population health management (PHM).

### **Tal Hisham Nazer**

Chief Executive Officer and Executive Board Member

The image shows a low-angle, perspective view of a modern building's exterior. The facade is composed of numerous golden, angular panels that create a complex, crystalline geometric pattern. The building's structure is white, with large glass windows visible. In the background, a clear blue sky with light clouds is visible. The overall aesthetic is clean, modern, and architectural.

# Business Report

# Our Global Presence

## Bupa Group



Bupa is dedicated to supporting individuals in achieving longer, healthier, and happier lives, with a broader aim of contributing to the betterment of our world.



### Commitment to healthcare advancement:

- Founded in 1947, Bupa operates as a private company limited by guarantee. Without shareholders, profits are systematically reinvested, fueling ongoing enhancements in healthcare for the well-being of current and future customers.



### Global healthcare impact:

- As an international healthcare company, Bupa serves a vast clientele, exceeding 43 million customers globally. Key customer markets outside the UK include Australia, Spain, Poland, Chile, Brazil, Mexico, Turkey, the Middle East, the US, Hong Kong, New Zealand, India, and Ireland.



### Strategic global presence and collaborative ventures:

- Bupa's growth extends beyond direct operations, incorporating associate businesses in Saudi Arabia and India.

Originally established in the UK in 1947, Bupa has grown to become a reputed international healthcare company, serving over 50 million customers worldwide, who are strategically categorized into three Market Units: Asia-Pacific, Europe and Latin America, and Bupa Global and UK. We also have associate health insurance initiatives in the Kingdom of Saudi Arabia (KSA), and India (Niva Bupa).

Functioning as a private limited company, Bupa boasts a robust workforce exceeding 87,000 employees. Our core mission is to deliver top-notch healthcare solutions, benefiting both existing and prospective customers. With a unique structure devoid of shareholders, profits are reinvested into the company, reinforcing our commitment to sustained excellence.

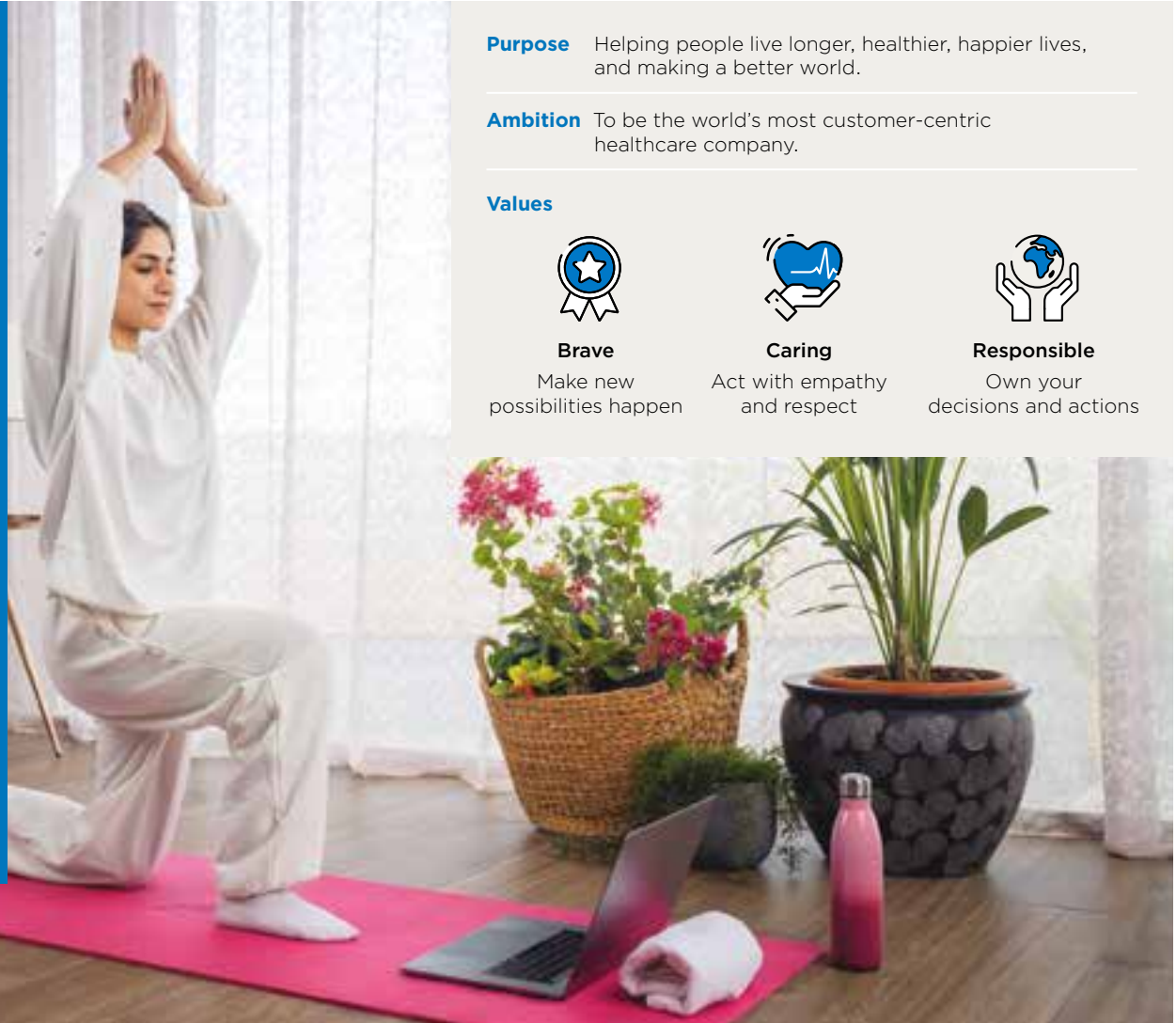
Health insurance stands as a pivotal component, catering to 29.7 million customers, and contributing approximately SR 50.9 billion to the Group's revenue. Beyond insurance, Bupa extends its reach by providing healthcare services to 20.3 million customers, through an extensive network of clinics, dental centers, and hospitals.

In response to evolving healthcare needs, Bupa has embraced digital services, encompassing digital GP services, care triage, mental health coaching and support, and chronic care management. Our commitment to holistic care extends to approximately 20,846 residents in our aged care business as well, spanning the UK, Australia, New Zealand, and Spain. This comprehensive aged residential care portfolio includes care homes, retirement villages, day centers, and home care.

# Our Purpose and Ambition



Bupa aspires to be a thriving, customer-centric healthcare enterprise, dedicated to enhancing lives and fostering a healthier world. Our team of dedicated individuals is committed to precision, qualitative transformation, and sustainable growth. Guided by our values, we strive for purposeful innovation, shaping a healthier future for all.



**Purpose** Helping people live longer, healthier, happier lives, and making a better world.

**Ambition** To be the world's most customer-centric healthcare company.

### Values



**Brave**

Make new possibilities happen



**Caring**

Act with empathy and respect



**Responsible**

Own your decisions and actions

# Bupa Group Business Model

8% of revenue

## Aged care

**20,846**

customers worldwide

- We provide aged care services in the UK, Spain, Australia and New Zealand.
- Our portfolio comprises care homes, retirement villages, day centers, and home care.

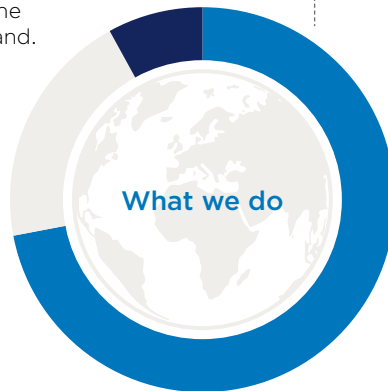
20% of revenue

## Health provisions

**20.3**

million customers worldwide

- Health provision accounts for 20% of our total revenue, comprising of health clinics, hospitals, and dental centers, retirement villages, day centers serving million people globally.
- We operate health facilities in Spain, Chile, Poland, the UK, Brazil, Hong Kong, and Australia, and in our associate business in Saudi Arabia.
- We run hospitals in Spain, Mexico, Chile, Poland, and the UK



72% of revenue

## Health insurance

**29.7**

million customers worldwide

- Health insurance accounts for SR 10.77 billion (72%) of our revenue, boasting 29.7 million customers. We have a strong domestic health insurance presence via our businesses in the UK, Australia, Spain, Chile, Hong Kong, Turkey, Brazil, and Mexico, and our associate businesses in Saudi Arabia and India.
- We offer International Private Medical Insurance (IPMI) through our Bupa Global businesses.
- We also provide dental insurance in Australia, the UK, Spain, Chile, Poland, Hong Kong, Brazil, and through Bupa Global.

Who we create Value for

### Customers



We work to:

- Provide outstanding customer service.
- Utilize digitalization, data, and analytics, to enhance and propel improvements.
- Innovate to meet and exceed customer expectations.
- Keep our customers' data safe.
- Enable people to manage their health and well-being.

### People



We work to:

- Generate shared value for our partners, encompassing health providers, brokers, and distributors.
- Promote a positive, inclusive working environment.
- Create opportunities for people to grow and develop.

### Partners/Society

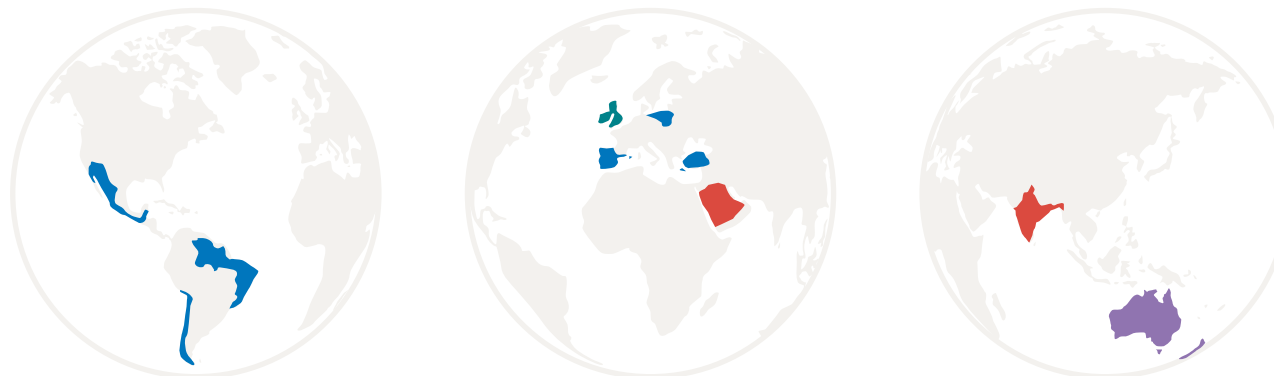


We work to:

- Create an impact through volunteering, community partnerships, and contributions.
- Promote environmental stewardship and tackle climate change along with its health implications.



## Footprint and participation



		Asia Pacific			Europe and Latin America						Bupa Global and the UK		Other		
		Australia	New Zealand	Hong Kong	Spain	Poland	Turkey	Chile	Brazil	Bupa Global Latin America	Mexico	United Kingdom	Bupa Global <sup>1</sup>	Saudi Arabia <sup>2</sup>	India <sup>2</sup>
Funding	Health insurance	■		■	■	■	■	■	■	■	■	■	■	■	■
	Health subscription			■	■	■		■							
	Dental insurance	■		■	■	■	■	■	■						
	Dental subscription			■											
Health provision	Clinics	■		■	■	■		■		■	■	■		■	
	Hospitals				■	■		■				■			
	Dental centers	■		■	■	■		■	■			3			
	Optical and audiology	■				■									
Aged care provision	Care homes	■	■		■							■			
	Retirement villages	■	■									■			

- Global international insurance available in most countries. Includes 49% stake in Highway to Health (GeoBlue) in the US.
- Bupa Arabia is an associate business while Niva Bupa was an associate business until December 2023 before its acquisition by Bupa Global and UK in January 2024.
- We also operate dental clinics in the Republic of Ireland managed through Bupa Global and UK

**Australia:**  
Bupa Health Insurance  
Bupa Health Services  
Bupa Villages and Aged Care Australia

**New Zealand:**  
Bupa Villages and Aged Care New Zealand

**Bupa Hong Kong:**  
Health Insurance and provision

**Spain:**  
Sanitas Seguros  
Sanitas Hospitales  
And New Services  
Sanitas Dental  
Sanitas Mayores

**Poland:**  
LuxMed

**Turkey:**  
Bupa Acibadem Sigorta

**Chile:**  
Bupa Chilew

**Brazil:**  
CarePlus

**Mexico:**  
Bupa Mexico

**IPMI:**  
Bupa Global Latin America

**UK:**  
Bupa UK Insurance  
Bupa Dental Care  
Bupa Care Services  
Bupa Health Services

**IPMI:**  
Bupa Global

**Saudi Arabia:**  
Private health insurer, Bupa Arabia2, in which we have a 43.25% stake. We also have an interest in MyClinic.

**Niva Bupa<sup>2</sup>:**  
Previously an associate business, Niva Bupa was acquired by Bupa Global and UK in January 2024.

# Our Landscape

## About Bupa Arabia

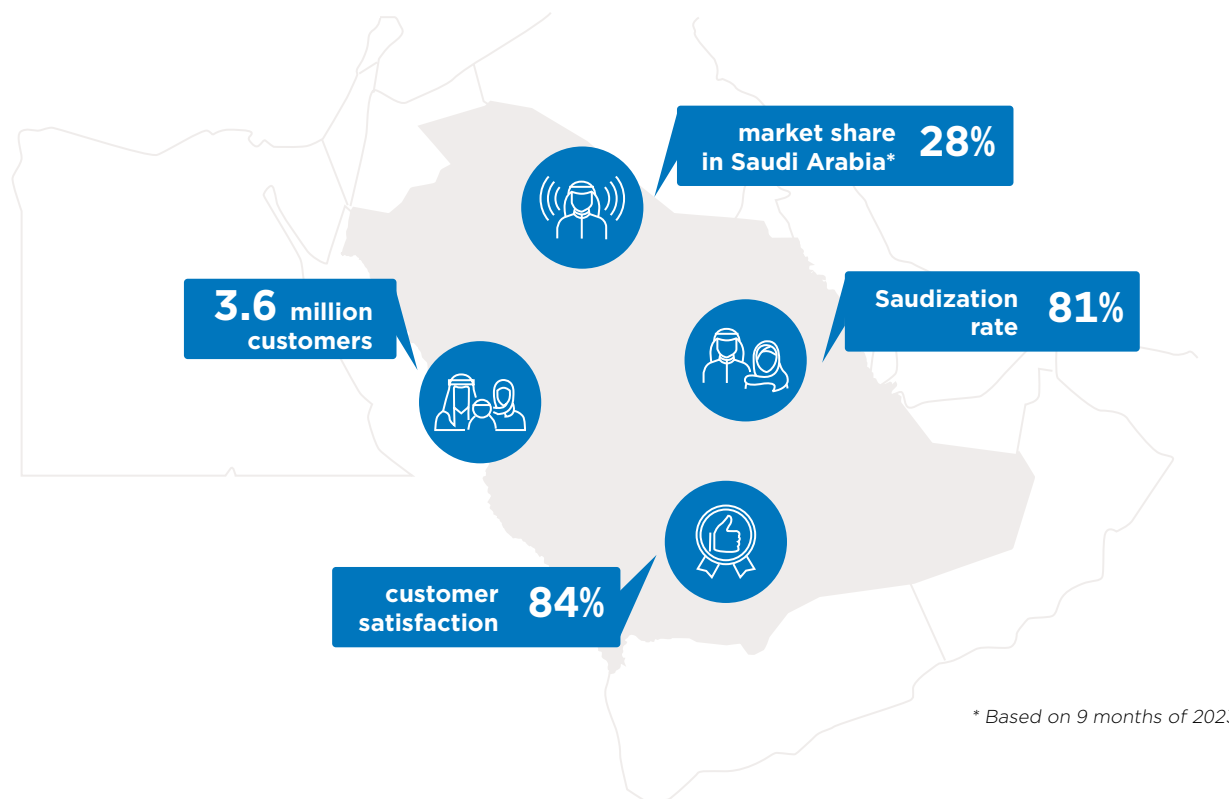
Bupa Arabia, established in 1997 through a joint venture with Nazer Group in Saudi Arabia, is a publicly held healthcare insurance company. Since our Initial Public Offering (IPO) in 2008, where 40% of the Company's shares were made available to the public, we have been listed on the Saudi Stock Exchange.

Meeting a spectrum of needs of businesses, individuals and families, our product portfolio encompasses Bupa Munsha'at, Corporate and International Health Plans, Bupa Parents, Bupa Family, and Bupa Helpers. In addition, we also deliver services such as Bupa Click, Bupa Rahatkom, Bupa Live Right and Bupa Tebtom. These services cover a range of healthcare needs, including pregnancy and maternity care, chronic diseases management, international medical consulting, hospital delegate services, and fitness and wellness programs. Moreover, Bupa Arabia is considered to be more than just a traditional health insurance company for the healthcare services it provides through the Tebtom program, and its exceptional hospital experience through the Rahatkom program and the Wellness Program by LiveRight.

With the presence of eight offices and branches across the country in Jeddah, Riyadh, Khobar, Jubail, Madinah, Makkah and Buraidah, the Company serves a customer base exceeding 3.6 million, reaffirming its commitment to provide healthcare services throughout the Kingdom. Furthermore, in 2023, Bupa Arabia strengthened its footprint with a leading-edge regional office in Riyadh's King Abdullah Financial District (KAFFD), which underscores the Company's commitment to maintaining a strong on-the-ground presence, thereby reinforcing its dedication to providing enhanced services.

We have embraced digitization through our mobile app, boasting over 3.5 million downloads, ensuring a seamless and accessible experience for our customers. The Company achieved an 84% Customer Satisfaction (CSAT) rate, derived from over 38,000 interviews completed in a Customer Satisfaction Survey during the year, reflecting high satisfaction with our services.

Bupa Arabia is considered to be a company in women enablement, and attracts Saudi Arabian youth, achieving over 81% Saudization rate.



\* Based on 9 months of 2023

### 2023 financial results

Insurance revenue



Insurance service expense



Net income before zakat, and income tax



Earnings per share



# Our Year at Glance

Bupa Arabia maintains leadership in the health insurance market.



## EARNINGS

Gross Written Premiums (GWP) of

**SR 50.53 billion**

up 25% YoY

Net Income before zakat and Tax of

**SR 1,117 million**

up 15.22% YoY

EPS (Earnings Per Share)

**SR 6.29**

up 16.70% YoY

Net Promoter Score (NPS) of

**79**

vs 56.8 in 2022

Insurance revenue

**SR 15,889 million**

up 23.42% YoY



## EMPLOYEES

88% People Engagement Score

86% succession rate

81% Saudization rate



## DIGITAL

3.7 million app downloads

Net Promoter Score (NPS) of 79

A stellar app rating of 4.4

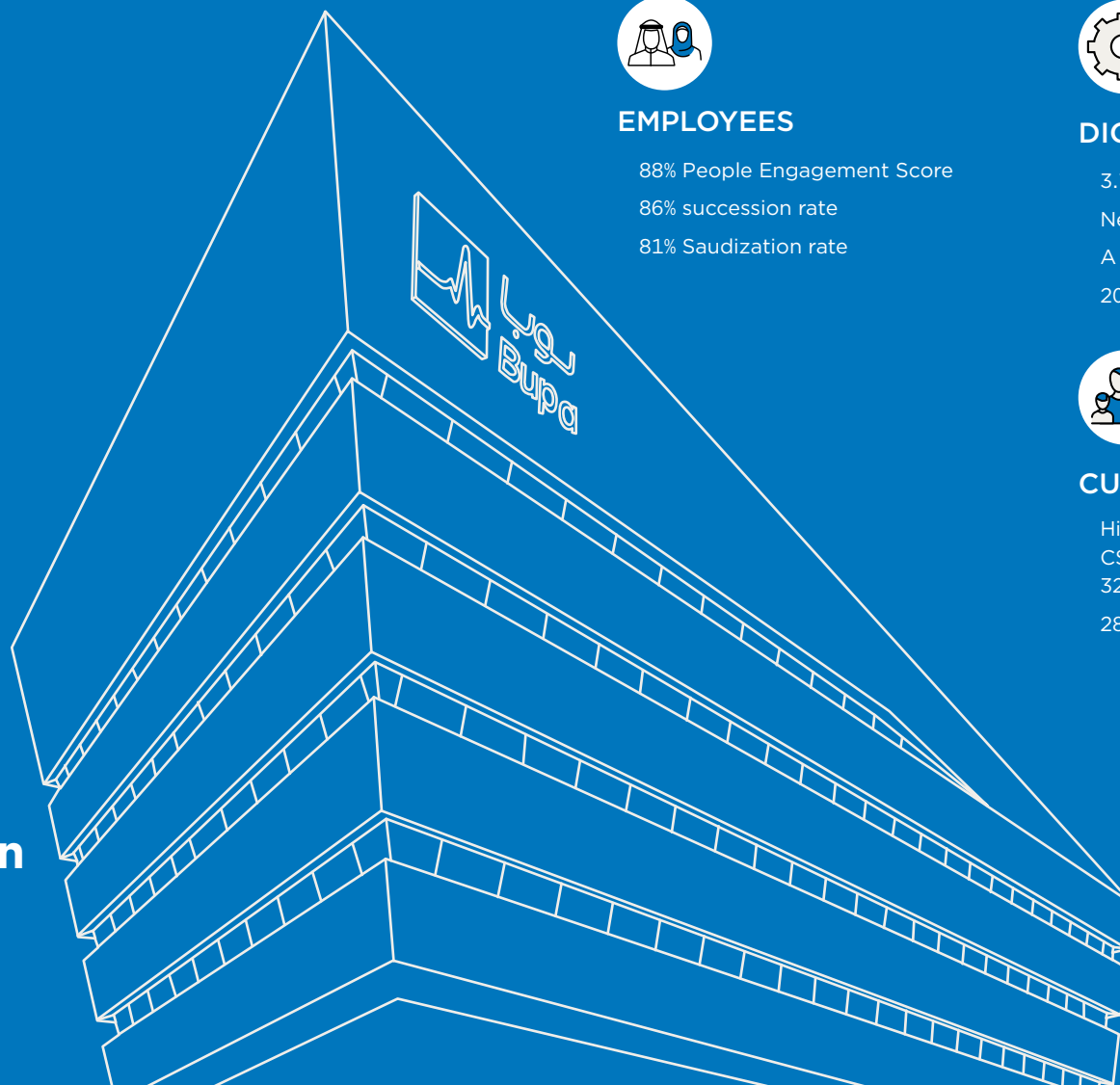
20 bots managed



## CUSTOMERS

High satisfaction with our services -  
CSAT score is 84% based on  
32,000+ interviews

28% market share in Saudi Arabia



# Strategic Framework

**Purpose** - Helping people live longer, healthier, happier lives, and making the world a better place.

**Ambition** - To be the world's most customer-centric healthcare company

## people Make the Difference

- Attracting, developing and retaining outstanding people and leaders
- Embracing responsibility and accountability
- Creating secure and healthy work environments
- Honoring diversity and promoting inclusivity

## Passionate about Our Customers

- Strengthening partnerships with our key customers
- Pursuing breakthrough differentiation and innovation across product and service portfolios
- Leveraging digitalization in customer service, claims administration, and operational enhancements
- Enhancing our sales channels, to ensure a seamless customer experience



## Strong and Sustainable Performance

- Accelerating net customer growth, revenue, and profitability
- Protecting and expanding our core customer base
- Strengthening risk management and controls
- Embedding corporate responsibility and sustainability, for mutual value creation
- Tightening data security

**Values** - Passionate, Caring, Open, Authentic, Accountable, Courageous, Extraordinary

## 1BUPA strategy

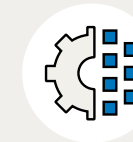
The 1Bupa Strategy, introduced in 2019, outlined six strategic pathways aimed at accelerating the Company's growth through 2023. Having reached the culmination of this journey, the 1Bupa Growth Strategy has guided the Company in upholding its value proposition, striving to excel in customer service. Consequently, 1Bupa not only surpassed its 2023 profit target, achieving SR 1.3 billion, but also earned the position of Most Valuable Insurance Brand in Saudi Arabia, by BRANDZ, and a place among the top 10 powerful brands\* in the Kingdom, thereby securing a leading position among insurance companies in the GCC region.

\* Received an award from "Brand Finance" for being among "Top 10 Strongest Brands"

## 1Bupa Arabia 2023 - Six strategic pathways



Protecting and Grow Core



Digital Transformation



Big Relationships



Investment Income



Pocket of Growth



Regulatory Partnerships

# External Environment and Market Dynamics



The insurance industry in the Kingdom remains on a growth path with a 25% growth against the last year. The increase in travel and Hajj/Umrah visitors will also have a positive impact on the insurance industry.

## Global economic uncertainty spurs insurance sector; Asia a key region of focus

The world economy faced several challenges in 2023. Growth slowed down, inflation stayed high, and central banks raised interest rates. The war in Ukraine and other events added uncertainty. The recovery from the pandemic was uneven, with some countries and sectors doing better than others.

Global GDP growth was revised down from initial projections, hovering around 3% in 2023, below the historical average. The global economy is expected to grow by 2.9% in 2024 and to 3.1% in 2025. However, elevated central bank rates aimed at combating inflation and reduced fiscal support due to high debt levels are putting pressure on economic growth. In most regions, inflation is declining more rapidly than anticipated, attributed to resolving supply-side challenges and the implementation of tighter monetary policies. Predictions suggest that global headline inflation will decrease to 5.8% percent in 2024, and further to 4.4% in 2025, with the 2025 forecast being revised downwards.

Economic policy uncertainty has pronounced impact on non-life insurance premiums than on life insurance premiums, emphasizing the sensitivity of economic risks covered by non-life insurance to uncertainty. This heightened global economic uncertainty has led to a downturn in the insurance industry at an overall.

Global insurers are increasingly turning their attention to Asia as a key growth engine, recognizing its pivotal role in the global economy. However, despite this focus, property & casualty (P&C) insurance in Asia only represents 20% of global premiums, with penetration remaining stagnant at 1–2%. The life insurance industry in Asia also faces growth deceleration, prompting insurers to recalibrate strategies amidst a growing divide between developed and emerging markets. Despite the challenges, the region's expanding middle class, technological advancements, and evolving health and retirement sectors offer significant opportunities for growth and innovation.

The COVID-19 pandemic has brought lasting transformations to global healthcare, accelerating the adoption of new technologies and care delivery models, while also highlighting the importance of sustainability and resilience. The sudden surge in patients during the pandemic spurred the efficient deployment of technologies such as telemedicine and electronic health records to address healthcare challenges. Digital technologies are now seen as crucial in reducing costs, adapting to changing demand patterns, addressing workforce shortages, and preparing for future health crises.

## Navigating transformation, resilience and challenges under Vision 2030

Amid the current economic landscape, Saudi Arabia is undergoing a notable transformation, strategically implementing reforms to reduce its dependency on oil, diversify its sources of income and enhance overall competitiveness. The past year marked a crucial juncture in the ambitious Vision 2030 initiative, symbolizing the midpoint of this transformative journey. This strategic undertaking reflects the nation's commitment to long-term economic sustainability and resilience.

The enduring narrative of Saudi Arabia's long-term economic growth continues to thrive, bolstered by a favorable policy environment, aligned with the Vision 2030 initiative's central focus on economic diversification.

The data from the General Authority for Statistics (GASTAT) reveals a notable contraction in Saudi Arabia's real gross domestic product (GDP) in 2023, registering a decline of 0.8% compared to the year 2022. Government activities exhibited growth of 2.1% year on year (YoY) growth. Conversely, oil-related activities faced a substantial contraction, declining by 9.2% YoY. These figures indicate the complexity of economic dynamics, with non-oil sectors showing resilience (with real GDP growth of 4.6%) while the oil sector faces challenges.

## 2024 economic outlook

For 2024, the Kingdom anticipates state expenditure to reach SR 1.25 trillion, while total public revenues are expected to remain robust at SR 1.17 trillion, resulting in a deficit of SR 79 billion, equivalent to -1.9% of its GDP. This outlook is supported by robust expansion in domestic non-oil sectors and the sustained high prices of international energy resources.

The Saudi economy is likely to grow by 2.7% in 2024, compared to its previous projection of 4%, a decline of 1.3%, according to the fund's "Global Economic Outlook. This growth is largely driven by an upswing in non-oil activities, propelled by private sector investments, resulting in job creation within the labor market. Additionally, employment opportunities are expected to emerge through various initiatives outlined in the Vision 2030 program.

The primary risk in 2024 lies in the potential onset of a global recession, triggered by policy interest rate increases in major economies to counteract inflationary pressures. If combined with subsequent supply-demand imbalances in global oil markets and the Israel-Palestine war, it has the potential to negatively impact the Kingdom's anticipated growth outlook.

## Insurance market in Saudi Arabia

The insurance industry in the Kingdom remains on a growth path, registering total gross written premiums (GWP) of SR 50.53 billion in the first nine months of 2023, reflecting a 25% growth against the same period last year. Specifically, within the health insurance sector, where Bupa Arabia operates, GWP expanded by 26% during the first nine months of 2023, reaching SR 30.28 billion. Insurance industry growth in Saudi Arabia is driven due to many factors such as regulations, enforcement, technology, giga projects, participation of women workforce etc.

There was sustained robust demand for digital solutions, supported by an expanded range of products and industry-wide digitization efforts, and backed by the Saudi Central Bank (SAMA). As a leader in digitization initiatives, Bupa Arabia is well-placed to capitalize on this and increase its market penetration.

Below is the year to date (YTD)-third quarter (Q3) 2023 overview of the insurance industry in Saudi Arabia.

GWP – Health insurance market

**26% increase ↑**  
in first 9 months of 2023

2023 – 9 months **SR 30.28 billion**

2022 – 9 months **SR 24 billion**

GWP – Total insurance market

**25% increase ↑**  
in first 9 months of 2023

2023 – 9 months **SR 50.53 billion**

2022 – 9 months **SR 40.28 billion**

**Gross written premium**

All Lines GWP

**SR 50.53 billion**

YTD Q3 2023

25% ↑

Health

**SR 30.28 billion**

YTD Q3 2023

26% ↑

Motor

**SR 10.88 billion**

YTD Q3 2023

45% ↑

Non-Health

**SR 20.20 billion**

YTD Q3 2023

25% ↑

**Expense ratios (LRs)**

All lines insurance expenses

5ppt ↓

**83%**

YTD Q3 2023

Health

3ppt ↓

**93%**

YTD Q3 2023

Motor

28ppt ↓

**87%**

YTD Q3 2023

Non-health

5ppt ↓

**81%**

YTD Q3 2023

Earning before zakat & tax

15.2% ↑

**SR 1,117 million**

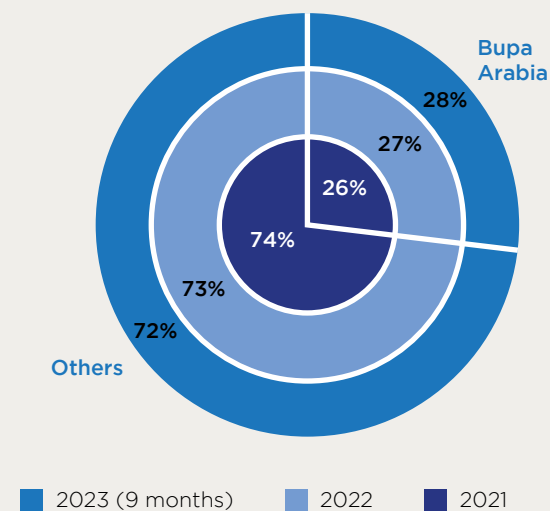
2023

**Market share overview 2023**

Note: Overall results from Q4 2023 have not been published yet.

As of YTD Q3 2023, Bupa Arabia held a 27.5% share in the overall insurance sector of Saudi Arabia. This is primarily due to its market leadership in the health insurance sub-sector, where Bupa dominates the market with a 46% market share. The comparative performance of the Company in relation to its peers in the industry is illustrated below:

**Total Insurance market share – on GWP basis**



## Health insurance industry 2024 outlook

In Saudi Arabia, the health insurance industry is thriving due to a growing population and strategic government funding. Forecasts predict a double-digit growth rate from 2024-2028, influenced by various factors such as regulatory measures, medical cost trends, population growth, economic diversification, and an increase in expatriate population. Despite the challenges posed by COVID-19, the sector has shown remarkable resilience, with the private sector actively bridging infrastructure gaps and improving service availability.

Below are key factors that will propel the health insurance industry forward:

### Macro and microeconomic factors

- The Saudi government's allocation of a SR 1.251 trillion budget for 2024 projects. Notably, there is an anticipated increase in budget spending for the health and social development sector, set at SR 214 billion in 2024, reflecting a 13.2% YoY rise.
- The number of insured lives has seen slight increase in 2023 from 11.5 million in Y2022 to at 11.8 million in Q3 2023.
- An increase in travel and Hajj/Umrah visitors will also have a positive impact on insurance GWP growth in 2023.

### Government initiatives and regulations

- Saudi Arabia is committed to making substantial investments in the health technology industry, which is evident in the allocated budget of SR 189 billion (USD 50.4 billion) for healthcare and social development in 2023. A significant portion of these funds will be directed toward digital health initiatives, aimed at enhancing the accessibility, effectiveness, and transparency of the healthcare system.

- A vital component of Vision 2030's strategic policies is public-private partnership (PPP). As an integral part of the Saudi government's vision for economic transformation and growth, PPP plays a key role in developing the comprehensive healthcare system, encompassing long-term care (LTC), rehabilitation services and healthcare infrastructure.
- In October 2023, Saudi Arabia announced a state-funded insurance plan for all citizens by 2026, providing lifelong coverage without renewals. By 2024, health cluster governance will shift to the Health Holding Company, signalling a major industry overhaul. The Health Minister anticipates a substantial SR 330 billion healthcare investment by 2030, with the sector's GDP reaching SR 318 billion and the private sector contributing SR 145 billion (-46%).
- The Insurance Authority (IA) commenced operations as the authorized regulator of the insurance industry in Saudi Arabia in November 2023.
- The Saudi Central Bank (SAMA) updated the compulsory motor insurance policy in early January 2023, aligning definitions, appendices, and exceptions with industry changes. The amendments transfer some recovery rights and introduce flexibility for third parties, allowing them to choose between direct cash compensation or vehicle repair.
- Implementation of the NPHIES system progressed significantly in 2023, impacting the cost structure of health insurance providers. Additionally, Saudi Arabia's health insurance industry has introduced new benefits to insurance coverage, enhanced claims processing standards, and data privacy laws.

## Market factors

- Saudi Arabia's healthcare sector has evolved with technology and research and development (R&D) advancements, magnified during the COVID-19 period. The focus on long-term care, rehab and home care (HC) aligns with demographic shifts, as the population above 60 is set to rise. As a result, the population above 60 years is expected to increase to 10.4% by 2030, from 4.5% in 2020. This shift will have a significant impact on disease patterns and the type of healthcare services required, thereby amplifying demand for specialized services.
- Medical inflation in 2023 averaged 15% but is anticipated to slightly lower down in 2024.
- A transformative shift is unfolding in Saudi Arabia, as artificial intelligence (AI) intersects with healthcare, revolutionizing medical diagnosis, treatment, and patient care. Locally driven AI start-ups are pioneering ground-breaking healthcare solutions, poised not only to serve Saudi Arabia but also to impact the global stage.
- Saudi Arabia's insurance sector grew by 25% YoY in the first nine months of 2023. However, it is expected to be significantly impacted by the rise in global inflation, leading to higher operational costs.





# Business Review

# Intellectual Capital



The focus of our technological evolution is to contribute to longer, healthier and happier lives for our customers. By staying ahead of industry trends, we aim to enhance the healthcare ecosystem, creating an environment that facilitates swift and efficient service delivery, and leverage technology in the fastest way possible, ensuring that our customers receive the care they need, promptly and effectively. Through strategic technological advancements, we are actively shaping the future of Bupa Arabia, prioritizing the well-being and satisfaction of our customers.

Our aim is to be more customer-centric and deliver services that meet the expectations of our customers. We have made significant improvements to our technology platforms, to provide a better experience for our customers. Furthermore, we have enhanced our internal processes through automation, added new services that improve the customer journey, and integrated features that support physical and mental health.

The intangible aspects of the business, including brand identity, product enhancements, and research and development, are all part of the intellectual capital component. Efforts to further build the brand and improve digital capabilities have come into focus, as Bupa Arabia looked to advance its intellectual capital during the year.

## Our brand proposition

### Marketing campaigns

**Bupa with you** - To promote our transactional services we created a series of videos to inform members on the multiple transactional services Bupa offers - under the slogan "Bupa with you".

### Large-scale campaigns

Bupa Arabia, a leading healthcare provider, is always keen to strengthen its position as a trusted and caring healthcare provider in the market. With this in mind, Bupa Arabia implemented several mega campaigns with a view towards boosting awareness of our brand.



### 1. Experience campaigns



A campaign was conducted covering Maternity, Child Vaccination and Chronic Care Management services, showcasing Bupa's seamless journey from virtual consultation to medication delivery and home lab tests - all done from the comfort of your home.

### 2. Aspirational



Bupa Arabia's Aspirational campaign seeks to adopt a deep emotional connection with its audience, positioning the brand as an example of trust and innovation in the healthcare sector, while ultimately improving the health and well-being of all people. Using a mix of traditional and digital channels, community engagement, and strategic partnerships, Bupa is beyond a health insurance policy which genuinely cares for our members - going above and beyond to cater to their needs.

### 3. Bupa Marathon



A key initiative under the Live Right program, Bupa Arabia hosted a marathon on 18 November 2023 in Jubail Industrial City, with the aim of promoting a healthy lifestyle. To support sustainability, Bupa donated 1,500 trees to the community across the kingdom in places in need.

**Unique value proposition:** Going beyond healthcare insurance, by providing services to help you live a longer, healthier, and happier life.

**Key Message:** With you in every moment

**Tagline:** With you for better health

### Digitally-powered healthcare

Technology transformation is pivotal to Bupa Arabia's overall business objective of caring for its members. Our technology strategy supports the business strategy and customer expectations of healthcare insurance, by understanding the business environment and long-term vision. By embracing diverse technology delivery models, making objective decisions, assessing and improving alignment, developing and implementing a road map and action plan, we adopt a customer-centric approach that differentiates and aligns the value proposition, customizes business processes and drives better value versus competitors. This not only improves customer experience

and satisfaction, but increases efficiency and productivity, enhances innovation and competitiveness, and reduces costs and risks.

As part of our strategic vision for the future of the organization, we focus on data and analytics, security tools and protecting the core. We adhere to new regulations and insurance authorities, offer services that focus on the health state and journey of our members, and enhance our working model and ecosystem to ensure that we deliver technological services in the best and fastest way to our customers.

### Digital initiatives in 2023

To appeal to a broad spectrum of clients, we expanded our range of services by introducing new features, including the Mental Health Podcast, a system for scheduling and managing blood donation appointments, and a symptoms checker. These enhancements were incorporated as part of an overall mobile app revamp. Additionally, our Tebtom services, accessible through the mobile app, provide valuable assistance to members on their healthcare journey.

Moreover, by integrating innovative healthcare technologies through unified communications and fostering a culture of ongoing improvement, Bupa Arabia has showcased its dedication to providing high-quality, patient-centric care. This commitment extends to remaining at the forefront of developments within the healthcare industry.

## Our impact

### Mobile app



We have revamped our mobile app with a focus on providing a seamless journey across all services. Our commitment to customer-centric innovation is evident in the introduction of new features such as member offer services: the Blood Donation Booking Appointments and Symptom Checker for comprehensive health assessment, and focus on member health state. Additionally, we have continuously improved our chatbot, by incorporating answers to frequently asked questions, reducing reliance on agents to a mere 15%. This not only streamlines internal processes but also enhances the customer journey, addressing both physical and mental health needs.

### Robotic process automation (RPA)



Our RPA initiatives have undergone a transformative journey to ensure an exceptional customer experience and operational efficiency. The results speak for themselves: a staggering 3.7 million app downloads, an impressive net promoter score (NPS) of 79, and a stellar app rating of 4.4.

### Technology collaborations and partnerships



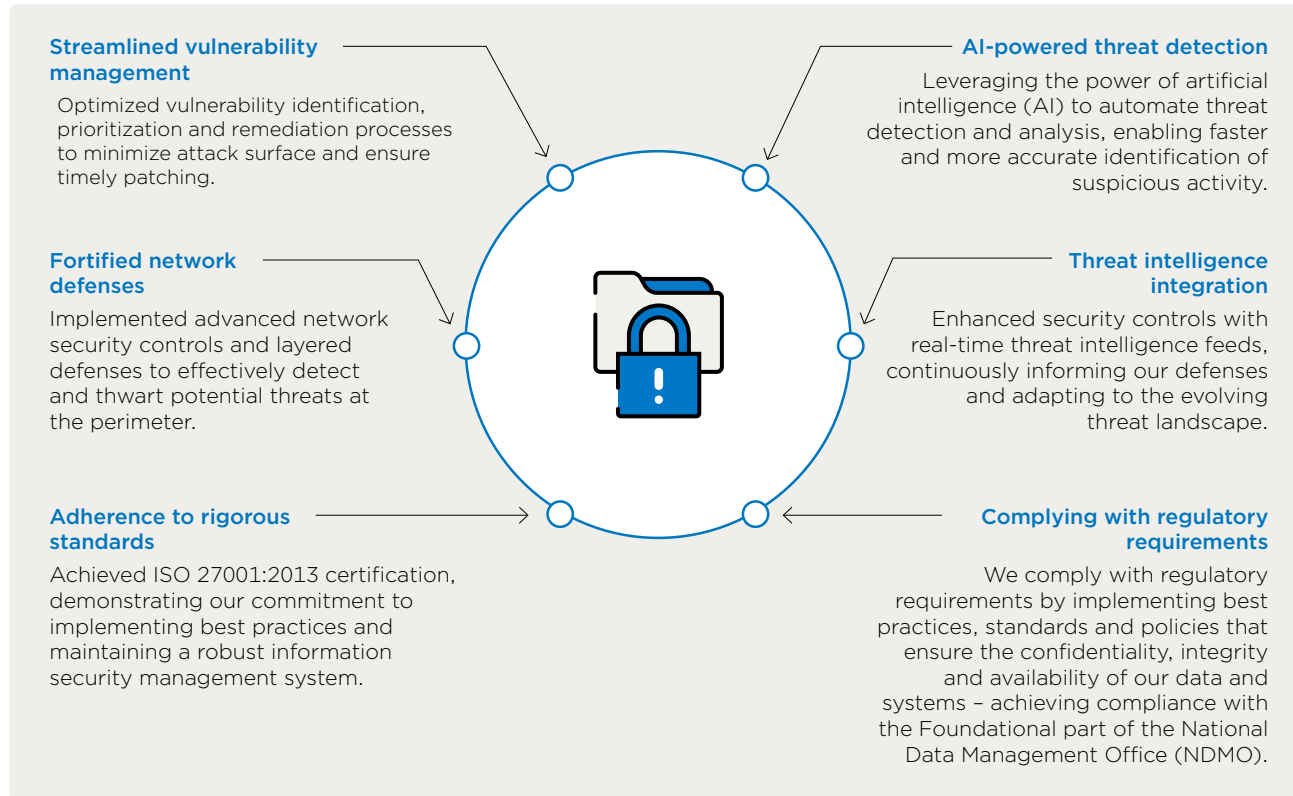
The implementation of projects related to regulators in the existing applications has prompted our teams to explore automation. This initiative streamlines processes and establishes a robust foundation for operational efficiency, ultimately contributing to a safer and more effective healthcare environment for our Bupa clients. Technology advancing capabilities in infrastructure, security, policies, and procedures, have acted as the backbone for digital capabilities and delivery. Notably, centralizing the project management office (PMO) and development pipeline has contributed to value-based delivery, both for regulatory requirement deliverables and business projects.

## Addressing cybersecurity

committed to cybersecurity, Bupa Arabia has implemented state-of-the-art solutions for both vulnerability management, and identity access management. Bupa

Arabia has strengthened its data center fabric with a best-in-class network security firewall that protects sensitive data and enhances operational cybersecurity readiness, ensuring business resilience and reliability.

We have implemented the following cybersecurity measures and protocols to safeguard customer data and ensure the privacy of sensitive information:



Staying at the forefront of industry best practices, we have fortified our governance framework and achieved certifications in service management, quality management and the security landscape. These certifications underscore our commitment to providing secure, high-quality services that meet and exceed our customers' expectations, and ensure the best healthcare experience and services for our members and stakeholders.

- ISO/IEC 20000-1:2018 certification for service management systems
- ISO/IEC 27001:2013 certification for information security management systems
- ISO/IEC 9001:2015 certification for quality management systems
- ISO/IEC/IEEE 90003:2018 certification for software quality management systems
- QS/ISO 10006:2017 certification for quality management in projects
- Data Center Certificate

# Customer Capital



Bupa Arabia's wide range of digital product offerings resulted in over 40,000 Tebtom Telemedicine Consultations, up 150% from 2022, with 3.7 million downloads of the Bupa App. Under our LiveRight Program, we also hosted a marathon and padel tournament.

## Customer experience enhanced through innovation and digitalization

We believe in fostering longer and healthier lives for our customers. Our strategy in achieving this is crafted by prioritizing customer needs, and revolves around delivering a distinctive customer experience through digitized solutions and services. Bupa offers a variety of healthcare solutions tailored to fit the different requirements of businesses and individual customers.

## Innovative and personalized digital product offerings

We embrace a progressive outlook on healthcare, ensuring our services are easily accessible with a simple click, recognizing the immense value of digital solutions to our members. Whether customers utilize Tebtom for a comprehensive array of healthcare services, Rahatkom for deserved hospital care or Bupa Live Right for optimal advice on leading a healthy life, our pioneering healthcare solutions are user-friendly, marking the beginning of a healthcare revolution in the Kingdom.

### Bupa Tebtom

- Digitized health service accessible via the Bupa App
- Over 40,000 Tebtom Telemedicine Consultations completed in 2023 with a 150% increase over 2022

### Bupa Rahatkom

- Provides a smooth and hassle-free hospital journey
- Medical Clinic waiting reduced by up to 50%

### Bupa LiveRight Program

- Enhancing the well-being of members and community with around 200 Live Right activities
- Hosted a Marathon and Padel tournament in 2023

### Bupa App

- 3.7 million downloads
- Net Promoter Score (NPS) of 79
- App Rating - 4.4
- Reached 146,000 Home-based medication refills in 2023 compared to 135,000 refills in 2022



A digital health service that is accessible via the Bupa App or the designated hotline, which connects members with the Bupa Tebtom team, supporting them throughout the healthcare journey. The program and its associated services were further enhanced during the year.

Bupa Tebtom has touched over 2 million lives to date, with its customer service team offering round the clock guidance and support, and the Telemedicine service enabling patients to consult doctors regardless of their location.

The Chronic Care initiative ensures ongoing care, medication delivery and blood tests for individuals managing chronic diseases. Maternity and Child Care services provide guidance to mothers throughout their pre and post-natal journey. Specialized International Services include International Second Medical Opinion (ISMO) services, catering to members in need of global diagnoses from renowned medical centers.

Wellness services are designed to enhance members' well-being and encourage the adoption of healthier lifestyles. Home Clinic, introduced in response to the COVID-19 pandemic, offers members medical care at their premises, encompassing nursing care, doctors' visits and physiotherapy. Tebtom Healthcare Delivery Services (HCDS) also broadened its scope to include low networks and initiated video teleconsultations.



Bupa Rahatkom is designed to ensure our members experience a smooth and hassle-free hospital journey. To date, the Bupa Rahatkom program has touched over 900,000 lives.

Bupa Hospital Delegates assists patients by guiding them through various processes, tracking their requests and expediting the approval process, thereby reducing clinic waiting times by up to 50%. The Continuity of Care service offers post-discharge guidance to patients, ensuring a seamless transition post-hospitalization.



The Bupa Live Right program is an amalgamation of engaging and interactive wellness sessions and activities crafted to enhance the overall well-being of our members and the community. Consisting of approximately 200 Live Right activities, the program emphasizes key areas including mental well-being, health lounges, prevention, fitness and weight loss programs.

During 2023, the Company hosted three main events:

- LiveRight Health Lounge events - We conducted over 200 health lounge events on client premises.
- Padel Tournament - Conducted in Riyadh and Jeddah in December 2023, this event successfully brought together both our corporate and individual clients, featuring 96 teams, and took place in Riyadh and Jeddah. The top three winning teams were honored with prestigious medals and trophies. The primary goal of this initiative was to establish a platform for social and sports interactions among customers, fostering positive employee participation and overall well-being. Moreover, as a part of the Company's commitment to environmental



sustainability, Bupa Arabia planned to contribute to the National Afforestation Program and the Kingdom's Vision 2030, by planting trees corresponding to the number of attendees at the tournament.

- Marathon – Conducted in November 2023, in collaboration with the Royal Commission for Jubail, the event took place in Jubail and featured two distance races, namely a 5 km and a 10 km run, attracting 1,500 participants. Bupa Arabia carried out several marketing activities as part of the tournament and as a part of our commitment to sustainability, the company pledged to plant over 5,000 trees across the Kingdom.

## Bupa App

Throughout the year, we undertook a significant overhaul of our mobile app to enhance customer experience and operational efficiency. By the end of the year, we achieved 3.7 million app downloads, a Net Promoter Score (NPS) of 79, and an impressive app rating of 4.4. Our revamped app now offers advanced features such as Blood Donation Booking appointments, an AI-powered symptom checker for comprehensive health assessment, and Mental Health audios, which have significantly raised our overall customer satisfaction levels.

Additionally, the Tebtom services, accessible through the mobile app, have been further enhanced during the year and offer valuable assistance to members on their healthcare journey, including the Telemedicine service, which recorded over 40,000 teleconsultation appointments in 2023 (up 150% from 2022). The home-based medication refills totalled 146,000 in 2023 (up 8% from 2022).

## Digitalization improvements made in 2023

The innovative and customer-centric improvements made to Bupa's digital channels include:

- Blood Donation Booking Appointments and Symptom Checker, which contribute to a comprehensive health assessment.
- Ongoing enhancements to the chatbot, featuring answers to frequently asked questions, which drastically reduced our reliance on agents to just 15%.

- Bupa Tebtom and Bupa Rahatkom were linked to Group Secretary (GS), a digital platform empowering customers to access information, initiate consultations, schedule appointments and manage health plans. GS employs advanced analytics to assist doctors and patients in making informed decisions about treatments, by leveraging the latest and most pertinent data. Additionally, human-centered design and user experience principles have been applied to enhance the usability, accessibility and satisfaction of customers with health care services. These products collectively increased efficiency and improved customer satisfaction levels.

## Bupa corporate customer packages

The Bupa Corporate customer program was designed for companies with over 250 employees. Offering fully customizable coverage schemes, the program provides immediate assistance to customers through the Bupa representatives, strategically stationed on-site at the largest hospitals across the kingdom, providing "customer at heart" value added services.

## Bupa Munsha'at

Bupa Munsha'at is one of the contributors to Bupa Arabia's GWP. The product, which was specifically tailored for SMEs, offers over 22 options under three customer focused programs. Additionally, the company was successful in concluding three product design cycles for Bupa Munsha'at, in preparation for its successor (Munsha'at 2.0)

## Bupa International Health Plan

The Bupa International health plans cater to business executives residing and/or working both in Saudi Arabia, and globally. The product provides access to a network of over one million healthcare providers, spanning 190 countries.

## Benefit Upgrade

This enables existing Bupa corporate main members, holding high end schemes, to easily upgrade their coverage online within a minute. Members can seamlessly perform

benefit upgrades directly through the mobile app or members portal, giving them full autonomy to make purchases themselves. They are granted a limited window of 30 days from the policy inception date, to initiate benefit upgrades.

## Bupa Family

Bupa Family was designed to cater to the different health insurance needs of Saudi families. There are currently two programs under Bupa Family, and we are preparing to add new programs to serve a wider customer base.

## Bupa Helpers

Bupa Arabia was the first to launch an individual health insurance product with benefits designed to address their health needs, without adding a financial impact on the policy holders.

## Bupa Parents

Exclusively designed for Bupa Arabia members, the product enables members to insure their parents directly through the website or the Bupa App.

## Bupa Expat Individuals

The program was introduced to address the health insurance requirements of second-degree dependents under the sponsorship of non-Saudi employees.

## Bupa Inbound Travel

Bupa Inbound Travel ensures the health and safety of individuals entering the Kingdom of Saudi Arabia, by addressing all the potential risks associated with travel.

## Bupa Premium Residency

Bupa Premium residency is a product designed for premium residents, whether they are applying from outside Saudi Arabia, or from within the country.

## Awards and recognition

We take great pride in the local and global recognition of our unstinting commitment towards excellence in the insurance industry and beyond.

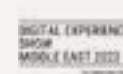
### Brand awards

- Best Insurance Brand - InsureTek
- Top 10 Strongest Brands - Brand Finance
- Top 20 Most Valuable Middle Eastern Brands - Brand Finance
- Top 30 Middle Eastern Leaders: Tal Nazer - Brand Finance
- No. 1 Most Valuable Insurance Brand (KSA) - Kantar BrandZ
- No. 9 Most Valuable Brand (KSA) - Kantar BrandZ
- Best Insurance Marketing Campaign - World Economic Magazine

- Best Digital Campaign - Digital Experience Show Middle East
- Best Digital Campaign - CIPD
- Best Health Insurance Company CEO Saudi Arabia 2023: Tal Nazer - World Economic Magazine
- Made the Top CEOs List in Saudi Arabia: Tal Nazer - Okaz
- Best C-Suite of the Year - Council of Health Insurance
- Women Leader of the Year: Dalal Al-Hamed - Council of Health Insurance
- Young Achiever of the Year: Osama Redaian - Council of Health Insurance

### General insurance awards

- Health Insurer of the Year - InsureTek
- Best Health Insurance Mobile App - World Economic Magazine
- Ranked 69 among Top 100 Companies in 2023 - Forbes
- Regional Healthcare Excellence - Digital Experience Show Middle East
- Health Insurance for the Year - Council of Health Insurance
- Best Customer Experience - Council of Health Insurance
- Digital Excellence - Council of Health Insurance
- Regional Healthcare Excellence - CIPD



# Human Capital



Bupa Arabia's HR functional purpose is to be the most admired healthcare company, by attracting, growing, engaging and retaining the best talent in the industry. This is underscored by a recruitment policy that ensures the development of employees' behavioral skills, the fine-tuning of technical skills by equipping them with the required knowledge, and the nurturing of leaders within our teams.

**Attracting talent**

**81%**

Saudization

**Retaining talent**

**7%**

Turnover

**Developing talent**

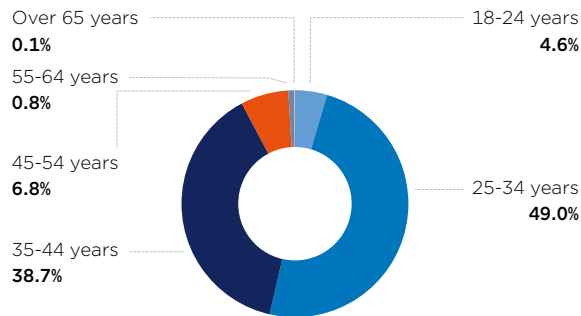
**86%**

Succession rate

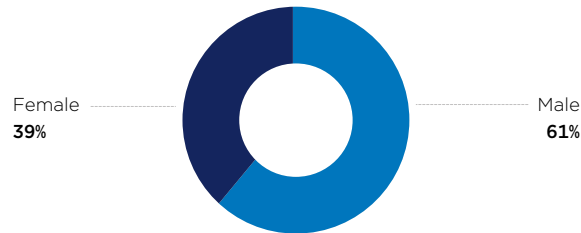
**Engaging talent**

**88%**

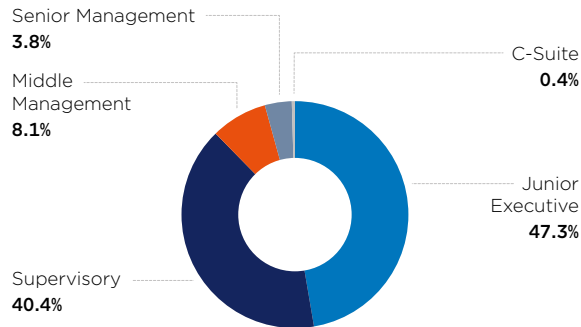
**Age distribution**



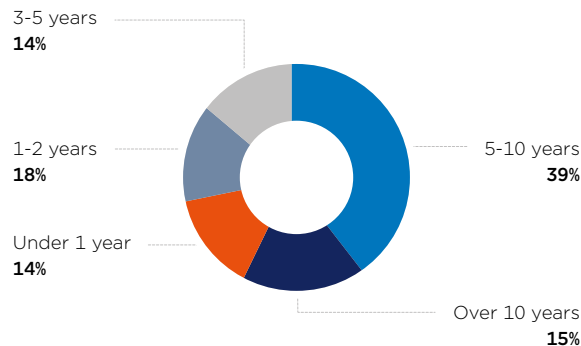
**Gender composition**



**Employees by category**



**Number of years of service**



Trainees/Interns		
Male	Female	Total
43	79	122

**Learning and development initiatives**

Developing talent is a key aspect of our strategic pillars, which drives Bupa Arabia's efforts to Identify, develop and empower our talent to enable succession and build future capabilities, with a key performance indicator (KPI) of 80% in confirmed successors of identified critical roles to be achieved by 2023. This is in line with the objectives of leadership development at the Company, which include boosting business performance, increasing succession, talent attraction and retention, and driving strategy execution.

Placing high importance on employee career development, we kicked off a Talent Discovery program that encompasses employee potential assessments and constructive actionable feedback from our HR personnel.

Additionally, we have implemented a blended learning approach that covers a framework consisting of 70% on-the-job training, 20% coaching and 10% traditional classroom/virtual training.

Bupa Arabia seeks out best-in-class partners to collaborate with, in order to provide our employees with effective training and offer top learning experiences, thereby ensuring that we deliver the best outcomes for our leaders.

Our mentorship initiatives are comprehensive and detailed in approach, employee-centered and highly effective in their results, supported by a proactive communication process and genuine interest in the well-being of our staff and their wider teams.

## Leadership development a key strategic priority

### Talent readiness:

**45%**

Accelerated talent readiness as a majority of our identified talents are “developing”

### Talent growth:

**80%**

Increased internal promotion in middle-senior leadership positions

### Talent turnover:

**7%**

Sustained high retention across leadership roles

### Leadership performance average rating:

**4.4**

Sustained high performance among leadership enabled by impactful development

### Number of leadership positions:

**266**

Consistent growth in leadership positions since 2017

## Training programs gather momentum

### Total hours of training for employees:

**65,000**

### Investment in employee training and development:

**SAR 8,104**

**16%** increase over 2022

## Various initiatives addressing all aspects of employee well-being results in high employee engagement score

Our focus on employee engagement was always to enable a performance driven culture where people feel motivated, engaged, and approach their job with positive energy to help enable our 1Bupa 2023 strategy. Our three-year aspiration from 2020 to 2023 was to reach an employee engagement score of 83% which is based on Glint the score of organizations considered as employer of choice. Based on glint the employer of choice engagement score has decreased from 83% to 80% during 2020 because of COVID-19 pandemic and its effect on employee engagement globally. But we at Bupa Arabia kept our aspiration and reached employee engagement score of 87% by 2023.

For year 2022-2023 we assigned our target at 88% as a step closer to reach our aspiration. We implemented a total of 38 different initiatives under the four categories as mentioned before (organization wide, department specific, region specific and low engaging leaders' initiatives). Each initiative had a specific purpose to serve with a different success metric, but all combined would help us reach our 2023 target.

Below showcases the breakdown of the 38 initiatives launched per engagement driver and its target set for 2023. Targets for each engagement driver were set based on the scores of employers of choice organizations. Please note that some of the initiatives had been repeated in count as it impacts more than one engagement driver (example growth project will impact fair treatment, personal growth & Career):

- E-sat: 10 initiatives with a target of 88%
- Company Prospects: 5 initiatives with a target of 84%
- Belonging: 10 initiatives with a target of 79%
- Sustainability: 1 initiative with a target 86%
- Customer Focus: 1 initiative with a target 82%
- Challenge Status Quo: 1 initiative with a target 74%
- Wellbeing: 13 initiatives with a target of 80%
- Manager: 2 initiatives with a target 86%
- Collaboration: 1 initiative with a target 72%
- Fair Treatment: 1 initiative with a target 85%
- Personal Growth: 1 initiative with a target 77%
- Empowerment: 1 initiative with a target 80%
- Meaningful Work: 1 initiative with a target of 87%
- Feedback: 1 initiative with a target of N/A
- Career: 1 initiative with a target of 76%
- Tools & Resources: 1 initiative with a target of N/A
- Encouragement: 1 initiative with a target of 81%
- Connection: 1 initiative with a target of 88%

All the previous targets were set to be reached within 1 year through implementing the 38 listed below initiatives:

1. **Employee benefits program:** collaborating with suppliers to provide discounted rates to employees on products and services that they buy on a daily, weekly, monthly, and yearly perspective. From hotel and flights to food and schools, it is purely driven from the spending habits of Bupa Arabia employees and their families.
2. **HR calendar:** an engagement calendar where all activities (fun, international day celebrations etc) are plugged throughout the year.
3. **The 1800:** a virtual town hall session to update all Bupa Arabia employees on their recent business update to keep exciting them on Bupa's future. We also utilize on the session to announce new HR programs.
4. **1Bupa strategy refresher:** to keep our people focused on our 1Bupa 2023 business strategy we conducted virtual multiple sessions to all Bupa Arabia employees where each business leader presents one of the six strategic pathway pillars.
5. **Saving program:** Contracting with several banks to provide a sustainable saving fund options with a favourable ROI to Bupa Arabia employees.
6. **Client based recognition:** Recognizing Bupa Arabia employees who are deployed at our client's premises, such as hospitals and client offices.
7. **Years of service recognition:** Celebrating and recognizing employees who completed 5,10,15,20 & 25 years of service at Bupa Arabia. Recognition is not only by awarding them a trophy we also pay a sum of money equivalent to the years of service.
8. **CEO culture awards:** Celebrate and recognize Bupa Arabia's employees outstanding cultural achievements based on 8 different categories (example mission possible award for challenging the status quo)
9. **Sustainability assessment and education program:** to be able to assess Bupa Arabia's status on ESG and how as an organization and people we can contribute to the environment and society in a governed manner. Another objective is to educate all employees on sustainability topic and how can they and the community contribute positively.
10. **Flexi-strategy:** Our Flexible Working Model is an added benefit for our people. Where it provides them with different degrees of flexibility by offering multiple policies. The priority is to give Bupa Arabia employees balance between their work life and their home/caring responsibilities, resulting in increased employee productivity, employee engagement and career longevity. The priority is to give Bupa Arabia employees balance between their work life and their home/caring responsibilities, resulting in increased employee productivity, employee engagement and career longevity. The flexi strategy had multiple policies under the following categories:
  - Flexi time: Flexibility that will be added to our current time options for the employees to be able to work in different time zones.
  - Flexi Leave: Flexibility that will be added to our current policies of leave to benefit our Bupa Arabia employees.
  - Flexi place: Flexibility that will be added for employees to be able to work from different physical places.
11. **Burnt out services (mental health):** Key aim of the initiative is to support employees & their families who are going through mental challenges driven from emotional, social, financial, professional, and physical causes. The program is offered through a partnership with KON who experts in their field. Our partnership with Kon provides our employees with a confidential service with individual assessments, comprising of counselling, coaching and workshops. Topics covered include relationships, parenting, career, personal development, entrepreneurship, well-being/employee engagement, content development, and retreats to individuals or organizations. The purpose is to reduce burnout, identify areas in employee's personal lives that may affect their productivity and motivation, and to understand and address any feeling of negativity among employees.
12. **People care program:** Supporting employees with medium-high chronic disease proactively by addressing their medical conditions, checking up on them consistently, and offer flowers for employees who are being hospitalized and/or had a newborn. This initiative is in alignment with Bupa Arabia's purpose of helping people live longer, healthier, happier lives we are providing our people with advanced medical issues a wholistic support system by:
  - Easier facilitation in hospital visits
  - Security in the workplace
  - Providing medical advice
  - Psychological support
13. **Parents insurance:** offering employees the chance to insure their parents under Bupa Arabia, by developing 4 benefits schemes to cater to all needs.
14. **Health lounge:** is a campaign we initiate twice a year to take care of employees and their families health and well-being. We have blood pressure and sugar checks, BMI check, optical, dental, general doctor consultations in addition to blood donation and flu/ meningitis vaccine completely free of charge. We have also brought in breast and prostate cancer awareness, derma awareness, smoking cessation, and blood tests for the tests that are not covered in the insurance.
15. **Health awareness session:** this is conducted on international days/months to create awareness on important medical aspects as breast cancer, mental health, and world pharmaceutical day:
  - a. Breast cancer day: this year, we are dedicating an event for our female employees that focuses on raising breast cancer awareness, reducing health risks, and fostering a healthy and happy life. We are providing mammogram x-rays for early detection, acknowledging the profound impact on our female employees' lives.

- b. **Mental health day:** to dedicate a one-day event to raise awareness on mental health for all BUPA Arabia's employees across all regions in partnership with KON which will be in charge of designing and implementing on-site workshops and informative content to be displayed in all company's screens and internal portals. The program will offer valuable insights into the world of mental health, showcasing unique challenges employees face, as well as useful tools to help deal with them. The program will include workshops, awareness materials, as well as group coaching happening simultaneously throughout the day at all locations. During Mental health day, we delivered a combination of wellness activities to promote recognized and practical health, anti-stress therapy, and clean-living practices, as follows: Kun Marathon - two experts will deliver pop-up visits across different departments to implement a 15-minute wellness activity including meet & great with the experts and group coaching.
- c. **World pharmaceutical day:** on the world's pharmacists' day, we engage our pharmacists to participate in offering pharmaceutical counselling services to all BUPA Arabia employees and we recognise them by celebrating their efforts.
- d. **Smoking cessation:** We organized awareness sessions led by our doctors to promote smoking cessation. Additionally, we provided consultation services to support our employees in their efforts to quit smoking.
- e. **Lunchbox health tips:** We organized online sessions to provide our employees with valuable tips on preparing nutritious meals for their children to take to school.
16. **Special medical care:** reactive support to our employees who need exceptional medical approvals to undergo a specific medical treatment not covered by the medical insurance policy locally and globally.
17. **The biggest winner:** is a program that encourages employees to take responsibility over their BMI or weight in a span of 2 months, supported by medical staff and nutritionist. In addition, we offer our participants special offers on healthy food subscription to continue their healthy journey.
18. **Smile workouts:** is a 2-month program of one-hour in-housework out sessions that occurs three times a week in Bupa Arabia's gym facilities, to promote a healthy lifestyle for employees. It encourages them to take an hour break, where they can go workout with professional trainers at the gyms in each of our offices.
19. **Celebrating international fitness days:** Where we hosted sessions across all Bupa Arabia premises in all regions.
20. **New year's celebration:** a celebration for employees to gather on the company's terrace and bring their favorite breakfast dish to share it with their colleagues.
21. **Saudi national day celebration (week of gratitude):** We organized a week-long initiative in celebration of Saudi National Day, featuring a unique cause for each day aimed at giving back to our country. Our campaign included various activities such as educational workshops to equip and empower orphans for their future careers. We also engaged in maintaining sustainable future by planting greenery and encouraging our employees to actively care for the environment. Collaborating with local contractors, our employees dedicated their time and skills to fix broken homes for people in need. To deepen our understanding of our nation's rich history, we arranged trips for our employees to visit historical landmarks across different regions. This provided them with valuable knowledge about our heritage and cultural legacy. Additionally, we showed support for our employees and their local businesses by hosting a bazaar within our company premises, creating a platform for them to showcase and promote their products and services.
22. **Foundation day:** We have arranged our office spaces with diverse regions of Saudi Arabia, showcasing their unique themes and allowing people to immerse themselves in the rich culture. Additionally, we have extended invitations to productive local business owners to participate in selling a variety of high-quality products, adding to the overall experience and productivity of our space.
23. **Sign language training:** to establish a partnership with an institution to provide sign language training for a selected number of hospital delegates across all regions to gain new skills to communicate with people with hearing/speech difficulties.
24. **Back to school event:** In recognition of the importance of our employees' families, we dedicated a day during the initiative for our employees from all regions to bring their children to the office to get a glimpse of their parents' job routine, participate in a range of enjoyable activities, and receive exciting giveaways. We encouraged our employees to donate school supplies for orphans across the country.
25. **Ice cream day:** this summer, our employees enjoyed ice cream and healthy refreshments every Thursday for nine weeks under the theme "beat the heat". this initiative was valuable to boost our employees' engagement and acted as a great refresher in this hot summer.
26. **Labour Day:** We expressed our appreciation for the hard work of our employees and honored their valuable contributions by gifting them vouchers as a token of our appreciation.
27. **Tournaments:** padle, ping-pong, cricket, and football tournaments offer an outlet for physical activity, leading to improved fitness, stress reduction, enhanced mood, and overall wellness.

28. **Enabling inconsistent leaders:** tailoring specific KPI's and action plans for 73 leaders who are having inconsistent engagement scores across multiple cycles to help them address the challenges and enable them to overcome it.
29. **Riyadh specific engagement strategy:** a main driver to our 1Bupa 2023 business strategy is how to gain more market share and have stronger presence, as HR team we had to develop a region-specific plan on how we can enable the business strategy. Five key pillars are considered in the design of the Riyadh framework and operating model: customer segmentation, product design, distribution channels, provider management, and service operations.
30. **Riyadh office opening:** this year, we launched our new office in Riyadh located in KAFD, an exemplary workspace for many reasons: it is the future business hub in the middle east, to promote brands and accelerate market growth, most clients are in KAFD, it is a sustainable city that supports our ESG efforts.
31. **Eid celebration:** we welcomed our employees back from the holiday by celebrating and receiving exciting giveaways. Our employees had the choice to share their pictures with their families while celebrating a festive breakfast and got a chance to win thoughtful prizes.
32. **Cultural diversity day:** to promote cultural diversity and support the cause, we invited our employees for an inhouse festival to showcase their hometown culture and traditions by bringing food, clothes, antiques pieces, or anything that represents their culture.
33. **Independence Day communication:** At BUPA Arabia, inclusion holds significant importance as we place great emphasis on recognizing the Independence Day of all nationalities. We demonstrate this commitment by actively engaging in internal communication efforts and sharing these celebrations across our internal platforms.
34. **Father's Day:** we recognised and honoured all the dads at BUPA Arabia by offering a voucher for every father across all regions to enjoy a free meal with their kid at a well-known restaurant to strengthen the bonds between fathers and their kids.
35. **HR connect:** quarterly regional roadshow where employees from each HR department travel to the regional offices to support employees need instantly.
36. **Health insurance for orphans:** we cover all orphans from registered orphan care homes in all regions of Saudi Arabia.
37. **Mentorship program:** The main objective of this initiative was to support our low engaging leaders in the development and transformation of them to become high engaging leaders within the organization. This positive change will impact how we attract, retain, develop, and engage our people within the organization. This will be done through connecting mentors and mentees in a platform with a guided framework to exchange in four different sessions best practices and advises.
- Growth 2.0:** Continuation of the exceptional implementation of phase 1 of the project where we contracted Korn ferry Hay group to support the design of the new grading structure and benchmark our salaries vs. market.



# Environmental, Social and Corporate Governance (ESG)



In 2023, we established a comprehensive sustainability framework based on 6 pillars, and an ESG steering committee, to oversee our ESG activities. We achieved 88% employee engagement in our internal activities, and carried out various community and environmental initiatives across the country.

## Sustainably spearheading the healthcare industry

Environmental, social and corporate governance (ESG) constitutes a set of non-financial performance metrics designed to assess an organization's collective awareness and dedication to its stakeholders, as well as its impact on the environment and communities within its operational sphere.

As a prominent player in the healthcare market in Saudi Arabia, Bupa Arabia is committed to incorporating ethical and sustainable practices and methodologies that adhere to global standards, all while actively supporting the objectives of Saudi Vision 2030 and aligning with the 17 United Nations Sustainable Development Goals. The Saudi Vision serves as a guide to ensure that sustainability is a core principle integrated into all facets of the Kingdom's endeavors. Our dedication extends to the integration of sustainability across all levels of the organization, emphasizing a meaningful influence both on community members and the environment.

Bupa Arabia is committed to becoming a role model for Sustainability and ESG within the Saudi private sector. The company firmly believes in proactively contributing to a positive impact on the environment, to our people and our community. To spearhead this commitment, the ESG Steering Committee was established in 2023, under the sponsorship of the Chief HR Officer and co-sponsorship of the Chief Risk Officer. This committee, led by various key members of Bupa Arabia's Senior Management Team, focuses on driving the sustainability journey. Its responsibilities include formulating, developing and monitoring a comprehensive sustainability framework.

The company's sustainability framework has 6 strategic pillars that addresses the three domains of ESG, which are articulated under the following objectives:



## Supporting our local communities

Our corporate social responsibility (CSR) initiatives – exemplified by our Orphans Free Health Insurance program, Live Right activities, diversity and inclusion efforts, internship programs, and collaborations with the Ministry of Human Resources and Social Development (MHRSD), the Human Resources Development Fund (HRDF) and various universities - play a significant role in elevating the skills and competencies of recent graduates. This strategic approach effectively prepares them for expanded job opportunities, a commendable endeavor contributing to their professional growth. We also conducted mental well-being programs, to help our employees manage their professional, social and personal lives. Furthermore, we were involved in social welfare activities in the community, by donating to orphanages and our employees volunteering for our community well-being programs.

Initiative	Description
<a href="#">Collaboration with the Ministry of Human Resources and Social Development (MHRSD)</a>	<ul style="list-style-type: none"> <li>Free health insurance program since 2011.</li> <li>2,058+ orphans benefitted.</li> <li>Annual Ramadan campaign.</li> </ul>
<a href="#">“Nurturing Talent” program</a>	<p>By partnering with 10 universities, we have crafted a program aimed at providing the best students with valuable work experience, simultaneously enriching their academic knowledge and honing their practical skills. We provided training to 317 graduates, with 112 of them subsequently securing full-time employment within our organization.</p>

Initiative	Description
<a href="#">Donations and volunteer programs</a>	<ul style="list-style-type: none"> <li>Donations from employees amounting to SR 77,500 plus SR 600,000 from Bupa, were used to provide electrical appliances to orphans who got married.</li> <li>Encouraged employees to donate backpacks, notebooks and other school essentials during the Back to school campaign.</li> <li>Clothes’ donation: 230 employees joined the volunteering program and collected around 8,100 donations.</li> <li>Visiting orphanages as part of the volunteering program</li> </ul>
<a href="#">Smile Health Lounge</a>	<ul style="list-style-type: none"> <li>Over 800 employees across four offices, with their family members, got their annual check-up done.</li> <li>Flu vaccines were given to 600+ employees and family members.</li> <li>400 employees donated blood to patients in need.</li> </ul>
<a href="#">Disability Day and special gathering</a>	<ul style="list-style-type: none"> <li>Kids with disabilities were invited to join in the Children’s day celebration held in our offices, giving them equal opportunities and fostering a sense of belonging among all participants.</li> <li>Bupa Arabia also hosted a special gathering for people with disabilities to provide a welcoming and inclusive space for individuals to socialize, and connect.</li> <li>A gathering was also hosted for foster families, to promote a sense of community through the exchange of experiences, while providing a supportive environment.</li> </ul>

Initiative	Description
<a href="#">National Day CSR campaign</a>	<p>Our celebration this year for Saudi National Day was different. We carried out a campaign with a bundle of initiatives over five days, to give back to our community.</p> <ul style="list-style-type: none"> <li>We first supported our orphans with CV writing and skills on succeeding at interviews.</li> <li>We also reconstructed houses of less fortunate families.</li> <li>We planted 1,000+ plants across our offices</li> <li>We supported our productive people by hosting a local bazaar to showcase their products!</li> </ul>
<a href="#">Burnt-out services (mental health)</a>	<p>The primary objective of this initiative is to assist employees and their families facing mental challenges arising from emotional, social, financial, professional and physical factors. The program, delivered in collaboration with KON (experts in this field), provided coaching sessions to 300 employees and 55 of their family members availed this service, via 50 coaching packages. Remarkably, 75% of those who underwent coaching reported a positive impact on their lives. The initiative survey received an impressive rating of 5/5, with the coaching team excelling with a perfect 5/5 score.</p>

## Preserving the environment

In the launch of its first-ever Marathon in November 2023, Bupa Arabia made a significant milestone in its commitment to promoting wellness and the “Healthy City” concept. Bupa sponsored the planting of 5,000 trees across the Eastern region for all 1,500 participants joining this marathon. The Company invested SR 350,000 in this project, supporting the Saudi Green Initiative to achieve climate goals. In collaboration with Nabatik, the first climate technology startup provides solutions through urban tree planting. This initiative will help us offset 50 tonnes of carbon emissions this year, and will continuously increase throughout the lifespan of each tree. We utilized intelligent solutions such as the 4th Industrial Revolution (4IR) technology in planting, monitoring, and maintaining trees, ensuring high efficiency and accuracy. Tree planting is ongoing and expected to be completed by 2024.


Our mobile app continuously helps in minimizing our carbon footprint with more clients availing virtual consultations and other mobile app services.

- Telemedicine - 88,000 virtual consultations
- Home Delivery medication refill - 146,000
- Home based labs for routine blood test
- Home based flu vaccination

One of the important steps Bupa undertook in minimizing our environmental impacts was relocating our Riyadh office to our new building in KAFD. This office, which is a LEED platinum certified Neighborhood Development, is recognized by the US Green Building Council (USGBC). Moving to this new location in Riyadh has reduced our energy consumption in Riyadh by 42%, as a result of the following sustainable facilities:


- Sustainable chiller system for cooling which uses water as a refrigerant instead of gases which have a high global warming potential (GWP)
- Implementing a building management system (BMS) that effectively controls heating, ventilation and air conditioning (HVAC) and lighting;
- Additionally, within the workplace, presence sensors are in operation to automatically switch lights off during periods of inactivity.

Several of our existing initiatives are focused on the effective management of water and electricity consumption.



### Water

Sensor faucets and automatic dispensing machines installed for soaps and tissues



### Electricity

LEDs used instead of traditional light fixtures replaced LEDs and water aerators incorporated at sales branches

Timers are integrated into air conditioner and lighting systems across all Bupa Arabia buildings, thereby contributing to the reduction of building operation hours and energy consumption

## Building strong and inclusive relationships with various stakeholders

### Employment relations and diversity

Insurance companies such as Bupa Arabia are anticipated to play a role in enhancing social well-being by championing diversity and inclusion, actively supporting local communities, and ensuring equitable treatment of both customers and employees. This commitment remained a key focus for the year 2023.

Focus Area	Achievement
<p><b>Diversity and inclusion</b></p>	<p>The key performance indicator (KPI) increased to 40% in 2023, from 36% in 2022. Although this KPI is expected to be achieved by 2024, Bupa is already at 39.4% as of the end of December 2023.</p> <p>Number of nationalities employed – 25</p> <p>Number of employees with special needs – 15</p>
<p><b>Talent councils</b></p>	<p>The semi-annual talent councils: involving Operations, Sales, Risk and Finance teams, conducted in the presence of the Chief Executive Team (CET) and selected Senior Manager Teams (SMTs), supported by the HR Leadership Teams - have proven instrumental in addressing various challenges. This collaborative effort has significantly enhanced employee morale and overall interactions, fostering improved relations with senior management.</p>
<p><b>Talent development</b></p>	<ul style="list-style-type: none"> <li>■ In 2023, we initiated a new leadership program “Transformational Leader”, in which 29 Directors participated. The objective of this immersive program is to address crucial aspects of strategic business transformation, to not only enhance the skills of the participants but also cover customer strategy and digital transformation aspects.</li> <li>■ Onboarding experience now expanded up to 6 months of learning activities.</li> <li>■ The online training platform is now built internally, which provides the Company with a competitive edge, improves operational efficiency, and drives business growth.</li> </ul>

Focus Area	Achievement
Women empowerment	We achieved a 39% overall representation, with 18% holding leadership roles and a notable 35% being promoted within the current year from the overall headcount.
Employee Engagement Activities	<p>Achieved 88% engagement in Pulse survey.</p> <p>Six additional individualized drivers were used to measure engagement in 2023: meaningful work, feedback, career, tools &amp; resources, encouragement, and connection.</p> <p>Several engagement activities and celebrations carried out to promote cultural diversity and inclusion in the Company such as Cultural Diversity day, Foundation &amp; Saudi National Day, Labor Day, various tournaments, sign language training, Eid Celebration, HR Connect (HR team visits to the regional offices) and The 1800 (virtual town hall session with all employees).</p>
Well-being	<ul style="list-style-type: none"> <li>Smile workouts: 232 employees joined a two-month program where we had hourly inhouse workout sessions conducted three times a week with a professional trainer. These were held at Bupa Arabia's gym facilities to promote a healthy lifestyle for employees.</li> <li>Celebrating international fitness day: We hosted sessions across all Bupa Arabia premises in all regions. Around 370 employees participated and enjoyed multiple yoga sessions during the working hours.</li> <li>Health awareness session: This is conducted on international days/ months to create awareness on important medical aspects as breast cancer, mental health, and world pharmaceutical day</li> <li>SMILE healthy bodies campaign: A total of 230 employees across all regions participated in the campaign.</li> </ul>

Focus Area	Achievement
	<p>Tournaments: padle, ping-pong, cricket, and football tournaments offer an outlet for physical activity, leading to improved fitness, stress reduction, enhanced mood, and overall wellness:</p> <ul style="list-style-type: none"> <li>Padle: Around 480 employees across all regions participated in the Padle tournament.</li> <li>Ping-pong: About 270 employees across all regions participated and competed against each other for the grand prize.</li> <li>Cricket: 100 employees in Jeddah teamed up and participated in the cricket tournament.</li> <li>Football: 25 employees represented BUPA Arabia and played against representatives from other companies.</li> </ul>

### Educating the community and providing multiple solutions to small and medium enterprises (SMEs)

Bupa Arabia has initiated a range of programs aimed at enhancing access to insurance for everyone. These initiatives include the implementation of instalment payment options tailored for micro-SMEs and individuals, as well as the introduction of supplementary flexible financial solutions catered specifically to SMEs. Further, we provide local SMEs with the chance to participate in bids as a means of fortifying relationships. Our goal is to accomplish this by actively supporting their growth and advancement, coupled with the implementation of more robust motivational strategies.

The Company has also given precedence to promoting insurance literacy and awareness, ensuring that clients are equipped with all the necessary information to make well-informed decisions. Some initiatives taken to achieve this included:

#### Digital Resources

The Company offers intuitive online platforms and mobile applications equipped with informative content, frequently asked questions (FAQs), and interactive tools, aimed at educating stakeholders about insurance and empowering them with knowledge.

#### Collaborative Workshops

Bupa Arabia organizes Health Lounges, on-site workshops, and Zoom workshops, with the goal of enhancing insurance literacy. Our efforts involve partnering with healthcare professionals, industry experts, and community organizations, to deliver informative sessions.

#### Tailored Communication

We provide tailored communications, including newsletters and guides, to ensure stakeholders have a thorough understanding of their insurance plans and benefits.

## Building community relations and strengthening partnerships

At Bupa Arabia, we regard our business partners and suppliers as crucial contributors to the success of our business. Consequently, the Company has emphasized cultivating and sustaining robust relationships with them, particularly within local communities. Bupa Arabia has actively implemented the strategies listed below to ensure the sustainability and resilience of its supply chain, yielding significant results since its inception:

- In 2023, an updated Supplier selection policy was approved, where it introduced environmental, social and local content considerations for:
  - **Green procurement.** We gave pricing preference for sustainable products and environmentally conscious behavior for all vendors.
  - **Social impact.** We satisfied the company's CSR obligations, by involving diverse groups of vendors in bids and RFQs, and making vendors exercise responsible management of their supply chain. Around 16% of all onboarded new vendors in 2023 were female-owned businesses.
  - **Economic consideration and local content.** Having an established BCM plan, we applied 5% pricing preference for vendors with local content certificates, including certified SMEs in all bids. A total of 29 new SMEs onboarded in 2023

## Engagement with investors

The Annual General Meetings (AGM) function as a consistent platform for communication between the Company and its shareholders. Additionally, the CFO and Chief Business Development Officer (CBDO) conduct quarterly webcasts and earnings announcements, furnishing comprehensive information to the investor community regarding Bupa Arabia's recent financial performance, as well as insights into the latest trends and their subsequent impacts on the insurance market.

The background of the slide is a photograph of a business meeting. Several people are gathered around a table, looking at and interacting with various electronic devices. One person in the foreground is using a tablet, while another is pointing at a laptop screen. The scene is brightly lit, suggesting a modern office environment.

# Annual Board Report 2023





# Financial Review





Bupa Arabia continued to maintain a steady growth pace in 2023, further supported by the healthcare insurance sector recovery.

2023 saw a broad recovery in the healthcare insurance sector from 2022 with notable growth in premiums and contribution figures despite a surge in medical inflation and claims. Results were further supported by strong investment income results which benefited from the high interest rate environment.

Bupa Arabia continued generating stellar financial results in 2023 with a 20% growth in GWP to SR 16.7 billion, and 15.2% growth in profit before zakat and tax to SR 1.12 billion.

Insurance revenue

**SR 15,887 million**

Insurance revenue growth

**+23.4% YoY**

Gross written premiums

**SR 16,668 million**

Insurance services expense

**SR 14,994 million**

Insurance services results

**SR 893 million**

Net insurance services results

**SR 865 million**

Net profit before zakat and tax

**SR 1,116 million**

Net profit before zakat and tax growth

**+15.2% YoY**

Earnings per share

**SR 6.29**

Dividend per share (for FY 2022)

**SR 3.6**

Cash and cash equivalents

**SR 1,255 million**

Term deposits and Investments

**SR 12,057 million**

## Revenues and segment contribution

Bupa Arabia maintained its market leadership position within the healthcare insurance sector. In addition to healthy increases in new members, GWP growth was driven by price increases to minimize the impact of unprecedented medical inflation levels.

Bupa Arabia has witnessed double-digit growth across the corporate and SMEs portfolios while continuing to have a customer base that is more dominant in the corporate sector.

Gross written premiums

**19.95%** ↑



Insurance revenue

**23.42%** ↑



Insurance service results

**33.91%** ↑

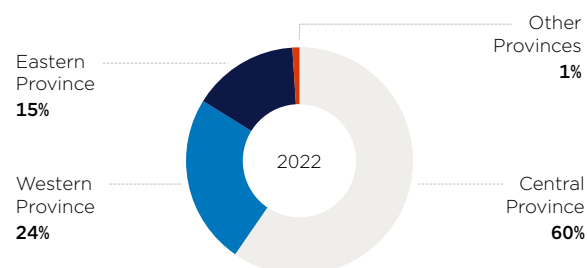
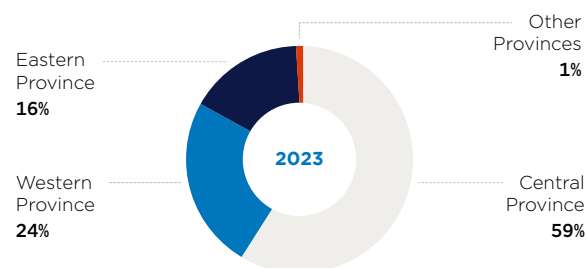


Net insurance service results

**35.66%** ↑



## Geographical analysis of gross written premiums



## Costs and earnings

Similar to last year, 2023 continues to show a surge in insurance service expenses driven mainly by medical claims. Despite that, the insurance revenue has increased in a similar manner to catch up with this influx of claims.

Separately, net profit before zakat and tax grew by 15.2% which was principally driven by business growth and increase in insured lives.

Insurance services expense

**22.84%** ↑



Net income before zakat and tax

**15.22%** ↑



## Return to shareholders

In 2023, Bupa Arabia reported a 16.70% growth in earnings per share (EPS) to SR 6.29 compared to SR 5.39 in 2022, supported by record earnings. Moreover, the Board of Directors has approved dividend distribution of SR 3.6 per share for the fiscal year 2022.

Earnings per share

**16.70%** ↑

2023	SR 6.29
2022	SR 5.39

Net Investment Results

**-7.04%\*** ↓

2023	SR 513 million
2022	SR 552 million

Dividend per share

**-20.00%** ↓

2022	SR 3.6
2022	SR 4.5

\* Investment income is lower from last year by 7% owing to a one off equity sale transaction in 2022 that resulted in substantial capital gains. As far as recurring income is concerned, investment income in 2023 remained higher owing to prevailing higher rates.

In 2023, Bupa Arabia issued its first Consolidated Financial Statements under the new standards IFRS 17 “Insurance Contracts” and IFRS 9 “Financial Instruments” as endorsed in the Kingdom of Saudi Arabia. Bupa Arabia was one of the first companies globally to publish its IFRS 17 and IFRS 9 results. Therefore, due to the changes we are showing below a three-year summary under IFRS 4 (for the previous years before 2022) and a two-year summary under IFRS 17 (for the years 2022 and 2023).

## Three-year summary - IFRS 4

Statement of operations (12 Months)	2019 SR '000	2020 SR '000	2021 SR '000
Gross written premiums (GWP)	10,410,868	10,447,353	11,382,194
Net earned premiums (NEP)	9,371,291	10,734,482	10,617,715
Total revenue	9,630,246	10,979,020	10,920,727
Gross claims paid	7,655,078	8,262,050	9,114,251
Net claims incurred (NCI)	7,749,297	8,719,928	9,046,569
Total expenses	1,101,460	1,355,283	1,085,117
Surplus from insurance operations	668,341	801,410	583,469
Shareholders' net income before zakat and income tax	712,654	823,669	730,701
Loss ratio	82.69%	81.23%	85.20%
Earnings per Share (EPS)*	3.98	4.66	4.18

\* EPS were adjusted retrospectively for the increase in outstanding shares due to the issuance of bonus shares in 2022.

## Two-year summary - IFRS 17

Statement of operations (12 Months)	2022 SR '000	2023 SR '000
Gross written premiums (GWP)	13,896,883	16,668,744
Insurance revenue	12,873,111	15,887,715
Insurance service expense	(12,206,033)	(14,994,432)
Net expenses from reinsurance contracts held	(29,450)	(28,246)
<b>Net insurance service result</b>	<b>637,628</b>	<b>865,037</b>
Net investment results	552,134	513,276
Income attributed to the shareholders before zakat and income tax	969,163	1,116,679
Earnings per Share (EPS)*	5.39	6.29

\* EPS were adjusted retrospectively for the increase in outstanding shares due to the issuance of bonus shares in 2022.

## Summary of financial position (assets) - IFRS 4

Assets	2019 SR '000	2020 SR '000	2021 SR '000
Cash and cash equivalents	665,709	633,251	960,758
Term deposits	5,063,976	2,796,547	3,093,720
Investments	1,840,832	6,029,446	5,703,773
Prepayments and other assets	276,643	85,086	113,254
Premiums receivable - gross	1,886,564	1,542,567	1,992,656
Allowance for doubtful premiums receivable	-197,187	-222,524	-231,356
Premiums receivable - net	1,689,377	1,320,043	1,761,300
Reinsurer's share of unearned premium	20,625	20,108	27,935
Reinsurer's share of outstanding claims	5,190	7,936	15,036
Deferred policy acquisition costs (DAC)	134,022	68,214	201,042
Amount due from insurance operations	-	-	-
Goodwill	98,000	98,000	98,000
Tangible and intangible assets (prev. furniture, fittings and equipment)	225,686	265,977	249,664
Accrued interest on statutory deposit	10,820	13,806	14,885
Statutory deposit	120,000	120,000	120,000
Deferred tax asset	30,216	37,941	39,735
<b>Total assets</b>	<b>10,181,096</b>	<b>11,496,355</b>	<b>12,399,102</b>

## Summary of financial position (assets) - IFRS 17

Assets	2022 SR '000	2023 SR '000
Cash and cash equivalents	1,287,961	1,255,896
Reinsurance contract assets	28,155	74,090
Prepaid expenses and other assets	410,519	475,475
Term deposits	6,406,848	7,223,011
Financial assets at amortized cost - net	526,188	587,360
Financial assets at fair value	2,852,234	4,246,757
Fixtures, furniture and equipment - net	63,643	69,879
Deferred tax asset	40,511	38,609
Due from related parties	3,316	-
Right-of-use assets - net	165,947	143,388
Intangible assets - net	65,413	67,236
Statutory deposit - net	149,961	149,960
Accrued income on statutory deposit	16,235	8,690
Goodwill	98,000	98,000
<b>Total assets</b>	<b>12,114,931</b>	<b>14,438,351</b>

Bupa Arabia's total assets have seen a steady growth, reflecting its strong and expanding business activities. Total assets in 2023 grew by 19% to SR 14.4 billion with a strong net insurance service results reflected in the increase in investments and in term deposits.

## Summary of financial position (liabilities and equity) - IFRS 4

Liabilities	2019 SR '000	2020 SR '000	2021 SR '000
Unearned premiums (UEP)	4,376,219	4,023,331	4,709,555
Outstanding claims provision (OCP)	1,627,708	2,109,319	2,111,455
Reinsurance balance payable	54,413	4,873	25,397
Accrued expenses and other liabilities	545,028	816,062	882,393
Amount due to shareholders' operations	-	-	-
Policyholders' share of surplus from insurance operations	168,454	200,391	190,060
Accrued zakat and income tax	274,709	317,199	236,610
Accrued interest on statutory deposit	10,820	13,806	14,885
Amount due to related parties	78,848	108,521	33,723
<b>Total liabilities</b>	<b>7,136,199</b>	<b>7,593,502</b>	<b>8,204,078</b>
<b>Total equity</b>	<b>3,044,897</b>	<b>3,902,853</b>	<b>4,195,024</b>
<b>Total liabilities and equity</b>	<b>10,181,096</b>	<b>11,496,355</b>	<b>12,399,102</b>

## Summary of financial position (liabilities and equity) - IFRS 17

Liabilities	2022 SR '000	2023 SR '000
Accrued and other liabilities	869,451	1,087,412
Insurance contract liabilities	6,699,185	8,267,196
Reinsurance contract liabilities	2,605	-
Due to related parties	-	40,935
Provision for zakat and income tax	326,566	358,589
Accrued income payable to insurance authority	16,235	8,690
<b>Total liabilities</b>	<b>7,914,042</b>	<b>9,762,822</b>
<b>Total equity</b>	<b>4,200,889</b>	<b>4,675,529</b>
<b>Total liabilities and equity</b>	<b>12,114,931</b>	<b>14,438,351</b>

Total liabilities grew by SR 1.8 billion in 2023 to SR 9.7 billion, due to the increase in insurance contract liabilities, while total equity grew by SR 474.6 million to reach SR 4.6 billion, supporting a strong solvency position well above regulatory thresholds.

## Statutory payments and payable to regulatory bodies

Description	Paid		Paid change	Payable		Payable change
	2022 SR '000	2023 SR '000	2022 vs 2023 SR '000	2022 SR '000	2023 SR '000	2022 vs 2023 SR '000
ZATCA: Zakat and income taxes	74,770	142,591	67,821	326,566	358,589	32,023
ZATCA: Value added tax (VAT)	728,158	946,581	218,423	116,160	311,464	195,304
ZATCA: Withholding taxes (WHT)	25,226	32,604	7,378	8,253	10,877	2,624
<b>Zatca: Total</b>	828,154	1,121,776	293,622	450,979	680,930	229,951
SAMA: Levies	67,505	82,013	14,508	12,484	13,814	1,330
CHI: Levies and license fees	135,009	164,026	29,017	24,968	27,629	2,661
<b>Total: Levies and license fees</b>	202,514	246,039	43,525	37,452	41,443	3,991
CMA/Tadawul: Service and license fees	1,418	1,528	110	-	434	434
GOSI	35,971	40,554	4,583	3,347	4,063	716
Accrued income on statutory deposit	-	16,235	16,235	16,235	8,690	7,545
<b>Total</b>	37,389	58,750	21,361	19,582	12,753	8,261

### Zakat, Tax and Customs Authority: Zakat and income tax (ZATCA)

Total zakat and income tax payments during 2023 were SR 142.5 million, of which SR 74.8 million was for the 2022 tax and zakat returns and SR 67.7 million for 2023 advance tax.

Bupa Arabia paid SR 946.5 million in 2023 to ZATCA for VAT payments with SR 311 million VAT payable at the end of the year. Additionally, SR 32.6 million was paid during 2023 for withholding taxes, and SR 10.8 million provided in the 2023 results was related to withholding taxes payable in 2024.

The SR 680.9 million payable to the ZATCA includes SR 174.6 million payable in 2024 for 2023 zakat and tax returns, while the remainder is predominantly additional provisions for zakat matters.

### Saudi Central Bank (SAMA)/ Insurance Authority

Total levies paid to SAMA/IA during 2023 were SR 82.0 million, of which SR 12.4 million were for the fourth quarter of 2022 while SR 69.5 million were for the three quarters of 2023. The SR 13.8 million payable amount for 2023 includes the normal provisioning for Q4 2023.

During 2023, Bupa Arabia has released the accrued income on statutory deposit to SAMA/IA up to 31 December 2022 amounting to SR 16.24 million. The remaining SR 8.69 million payable amount related to the year 2023.

### Council of Health Insurance (CHI)

Total levies paid to the CHI for 2023 were SR 164.0 million, of which SR 24.9 million were for the settlement of Q4 levies of 2022, and SR 139.0 million were for the first three quarters of 2023. The SR 27.6 million payable amount for 2023 includes the normal provisioning for Q4 2023.

### The General Organization for Social Insurance (GOSI)

Total 2023 payments to GOSI were SR 40.5 million, of which SR 3.3 million was related to 2022. An amount of SR 4.1 million was provided for, reflecting 2023 related GOSI commitments, which are payable in 2024.

### Tadawul and the Capital Market Authority (CMA)

The Company paid SR 1.5 million to Tadawul/CMA during 2023, which included SR 400 thousand for service fees, SR 1 million for annual listing fees, and SR 128.4 thousand for other fees. The SR 434 million payable amount for 2023 was related to basic registration.

## Regulatory penalties

During 2023, the Company paid to Insurance Authority/SAMA and CHI total regulatory penalties of SR 345,200.

## Dividends and the Company's policy for the distribution of profits

The Company's By-Laws state the following with respect to the calculation and distribution of profits:

1. The exclusion of zakat and income tax
2. That 20% of net profits are allocated to form a statutory reserve. The General Assembly has the authority to cease this transfer once the statutory reserve is equivalent to the paid-up capital of the Company
3. Based on the Board's recommendation, the General Assembly can also hold a percentage of the annual net profit to form a reserve and may allocate it to purposes of its choosing
4. The balance shall be distributed as a first payment amounting to no less than 5% of paid-up capital to the shareholders
5. The remaining balance shall be distributed to the shareholders as a share in the profits or transferred to the retained profits account
6. The Board may issue a decision to distribute periodical profits to be deducted from annual profits as specified in point 4 above, and in accordance with the relevant regulatory rules issued by the concerned authorities

## Dividend history - Last five fiscal years

Description	2018 SR '000	2019* SR '000	2020 SR '000	2021 SR '000	2022 SR '000
Retained income (pre-zakat and inc. taxes)	525,431	712,654	823,669	730,701	969,163
Dividend amount	180,000	0	408,000	540,000	540,000
Pre-zakat and inc. Taxes dividend pay-out ratio	34.3%	N/A	49.5%	74.0%	55.0%
Number of shares in issue	120,000	120,000	120,000	120,000	150,000
Saudi Riyals dividends per share	1.50	N/A	3.40	4.50	3.60
Distribution period	2019	N/A	2021Q3	2022Q3	2023Q3

\* No dividends were declared in 2020 due to the uncertainties surrounding COVID-19.

In 2022 Bupa Arabia increased its capital to SR 1,500 million by capitalizing SR 300 million from the retained earnings account, thereby increasing the capital by 25%, and thereby increasing the number of shares to 150 million shares by offering one bonus share for every four shares owned.

In addition to the distribution of profits requirements, as reflected within the Company By-Laws (Articles of Association), the Company Dividend Policy is as reflected below.

To distribute any excess cash as dividends to shareholders subject to:

- (a) Maintaining a solvent position at the end of each quarter as per local laws and regulations,
- (b) Receiving the requisite regulatory and shareholder approvals for the dividend(s) wherever applicable and, having accounted for the Company's requirements in meeting its Capital Management Policy and relevant risk management policies; policies that cover the business and investment requirement.



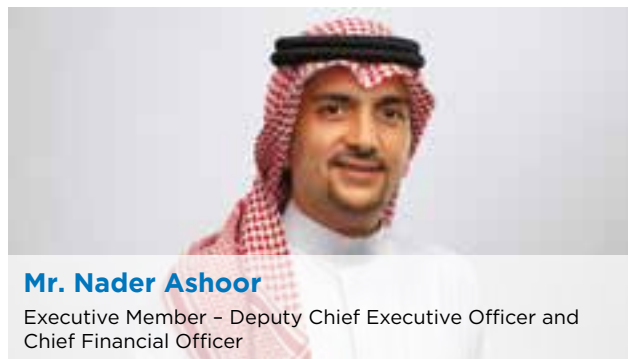
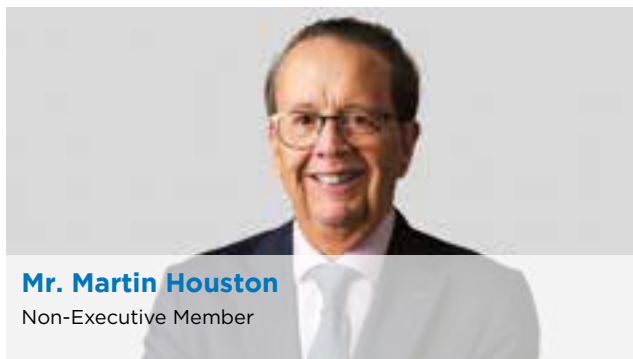
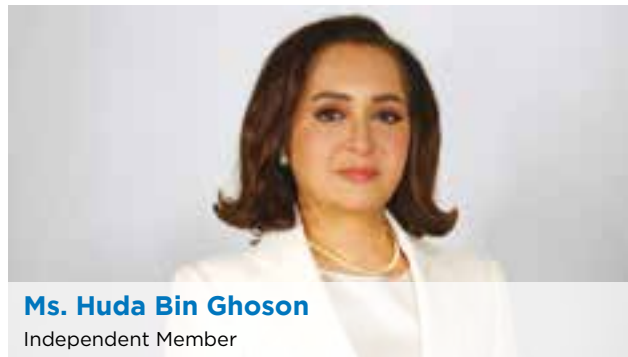
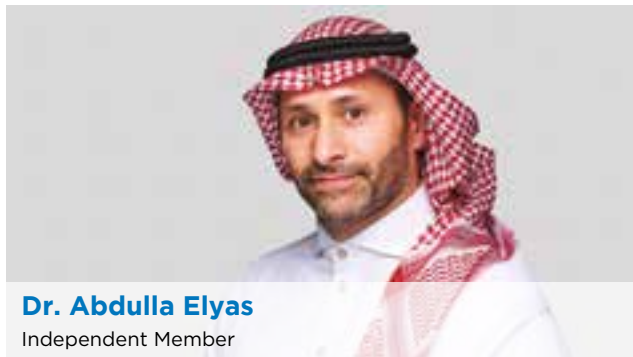
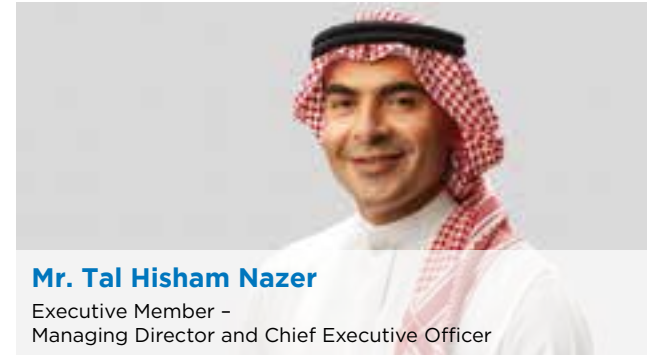
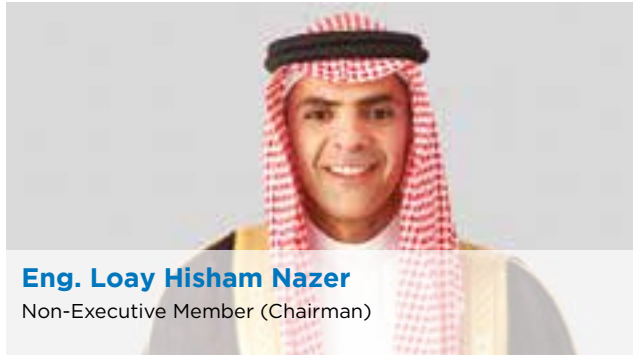
# Governance and Risk Management Report



Bupa Arabia remains committed to a robust corporate governance structure, which will facilitate prudent management to deliver long-term success to the Company.

# Our Board Members

The Company has nine members on its Board. The current three-year term for the Board commenced on 1 July 2022. As of 31 December 2023, the Board of Directors consists of:



## Eng. Loay Hisham Nazer

Non-Executive Member (Chairman)

Chairman and Board Member of Bupa Arabia since its inception in 2008. He is also the Founder and Chairman of Nazer Group Ltd., and serves as a Board Member or Chairman for several other Nazer companies. Additionally, he has also served as the Chairman of Al-Ittihad Football Club, the Vice-Chairman of the Saudi Olympic Committee, the Chairman of the Saudi Arabian Judo Federation, and a CHI Board Member in the past.

Eng. Loay is not a Board Member in other Saudi PLCs. He is currently serving his sixth term as a Board Member at Bupa Arabia, representing Nazer Group Company Ltd.

### Current positions

#### Chairman

- Bupa Arabia Board and Executive Committee
- Nazer Group Company Ltd.
- Nazer Bupa for Medical Equipment Company (NBME)
- Loay Hisham Nazer Company Ltd. (Chairman)
- Arabian Address Real Estate Co.
- Modern Computers Program Company Ltd.
- ASAS Healthcare Co. (Under liquidation).
- Arabian Medical Marketing Company (Nawah)

### Other positions

- Bupa Middle East Holdings Two W.L.L. (Board Member)
- UCLA Anderson School of Management Board of Advisors (Board Member)

### Previous positions

- Makkah Cluster Advisory Board – Ministry of Health (Chairman)
- Diaverum Arabia Company (Board Member)
- Nazer Dialysis and Advanced Healthcare Services Co. Ltd. (Chairman)
- Al-Ittihad Football Club (Chairman)
- National Unified Procurement Co. for medical supplies (NUPCO)
- Saudi Olympic Committee (Vice-Chairman)
- Saudi Arabian Judo Federation (Chairman)
- CHI (Board Member)
- International Medical Clinics Company (Partner)
- Arab Conference Organizing Co. (Chairman)
- Young Presidents Organization (Chairman)

### Qualifications

- MBA, Anderson Graduate School of Management, UCLA, USA (1989)
- BSc Mechanical Engineering, UCLA, USA (1987)

## Mr. David Fletcher

Non-Executive Member (Vice-Chairman)

**Representing the foreign shareholder:** Bupa Investments Overseas Limited (BIOL)

Bupa Arabia Board Member and Vice-Chairman, since 2014. Currently, the Chief Risk Officer of the Bupa Group and a member of its Chief Executive Committee. He is also a Non-Executive Director of Niva Bupa (previously known as Max Bupa), which is Bupa's health insurance business in India. Mr. Fletcher has extensive international experience in insurance and banking, having held various senior positions at Standard Chartered and Citibank, including the roles of Head of Audit, and Country CEO.

Mr. Fletcher is serving his fourth term as a Board Member at Bupa Arabia, representing BIOL.

### Current positions

- Bupa Arabia (Board Member and Executive Committee Member)
- Bupa Group (Chief Risk Officer)
- Bupa Group (Chief Executive Committee Member)
- Bupa Middle East Holdings Two W.L.L. (Non-Executive Director)
- Niva Bupa Health Insurance Company Ltd. (Non-Executive Director)
- China Taiping Insurance UK (Independent Non-Executive Director)
- Tawreed Company for Financing Solutions (Independent Non-Executive Director).

### Previous positions

- BUPA International Development Markets (CEO)
- Bupa Group (Chief Internal Auditor)
- Bank Permata Indonesia (Ex-President Director/CEO)

### Qualifications

- BA Honors in Modern History, Durham University, UK (1985)

## Mr. Tal Hisham Nazer

Executive Member – Managing Director and Chief Executive Officer

Bupa Arabia CEO/Board Member since its inception in 2008.

Mr. Tal is not a Board Member at other Saudi PLCs. He is currently serving his sixth term as a Board Member at Bupa Arabia.

### Current positions

#### Board member

- Bupa Arabia
- King Saud University
- Najm for Insurance Services Company
- Nazer Group Company Ltd.
- Cool Inc. Hospitality Co. for Tourism
- Ebda Co. ownership (25%)
- Modern Computer Program Co. Ltd. (MCPC)
- Arabian Medical Marketing Company (NAWAH)
- Quick Solutions for Trading Company (Under liquidation)
- ASAS Health Care Co. Ltd. (Under liquidation)
- Bupa Middle East Holdings Two W.L.L. (Bahrain)
- Endeavor Saudi Arabia
- Arabian Address Real Estate Company
- Council of Health Insurance

#### Other positions

- Bupa Arabia Executive Committee and Investment Committee Member
- Najm for Insurance Services Company (Chairman of the Executive Committee)
- King Saud University (Internal Audit Committee Member)
- CHI's (Executive Committee and Strategic Committee Member)
- SAMA's Insurance Executive Committee (Member)
- Ministry of Health's Cybersecurity Committee (Member)
- Tal Hisham Nazer Company Limited (Owner and General Manager)

- Liyana Holding Company (Partner and General Manager)
- Young President Organization (Member)
- Young Global Leaders (Member)
- Saudi British Joint Business Council (Member)

### Previous positions

#### Board member

- SAMA Insurance Companies General Committee
- Human Resources Development Fund (HRDF)
- Choate Rosemary Hall, New York, USA
- Nazer Dialysis and Advanced Healthcare Services Co. Ltd.
- Arab Conference Organizing Co. (ARC)
- Nazer Bupa for Medical Equipment Company (NBME)
- Financial Academy
- Chief Executive Committee of Bupa Group (Advisor)

#### Qualifications

- MBA Finance and Buyouts, Wharton, USA (2001)
- Bachelor of Economics, UCLA, USA (1996)

## Dr. Abdulla Elyas

Independent Member

Independent Board Member at Bupa Arabia since July 2019.

Dr. Abdulla Elyas is a co-founder of Careem, the ride-hailing company, and Super App, acquired by Uber in 2019. He is currently the Chairman of its business in KSA. Prior to that, he co-founded Enwani, a cloud-based addressing and home delivery start-up that was acquired by Careem in 2014. He serves as a Board Member at Endeavor KSA, TAM Development Company, and the EduTech start-up Noon. Additionally, he is also an advisory Board Member of the VC firm Raed Ventures.

Abdulla chairs the governmental initiative to enable five Saudi unicorns by 2025 and is a regional angel investor. Previously, he led management consulting engagements in Europe, the US, South East Asia, and the Middle East.

Dr. Abdulla is not a Board Member at other Saudi PLCs. He is currently serving his second term as a Board Member in Bupa Arabia.

### Current positions

- Bupa Arabia (Board Member, Audit Committee Member, and Risk Management Committee Member)
- Careem Inc. (Co-Founder and KSA-Chairman)
- Tam Development Company (Board Member)
- Endeavor KSA (Board Member)
- Raed Venture Capital (Board of Advisors Member)
- Noon Academy Inc. (Board Member)

### Previous positions

- Small and Medium Enterprise Authority KSA (Board of Directors)
- PIF (Investment Committee)
- Rocket Internet SE (Agent KSA)
- Enwani (Co-Founder and Managing Director)
- Scheer Management Consulting (Senior Management Consultant)

### Qualifications

- PhD in Business Administration from RWTH Aachen, Germany
- MSc in Computer Science, from RWTH Aachen, Germany

## Ms. Huda Bin Ghoson

Independent Member

Bupa Arabia Independent Board Member since July 2019.

Ms. Huda was the Executive Director of Human Resources at Saudi Aramco. She retired in December 2017.

Ms. Huda is currently serving her second term as a Board Member at Bupa Arabia.

### Current positions

- Bupa Arabia (Board Member and Nomination and Remuneration Committee Chairwoman)
- Saudi National Bank (SNB) (Board Member and NRC Member)
- Saudi Telecom Company (STC) (NRC Member)
- The Hevolution Foundation (NRC Member)
- Initiatives & Missions Office (NRC Member)

### Previous positions

- Saudi Aramco (Executive Director)
- General Organization for Social Insurance (GOSI) (Board Member)
- Yanbu Aramco Sinopec Refining Company (YASREF) (Board Member)
- Johns Hopkins Aramco Healthcare Company (JHAH) (Board Member)
- Vela International Marine Ltd. (Board Member)
- Saudi Aramco Asia Company (SAAC) (Board Member)
- Board of Trustees of the Arabian Society of Human Resources Management (ASHRM) (Chairwoman)
- Saudi Aramco Development Company (SADCO) (Board Member)
- Saudi Aramco Investment Management Company (SAIMCO) (Board Member)
- Credit Suisse Saudi Arabia Bank (Board Member and Chair of NRC)
- Institute of Public Administration (Board Member and Member of NRC and EC)

### Qualifications

- MBA from the American University of Washington, D.C., USA
- BA in English Literature from the King Saud University in Riyadh
- Executive Training at Oxford University, Michigan Ross Business School, and Royal Academy of Dramatic Arts, London

## Mr. Osamah Shaker

Independent member

An Independent Board Member since 2022, and an Independent Investment Committee Chairman since July 2019.

Mr. Osamah Shaker is the CEO of GIB Capital, a company wholly owned by GIP Bank and based in Riyadh. Prior to joining GIB Capital, Mr. Shaker led the charge of banking control at the Saudi Central Bank (SAMA), overseeing and regulating all the commercial banks operating within Saudi Arabia. He possesses over 16 years of banking and investment-related experience in the Kingdom, having held multiple leadership positions at both the Saudi British Bank and HSBC Saudi Arabia.

Additionally, Mr. Osamah has roughly seven years of working experience with the Institute of Public Administration (IPA) where he served as both a lecturer and statistical consultant. During his time at IPA, he also held the position of Head of the Department of Statistics.

Mr. Osamah is currently serving his first term at Bupa Arabia as a Board Member.

### Current positions

- Bupa Arabia (Board Member and Investment Committee Chairman)
- GIB Capital (CEO and Board Member)
- Al-Ahli Saudi Football Club (Board Member)
- Al-Argan Projects (Board Member)

### Previous positions

- Saudi Central Bank (Director General of Banking Control and Senior Advisor)
- HSBC Saudi Arabia (Managing Director – Head of Financial Markets, Managing Director – Head of Investments, and Head of Asset Management)
- The Saudi British Bank (Head of Discretionary Portfolio Management, Manager of Advisory Services – Corporate Finance Department, and Manager of Equity Research – Investment Banking Group)
- Institute of Public Administration (Head of the Department of Statistics, Lecturer, and Assistant Teacher)

### Qualifications

- Master of Science in Statistics from Colorado State University, Fort Collins, Colorado, USA (1994)
- Bachelor of Administrative Science in Quantitative Methods from King Saud University, Riyadh, KSA (1987)

## Mr. Martin Houston

Non-Executive Member

Representing the foreign shareholder: Bupa Investments Overseas Limited (BIOL)

Bupa Arabia Board Member since October 2018 and served as a Non-Executive Director on the main Board of Bupa, from January 2014 until December 2019.

He is also the Chairman of Tellurian Incorporated, and the Advisory Chairman of Moelis and the Company's Global Energy Group. Additionally, he is the Non-Executive Director of Energean PLC and CC Energy, both of which are exploration and production companies.

Mr. Houston is currently serving his third term as a Board Member at Bupa Arabia, representing BIOL.

### Current positions

- Bupa Arabia (Board Member and Risk Management Committee Chairman)
- Tellurian Inc (Chairman)
- Moelis and Company (Global Energy Group Chairman – Advisory Role)
- CC Energy Limited (Board Member)
- Energean (Board Member)

### Other positions

- Fellow of the Geological Society of London
- Radia Inc (Advisory Board Member)

### Previous positions

- Bupa Group (Board Member)
- BG Group (Chief Operating Officer and Board Member)
- EnQuest PLC (Chairman)

### Qualifications

- Bachelor of Geology, Newcastle University, UK (1979)
- Master of Science, Petroleum Geology, Imperial College, London, UK (1983)

## Mr. Nader Ashoor

Executive Member – Deputy Chief Executive Officer and Chief Financial Officer

Bupa Arabia CFO since November 2016. Mr. Nader was promoted to Deputy Chief Executive Officer in Jan 2023.

Mr. Nader has previously served on numerous boards and committees memberships. Mr. Nader has over 14 years of experience with Saudi Aramco in various leadership roles.

Mr. Nader is currently serving his second term as a Board Member at Bupa Arabia.

### Current positions

- Bupa Arabia (Board Member and Deputy CEO and CFO)
- PIF Subsidiary (Audit Committee Member)
- Saudi Ground Services (Board Member, Audit Committee Member and Risk Committee Member)
- D360 Bank (Audit Committee Member)
- Jeddah Airports Company (Risk and Audit Committee Member)
- Saudi Industrial Services Co. (Board Member, Audit Committee Member, and NRC Member)

### Previous positions

- Saudi Steel Pipe (Board Member)
- Saudi Steel Pipe (Audit Committee)
- Diaverum, Saudi Arabia (Board Member)
- Saudi Steel Pipe (Strategy Committee Member)
- Saudi Aramco Entrepreneurship Ventures Company (Investment Committee Member)
- Saudi Aramco (various roles, the final was Director of Finance Readiness-IPO)

### Qualifications

- Bachelor's degree in Accounting, KFUPM
- MBA, IMD International, Lausanne, Switzerland

## Mr. Nigel Sullivan

Non-Executive Member

Representing the foreign shareholder: Bupa Investments Overseas Limited (BIOL)

Bupa Arabia Board Member since 2021. Currently serves as Bupa Group's Chief Sustainability and People Officer and is a Member of Bupa's Chief Executive Committee.

Mr. Sullivan has extensive international experience in Human Resources having started his career at the Rover Group and has held senior HR positions at Nortel Networks, Marconi, and Wincanton PLC, where he was the Group Human Resources Director.

Mr. Sullivan is currently serving his second term as a Board Member at Bupa Arabia, representing BIOL.

### Current positions

- Bupa Arabia (Board Member, Executive Committee Member, and Nomination and Remuneration Committee Member)
- Bupa Group (Chief Sustainability and People Officer)
- Bupa Group (Executive Team Member)
- Bupa Investments Overseas Limited (BIOL) (Non-Executive Director)

### Previous positions

- Noble Foods Ltd. (Non-Executive Director)
- Talk Talk Telecommunications Group PLC (Group Human Resources Director)
- Royal United Hospitals NHS Foundation Trust Bath (Non-Executive Director)
- Wincanton PLC (Group Human Resources Director and Board Member)
- Marconi Corporation PLC (Divisional Human Resources Director)
- Nortel Networks (Divisional Human Resources Director)

### Qualifications

- Postgraduate Diploma in Personnel Management (CIPD) (1990-1991)
- BSc Environmental Science (2i) (1985-1989)

# Our Chief Executive Team

The Board entrusts the day-to-day operations of the Company to its Chief Executive Team, which includes the following members, along with our Chief Executive Officer, Mr. Tal Hisham Nazer, and our Deputy CEO and Chief Financial Officer, Mr. Nader Ashoor.



**Mr. Ali Sheneamer**

Chief Business Development Officer (CBDO)



**Mr. Tariq Alamoudi**

Chief Human Resources Officer (CHRO)



**Mr. Atef M. Mufti**

Chief Sales Officer (CSO)



**Mr. Mohamed El Missaoui**

Chief Operations Officer (COO)



**Mr. Amro Shawli**

Chief Governance, Risk and Control Officer (CGRCO)

## Mr. Ali Sheneamer

Chief Business Development Officer (CBDO)

Ali Sheneamer joined Bupa Arabia in 2013 as Chief Commercial Officer. Previously, Ali held the position of Deputy Governor and Chief Operating Officer of SAGIA (currently known as the Ministry of Investment).

He also serves on the Boards and committees of other organizations, including those of government entities.

### Current positions

- Bupa Arabia (Chief Business Development Officer)
- Tam Development Company (Vice-Chairman)
- Saudi Sports Medicine Federation (Board Member)
- CHI's Insurance Permanent Committee (Member)

### Previous positions

- Bupa Arabia (Chief Commercial Officer)
- SAGIA (Deputy Governor and Chief Operating Officer)
- National Commercial Bank (Group Marketing Head)

### Qualifications

- Bachelor of Science in Computer Engineering from King Abdulaziz University, Saudi Arabia

## Mr. Tariq Alamoudi

Chief Human Resources Officer (CHRO)

Tariq Alamoudi joined Bupa Arabia in 2017. Prior to joining the Company, he held various leading roles in the Human Resources Department, on regional and global levels, at Proctor and Gamble.

Tariq also serves on the Board of Directors of KAFAA Efficiency Excellence and on many other Boards and committees in other organizations. He is a member of the SAMA HR subcommittee, and a Chartered Fellow of the UK Chartered Institute of Personnel and Development (CIPD).

### Current positions

- Bupa Arabia (Chief Human Resources Officer)
- Western Region Cluster (Board Member and Chairman of NRC)
- Education Infrastructure Holding Company (PIF) (Board Member and Chairman of NRC)
- SVC (Board Member and Chairman of NRC)
- KAFAA Efficiency Excellence (Board Member and Audit and Governance Committee Member)

### Previous positions

- Proctor and Gamble
  - HR Director - Product Supply Function
  - Global HR Director, Switzerland
  - Country HR Head, Saudi Arabia

### Qualifications

- Master of Business Administration in Strategy and HRM from Griffith Business School, Australia
- Bachelor's degree in Marketing Management from Griffith University, Australia.

## Mr. Atef M. Mufti

Chief Sales Officer (CSO)

Atef Mufti joined Bupa Arabia in 2017. Prior to joining Bupa, he served as the Chief Commercial Officer and a member of the Board of Directors of Panda Retail Co. (SAVOLA Group). Atef began his career with the Saudi British Bank (SABB) - currently known as the Saudi Awal Bank (SAB), and has a collective of over 16 years of working experience in the banking industry.

### Current positions

- Bupa Arabia (Chief Sales Officer)

### Previous positions

- Panda Retail Company - SAVOLA Group
  - Chief Commercial Officer and Member of the Board of Directors
  - Vice President - Commercial and Supply Chain
  - Vice President - Commercial
- Ahmed Mohamed Saleh Baeshen & Co. (Head of Corporate Services)
- Bank Albilad (GM Western Region)
- Saudi Distribution Company (Managing Director)
- SABB (Several senior executive positions)

### Qualifications

- Bachelor's degree in Marketing from King Fahad University of Petroleum and Minerals, Saudi Arabia with a minor degree in Management
- Certified in Corporate Governance - INSEAD
- Certified International Director - INSEAD



## Mr. Mohamed El Missaoui

Chief Operations Officer (COO)

Mohamed El Missaoui has over 20 years of experience in the insurance, banking and FMCG sectors. He joined Bupa Arabia in 2011 as the Director of Total Quality Management, where he oversaw service operations areas related to customer service, mega accounts, membership fulfillment, and quality.

Before joining Bupa, Mohamed led a variety of assignments at Unilever MENA relating to the supply chain, ranging from distribution, logistics, and customer service to industrial engineering and quality.

### Current positions

- Bupa Arabia (Chief Operations Officer)

### Previous positions

- Bupa Arabia
  - Director - Operations
  - Director - Total Quality Management
- Unilever MENA
  - Head of Logistics, Service and Distribution
  - Senior Manager - Quality Assurance
  - Industrial Engineer
- Attijariwafa Bank (Senior Finance Projects Manager)
- Banque Centrale Populaire (BCP) (Junior Project Manager)

### Qualifications

- Master of Business Administration in Finance from Oklahoma City University, USA
- Electro-Mechanical Engineering degree from Ecole Nationale Supérieure des Mines de Rabat, Rabat

## Mr. Amro Shawli

Chief Governance, Risk and Control Officer (CGRCO)

Amro Shawli joined Bupa Arabia in 2022 as Chief Risk Officer. The role was amended to Chief Governance, Risk and Control Officer in December 2022.

Amro collectively has over 18 years of multi-sector experience in the areas of risk and audit. Previously, he held the position of Chief Audit Officer at Vision International Investment Company, a leading development and investment company at the forefront of public and private sector partnerships in the GCC.

### Current positions

- Bupa Arabia (Chief Governance, Risk and Control Officer)
- Advanced Piping Solutions Company (Audit and Risk Committee Chairman)
- East Pipes Company (Audit and Risk Committee Member)
- KANOO Group (Audit Committee Chairman)

### Previous positions

- Vision Invest International (VII) (Chief Audit Executive)
- Aramco America (Chief Auditor)
- Audit and Risk Committee Member of Saudi Tabreed, Air Products Qudra, Saudi Arabian Logistics and Miahona.

### Qualifications

- Certified Internal Auditor (CIA)
- Certified Management Accountant (CMA).
- Certified Board of Director (Cert. Dir)
- Master of Business Administration in Accounting and Finance from Cox Business School, USA
- Bachelor of Science in Accounting and Marketing from Southern Illinois University, USA

# Audit Committee Report 2023

The Audit Committee (AC) is governed by its charter, which was approved by the public shareholders in the 2019 fourth quarter General Assembly Meeting. The Committee held six (6) meetings during the fiscal year 2023.

The following table details AC meetings held and their respective attendance.

Committee Member name	Role	31 January	21 February	16 May	31 July	05 November	06 November*	Percentage
Mr. Zaid Algwaiz (Independent)	Chairman	Y	Y	Y	Y	Y	Y	100
Dr. Abdulla Elyas	Member	Y	Y	Y	Y	Y	Y	100
Mr. Ibrahim M. Alhusayni	Member	Y	Y	Y	Y	Y	Y	100
Ms. Zain Al Emam	Member	Y	Y	Y	Y	Y	Y	100
<b>Overall percentage of AC member attendance (%)</b>		100	100	100	100	100	100	100

\*Meeting held on 6 November was the annual AC meeting with the Board of Directors

The Committee meetings are designed to facilitate and encourage communication among the Committee, the Company's Management, the Company's risk functions, the Company's control functions (Compliance and Internal Audit) and the Company's Independent External Auditors. The Committee has discussed and confirmed with the Company's control functions and the Independent External Auditors the overall scope and plans for their respective reviews.

The Audit Committee recognizes the importance of maintaining the independence of the Company's External Auditors, both in fact as well as in appearance. Each year, the Committee evaluates the qualifications, performance and independence of the External Auditors, and determines whether to re-engage them. In doing so, the Audit Committee considers the quality and efficiency of the services provided by the External Auditors, their capabilities, their technical expertise, and knowledge of the Company's operations along with that of the insurance industry. Based on this evaluation, the Audit Committee made a recommendation to the Board of Directors to refer to the General Assembly for the selection of Ernst & Young and PricewaterhouseCoopers as External Auditors

to audit the Company's Financial Statements for the second and third quarters of 2023, the Annual Financial Statements for the fiscal year 2023 and the first quarter of the fiscal year 2024.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors, and the Board thereafter has approved, that the audited Annual Financial Statements and related schedules, and Management's assessment of the effectiveness of the Company's internal control over financial reporting be included in the 2023 Annual Report.

The Audit Committee confirms that it has, during 2023, completed its tasks and activities, in accordance with the powers afforded to it, as per the regulations and as reflected within its latest Audit Committee Charter. In fulfilling these tasks and activities, the Committee is able to express an opinion on the Company's internal control framework; as required in terms of the Capital Market Authority (CMA) disclosure requirement, the Audit Committee noticed the Management's continuous efforts and focus on improving the design and effectiveness of Bupa Arabia's internal control environment. Based on

the results of the internal audit reviews and the planned activities to enhance the internal control environment, and following discussion with the External Auditors and Management on the preliminary and Annual Financial Statements for the year ended 31 December 2023, nothing has been brought to the attention of the Committee that would indicate any significant deficiencies.

**Mr. Zaid Algwaiz**  
Chairman

**Dr. Abdulla Elyas**  
Member

**Mr. Ibrahim M. Alhusayni**  
Member

**Ms. Zain Al Emam**  
Member

# Board Purpose and Meetings

The purpose of the Board is to set strategy and deliver value to all shareholders and stakeholders, in compliance with the regulations and laws of the Kingdom in an ethical and transparent manner. The Board is responsible for the Company's values, mission and long-term vision, and for providing strategic direction and guidance for the Company's operations, including the ultimate responsibility of ensuring that the Company follows exemplary corporate governance and ethics, and for the provision of a robust system of internal controls and procedures to be in place to fulfill compliance of the Company, in both content and timeliness, with all the requirements of all the applicable laws and regulations of the jurisdictions in which it operates.

The Board is responsible for establishing Board Committees, as stipulated by regulations, to support the Board in achieving its responsibilities, and to support the Executive Management. The Board is responsible for establishing and approving matters it deems significant enough to be reserved for only the Board's decision, and for those matters which it delegates to the relevant Board Committees [both as specified within the Board-approved Schedule of Matters Reserved for the Board (SMRB) and the Board Delegated Authorities Framework (BDAF)].

## Board of Directors sixth term, 1 July 2022 to 30 June 2025:

Membership role	Board Member name	Nationality	Term number	For the current term representing:
Independent	Ms. Huda M. Bin Ghoson	Saudi	2nd	Not applicable
	Mr. Osamah Shaker	Saudi	1st	Not applicable
	Dr. Abdulla N. Elyas	Saudi	2nd	Not applicable
Non-Executive	Eng. Loay H. Nazer	Saudi	6th	Nazer Group
	Mr. David M. Fletcher	British	4th	Bupa Investments Overseas Limited (BIOL)
	Mr. Nigel Sullivan	British	2nd	Bupa Investments Overseas Limited (BIOL)
	Mr. Martin J. Houston	British	3rd	Bupa Investments Overseas Limited (BIOL)
Executive	Mr. Tal H. Nazer	Saudi	6th	Not applicable
	Mr. Nader Ashoor	Saudi	2nd	Not applicable

## Summary of changes in Board of Directors in 2023:

There were no changes in the Board composition in 2023.

The Board approves the Board Chairman, Board Vice-Chairman, CEO and Company Board Secretary for each term, subject to regulatory approval where required and applicable, and for the sixth term, all were approved.

The Board also appoints the Board Committees' secretaries for each new term, in which the current term has appointed the Sr. Director of the Internal Audit Department as the AC Secretary, the Sr. Director - Total Rewards as the NRC Secretary, the Sr. Director of Asset Management and Business Advisory as the IC Secretary, the Sr. Executive Manager of Company Secretariat as the RMC Secretary, and the Director of Company Secretariat as the Company Board Secretary and the EC Secretary.

## Board Meeting attendance

During 2023, the Board held six (6) meetings. The following table details Board meetings held and the respective attendance.

Board Member name	14 March	24 May	13 July	18 September	6-7 November	12 December	Percentage
Eng. Loay Hisham Nazer	Y	Y	Y	Y	Y	Y	100
Mr. David Martin Fletcher	Y	Y	Y	Y	Y	Y	100
Mr. Tal Hisham Nazer	Y	Y	Y	Y	Y	Y	100
Mr. Martin Houston	Y	Y	Y	Y	Y	Y	100
Dr. Abdulla Elyas	Y	Y	No	No	Y	Y	66.7
Ms. Huda Bin Ghoson	Y	Y	Y	Y	Y	Y	100
Mr. Osamah Shaker	Y	Y	Y	Y	Y	Y	100
Mr. Nigel Sullivan	Y	Y	Y	Y	Y	Y	100
Mr. Nader Ashoor	Y	Y	Y	Y	Y	Y	100
<b>Total percentage of attendance (%)</b>	100	100	88.8	88.8	100	100	96.3

### Assessment of the Board/Board Committees and the Members' performance

The Company routinely assesses the performance of the Board/Board Committees, and the respective members, on an ongoing basis, through closed Board sessions, through the NRC, via the Company Secretariat with the Committee Chairpersons, in liaison with the NRC and when required through a third party.

### Major Board approvals/resolutions

Amongst the major Board resolutions/approvals during the year were the following:

- Approval of 2024 AOP
- Approval of Bupa Arabia 2030 Strategy
- Recommendation to the shareholders of the distribution of SR 540 million in cash dividends for the 2022 fiscal year
- Recommendation to the shareholders to make changes to the Company's bylaws by adding "General Insurance" to the Company's purpose and the required compatibility changes with the new Companies Law
- Recommendation to the shareholders to appoint PwC and EY as the External Auditors to audit the Company's quarterly Financial Statements for the second and third quarters, the annual Financial Statements for the fiscal year 2023 and first quarter of the fiscal year 2024
- Approved the formation of a simplified joint stock company under the name "Health Horizon Medical Co." with a capital of SR 10 million, with the objective of investing in providing primary and specialized healthcare services in both digital "telemedicine" and/or providing services through conventional clinics
- Appointment of Mr. Hatim Jamal as Chief Financial Officer, starting 1 January 2024
- Appointment of Mr. Ahmed Bajunaid as Chief Investment Officer, starting 1 January 2024
- Any approvals as required in terms of the Schedule of Matters Reserved for the Board (SMRB)

# Board Secretary



**Abeer Albornu**

Director - Company Secretariat and Board Secretary

Ms. Abeer Albornu has over 14 years of experience in the areas of risk and compliance. Prior to joining Bupa Arabia in 2017, Abeer held a variety of senior roles at renowned banks, the most recent being, Senior Manager Compliance Advisory - Corporate and Treasury at Bank Al Jazira. In this capacity, she developed effective solutions and action plans to ensure the organization's regulatory compliance.

As Director - Company Secretariat, Abeer serves as a link between the Board of Directors and the rest of the organization. She leads activities related to the Board of Directors and its various committees and is responsible for the Company's annual reports and disclosures. In this role, she also oversees all matters related to the Company's General Assembly Meetings.

Since joining Bupa Arabia, Abeer has led the creation of enterprise policies and procedures that are still in place. One of her most notable accomplishments includes the launch of the Company's Code of Conduct and whistle-blowing system. She also plays a pivotal role in leading corporate governance in the Company, ensuring its proper functioning through monitoring and assimilation of best practices.

Abeer holds a Bachelor of Science in Management Information Systems from Dar Al-Hekma University and an International Diploma Certification in Risk Management. Additionally, She holds various certifications in corporate governance, operational risk, risk management, and compliance.

# Board Committees

## Audit Committee (AC)

The principal role of the Audit Committee (AC) is to monitor the integrity of the Company's Financial Statements in accordance with the relevant financial reporting standards, while complying with laws and regulations, to review and where appropriate, make recommendations to the Board on internal financial controls, compliance, internal audit, and to review the external audit process and External Auditors' performance. The Committee shall

assess the risk management processes to ensure that they are adequate and effective, particularly with regard to the impact on the Company's financial reporting and its Code of Business Conduct. Another key responsibility of the AC is to monitor the effectiveness, performance, and objectivity of the compliance and the internal audit functions, through the direct compliance and internal audit functions reporting directly to the AC Chairman.

## Summary of changes in the Audit Committee during 2023:

There were no changes in the Audit Committee composition in 2023.

During 2023, the AC held six (6) meetings. The following table details AC meetings held and the respective attendance.

Committee Member name	Role	31 January	21 February	16 May	31 July	5 November	6 November*	Percentage
Mr. Zaid Algwaiz	Chairman	Y	Y	Y	Y	Y	Y	100
Dr. Abdulla Elyas	Member	Y	Y	Y	Y	Y	Y	100
Mr. Ibrahim M. Alhusayni	Member	Y	Y	Y	Y	Y	Y	100
Ms. Zain Al Emam	Member	Y	Y	Y	Y	Y	Y	100
<b>Overall percentage of ac member attendance (%)</b>		100	100	100	100	100	100	100

\* Meeting held on 6 November was the annual AC meeting with the Board of Directors

## Mr. Zaid Algwaiz

**Audit Committee Chairman (Independent)**

Chairman of the Audit Committee at Bupa Arabia since July 2022, and a member of the Risk Management Committee.

Zaid Algwaiz previously served as an independent Board Member at Bupa Arabia for three terms. During his time at Bupa Arabia, he also joined various committees including the Nomination and Remuneration Committee and the Investment Committee. Moreover, prior to chairing the Audit Committee, Zaid served as a member.

At present, Zaid is a member of several Boards and committees in other organizations, including the Saudi National Bank (SNB), and is currently serving his second term at the Audit Committee in Bupa Arabia.

## Current Positions

- Bupa Arabia (Chairman of the Audit Committee and Member of the Risk Management Committee)
- Saudi National Bank (SNB) (Independent Board Member, Risk and Governance Committee Member, Executive Committee Member)
- Mohammed Ibrahim AlSubaie and Sons Investment Company (MASIC) (Member of the ALCO and Risk Committee)
- SAL Saudi Logistics Services Company (Audit Committee Chairman).

### Previous positions

- Thakher Real Estate Development Company (Audit Committee Member)
- Saudi British Bank (Member of the Nomination and Remuneration Committee)
- Al-Yusr Leasing and Financing Co. (Board Member and Chairman of the Risk Committee)
- Al-Rajhi Steel (Board Member and Member of the Audit Committee)
- Gulf Finance Company (Board Member and Chairman of the Audit Committee)
- AlAwwal Capital (Saudi Hollandi Capital) (Board Member and Chairman of the Audit Committee)
- Middle East Specialized Cables Company (Board Member)
- HSBC Mutual Funds (Board Member)

### Qualifications

- Bachelor's degree in Accounting from King Saud University, Saudi Arabia

### Dr. Abdulla Elyas

#### Audit Committee Member (Independent)

Dr. Abdulla Elyas is a co-founder of Careem, he is currently Chairman of its business in KSA. Additionally, he serves as a Board Member at the Saudi Arabian SME Authority, at Endeavor KSA, TAM Development Company, He is currently serving his first term as an Audit Committee Member in Bupa Arabia.

Please refer to page 58 for further details and profile.

### Mr. Ibrahim M Alhusayni

#### Audit Committee Member (Independent)

A member of the Audit Committee at Bupa Arabia since July 2022.

Ibrahim Alhusayni currently holds the position of Chief Audit Executive for the multi investment firm, Mohammad Alhabib Holding. He is also a member of the Audit and Risk Committee at GIB Capital.

Prior to his current role, Ibrahim served as Head of Finance Governance at BAE Systems, a multinational defense company, and External (Financial) Auditor at Ernst & Young.

Ibrahim is currently serving his first term at Bupa Arabia.

### Current positions

- Bupa Arabia (Audit Committee Member)
- Mohammad Al Habib Holding (Chief Audit Executive)
- GIB Capital (Audit and Risk Committee Member)

### Previous positions

- BAE Systems (Head of Finance Governance)
- Ernst & Young (External Auditor)

### Qualifications

Bachelor of Science in Accounting, from King Fahd University of Petroleum and Minerals, Saudi Arabia

### Ms. Zain Al Emam

#### Audit Committee Member (Independent)

Ms. Zain Al Emam is a recognized Saudi 2030 Leader. She is a seasoned Saudi banker with over 15 years of experience in the banking industry, beginning with the Saudi National Commercial Bank (Now SNB), through Saudi Fransi Banque, and concluding her tenure at the Islamic Development Bank (IsDB), with a focus on investment banking.

Over the years, Ms. Al Emam has undertaken several committee/forum organization representation roles in regional and global arenas, such as AMF and G20-GPFI.

Additionally, Ms. Al Emam has extensive Board/Committee experience, having served as a Board Member and Chair of the Audit Committee at Caspian International Investments Company, as well as at GIB Capital among others.

### Current positions

- Bupa Arabia (Audit Committee Member)
- Islamic Development Bank Group (Senior Investments Officer)
- Caspian International Investments Company (Board Member and Chair of the Audit Committee)
- GIB Capital (Board Member and Chair of the Audit Committee)
- Saudi Coffee Company (Audit Committee Member)

### Previous positions

- Allied Cooperative Insurance (ACIG) (Board Member)
- Islamic Development Bank Group (Investments Specialist)
- Banque Saudi Fransi - Crédit Agricole (Treasury-Fx Dealer)
- Saudi National Bank:
  - Credit Administration and Control
  - Retail Banking

### Qualifications

- Master of Science in Finance and Management from University of Exeter, Exeter, UK (2008)
- Bachelor's degree in Economics, Money, and Financial Institute from King AbdulAziz University, Jeddah, KSA (2003)

## Executive Committee (EC)

The purpose of the EC is to support the Board with the management of the business, through the monitoring and review of all aspects of the operational performance of the Company, on a routine basis, ensuring that there are no barriers to achieving the strategy and the objectives in place.

The EC provides recommendations to the Board on annual operating plans, and proposed dividends, accounting for solvency requirements, and also reviews and approvals as per the requirement of the SMRB with certain aspects of a commercial nature, including its charter. It also supports the Board and the business in ensuring that the Company is compliant with regulatory requirements.

### Summary of changes in the Executive Committee during 2023:

There were no changes in the Executive Committee composition in 2023.

During 2023, the EC held seven (7) meetings. The following table provides details of EC meetings held and their respective attendance.

Committee Member name	Role	14 March	24 May	13 July	18 July	18 September	6 November	12 December	Percentage
Eng. Loay Hisham Nazer	Chairman	No	Y	Y	Y	Y	Y	Y	85.7
Mr. David Martin Fletcher	Member	Y	Y	Y	Y	No	Y	Y	85.7
Mr. Tal Hisham Nazer	Member	Y	Y	Y	No	Y	Y	Y	85.7
Mr. Nigel Sullivan	Member	Y	Y	Y	Y	Y	Y	Y	100
<b>Overall total percentage (%)</b>		75	100	100	75	75	100	100	89.3

### Eng. Loay Nazer

Executive Committee Chairman (Non-Executive)

Chairman and Board Member of Bupa Arabia since its inception in 2008. Founder and chairman of the Nazer Group Ltd, He is currently serving his sixth term as Executive Committee Member at Bupa Arabia.

Please refer to page 57 for further details and profile.

### Mr. David Fletcher

Executive Committee Member (Non-Executive)

Bupa Arabia Board Member and Vice-Chairman, since 2014. Currently, Bupa Group Chief Risk Officer, and Member of its Chief Executive Committee, Mr. Fletcher is currently serving his fourth term as Executive Committee Member at Bupa Arabia.

Please refer to page 57 for further details and profile.

### Mr. Tal Hisham Nazer

Executive Committee Member (Executive – CEO)

Bupa Arabia CEO/Board Member since its inception in 2008, He is currently serving his sixth term as Executive Committee Member at Bupa Arabia.

Please refer to page 58 for further details and profile.

### Mr. Nigel Sullivan

Executive Committee Member (Non-Executive)

Bupa Arabia Board Member since 2021. Currently, Bupa Group Chief Sustainability and People Officer, Mr. Sullivan is currently serving his second term as Executive Committee Member at Bupa Arabia.

Please refer to page 60 for further details and profile.



## Investment Committee (IC)

The purpose of the Investment Committee (IC) is to assist the business in developing its investment policy and to thereafter, supervise its adherence to it. The Committee is tasked with overseeing the Company's investment process and strategic approach to optimize returns within the Board-approved risk parameters, while taking into account liquidity requirements and solvency constraints. The IC also monitors investment performance regularly, as well as the adherence to guidelines and limits as per the Investment Policy Statement (IPS), Insurance Authority's Shariah requirements. Lastly, the IC approves investment decisions as per the IC Charter Authority Matrix.

### Summary of changes in the Investment Committee during 2023:

There were no changes in the Investment Committee composition in 2023.

During 2023, the IC held four (4) meetings. The following table details the IC meetings held and the respective attendance.

Committee Member name	Role	20 March	15 June	4 September	28 November	Percentage
Mr. Osamah Shaker	Chairman	Y	Y	Y	Y	100
Mr. Andrew Bailey	Member	Y	Y	Y	No	75
Mr. Tal Nazer	Member	No	Y	Y	Y	75
Ms. Adhwa Alabdulkarim	Member	Y	Y	Y	Y	100
Ms. Nora Al-Sarhan	Member	Y	Y	Y	Y	100
<b>Overall total percentage (%)</b>		80	100	100	80	90

### Mr. Osamah Shaker

Investment Committee Chairman (Independent)

An independent Board Member since 2022, Mr. Osamah Shaker has also served as the independent Investment Committee Chairman since July 2019. He holds the position of CEO at GIB Capital, a company wholly owned by GIB bank and based in Riyadh. Mr. Shaker is currently serving his second term at Bupa Arabia as Investment Committee Member.

Please refer to page 59 for further details and profile.

### Andrew Bailey

Investment Committee Member (Non-Executive)

Member of the Bupa Arabia Investment Committee, since 2019.

Currently, Andrew Bailey holds the role of Head of Asset Management for Bupa Group. Previously, he held various treasury and investment positions in several UK listed corporations.

Andrew is currently serving his second term at Bupa Arabia.

### Current positions

- Bupa Arabia (Investment Committee Member)
- Bupa (Head of Asset Management)

### Previous positions

- Brewin Dolphin PLC (Treasurer)
- Peninsula Petroleum Brokers Ltd. (Group Treasury Manager)
- National Grid PLC (Treasury Manager)

### Qualifications

- Bachelor of Arts in Economics and Philosophy from the University of Sheffield, United Kingdom
- Certificate in Chartered Financial Analyst from the Chartered Financial Analysts (CFA), United Kingdom
- Certificate in Corporate Treasury from the Association of Corporate Treasurers (ACT), United Kingdom
- Certificate in Investment Management from the Investment Management Certificate (IMC), United Kingdom
- Certificate in Technical Analysis from the Society of Technical Analysts, United Kingdom

### Mr. Tal Hisham Nazer

Investment Committee Member (Executive - CEO)

Bupa Arabia CEO and Board Member since its inception in 2008, he is currently serving his first term as Investment Committee Member at Bupa Arabia.

Please refer to page 58 for further details and profile.

### Ms. Adhwa Alabdulkarim

Investment Committee Member (Independent)

Bupa Arabia Investment Committee Member since July 2022.

Ms. Adhwa Alabdulkarim currently works at Brookfield Asset Management within their Infrastructure Investments team. Previously, Ms. Alabdulkarim worked at Saudi Aramco's Corporate M&A Department.

Ms. Adhwa is currently serving her first term at Bupa Arabia.

#### Current positions

- Bupa Arabia (Investment Committee Member)
- Brookfield Asset Management (Senior Associate - Infrastructure Investments)

#### Previous positions

- Saudi Aramco (Associate - Mergers and Acquisitions)
- Saudi Aramco (Analyst - Mergers and Acquisitions)

#### Qualifications

- Master of Business Administration from Harvard Business School, USA
- Bachelor of Science in Finance from Prince Mohammed Bin Fahd University, Saudi Arabia

### Ms. Nora Al Sarhan

Investment Committee Member (Independent)

Bupa Arabia Investment Committee Member since August 2022.

Ms. Nora Al Sarhan currently holds the position of Chief Investment Officer at Saudi Venture Capital Company (SVC), where she also previously served as Investment Executive Director.

Ms. Nora is currently serving her first term at Bupa Arabia.

#### Current positions

- Bupa Arabia (Investment Committee Member)
- Saudi Venture Capital Company (SVC) (Chief Investment Officer)

#### Previous positions

- Saudi Venture Capital Company (SVC) (Investment Executive Director)
- Small and Medium Enterprise Authority (Monshaat) (Equity Funding Director and Equity Funding Manager)
- Saudi Venture Capital Investment Company (SVCIC) (Senior Associate)
- Ernst & Young, Transaction Advisory Services (Executive)

#### Qualifications

- Master of Business Administration from Alfaisal University, Saudi Arabia
- Bachelor of Science in Information Systems from Prince Sultan University, Saudi Arabia

## Nomination and Remuneration Committee (NRC)

The purpose of the NRC is to effectively manage the Board, Board Committees, and carry out member appointments in accordance with both regulations and the approved policies and procedures, this involves making recommendations to the Board or regulators, as required. The NRC ensures the independence of the independent members, the absence of any conflict of interest, and compliance with regulatory requirements before submitting proposed membership(s) of Board, and Board Committee Members, to the Insurance Authority, by the Company.

The Committee's responsibilities also include the following.

- To evaluate the structure and composition of the Board, the Board Committees, and recommend changes to the same
- To annually review the requirements of suitable skills for membership of the Board, Board Committees, and reflect updates of the same within the Nomination and Appointment Policy and Procedure, for the approval of the public shareholders
- To develop clear policies regarding the compensation and remuneration of the Board and Board Committee Members, following industry/market benchmarking, and to make such recommendations
- To recommend the Company's Long-Term Incentive Plan (LTIP) to the Board
- To recommend the Company's Chief Executive Team Remuneration Policy and Employee Remuneration Policy to the Board
- To review, recommend and approve the remuneration and incentive payments [short-term incentives/bonuses and Long-Term Incentive Plan (LTIP)] of the CEO, CET, and the Company
- To establish and monitor succession plans for the CEO and the CET
- To annually assess/evaluate the performance of the Board, Committees, and their respective members.

## Summary of changes in the Nomination and Remuneration Committee during 2023:

There were no changes in the Nomination and Remuneration Committee composition in 2023.

During 2023, the NRC held five (5) meetings. The following table details the NRC meetings held and their respective attendance.

Committee Member name	Role	22 February	13 April	4 July	4 September	30 November	Percentage
Ms. Huda Bin Ghoson	Chairwoman	Y	Y	Y	Y	Y	100
Mr. Nigel Sullivan	Member	Y	Y	Y	Y	Y	100
Ms. Hawazen Nassief	Member	No	Y	Y	Y	Y	80
<b>Overall total percentage (%)</b>		66.6	100	100	100	100	93.3

### Ms. Huda Bin Ghoson

Nomination and Remuneration Committee Chairperson (Independent)

Ms. Huda was the Executive Director of Human Resources at Saudi Aramco. Ms. Huda is currently serving her second term as a Nomination and Remuneration Committee Member at Bupa Arabia.

Please refer to page 59 for further details and profile.

### Mr. Nigel Sullivan

Nomination and Remuneration Committee (Non-Executive)

Bupa Arabia Board member since 2021. Currently, Bupa Group Chief Sustainability and People Officer, Mr. Sullivan is currently serving his second term as a Nomination and Remuneration Committee Member at Bupa Arabia.

Please refer to page 60 for further details and profile.

### Ms. Hawazen Nassief

Nomination and Remuneration Committee Member (Independent)

Bupa Arabia Nomination and Remuneration Committee Member since August 2022.

At present, Ms. Hawazen Nassief holds the position of Head of Sustainability and Stewardship at the Public Investment Fund (PIF).

Ms. Hawazen is currently serving her first term at Bupa Arabia.

### Current positions

- Bupa Arabia (Nomination and Remuneration Committee Member)
- Public Investment Fund (PIF) (Head - Sustainability and Stewardship)
- Member of Board of Directors, chair of ESG Committee, Member of NRC at Tanmiah Food Company (Tanmiah)
- Member of Board of Directors, member of Risk, and ESG Committee, Chair of the NRC at Middle East Paper Company (MEPCO)

### Previous positions

- National Energy Services Reunited Corp. (NESR) (Vice President - ESG and External Affairs)
- Future Investment Initiative Institute (Environmental, Social and Governance Advisor)
- Cummins Inc. (Middle East Corporate Responsibility and Technical Education for Communities Manager)
- Christie's (Director - Middle East Relationship Management)
- Olayan Financing Company (Corporate Social Responsibility Officer)

### Qualifications

- Master of Arts in Law and Diplomacy from Tufts University, USA
- Bachelor of Arts in International Relations from Boston University, USA

## Risk Management Committee (RMC)

The main purpose of the Risk Management Committee (RMC) is to assist the Board in formulating its risk management strategy and overseeing risk across Bupa Arabia. This includes overseeing the current risk exposures and risk strategy, development of the overall risk appetite and tolerance, monitoring the effectiveness of the risk management framework including related policies, processes and controls, and promoting a risk awareness culture throughout Bupa Arabia.

The Committee is committed to excellence in risk management and enhancing Bupa Arabia by:

- Being vigilant about risk and engaging in risk management to achieve sustainable performance
- Taking ownership of Bupa Arabia's entire risk profile and addressing risk themes comprehensively
- Recognising emerging risks and proposing risk appetite changes to the Board, as needed
- Defining and taking responsibility for establishing Bupa Arabia's risk culture and the mechanisms for implementing it
- Recommending policies to the Board for approval, in accordance with its charter.
- Oversight of the implementation of corporate governance, in accordance with CMA Corporate Governance Regulations Articles 94 and 95

## Summary of changes in the Risk Management Committee during 2023:

There were no changes in the Risk Management Committee composition in 2023.

During 2023, the RMC held five (5) meetings. The following table details the RMC meetings held and their respective attendance.

RMC Member name	Role	14 February	16 May	18 September	6 November	6* November	Percentage
Mr. Martin Houston	Chairman	Y	Y	Y	Y	Y	100
Dr. Abdulla Elyas	Member	No	Y	No	Y	Y	60
Mr. James O'Reilly	Member	Y	Y	Y	Y	Y	100
Mr. Rami Makarem	Member	Y	Y	Y	Y	Y	100
Mr. Zaid Algwaiz	Member	Y	Y	Y	Y	Y	100
<b>Overall total percentage (%)</b>		80	100	80	100	100	92

\*The second meeting held on 6 November was the annual RMC meeting with the Board of Directors.

### Mr. Martin Houston

Risk Management Committee Chairman (Non-Executive)

Bupa Arabia Board Member since 1 October 2018 and served as a Non-Executive Director on the main Board of Bupa. Mr. Houston was appointed as Chairman of the Board of the EnQuest PLC. Mr. Houston is currently serving his first term as Risk Management Committee Member at Bupa Arabia.

Please refer to page 60 for further details and profile.

### Dr. Abdulla Elyas

Risk Management Committee Member (Independent)

Dr. Abdulla Elyas is a co-founder of Careem, He's currently Chairman of its business in KSA. He serves as a Board Member at the Saudi Arabian SME Authority, at Endeavor KSA, TAM Development Company. He is currently serving his second term as Risk Management Committee Member in Bupa Arabia.

Please refer to page 58 for further details and profile.

### Mr. James O'Reilly

Risk Management Committee Member (Non-Executive)

Member of the Bupa Arabia Risk Management Committee, since 2019.

Currently, James O'Reilly holds the position of Chief Risk and Sustainability Officer for Bupa Global & UK. Previously, he served as the Risk and Compliance Director of the Bupa Global Division.

James is currently serving his second term at Bupa Arabia.

#### Current positions

- Bupa Arabia (Risk Management Committee Member)
- Bupa Global & UK (Chief Risk and Sustainability Officer)

#### Previous positions

- Bupa (Risk and Compliance Director)
- Bank of England, Prudential Regulation Authority (Senior Manager)
- MGM Advantage (Head of Finance Operations)
- MetLife (Head of Finance and Operations)

#### Qualifications

- Fellow of the Association of Chartered Certified Accountants (ACCA), United Kingdom
- Chartered Certified Accountant from the Association of Chartered Certified Accountants (ACCA), United Kingdom

### Mr. Rami Makarem

Risk Management Committee Member (Non-Executive)

A member of the Risk Management Committee at Bupa Arabia since 2016.

Rami Makarem currently Serves as the Chief Executive Officer of Nazer Holding Group Ltd. where he also serves on various Boards of Directors of companies owned by the Group. Prior to that, Rami held the position of Group Chief Finance Officer at Ittihad International Investment in the United Arab Emirates.

Rami is currently serving his fourth term at Bupa Arabia.

#### Current positions

- Bupa Arabia (Risk Management Committee Member)
- Nazer Group (Group Chief Executive Officer)

#### Previous position

- Ittihad International Investment (Group Chief Finance Officer)
- Sun Microsystems (Finance Manager)
- Ernst & Young (Auditor)

#### Qualifications

- Executive Master's degree in Business Administration from the London Business School, United Kingdom
- Postgraduate Diploma in Financial Strategies from Oxford University, United Kingdom
- Bachelor's degree in Business Administration from the American University of Beirut, Lebanon.

### Mr. Zaid Algwaiz

Risk Management Committee Member (Independent)

Zaid Algwaiz has been serving as the Chairman of the Audit Committee at Bupa Arabia since July 2022, and is also a member of the Risk Management Committee. Previously, he held the position of an independent Board Member at Bupa Arabia for three terms. He is currently serving his first term as Risk Management Committee Member in Bupa Arabia.

Please refer to page 68 for further details and profile.

# Risk Governance and Internal Controls

## Our Governance Framework

- Insurance Authority Regulations
- CMA Regulations
- CHI Regulations
- Other Regulations
- Best Practice



**1<sup>ST</sup>**  
Line of Defence  
Identify Manage Own

**2<sup>ND</sup>**  
Line of Defence  
Advise Support  
Challenge Oversight

**3<sup>RD</sup>**  
Line of Defence  
Independent  
Objective Assurance

## Our corporate governance and risk intelligence

We remain committed to enhancing shareholders value by building and maintaining a risk intelligent organization, while increasing the transparency of our corporate governance practices, and strengthening the rights of our shareholders in alignment with the best-in-class governance standards.

Our major shareholder Bupa Investment Overseas Limited (BIOL), is still one of the largest foreign strategic investors in the Saudi market. We continue to invest in our corporate governance, including further embedding the "Three Lines of Defence" (3LoD) risk management model within the ongoing recruitment and development of appropriate capabilities to ensure a world class governance environment with world-class controls.

## Our code of conduct

The Company's Code of Conduct has been further embedded across the Organization during 2023, and all employees have received regular communication keeping them informed and updated. The Code covers the following areas and alongside our values, is a key contributor to Bupa Arabia's company culture.

### Safeguarding Bupa Arabia's assets:

- we work to high professional standards
- we declare conflicts
- we represent Bupa Arabia
- we prohibit insider trading and stock tipping
- we manage risk
- we protect our intellectual property

### Thriving through regulatory excellence:

- we play by the rules

### Adhering to competition laws:

- we respect competition laws
- we speak up

### Acting ethically and transparently with all our stakeholders:

- we put our customers first
- we act ethically
- we keep information safe
- we fight money laundering and terrorism financing
- we know our suppliers

### Preserving our community and our environment:

- we celebrate diversity
- we stay safe and well
- we are prepared for anything
- we take care of our planet

## Our enterprise policies

The Company has reviewed, assessed, enhanced, revamped, approved, and rolled out the Enterprise Policies Management Framework (EPMF) for 2023. Our Enterprise Policies (EP) are an important part of how we manage risks within Bupa Arabia, by explaining how we are exposed to risks, why they need to be managed, and provide a consistent approach towards the management of the same. They also help ensure business objectives are met, in compliance with legal and regulatory requirements of the jurisdictions in which we operate, and help us protect our environment while giving back to our communities. Our policies sustain and support our risk appetite.

The current suite of 33 enterprise-wide policies also supports our intent:

- To adhere to the requirements of the Insurance Authority's Insurance Corporate Governance Regulation;
- To comply with the Saudi Arabian Capital Market Authority ("CMA") requirements of the Corporate Governance Regulation;

- To comply with legal and regulatory requirements of the jurisdictions in which we operate, including and not limited to the requirements of (Ministry of Commerce "MOC", the Council of Health Insurance "CHI", Ministry of Health "MOH", Ministry of Investment "MOI", Zakat, Tax and Customs Authority "ZATCA", Ministry of Human Resources and Social Development "MOHRSD", and Anti Money Laundering and Combating Terrorist Financing Laws and Regulations "AML and CTF");
- To comply with global best practices.

## Our delegation of authority

The Delegation of Authority (DOA) is an integral part of the governance and the internal control system of Bupa Arabia.

The DOA Matrix, governed by its own respective framework, outlines guidelines for the authorization and empowerment at appropriate levels of decisions having financial implications or impacting the interests of Bupa Arabia.

The DOA Framework and Matrix were implemented and enhanced during 2023, consolidating all of Bupa Arabia's activities with the appropriate approval levels. These documents were endorsed by the Audit Committee (AC) and Risk Management Committee (RMC), and approved by Bupa Arabia's Board of Directors.

The purpose of setting limits of authority is to establish the financial commitments and operational decisions that various authorized bodies or personnel make on behalf of Bupa Arabia in the discharge of their responsibilities. Such authority limits are necessary to ensure that:

- Financial commitments and expenditures are only made by authorized bodies or personnel and such commitments/ expenditures are within the approved limits;
- Authority given is consistent with duties and responsibilities assigned to management personnel;
- Adequate authority is given to the relevant individuals or group of individuals to facilitate business operations efficiently; and
- Clear understanding exists within Bupa Arabia of the authorities vested in each position, including those matters that are strictly reserved for the Board of Directors (BOD) and the Chief Executive Officer (CEO)

## Our Speak-Up (whistle-blowing) Policy

We are dedicated to preserving ethical behavior and governance culture in the workplace. Both as a business and as individual employees, we adhere to all laws and regulations, further supported by the high standards we uphold at Bupa Arabia. To achieve this, staff members are encouraged to use designated channels to voice any concerns or questions they may have about improper behavior.

Our goal is for Bupa Arabia to foster an environment where employees feel free to raise concerns about any improper or unethical activity at work, without the fear of facing consequences.

## Our Shariah compliance

Bupa Arabia maintains its Shariah compliance. Bupa Arabia received the approval from the Shariah Review Bureau on its compliance and status as per the 2022 annual Shariah Audit Report (reference BPA-1162-12-01-12-22) on 28 December 2023. The functions are as follows:

- Separation of accounts (shareholder and policyholder)
- Compliance of shareholder and policyholder investments with Shariah Guidelines, in support of achieving overall Shariah compliance in the future, the Company continues to develop its policies and evaluate its contracts

## Corporate governance and Bupa Arabia commitment

Bupa Arabia is fully committed through all levels of the Company hierarchy, including its Board and its Board Committees, to the implementation of world-class corporate governance standards, and the provisions contained in the Corporate Governance Regulations issued by the Capital Market Authority, Saudi Central Bank, The Insurance Authority, and thereafter adhering to the Corporate Governance Regulations of all Saudi regulators. Bupa Arabia is developing and instituting corporate governance structures, frameworks, codes, policies,

procedures, and standards to support its achievement of best practices and adherence to the regulations. Bupa Arabia continues to update the relevant policies and procedures and ensures they are aligned with all the regulatory requirements.

This will ensure Bupa Arabia succeeds in fulfilling the five key elements of corporate governance:

- Strong commitment to corporate governance
- Strong commitment to world-class Board practices
- Strong regime of disclosure, transparency, fairness, accountability, and responsibility
- Appropriate control of environments and processes
- Protection of all shareholders' rights, including minority shareholders

Bupa Arabia affirms its commitment to the implementation of the highest professional standards and best international practices for the prevention of bribery, corruption, fraud, financial crimes, and its commitment to preventing anti-competitive practices.

Bupa Arabia affirms its commitment to maintaining and developing its formal Corporate Governance Framework (CGF), including its Code of Corporate Governance (CCG), in alignment with international best practices, and in adherence to the regulators' corporate governance regulations. Bupa Arabia is planning to further enhance its key governance documents for the approval of the shareholders, during 2024.

## Control functions

Bupa Arabia ensures the implementation of robust practices of legal affairs, internal controls, risk management which also includes cybersecurity and technology risk management, in adherence to the relevant Saudi Arabia regulatory requirements of insurance companies. The Company has established the below detailed control functions in addition to any other regulatory or supervisory requirements that the principal duties and responsibilities of these functions include, but are not limited to:

## The Legal Affairs

The Legal Affairs reports to the CGRCO and is responsible for ensuring the Company complies and adheres to the laws and relevant regulations and responsible for ensuring the Company is protected.

### Senior Director – Legal Affairs, General Counsel: Mr. Nasser AlQawas

Mr. Nasser AlQawas joined Bupa Arabia in May 2016 and has over 25 years of substantial legal, compliance, corporate governance, and Board secretariat experience.

Throughout his career he has managed to build a solid acumen in driving organizations to act with the highest level of integrity in compliance with the local and international prevailing laws in the different regions of operation, in addition to administering efficient and transparent legal processes and documentation. Having begun his professional career in Arent Fox law firm, where he worked for six years, followed by his 20-year tenure at NCB, Mr. Nasser was responsible for a variety of different roles and responsibilities, which include Head of the Legal Enforcement Section, Manager of Legal Advisory and Research, General Board Secretary, the Group Chief Compliance Officer, and the Chief Legal Advisor.

Mr. Nasser was appointed by a Royal Decree to be a reserve Committee Member in the Banking Dispute Committee in Jeddah. He is also a Board and Committee Member in a variety of companies.

Mr. Nasser holds a Master's degree in Law, a Diploma in Regulation, Compliance and Anti-Money Laundering (from the University of Reading, England), a Certified Compliance Officer from the Financial Academy, and he holds Leadership Executive Certificates from INSEAD and IMD.



## The Risk Management Department (RMD)

The Risk Management Department is responsible for the overall risk management process across Bupa Arabia.

They coordinate the development and implementation of the risk management framework and strategy, monitor the risk database/register, and report on material risks and action plans.

### Senior Director – Risk Management Department: Mr. Ahmed Jaber

Ahmed Jaber is a seasoned Governance, Risk, and Compliance (GRC) Leader with over 20 years of experience. He holds certifications including Certified Fraud Examiner (CFE), Certified GRC Professional (GRCP), Certified GRC Auditor (GRCA), and a diploma in Risk Management.

Prior to joining Bupa Arabia, Mr. Ahmed was Head of Investigations and Fraud Prevention at the National Commercial Bank (NCB) and previously, Head of Operational Risk Management and Acting Head of Retail Banking Audit at NCB. Additionally, he held the position of Western Regional Head of Country Credit and Risk Control in SAMBA and worked as a field engineer in Schlumberger Middle East.

With over two decades of experience in enterprise risk management and internal controls, Ahmed currently leads the Risk Management function as Senior Director at Bupa Arabia. He also serves on Board Risk and Audit Committees in various industries, leveraging this governance experience to advise Boards and leadership on risk strategies and emerging regulatory issues.

## The Cybersecurity and Technology Risk Department (CSTRD)

The CSTRD is a second line of defence and is responsible for the overall cybersecurity and technology risk monitoring processes across Bupa Arabia. It focuses on coordinating the development of the related policy and frameworks, and assessing and monitoring the IT, cybersecurity and technology risks, and reporting on the associated material risks and mitigation plans.

The CSTRD is responsible for the alignment of the Company with the regulatory mandated cybersecurity and BCM frameworks, issued by the Saudi Central Bank, the Insurance Authority and the National Cybersecurity Authority.

The CSTRD reports directly to the CGRCO, with access to the AC and RMC as required and its structure covers cybersecurity, information systems resilience, technology risk, data privacy, and BCM.

### Director – Cybersecurity and Technology Risk Department (The Chief Information Security Officer – CISO): Mr. Sami Alsubhi

Mr. Sami Alsubhi joined Bupa Arabia in 2020. He has over 19 years of experience in cybersecurity and information technology, which includes leading the cybersecurity teams in different sectors, most notably as the Head of Information Security, during his period at Petro Rabigh company.

Mr. Sami holds a Master's degree in software engineering from The University of Queensland, Australia, and he won the "GBST Best Software Project" prize during his Master's study. Sami's Bachelor's degree was in Computer Engineering from King Fahd University for Petroleum & Minerals. In addition, he holds a number of technical and management certificates accredited in the field of cybersecurity management and information technology, the most significant of which are SANS: GIAC Cyber Threat Intelligence and GIAC Certified Incident Handler certificates, ISO/IEC 27032 Lead Cybersecurity Manager certificate, Cisco Certified Network Professional.

## Finance Pricing, Actuarial, Asset Management and Business Advisory Departments

The finance pricing and actuarial capabilities of the Company are essential control functions to ensure the accuracy of the Company's pricing and the claims reserving, in accordance with both international best practice and Saudi regulations. These roles further report to the Finance function, headed by the Deputy CEO and CFO, except for the Actuarial, who report to the CEO based on Insurance Authority regulations. Additionally, the Asset

Management and Business Advisory Department perform a key control function in relation to the management of investment assets, in accordance with the Board approved Investment Policy Statement (IPS), risk appetites, and in adherence to the Insurance Authority regulatory investment guidelines.

### Senior Director – Commercial Finance: Mr. Hatim Jamal

Mr. Hatim Jamal has over a decade of experience in several fields such as financial analysis and planning, accounting, tax, product/program development, strategy development, and operational excellence. Prior to joining Bupa Arabia, Mr. Jamal was a partner at Strategic Gears Management Consultancy, as an advisor within both the private and public sectors. He has covered multiple projects related to strategy development, economic impact assessment and operational excellence. Previously having worked at Procter & Gamble, he was also involved in different finance related assignments such as forecasting and planning, commercial finance, finance strategy, and finance control in the Saudi office covering all markets in Arabian Peninsula and in the Switzerland office covering India, Middle-East, and Africa markets.

Mr. Jamal joined Bupa Arabia in the first quarter of 2021. He holds a Bachelor's degree in Finance and Economics from King Fahd University of Petroleum and Minerals, and is a candidate for Master of Business Administration from London Business School.

### Director – Actuarial and Financial Analysis: Mr. Mahmoud Almalki

Mr. Mahmoud Almalki joined Bupa Arabia in 2015, and since then has held several managerial positions within actuarial, pricing, and commercial finance. His responsibilities include; claims reserving and monitoring, product development, setting pricing strategy, mega accounts renewal, and provider control. Mahmoud is an Associate of the Society of Actuaries (ASA), and is a proficient actuary, expected to be an FSA in 2023. He also holds a Bachelor's degree from King Fahd University of Petroleum and Minerals in Actuarial Science and Financial Mathematics with Honors.

### **Senior Director – Asset Management and Business Advisory: Mr. Ahmed Bajunaid**

Mr. Ahmed Bajunaid has more than 16 years experience in investment management. He joined Bupa Arabia in 2018 to lead transformation activities related to the investment management function, and to assist with company-wide key strategic initiatives as part of the Business Advisory function. He was appointed as Director – Asset Management and Business Advisory in 2019. Mr. Ahmed has also previously worked at Sanabil Investments, where he was responsible for investing and managing its global private equity program. Prior to this, he spent nine years at the Saudi Aramco Investment Management Department conducting strategy analysis and as a fund manager, conducting due diligence and reporting for private and public equities, and hedge funds. Mr. Ahmed has also worked with Cambridge Associates as an investment consultant within the private equity research team between Boston and London.

Mr. Ahmed holds a Bachelor of Arts degree in Business Finance from Durham University and an MBA from Columbia Business School.

### **Independent functions**

In line with best practice corporate governance, and as a key part of the Bupa Arabia “Three Lines of Defence Model”, the Company has independent functions reporting directly to the AC, with a dotted line reporting to the CEO for day-to-day administration, and both functions are completely accessible to the Board, and Board Committees when required. The Compliance Department forms part of the Company’s Second Line of Defence and the Internal Audit Department is the Third Line of Defence.

### **The Compliance Department (COD)**

The COD is considered as an essential factor for Bupa Arabia’s success and leading position in the health insurance market of the Kingdom of Saudi Arabia, due to the critical role it plays in effectively managing compliance risks, integrating a strong compliance culture into daily business activities and strategic planning of Bupa Arabia, maintaining the Organization’s reputation, and protecting its stakeholders.

The COD is an independent function that reports directly to the Audit Committee (AC) and its structure, roles and responsibilities are authorized by the AC.

### **Director – Compliance Department: Mr. Luay Abumansour**

Mr. Luay Abumansour joined Bupa Arabia in December 2019, bringing more than 15 years of experience in the area of compliance, Anti-Money Laundering (AML), Counter Terrorist Financing (CTF), and corporate governance. Prior to joining Bupa, Mr. Luay was the Head of Compliance and AML/CTF at Abdul-Latif Jameel United Real Estate Financing Company for five years, where he established and built the compliance and AML/CTF function. Prior to that, he spent seven years in Bank AlJazira, where he played several roles in the area of AML/CTF compliance, with his last role being the Head of AML/CTF Investigations Division. Throughout his career, he has managed to build an effective and robust relationship with Saudi regulators.

### **The Internal Audit Department (IAD)**

The Internal Audit Department (IAD) provides independent and objective assurance and consulting services designed to add value and improve the operations of Bupa Arabia.

IAD assists Bupa Arabia in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of systems of governance, risk management, and internal controls.

IAD Senior Director reports functionally to the Audit Committee, and operationally and administratively to the CEO, in order to maintain independence and objectivity. Furthermore, the IAD executes the assurance and advisory activities in accordance with the risk-based annual plan approved and monitored by the Audit Committee.

IAD continues to align and collaborate with risk management and compliance functions to ensure that Bupa Arabia’s overall assurance activities are conducted more effectively and efficiently and to streamline assurance reporting to the Audit Committee.

### **Senior Director – Internal Audit: Mr. Omar Bahathiq**

Mr. Omar Bahathiq has over 10 years of experience in internal audit. Throughout his career, he built a solid acumen in governance, risk management, internal controls, project management, and investment activities.

Prior to joining Bupa Arabia, Mr. Omar was leading the internal audit function at Vision International Invest Company, a leading Saudi Arabian investment holding company at the forefront of public and private sectors partnerships. He has also previously worked at Saudi Aramco and held several positions in the Projects Division under the internal audit function. Mr. Omar served as an independent member of the Audit Committee at Saudi Cable Company and the Audit and Risk Committee at Miahona Company.

Mr. Omar holds a Master of Business Administration from IESE Business School and a Bachelor of Science in Accounting from King Fahd University of Petroleum and Minerals. He is also a Certified Internal Auditor (CIA), Certified Management Accountant (CMA) and Certified Risk Based Auditor (CRBA).

### **Risk culture**

In addition to the significant regulatory requirements changes, the medical insurance industry is going through a drastic shift in its consumer and competitive behavior. Our objective is to continuously monitor and anticipate current and emerging risks that may affect our business, operations, and customers. Our risk management framework is designed to enable a culture of business management accountability over day-to-day risks while being supported by control functions that monitor the Company’s overall risk profile and the controls mitigating these risks.

### **Progress in 2023**

We have made significant advancements in enhancing Bupa Arabia’s risk management capabilities this year:

- Enhanced our risk profile and mitigation controls through extensive enterprise-wide risk assessments associated with new regulations and emerging market strategic risks.
- Captured and analyzed the operational and financial impact of risks associated with the implementation of new regulations, migration of talent, and digitization of the market landscape.

- Revamped our Risk Tolerance/Acceptance Criteria, Unified Risk Assessment Methodology, and Appetite Framework for improved consistency in risk handling.
- Developed new Scenario and Stress Testing, and Risk Intelligence Methodologies to deepen our understanding of potential risks.
- Elevated the maturity and sophistication of our Board Risk Committee's reporting, significantly improving the quality of discourse and decision-making.
- Successfully implemented the agreed-upon risk assessment plan across the Organization.
- Assisted compliance in identifying operational gaps.
- Conducted comprehensive analyses of regulatory frameworks to ensure compliance and preparedness.
- Achieved excellent ratings in internal audits and compliance reviews, efficiently resolving any identified issues.
- Participated in senior management team meetings to identify and analyze critical business issues.

These achievements have supported Bupa Arabia's mission while advancing the RMD's goals. We remain committed to anticipating risks affecting our business and customers.

## Risk management approach

our objective is to continuously monitor current and emerging risks. Our framework enables accountability over day-to-day risks while being supported by control functions monitoring the overall risk profile.

## Governance

The Risk Management Committee supervises our governance model supported by Executive Risk Committees and the Cybersecurity and Resilience Committee. These committees recommend risk appetite for approval and provide periodic risk reporting. Moreover, periodic reports from the Chief Governance, Risk and Control Officer (Chief GRCO) and minutes from relevant committees are shared with the Risk Management Committee.

## Implementation

A structured process is in place to identify risks and define mitigation strategies.

Our Risk and Control Self-Assessment (RCSA) system identifies and manages bottom-up business risks through structured reporting to governance bodies.

Complementing this, our ERM reporting focuses on identifying and managing top-down and external risks. In-depth analyses of key risks measure operational and financial impacts. Consolidated ERM reporting highlights management strategies for our risk universe to governance stakeholders including the Audit Committee, Risk Management Committee, and Board.

Key risk themes currently facing Bupa Arabia that our ERM process focuses on include:

- **Economic Inflation:** Regulatory changes may increase claims costs, impacting premium affordability and retention rates
- **Geopolitical Volatility:** Global instability could exert pressure on major clients and lead to erosion of profit margins
- **Market and Competitive Landscape:** Changes in the market landscape and increased competition
- **Talent Management:** Meeting Saudization targets presents risks to talent retention, thereby impacting growth
- **Cybersecurity and Business Continuity:** Increased digital reliance raises risks related to information security and disruption.

## Looking ahead

*Bupa Arabia proactively manages these risks through customer engagement, claims optimization, cost control, data analysis, fraud prevention, and cost-effective healthcare solutions. We remain committed to mitigating risks while delivering excellent service and promoting longer, healthier, happier lives.*

# Board Assurance

## Related party transactions

Related parties represent major shareholders, Board Members, and key management personnel of Bupa Arabia and the companies of which they are principal owners and any other entities controlled, jointly controlled, or significantly influenced by them. Contract pricing policies and terms are conducted on an arm's length basis, and transactions are approved by the Company's Management or, if necessary, by the Company's Board of Directors.

In any instance where any Board Member was conflicted, whether personally or via a related party relationship, the conflicted Board Member did not vote. The following are the details of the major related party transactions during the year and their related balances:

Legal entity	Related party	Description	2022 period	2023 period	2022 SR '000	2023 SR '000	Change
Bupa Global	Bupa	Reinsurance Premium Ceded (Bupa International Saudi Arabia Plan)	12 months January-December	12 months January-December	93,406	175,533	82,127
Various	Various	Other Expenses - net	12 months January-December	12 months January-December	2,068	1,720	(348)
Bupa Investments Overseas Limited (BIOL)	Bupa	Tax Equalization - net	12 months January-December	12 months January-December	68,431	35,129	(33,302)
Bupa Investments Overseas Limited (BIOL)	Bupa	Board and Committee Member Remuneration	12 months January-December	12 months January-December	915	920	5
Bupa Middle East Holdings Two. W.L.L. (BMEH2)	Bupa and Nazer	Trademark Fees	12 months January-December	12 months January-December	32,094	39,227	7,133

All contracts are for a 12-month period for both 2022 and 2023.

## Related party transactions relating to insurance contracts

Details of health insurance contracts associated with Bupa Arabia's Board Members, or that of their first-degree relatives, are reflected below:

### Bupa Arabia Board Members' personal/family health insurance with Bupa Arabia

Board Member name	Contract description	Period	Saudi Riyals	Gross Written Premium (GWP)		
				2022	2023	2023 change
Eng. Loay H. Nazer	Nazer Group Ltd. Related Contracts (multiple contracts)	12 months	SR millions	18	8	(10)
Dr. Abdulla Elyas	Careem Contract Health Insurance Scheme	12 months	SR millions	1	1	0
Mr. Tal Nazer	Bupa Arabia Employees Health Insurance Scheme	12 months	SR millions	22	28	6
Mr. Nader Ashoor	Bupa Arabia Employees Health Insurance Scheme	12 months	SR millions	22	28	6
Mr. Osamah Shaker	Gulf International Bank (GIB) - (GIB Capital)	12 months	SR millions	17	21	4

The explanations for these contracts are available below:

Board Member name	Contract explanation
Eng. Loay H Nazer	Health cover for self and family as an employee of the Nazer Group Ltd. and the Nazer Group Ltd. settles to Bupa Arabia directly
Mr. Tal Nazer and Mr. Nader Ashoor	Health cover for self and family, as well as all employee members of the Bupa Arabia Health Insurance Scheme are reflected within the staff costs
Dr. Abdulla Elyas	Health cover for self and family is as an employee of Careem, and Careem settles to Bupa Arabia directly
Mr. Osamah Shaker	Health cover for self and family is as an employee of GIB Capital, and Gulf International Bank (GIB) - (GIB Capital) settles to Bupa Arabia directly

## Bupa Arabia Board members' other related party health insurance with Bupa Arabia

Board Member name	Contract description	Period	Saudi riyals	Gross Written Premium (GWP)		
				2022	2023	2023 change
Ms. Huda Bin Ghoson	Saudi National Bank (SNB)	12 months	SR millions	-	277	-
Mr. Nader Ashoor	Saudi Ground Services SISCO - Saudi Industrial Services Co.	12 months	SR millions	107	105	(2)
Mr. Tal Nazer	NAJM for Insurance Services Co.	12 months	SR millions	43	31	(12)
	Cool Inc. Hospitality Company (multiple contracts)	12 months	SR millions	3	4	1
Dr. Abdulla Elyas	Tam Development	12 months	SR millions	1	1	0
Mr. Ali Sheneamer						
Mr. Tariq Alamoudi	Saudi Logistics Services (SAL)	12 months	SR millions	-	26	0

Any health insurance coverage which Bupa Arabia provides to any Bupa Arabia Board Member, and/or if applicable, his company, family, or other individuals with whom he may be associated or have an interest, is strictly on an arm's length basis, with no preferential treatment in any form, and in accordance with the pricing and loss ratio targets outlined in the Company's underwriting Policy/Manual. This is in full compliance with the medical pricing regulations set by the Insurance Authority and the CHI medical insurance product regulations.

### Declarations relating to waiver of salary, compensation, and rights to dividends

The Company confirms the below declarations:

- That it has not issued, nor granted, any convertible debt instruments, options, warrants, or similar rights during the financial year and accordingly has not received any consideration for the same.
- That it has not converted, issued, or granted any subscription rights under any convertible debt instruments, contractually based securities, warrants, or similar rights during the financial year.
- That it has not redeemed, purchased, or canceled any redeemable debt instruments during the financial year. The Company has no such securities outstanding so the value of the same is nil.

### Our shareholders and our disclosure of information to all stakeholders

As of 31 December 2023, the major shareholders were as per the table below:

Name of shareholder	Shares	Shares percentage
Bupa Investments Overseas Limited (BIOL)	64,875,000	43.25
Nazer Group Holding Company Ltd. (Nazer)	7,507,500	5.005
Major shareholders	72,382,500	48.255
Public shareholders	77,617,500	51.745
<b>Total</b>	<b>150,000,000</b>	<b>100</b>

### Tadawul shareholder database requests

During 2023, Bupa Arabia made five (5) requests of Tadawul for its shareholder database, on a variety of dates as follows:

Request date	Request purpose
1. 17 January 2023	Corporate Action
2. 27 February 2023	Corporate Action
3. 18 June 2023	General Assembly
4. 21 June 23	Dividend Entitlement
5. 22 June 23	General Assembly

## Other Disclosures and Information in Accordance with Laws and Regulations

### Provision of Corporate Governance

Bupa Arabia is committed to and in full compliance with and adherence to the provisions of the Insurance Authority Insurance Corporate Governance Regulations, as well as with the requirements of the Company's Code of Corporate Governance. There are several guiding requirements within the CMA regulations which Bupa Arabia has decided to either adopt, for example, within the RMC scope, which is related to corporate governance, or to adopt them in the future, either when required as mandatory, or earlier if they are considered appropriate and best practice.

Article number	Article section and narrative	Reason for non-compliance
Article 90: Disclosure of Remunerations	Article 90 paragraph (4) point (b) Disclosure of the five Senior Executives who have received the highest remuneration from the Company, provided that the Chief Executive Officer and Chief Financial Officer are among them.	Bupa Arabia has disclosed the top five executive payments, including the CEO and CFO, in totals under the remuneration section of this report.
51 - Audit Committee Formation	Paragraph (c) The Chairman of the Audit Committee shall be an Independent Director.	Bupa Arabia's Audit Committee Chairman is an independent member, who is not a member of the Board of Directors as this article is a guiding article.

In terms of the CMA Corporate Governance Regulation Article Number 86, regarding policies that regulate the relationship with stakeholders to protect their respective rights, Bupa Arabia has enhanced its policies during 2023 to ensure a stronger alignment with regulations and the latest international best practices.

# Board Members and Senior Executives' Interests

## Description of the Bupa Arabia Equities of the Board Members and their Immediate Family Members

The Bupa Arabia equities held by the Bupa Arabia Board Members, and their immediate family members, in the shares or debt instruments of the Company or in any of its subsidiaries, are as detailed below as of 31 December 2023:

Name of Board Member	Opening 1 January 2023		Closing 31 December 2023		Change	
	Number of shares	Debt instruments	Number of shares	Debt instruments	In shares	Percentage (%)
Eng. Loay Hisham Nazer	-	-	-	-	-	-
Nahla Mujaled (Eng. Nazer's wife)	275	-	190	-	- 85	-30.91
Yousef Loay Nazer (Eng. Nazer's son)	1,168	-	1,168	-	-	100.00
Mr. David Fletcher	-	-	-	-	-	-
Mr. Martin Houston	-	-	-	-	-	-
Mr. Nigel Sullivan	-	-	-	-	-	-
Mr. Tal Hisham Nazer	1,250	-	1,000	-	-250	-20.00
Mr. Nader Ashoor	-	-	-	-	-	-
Dr. Abdulla Elyas	1,301	-	1,301	-	-	-
Ms. Huda Bin Ghoson	-	-	-	-	-	-
Mr. Osamah Shaker	-	-	-	-	-	-

## Description of the Bupa Arabia equities of the board committees members and their immediate family members

The Bupa Arabia equities held by the Bupa Arabia Board Committees Members, and their immediate family members, in the shares or debt instruments of the Company or any of its subsidiaries, are as detailed below as of 31 December 2023:

Name of Board Committees' Member	Opening 1 January 2023		Closing 31 December 2023		Change	
	Number of shares	Debt instruments	Number of shares	Debt instruments	In shares	Percentage (%)
Mr. Zaid Algwaiz	-	-	-	-	-	-
Mr. Ibrahim M. Alhusayni	-	-	-	-	-	-
Ms. Zain Al Emam	-	-	-	-	-	-
Mr. Andrew Bailey	-	-	-	-	-	-
Ms. Nora Al Sarhan	-	-	-	-	-	-
Ms. Adhwa Alabdulkarim	-	-	-	-	-	-
Mr. Rami Makarem	3	-	3	-	-	-
Mr. James O'Reilly	-	-	-	-	-	-
Ms. Hawazen Nassief	-	-	-	-	-	-



## Description of the Bupa Arabia equities of the senior management executives and their immediate family members

The Bupa Arabia equities are held by Senior Management Executives and senior/key management, as per the Insurance Authority definition, which the Company interprets as the CET members, Director - Company Secretariat/Company Board Secretary, leaders of the control functions (Legal - General Counsel, Risk Management, Compliance and Internal Audit Departments) and other members of the Senior Management, and their immediate family members, in their personal capacity, in shares or debt instruments of the Company or any of its subsidiaries, are as detailed below:

Name of Board Committees' member	Opening 1 January 2023		Closing 31 December 2023		Change	
	Number of shares	Debt instruments	Number of shares	Debt instruments	In shares	Percentage (%)
Tal Nazer (CEO)	1,250	-	1,000	-	-250	-20.00
Nader Ashoor (Deputy CEO and CFO)	-	-	-	-	-	-
Amro Shawli (CGRCO)	-	-	-	-	-	-
Mohamed El Missaoui (COO)	3,393	-	2,600	-	-793	-23.37
Ali Sheneamer (CBDO)	6,875	-	13,000	-	6,125	89.09
Atef M. Mufti (CSO)	-	-	-	-	-	-
Tariq Alamoudi (CHRO)	-	-	-	-	-	-
Abeer Albornu (Company Secretary)	-	-	-	-	-	-
Bassel Gazzaz (Corporate Sales)	4,755	-	9,310	-	4,555	95.79
Yousef Bayazeed (TPA)	-	-	-	-	-	-
Nidal Saab (TPA)	125	-	288	-	163	130.40
Hatim Jamal (Pricing)	40	-	0	-	-40	-100.00
Mahmoud Almalki (Actuarial)	-	-	-	-	-	-
Nasser AlQawas (General Counsel)	8,822	-	11,157	-	2,335	26.47
Ahmed Jaber (Risk Management)	5,790	-	8,148	-	2,358	40.73
Luay Abumansour (Compliance)	-	-	-	-	-	-
Omar Bahathiq (Internal Audit)	300	-	300	-	-	-
Ahmed Bajunaid (IC Secretary)	2,148	-	4,141	-	1,993	92.78
Turki Albuluwi (NRC Secretary)	-	-	-	-	-	-
Tareq Khafagy (RMC Secretary)	465	-	-	-	-465	-100.00
Sami Alsubhi (CyberSecurity)	-	-	-	-	-	-

## Description of any interest in a class of voting shares held by other persons

Apart from the equities and interests of the Board Members, Senior Executives/Managers, and their respective immediate family members as detailed within, Bupa Arabia is not aware of any other interest in a class of voting shares held by persons that have notified Bupa Arabia of their holdings.

# Remuneration

## Board and Board Committee policies, benefits and emoluments of Board/Board Committee Members

### Board of Directors

The remuneration of the Board, Board Committee Members, and the Executive Management, are determined by the respective remuneration policies which are approved by the shareholders in the General Assembly (GA) Meetings. These policies are periodically updated after applicable benchmarking. The benchmarking is made against appropriate remuneration levels of either or both local and international companies, and this process includes accounting for external third-party subject matter expertise, where considered appropriate.

The key policies determining the remunerations of the Board, and Board Committee Members, which were updated and approved by 30 June 2020 at the Extraordinary General Assembly Meeting (EGM), as reflected within the Company's Terms of Engagement for the Board and Board Committee Members, are:

1. The Board Member Remuneration Policy, and
2. The Board Committee Member Remuneration Policy.

The duties and responsibilities of the Board, Board Committees, and their members, as defined within these policies and various governance documents, including the Code of Corporate Governance, the Board and Board Committees' Charters, and the Terms of Engagement, and the remunerations are based on the fulfillment of their duties, and minimum meeting attendance levels.

The Board/Board Committee Members are remunerated per these policies, as aligned with the Company By-Laws and all relevant KSA regulations. Bupa Arabia's updated policy is to pay attendance fees for the Non-Executive Board and Board Committee Members, for any Board, GA, or Board Committee meetings attended, to a maximum of SR 50,000 attendance fees per fiscal year, whether attendance is physically in person (SR 5,000/meeting) or by conference (SR 2,500/meeting), to settle customary related costs on a reimbursement of actual costs basis, and to settle the remuneration fees quarterly in arrears.

The Board of Directors 2023 remuneration and attendance fees are reflected below:

	Fixed remunerations						
	Specific amount	Allowance for attending Board meetings	Total allowance for attending committee meetings	In-kind benefits	Remunerations for technical, managerial, and consultative work	Remunerations of the Chairman, Managing Director, or Secretary	Total
	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000
<b>First: Independent Directors</b>							
1. Ms. Huda Bin Ghoson	375	22.5	12.5	0	0	0	410
2. Dr. Abdulla Elyas	375	20	25	0	0	0	420
3. Mr. Osamah Shaker	375	25	10	0	0	0	410
<b>Total</b>	<b>1,125</b>	<b>67.5</b>	<b>47.5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,240</b>
<b>Second: Non-Executive Directors</b>							
1. Eng. Loay H. Nazer	450	25	20	0	0	750*	1,245
2. Mr. David Fletcher**	300	22.5	20	0	0	0	330.2
3. Mr. Martin Houston	375	27.5	15	0	0	0	386.7
5. Mr. Nigel Sullivan**	300	20	35	0	0	0	325.2
<b>Total</b>	<b>1,425</b>	<b>95</b>	<b>90</b>	<b>0</b>	<b>0</b>	<b>750</b>	<b>2,360</b>
<b>Third: Executive Directors</b>							
1. Mr. Tal Nazer	300	0	0	0	0	0	300
2. Mr. Nader Ashoor	200	0	0	0	0	0	200
<b>Total</b>	<b>500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>500</b>

\* The Chairman's bonus for the year 2023 is to be paid upon the receipt of the Insurance Authority's no objection and the approval of shareholders in the General Assembly scheduled in June 2024.

\*\* The Board/Board Committee Member remuneration fees for BIOL representatives who are employees of Bupa are received by the Bupa legal entity BIOL and not by the individual persons in their personal capacity.

	Variable remunerations					Total	End of service award SR '000	Aggregate amount SR '000	Allowance SR '000
	Percentage of the profits SR '000	Periodic remunerations SR '000	Short-term incentive plans SR '000	Long-term incentive plans SR '000	Granted shares SR '000				
<b>First: Independent Directors</b>									
1. Ms. Huda Bin Ghoson	0	0	0	0	0	0	0	410	0
2. Dr. Abdulla Elyas	0	0	0	0	0	0	0	420	0
3. Mr. Osamah Shaker	0	0	0	0	0	0	0	410	0
<b>Total</b>	0	0	0	0	0	0	0	1,240	0
<b>Second: Non-Executive Directors</b>									
1. Eng. Loay H. Nazer	0	0	0	0	0	0	0	1,245	0
2. Mr. David Fletcher	0	0	0	0	0	0	0	342.5	0
3. Mr. Martin Houston	0	0	0	0	0	0	0	417.5	0
5. Mr. Nigel Sullivan***	0	0	0	0	0	0	0	350***	0
<b>Total</b>	0	0	0	0	0	0	0	2,355	0
<b>Third: Executive Directors</b>									
1. Mr. Tal Nazer	0	0	0	0	0	0	0	300	0
2. Mr. Nader Ashoor	0	0	0	0	0	0	0	200	0
<b>Total</b>	0	0	0	0	0	0	0	500	0

\*\*\* An amount of SR 5,000 was deducted from Mr. Nigel Sullivan to maintain the SR 50,000 attendance fee cap.

Other than the above annual remuneration amounts and the reimbursement of actual expenses, which amounts to SAR 819,000 for 2023, Bupa Arabia Board Members do not receive any other benefits from the Company.

Please refer to the 2023 AFS, Note 21, and the table below for the salaries, emoluments, allowances, and bonuses,

expensed/or provided for within the 2022-2023 result, by/for, the Board Members and the Senior Management:

Description	Executive Board Members (CEO/CFO) (Board Remuneration)	Independent and Non-Executive Board Members	Senior Management (Including CEO and CFO)		
	2023 SR '000	2023 SR '000	2023 SR '000	2022 SR '000	2023 (Change) SR '000
Salaries and emoluments	500	2,550	20,003	19,168	835
Board allowances	0	457	N/A	N/A	N/A
Bonuses and LTIP	N/A	750	25,424	24,299	1,125
EOS	N/A	N/A	1,949	1,455	494
2023	500	3,757	47,375	44,922	2,453
2022	500	3,718	44,922		
2023 (Change) SR '000	0	39	2,453		

The annual bonus and LTIP remuneration entitlements for the Company's Senior Management are based on a combination of Company and individual performance-based measures, where both have to be fulfilled

## Board Committees

Board Committee Member 2023 remuneration and attendance fees, excluding the Board Member remunerations, are reflected below:

	Fixed remuneration (Except for the allowance for attending meetings) SR '000	Allowance for attending meetings SR '000	Total SR '000
<b>Audit Committee Members</b>			
1. Mr. Zaid Algwaiz	225	25	250
2. Mr. Ibrahim M. Alhusayni	150	22.5	172.5
3. Mr. Zain Al Emam	150	22.5	172.5
<b>Total</b>	<b>525</b>	<b>70</b>	<b>595</b>
<b>Nomination and Remuneration Committee Members</b>			
1. Mr. Hawazen Nassief	100	10	110
<b>Total</b>	<b>100</b>	<b>10</b>	<b>110</b>
<b>Investment Committee (IC)</b>			
1. Mr. Andrew Bailey*	100	7.5	107.5
2. Ms. Nora Al Sarhan	100	10	110
3. Mr. Adhwa Alabdulkarim	100	10	110
<b>Total</b>	<b>300</b>	<b>27.5</b>	<b>327.5</b>
<b>Risk Management Committee (RMC)</b>			
1. Mr. Zaid Algwaiz	0	17.5	17.5
2. Mr. Rami Makaram	100	17.5	117.5
3. Mr. James O'Reilly*	100	20	120
<b>Total</b>	<b>200</b>	<b>55</b>	<b>255</b>

\* The Board/Board Committee Member remuneration fees for BIOL representatives who are employees of Bupa are received by the Bupa legal entity BIOL and not by the individual persons in their personal capacity.

Top Five Executives Senior Executive Remuneration (Including CEO and CFO)

	Total SR '000
<b>Fixed remunerations</b>	
Salaries	18,343
Allowances	1,660
In-kind benefits	-
<b>Total</b>	<b>20,003</b>
<b>Variable remunerations</b>	
Periodic remunerations	-
Profits	-
Short-term incentive plans	10,481
Long-term incentive plans	14,942
Granted salaries	-
<b>Total</b>	<b>25,423</b>
End-of-service Award	1,949
Total remunerations for Board Executives	500
Aggregate amount	47,875

# General Assembly (GA) Meetings

In 2023, we held one (1) Extraordinary GA Meeting (EGM), and shared the highlights of our key Tadawul announcements and the summary of the approved GA resolutions. Shareholders are referred to our comprehensive Tadawul announcements, our 2022 Annual Financial Statements (AFS), and Investor Relations Governance section on our Company Website, including the GA minutes, for sufficient information to make informed decisions:

## GA Meetings attendance by the Board Members

Board Member	22 June
Eng. Loay Hisham Nazer	Yes
Mr. David Martin Fletcher	Yes
Mr. Tal Hisham Nazer	Yes
Mr. Martin Houston	Yes
Dr. Abdulla Nadeem Elyas	Yes
Ms. Huda Mohammed Bin Ghoson	Yes
Mr. Nigel Sullivan	No
Mr. Nader Ashoor	Yes
Mr. Osamah Shaker	Yes

## EGM Resolutions Approved on 22 June 2023 (results announced on 2 July 2022):

- Resolution (1):** Viewed the Board of Directors Report for the year ended 31 December 2022G and discussed.
- Resolution (2):** Approved the Auditors' Report for the year ended 31 December 2022G.
- Resolution (3):** Viewed the Annual Financial Statements for the fiscal year ended 31 December 2022G and discussed.
- Resolution (4):** Approved the appointment of the External Auditors, as Ernst & Young & Co., and PricewaterhouseCoopers, from the nominees based on the Audit Committee recommendation, to examine and review the Annual Financial Statements for the year 2023 and the second, third and fourth quarters' quarterly reports of 2023, and the first quarter of 2024 quarterly report, and to determine their fees.
- Resolution (5):** Approved the recommendation of the Board of Directors to distribute cash dividends for the fiscal year 2022G, SR 3.60 per share in a total amount of SR 540,000,000, or 36% of the nominal share value, provided that the shareholders owning the shares are eligible at the end of the trading day of the General Assembly Meeting and those registered in the Company's shareholders' register with the Securities Depository Center Company (Edaa Center) at the end of the second trading day following the approval date, the dividend distribution date will begin on 17 July 2023G.
- Resolution (6):** Approved the purchase of a certain number of shares, up to a maximum of 195,000, with the intention of allocating them to employees as a part of the Company's employee shares program. The purchase will be financed through the Company's fund, and the Board of Directors has been authorized to complete the purchase of the shares (within 12 months) from the date of the Extraordinary General Assembly Meeting's approval. The purchased shares will be kept no longer than (10 years) from the date of approval of the Extraordinary General Assembly until they are allocated to the entitled employees. After this period, the Company will follow the rules and procedures stipulated in the relevant laws and regulations. Noting that the approval of the Extraordinary General Assembly was obtained on 08 May 2017G.
- Resolution (7):** Approved the Board Member's remuneration (at SR 4,218,000) for the year ended 31 December 2022G.
- Resolution (8):** Approved the absolving of the Board of Directors for the year ended 31 December 2022G.
- Resolution (9):** Approved the delegation of the authority to the Board to distribute interim dividends to the shareholders, on a semi-annual or quarterly basis for the year 2023.
- Resolutions (10-28):** The ratification of related party transactions, business, and contracts, for the prior and future years.

# Additional Disclosures

The following sections contain additional disclosures, in accordance with the laws and regulations of Saudi Arabia, including the Insurance Authority Insurance Corporate Governance Regulations, and the CMA Corporate Governance regulations.

Insurance Authority and other regulatory bodies executive orders:

#	Violation subject	Previous financial year (2022)			Current financial year (2023)		
		Number of executive orders	Total amount of fines in Saudi Riyal	Correction and avoidance actions	Number of executive orders	Total amount of fines in Saudi Riyal	Correction and avoidance actions
1	IA's Minimum Verification Controls	5	100,000	The Company has developed a corrective plan to address and implement all requirements to ensure that they do not fall into the future	-	45,000	The Company has developed a corrective plan to address and implement all requirements to ensure that they do not fall into the future
2	Failure to notify CHI of three issued policies that had no utilization for three months	1	9000	-	-	-	-
3	Failure to upload nine members to the CHI portal within the required timeline.	1	9,000	-	-	-	-
4	(2,822) provider claims were not paid within the 45-day required payment window	1	282,200	-	-	-	-

## Subsidiaries

#	Subsidiary company	Capital (SR)	Ownership (%)	Purpose	Remarks	Country of main operations	Country of incorporation
1	Bupa Arabia for third party administration	5,000,000	100	Provide third party administration services	-	Saudi Arabia	Saudi Arabia
2	Health Horizon Medical Co	10,000,000	100	Investing in providing primary and specialized healthcare services in both digital "telemedicine" and/or providing services through conventional clinics	-	Saudi Arabia	Saudi Arabia

## No borrowings or loans

The Company and the Board, confirm that it has no borrowings or loans outstanding at the end of the current twelve-month period, nor has it been required to make any payments against borrowings or loans.

## Declarations relating to debt instruments, options, warrants, and rights

As required in terms of the CMA disclosure requirements, the Company and the Board, confirm the below declarations:

- That it has not issued or granted, any convertible debt instruments, options, warrants, or similar rights during the financial year and accordingly has not received any consideration for the same
- That it has not converted, issued, or granted any subscription rights under any convertible debt instruments, contractually based securities, warrants, or similar rights during the financial year
- That it has not redeemed, purchased, or canceled any redeemable debt instruments during the financial year. The Company has no such securities outstanding, so the value of the same is nil

## Procedure taken to the Board to inform its members, Non-Executive Directors in particular, of the shareholders' suggestions and remarks on the Company and its performance

The Company records any recommendation or suggestion received during its General Assembly's meetings. In addition, the Company has two dedicated emails (BA.BAIR@bupa.com.sa) and (invest@bupa.com.sa) to receive any suggestions from its shareholders, where the Chairman of the Board is informed of these suggestions if required, for them to be included in the nearest Board meeting.

## The Audit Committee recommendations with conflict with Board resolution or those which the Board disregards relating to the appointment, dismissal, assessment, or determining the remuneration of an External Auditor, as well as justifications for those recommendations and reasons for disregarding them

During 2023, there were no conflicts between the Audit Committee recommendation and the Board.

## Any material differences in the operational results compared to the preceding year's results, along with any expectations announced by the Company

The Company confirms that there are no material differences in the operational results compared to the preceding year's results, along with any expectations announced by the Company.

## Any potential cases of conflict of interest and how they were addressed.

The Company confirms that there are no potential cases of conflicts. In case of any conflict, it will be addressed in accordance with the approved policies.

## Description of any Punishment, Penalty, or Statutory Reserve or Restriction Imposed on any of the Board Members by any Judicial, Supervisory, or Regulatory Authority in Respect of the Company

The Company declares that there is no punishment, penalty, statutory reserve, or restriction imposed on any of the Board Members by any judicial, supervisory, or regulatory authority in respect of the Company.

## Long-Term Incentive Plan (LTIP)

Bupa Arabia purchases the shares held under the employee share scheme to hedge itself against adverse changes in the fair value of its shares between the grant date and the date on which these shares are transferred to employees. When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity.

Repurchased shares are classified as shares held under an employee share scheme and are presented in the Statement of Changes in Equity. The Company secures advance GA approval for the annual purchase of the LTIP shares for each LTIP cycle.

In 2023, the General Assembly held on 22 June 2023 approved the purchase of the Long-Term Incentive Plan (LTIP) shares up to a maximum of 195,000 at a value of SR 19,500,585. As of 31 December 2023, the Company holds a total of 495,070 LTIP shares with a cost of SR 65.1 million on behalf of the LTIP participants.

## Maintenance of proper records and books of account

As stipulated by Saudi Arabian insurance regulations, the Company and the Board confirm that proper books of account have been maintained. Bupa Arabia also maintains separate accounts for each of its insurance operations and shareholder operations, within its accounting records. Furthermore, the Company can confirm that it has maintained proper accounting records during the financial year, and there have been no inconsistencies with the standards approved by the Saudi Organizations for Certified Public Accountants.

## Unqualified opinion of the Independent External Auditors

The joint independent External Auditors' report contains an unqualified opinion that the Financial Statements, taken as a whole, present fairly in all material aspects, the financial position of the Company complies with the requirements of the regulations for companies and the Company's By-Laws.

## Internal control system and effectiveness

As required in terms of the CMA disclosure requirement, the Audit Committee noticed the Management's continuous efforts and focus on improving the design and effectiveness of Bupa Arabia's internal control environment. Based on the results of the internal audit reviews and the planned activities to enhance the internal control environment and following the discussion with the External Auditors and the Management on the preliminary and Annual Financial Statements for the year ended 31 December 2023, nothing has been brought to the attention of the Committee that would indicate any significant deficiencies.

## Continuation as a Going Concern

The Company confirms there are no significant doubts about the Company's ability to continue as a going concern.

## External Auditors

The Extraordinary General Assembly of the Company held on 22 June 2023 approved the appointment of the external auditors Ernst and Young & Co. and PricewaterhouseCoopers, from amongst the candidates recommended by the Audit Committee, to audit the Company's quarterly Financial Statements for the second and third quarters, the Annual Financial Statements for the fiscal year 2023, and the first quarter for the fiscal year 2024, along with determining their fees.

During 2023 the Board didn't recommend replacing the external auditors before the end of their term.

## Independent External Actuary

Bupa Arabia's independent external actuary, for the 2023 fiscal year was Lux Actuaries.



# Financial Statements



# Independent Auditors' Report



**PricewaterhouseCoopers**  
5th floor, Jameel Square,  
P.O. Box 16415  
Jeddah 21464  
Kingdom of Saudi Arabia  
License No. 25



**Ernst & Young Professional Services (Professional LLC)**  
**Paid-up capital (SR 5,500,000 – Five million five hundred thousand Saudi Riyal)**  
King's Road Tower – 13<sup>th</sup> Floor  
King Abdulaziz Road (Malek Road)  
P. O. Box 1994  
Jeddah 21441  
Kingdom of Saudi Arabia  
Head Office – Riyadh  
C.R. No. 4030276644  
Tel: +966 12 221 8400  
ey.ksa@sa.ey.com

## Independent Auditors' Report on the Audit of the Consolidated Financial Statements

### To the Shareholders of Bupa Arabia for Cooperative Insurance Company (A Saudi Joint Stock Company)

#### Opinion

We have audited the consolidated Financial Statements of Bupa Arabia For Cooperative Insurance Company – a Saudi Joint Stock Company (“the Company”) and its subsidiary (collectively referred to as the “Group”), which comprise the consolidated statement of financial position as at 31 December 2023, and the related consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated Financial Statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants (“SOCPA”) (referred to as “IFRS as endorsed in Kingdom of Saudi Arabia”).

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”) that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia

that is relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with that Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated Financial Statements of the current year. These matters were addressed in the context of our audit of the consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, a description of how our audit addressed the matter is provided in that context:

Key audit matter	How our audit addressed the key audit matter
<p><b>Valuation of estimates of present value of cashflows and risk adjustment for non-financial risk – insurance contract liabilities</b></p> <p>As at 31 December 2023, estimate of present value of cash flows and risk adjustment for non-financial risk for corporate segment amounts to SR 3,182.948 million and SR 120.624 million (2022: SR 2,486.425 million and SR 97.512 million) respectively, and estimate of present value of cash flows and risk adjustment for non-financial risk for SMEs and others segment amounts to SR 437.251 million and SR 14.143 million (2022: SR 354.862 million and SR 12.511 million) respectively, as reported in Note 7 to the consolidated financial statements.</p>	<p>We performed the following procedures:</p> <ul style="list-style-type: none"> <li>Understood, evaluated and tested key controls around the claims handling and provision setting processes.</li> <li>Evaluated the competence, capabilities and objectivity of the management's expert based on their professional qualifications and experience and assessed their independence.</li> <li>Performed substantive tests, on sample basis, on the amounts recorded for claims notified and paid; including comparing the outstanding claims amount to appropriate source documentation to evaluate the valuation of outstanding claim reserves.</li> </ul>



Key audit matter	How our audit addressed the key audit matter
<p>The estimation of the liability for incurred claims involves a significant degree of judgement. This entails estimating the present value of future cash flows and the risk adjustment for non-financial risk. The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and reflects the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Group fulfils insurance contracts. The present value of future cash flows are based on the best-estimate of the ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with the related claims handling costs.</p> <p>Accordingly, this complexity arises from calculating the actuarial best estimate and the margin using historical data which is sensitive to external inputs, such as claims cost inflation and medical trends, as well as the actuarial methodology that is applied and the assumptions on current and future events.</p> <p>Due to the inherent estimation uncertainty and subjectivity involved in the assessment of valuation of the liability for incurred claims arising from insurance contracts, we have considered this as a key audit matter.</p>	<ul style="list-style-type: none"> <li>■ Assessed the integrity of data used as inputs into the actuarial valuations, and tested on sample basis, the accuracy of underlying claims data utilised by the management's expert in estimating the present value of the future cashflows and the risk adjustment for non-financial risk by comparing it to the accounting and other records.</li> <li>■ Involved our internal actuarial specialists to assess the Group's methods and assumptions and evaluate the Group's actuarial practices and provisions established including the actuarial report issued by management's expert, by performing the following:             <ol style="list-style-type: none"> <li>i. Evaluated whether the Group's actuarial methodologies were consistent with generally accepted actuarial practices and with prior years. We sought sufficient justification for any significant differences;</li> <li>ii. Assessed key actuarial assumptions including claims ratios and expected frequency and severity of claims. We tested these assumptions by comparing them with our expectations based on the Group's historical experience, current trends and our own industry knowledge; and</li> </ol> </li> </ul>

Key audit matter	How our audit addressed the key audit matter
<p><i>Refer to notes 3(b)(i) for the accounting policy and significant accounting judgements, estimates and assumptions adopted by the Group, involved in the initial recognition and subsequent measurement of insurance contract liabilities. Also, refer to note 6 for the movement in insurance contract liabilities.</i></p>	<ul style="list-style-type: none"> <li>iii. Assessed the appropriateness of the calculation methods and approach along with the assumptions used and sensitivity analysis performed.</li> <li>■ Assessed the adequacy and appropriateness of the related disclosures in the consolidated financial statements.</li> </ul>

### Adoption of IFRS 17 and IFRS 9

During the year the Group has adopted IFRS 17 "Insurance Contracts", as endorsed in the Kingdom of Saudi Arabia (IFRS 17), which replaces IFRS 4 "Insurance Contracts", as endorsed in the Kingdom of Saudi Arabia (IFRS 4) and is effective for annual periods beginning on or after 1 January 2023, with early adoption permitted. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with direct participation features ("DPF"). The Group has applied the full retrospective approach to each group of insurance contracts.

The adoption of IFRS 17 resulted in a transition adjustment to the Group's equity as at 1 January 2022 amounting to SAR 34.335 million. IFRS 17 introduced new nomenclature for significant insurance-related balances as well as new measurement principles for insurance-related liabilities and insurance revenue recognition.

We performed the following procedures:

- Obtained an understanding of the Group's implementation process for determining the impact of adoption of the standards, including understanding of the changes to the Group's accounting policies, systems, processes and controls.
- Evaluated and assessed management's process to identify insurance contracts, to determine the appropriate grouping for such contracts and to determine whether the use of the premium allocation approach (PAA) under IFRS 17 was appropriate.
- Evaluated whether management's allocation of expenses under IFRS 17 was appropriate and tested, on a sample basis, such expenses.
- Evaluated the risk adjustment for non financial risk under IFRS 17 and tested, on a sample basis, the underlying data supporting the adjustment.



Key audit matter

How our audit addressed the key audit matter

Further, during the year the Group also adopted IFRS 9 “Financial Instruments”, as endorsed in the Kingdom of Saudi Arabia (IFRS 9) which replaces IAS 39 “Financial Instruments: Recognition and Measurement”, as endorsed in the Kingdom of Saudi Arabia (IAS 39). The Group has applied the temporary exemption from IFRS 9 for annual periods before 1 January 2023. For the transition to IFRS 9, the Group applied a retrospective approach to be in line with the transition option adopted under IFRS 17 while applying the relevant practical expedients under IFRS 9. The adoption of IFRS 9 resulted in a transition adjustment to the Group’s equity as at 1 January 2022 amounting to SAR 0.7 million. IFRS 9 also required the management to assess its business model with respect to different portfolios of investments that drive the measurement and disclosures of the Group’s investments. It also introduced the concept of Expected Credit Loss (ECL) which is a forward-looking estimate of credit losses for the Group’s financial assets.

- Evaluated and assessed management’s conclusions regarding the Group’s business model for different portfolios of investments and the appropriateness of the Group’s determination of ECL under IFRS 9.
- Assessed the adequacy of the transition adjustments impact for both IFRS 17 and IFRS 9 on the opening retained earnings as at 1 January 2022.
- Assessed the appropriateness of the transition and accounting policies disclosures in relation to IFRS 17 and IFRS 9 made in the consolidated financial statements.
- Assessed the Group’s methods, assumptions and accounting policies adopted under IFRS 17 and IFRS 9, with the assistance of our actuarial and accounting specialists and experts.

Key audit matter

How our audit addressed the key audit matter

Due to first year adoption, which resulted in fundamental changes to classification and measurement of the main transactions and balances of the Group along with significant changes to presentation and disclosures that were required in the consolidated Financial Statements for the year ended 31 December 2023, we have considered this as a key audit matter.

*Refer to note 3(b)(i) and 3(b)(ii) for accounting policy and significant accounting judgements, estimates and assumptions adopted by the Group. The impact of transition is explained in note 4 to the consolidated financial statements.*

**Other information included in the Group’s 2023 Annual Report**

Management is responsible for the other information. Other information consists of the information included in the Group’s 2023 annual report, other than the consolidated Financial Statements and our auditors’ report thereon. The Group’s annual report is expected to be made available to us after the date of this auditors’ report.

Our opinion on the consolidated Financial Statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Group’s annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.



## Responsibilities of Management and Those Charged with Governance for the consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated Financial Statements in accordance with IFRSs as endorsed in Kingdom of Saudi Arabia, the applicable requirements of the Regulations for Companies, and the Company's By-laws, and for such internal control as the management determines is necessary to enable the preparation of consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance i.e., the Audit Committee is responsible for overseeing the Group's financial reporting process.

## Auditors' responsibilities for the audit of the consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



As part of an audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activity within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We solely remain responsible for our audit opinion.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Financial Statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

for PricewaterhouseCoopers  
Certified Public Accountants

**Mufaddal A. Ali**  
Certified Public Accountant  
Licence No. (447)

for Ernst & Young  
Professional Services

**Hussain Saleh Asiri**  
Certified Public Accountant  
Licence No. (414)

27 Rajab 1445H  
February 08, 2024G  
Jeddah, Kingdom of Saudi Arabia




# Consolidated Statement of Financial Position

As at 31 December 2023 > Bupa Arabia for Cooperative Insurance Company (A Saudi Joint Stock Company)

	Notes	31 December 2023 SR '000	31 December 2022 Restated* SR '000	1 January 2022 Restated* SR '000
<b>Assets</b>				
Cash and cash equivalents	6	1,255,896	1,287,961	960,585
Reinsurance contract assets	7.2	74,090	28,155	59,112
Prepaid expenses and other assets	12	475,475	410,519	284,093
Term deposits	9	7,223,011	6,406,848	3,093,163
Financial assets at amortised cost - net	8	587,360	526,188	333,566
Financial assets at fair value	8	4,246,757	2,852,234	5,372,523
Fixtures, furniture and equipment - net	10.1	69,879	63,643	69,771
Deferred tax asset	22	38,609	40,511	39,829
Due from related parties	21	-	3,316	-
Right-of-use assets - net	10.2	143,388	165,947	112,616
Intangible assets - net	11	67,236	65,413	67,277
Statutory deposit - net	13	149,960	149,961	119,978
Accrued income on statutory deposit	13	8,690	16,235	14,885
Goodwill	5	98,000	98,000	98,000
<b>Total assets</b>		<b>14,438,351</b>	<b>12,114,931</b>	<b>10,625,398</b>
<b>Liabilities</b>				
Accrued and other liabilities	16.1	734,859	530,715	302,520
Insurance contract liabilities	7.1	8,267,196	6,699,185	5,594,345
Reinsurance contract liabilities	7.2	-	2,605	25,397
Lease liability	16.2	166,066	184,682	125,333
Due to related parties	21	40,935	-	14,051
Provision for end-of-service benefits	18	186,487	154,054	152,286
Provision for zakat and income tax	22	358,589	326,566	236,610
Accrued income payable to Insurance Authority	13	8,690	16,235	14,885
<b>Total Liabilities</b>		<b>9,762,822</b>	<b>7,914,042</b>	<b>6,465,427</b>

	Notes	31 December 2023 SR '000	31 December 2022 Restated* SR '000	1 January 2022 Restated* SR '000
<b>Equity</b>				
Share capital	23	1,500,000	1,500,000	1,200,000
Statutory reserve	24	1,352,757	1,164,724	992,210
Share based payments reserve	25	48,477	54,268	43,500
Shares held under employees share scheme	25	(65,115)	(78,235)	(53,356)
Retained earnings		1,853,721	1,641,591	1,780,557
Re-measurement reserve for end-of-service benefits		(13,698)	(7,043)	(23,638)
Investments fair value reserve		(613)	(74,416)	220,698
<b>Total equity</b>		<b>4,675,529</b>	<b>4,200,889</b>	<b>4,159,971</b>
<b>Total liabilities and equity</b>		<b>14,438,351</b>	<b>12,114,931</b>	<b>10,625,398</b>

\*Comparative information has been restated (refer note 4).

  
**Loay Hisham Nazer**  
Chairman

  
**Tal Hisham Nazer**  
Director and Chief Executive Officer

  
**Hatim Tariq Jamal**  
Chief Financial Officer

The accompanying notes 1 to 35 form an integral part of these consolidated financial statements.

# Consolidated Statement of Income

For the year ended 31 December 2023 > Bupa Arabia for Cooperative Insurance Company (A Saudi Joint Stock Company)

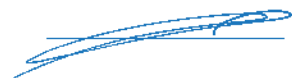
	Notes	2023 SR '000	2022 Restated* SR '000
Insurance revenue	7.1	15,887,715	12,873,111
Insurance service expense	7.1	(14,994,432)	(12,206,033)
Net expenses from reinsurance contracts held	7.2	(28,246)	(29,450)
<b>Net insurance service result</b>		<b>865,037</b>	<b>637,628</b>
Investment income on financial assets at amortised cost	8	350,636	167,197
Investment income on financial assets at fair value	8	163,425	386,622
Net impairment loss on financial assets		(785)	(1,685)
<b>Net insurance and investment results</b>		<b>1,378,313</b>	<b>1,189,762</b>
Other operating expenses	26	(316,813)	(246,854)
Other revenue		92,065	42,633
Other cost		(36,886)	(16,378)
<b>Income attributed to the shareholders before zakat and income tax</b>		<b>1,116,679</b>	<b>969,163</b>
Zakat charge	22	(80,237)	(72,938)
Income tax charge	22	(96,279)	(91,108)
<b>Net income attributed to the shareholders after zakat and income tax</b>		<b>940,163</b>	<b>805,117</b>
Basic and diluted earnings per share (expressed in SAR per share)	28	6.29	5.39

\*Comparative information has been restated (refer note 4).



**Loay Hisham Nazer**

Chairman



**Tal Hisham Nazer**

Director and Chief Executive Officer



**Hatim Tariq Jamal**

Chief Financial Officer

The accompanying notes 1 to 35 form an integral part of these consolidated financial statements.



# Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023 > Bupa Arabia for Cooperative Insurance Company (A Saudi Joint Stock Company)

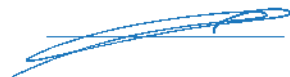
	2023 SR '000	2022 Restated* SR '000
<b>NET INCOME ATTRIBUTED TO THE SHAREHOLDERS AFTER ZAKAT AND INCOME TAX</b>	940,163	805,117
<b>Other comprehensive income/(loss)</b>		
<b>A. Items that will not be reclassified to consolidated statement of income in subsequent years</b>		
Actuarial (losses)/gains on end-of-service benefits	(6,655)	16,595
Net changes in fair value of investments measured at FVOCI – equity instruments	15,255	(190,725)
<b>B. Items that are or may be reclassified to consolidated statements of income in subsequent years</b>		
Net changes in fair value of investments measured at FVOCI – debt instruments	58,152	(104,733)
Net changes in allowance for expected credit losses of investments measured at FVOCI – debt instruments	396	344
<b>Total other comprehensive income/(loss)</b>	67,148	(278,519)
<b>Total comprehensive income for the year</b>	1,007,311	526,598

\*Comparative information has been restated (refer note 4).



**Loay Hisham Nazer**

Chairman



**Tal Hisham Nazer**

Director and Chief Executive Officer



**Hatim Tariq Jamal**

Chief Financial Officer

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# Consolidated Statement of Changes in Equity

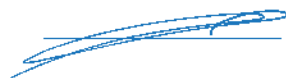
For the year ended 31 December 2023 > Bupa Arabia for Cooperative Insurance Company (A Saudi Joint Stock Company)

2023	Share capital	Statutory reserve	Share based payments reserve	Shares held under employees share scheme	Retained earnings	Re-measurement reserve for end-of-service benefits	Investments fair value reserve	Total equity
	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000
<b>Balance at 31 December 2022 (Restated)</b>	1,500,000	1,164,724	54,268	(78,235)	1,641,591	(7,043)	(74,416)	4,200,889
Net income for the year attributed to shareholders after zakat and income tax	-	-	-	-	940,163	-	-	940,163
Other comprehensive income/(loss)	-	-	-	-	-	(6,655)	73,803	67,148
<b>Total comprehensive income/(loss) for the year</b>	-	-	-	-	940,163	(6,655)	73,803	1,007,311
Transfer to statutory reserves	-	188,033	-	-	(188,033)	-	-	-
Provision for employees share scheme	-	-	26,164	-	-	-	-	26,164
Delivery of shares held under employees share scheme	-	-	(31,955)	31,955	-	-	-	-
Purchase of shares held under employees share scheme	-	-	-	(18,835)	-	-	-	(18,835)
Dividends (note 31)	-	-	-	-	(540,000)	-	-	(540,000)
<b>Balance at 31 December 2023</b>	1,500,000	1,352,757	48,477	(65,115)	1,853,721	(13,698)	(613)	4,675,529



**Loay Hisham Nazer**

Chairman



**Tal Hisham Nazer**

Director and Chief Executive Officer



**Hatim Tariq Jamal**

Chief Financial Officer

The accompanying notes 1 to 35 form an integral part of these consolidated financial statements.

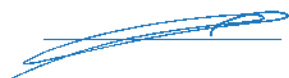
2022	Share capital	Statutory reserve	Share based payments reserve	Shares held under employees share scheme	Retained earnings	Re-measurement reserve for end-of-service benefits	Investments fair value reserve	Total equity
	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000
Balance at 31 December 2021, as previously presented	1,200,000	992,210	43,500	(53,356)	1,790,700	(23,638)	245,608	4,195,024
Impact of adopting IFRS 17	-	-	-	-	(34,335)	-	-	(34,335)
Impact of adopting IFRS 9	-	-	-	-	24,192	-	(24,910)	(718)
<b>*Restated balance at 1 January 2022</b>	1,200,000	992,210	43,500	(53,356)	1,780,557	(23,638)	220,698	4,159,971
Net income for the year attributed to shareholders after zakat and income tax	-	-	-	-	805,117	-	-	805,117
Other comprehensive (loss)/income	-	-	-	-	-	16,595	(295,114)	(278,519)
Total comprehensive income/(loss) for the year	-	-	-	-	805,117	16,595	(295,114)	526,598
Transfer to statutory reserves	-	172,514	-	-	(172,514)	-	-	-
Provision for employees share scheme	-	-	22,391	-	-	-	-	22,391
Delivery of shares held under employees share scheme	-	-	(11,623)	11,623	-	-	-	-
Purchase of shares held under employees share scheme	-	-	-	(36,502)	-	-	-	(36,502)
Dividends (note 31)	-	-	-	-	(540,000)	-	-	(540,000)
Bonus share issued	300,000	-	-	-	(300,000)	-	-	-
Income tax refundable from non-Saudi shareholders	-	-	-	-	68,431	-	-	68,431
<b>Balance at 31 December 2022 (Restated)</b>	1,500,000	1,164,724	54,268	(78,235)	1,641,591	(7,043)	(74,416)	4,200,899

\*Comparative information has been restated (refer note 4).



**Loay Hisham Nazer**

Chairman



**Tal Hisham Nazer**

Director and Chief Executive Officer



**Hatim Tariq Jamal**

Chief Financial Officer

The accompanying notes 1 to 35 form an integral part of these consolidated financial statements.

# Consolidated Statement of Cash Flows

For the year ended 31 December 2023 > Bupa Arabia for Cooperative Insurance Company (A Saudi Joint Stock Company)

	Notes	2023 SR '000	2022 Restated* SR '000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income attributed to shareholders before zakat and income tax		1,116,679	969,163
<b>Adjustments for non-cash items</b>			
Depreciation of fixtures, furniture and equipment	10.1	16,169	15,734
Amortisation of right-of-use assets	10.2	22,559	21,019
Amortisation of intangible assets	11	17,029	13,105
(Gain)/loss on disposal of fixtures and furniture and equipment		(169)	238
Loss on disposal of intangible assets		-	326
Provision for employees share scheme		26,164	22,391
Net impairment loss on financial assets		742	1,432
Investment income on financial assets at amortized cost		(350,636)	(167,197)
Investment income on financial assets at fair value		(163,425)	(386,622)
Provision for end-of-service benefits	18	31,564	25,799
Finance cost	16.2	6,065	6,287
<b>Changes in operating assets and liabilities</b>			
Insurance contract liabilities		1,612,240	1,152,182
Reinsurance contract assets		(45,935)	30,957
Reinsurance contract liabilities		(2,605)	(22,792)
Prepaid expenses and other assets		(64,956)	(126,426)
Due from related parties		3,316	(3,316)
Accrued and other liabilities		204,144	296,626
Due to related parties		40,935	(14,051)
		2,469,880	1,834,855
End-of-service benefits paid	18.1	(5,786)	(7,436)
Surplus paid to policyholders	30	(44,229)	(47,342)
Zakat and income tax paid	22	(142,591)	(74,772)
Net cash generated from operating activities		2,277,274	1,705,305
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Placement in term deposits	9	(4,334,871)	(6,211,723)
Proceeds from maturity of term deposits	9	3,804,800	3,037,483
Additions to investments carried at fair value	8	(2,321,377)	(8,681,380)
Additions to investments carried at amortised cost	8	(101,265)	(184,437)
Disposal of investments carried at fair value	8	1,056,683	11,190,350
Proceeds from maturity of amortised cost investments	8	3,939	-

	Notes	2023 SR '000	2022 Restated* SR '000
Additions to statutory deposit		-	(29,983)
Proceeds from commissions and dividends		207,356	120,962
Additions to fixtures, furniture and equipment	10.1	(22,405)	(9,902)
Proceeds from disposal of fixtures, furniture and equipment		169	58
Additions to intangible assets	11	(18,852)	(11,567)
<b>Net cash used in investing activities</b>		(1,725,823)	(780,139)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid	31	(540,000)	(540,000)
Purchase of shares held under employees share scheme		(18,835)	(36,502)
Lease liability paid	16.2	(24,681)	(21,288)
<b>Net cash used in financing activities</b>		(583,516)	(597,790)
Net change in cash and cash equivalents		(32,065)	327,376
Cash and cash equivalents at beginning of the year		1,287,961	960,585
<b>Cash and cash equivalents at end of the year</b>		1,255,896	1,287,961
<b>Non-cash transactions</b>			
Income tax refundable from non-Saudi shareholders		-	68,431
Recognition of lease liability / Right-of-use assets		-	74,350

\*Comparative information has been restated (refer note 4).



**Loay Hisham Nazer**

Chairman



**Hatim Tariq Jamal**

Chief Financial Officer

The accompanying notes 1 to 35 form an integral part of these consolidated financial statements.



**Tal Hisham Nazer**

Director and Chief Executive Officer

# Notes to the Financial Statements

As at 31 December 2023 > Bupa Arabia for Cooperative Insurance Company (A Saudi Joint Stock Company)

## 1

### Organization and principal activities

Bupa Arabia for Cooperative Insurance Company (the “Company”) is a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia as per the Ministry of Commerce’s resolution number 138/K dated 24 Rabi Thani 1429H (corresponding to 1 May 2008). The Commercial Registration number of the Company is 4030178881 dated 5 Jumad Awwal 1429H (corresponding to 11 May 2008). The Registered Office of the Company is situated at:

Al-Khaledeyah District,  
Prince Saud Al Faisal Street,  
Front of Saudi Airlines Cargo Building,  
P.O. Box 23807, Jeddah 21436,  
Kingdom of Saudi Arabia.

The Company is licensed to conduct insurance business in the Kingdom of Saudi Arabia under cooperative principles in accordance with Royal Decree No. M/74 dated 29 Shabaan 1428H (corresponding to 11 September 2007) pursuant to the Council of Ministers’ Resolution No 279 dated 28 Shabaan 1428H (corresponding to 10 September 2007).

The objective of the Company is to transact cooperative insurance operations and related activities in the Kingdom of Saudi Arabia in accordance with its articles of association, and applicable regulations in the Kingdom of Saudi Arabia. The Company underwrites medical insurance only.

The Board of Directors approves the distribution of the surplus from insurance operations in accordance with the Implementing Regulations issued by the Saudi Central Bank (“SAMA”), whereby the shareholders of the Company are to receive 90% of the annual surplus from insurance operations and the policyholders are to receive the remaining 10%. Any deficit arising on insurance operations is transferred to the shareholders’ operations in full. During the year, the Insurance Authority has been established by a royal decree as the insurance regulator. Previously issued regulations by SAMA will be upheld until the Insurance Authority issued updated regulations. Therefore, the accrued income liability is payable to the Insurance Authority.

The Company has the following subsidiaries:

Name of the subsidiary	Registration number	Country of incorporation	Ownership	Principal business activity
Bupa Arabia For Third Party Administration	4030605585	Saudi Arabia	100%	Claims management services
Horizon Medical Services Company	4030512306	Saudi Arabia	100%	Healthcare services

These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the “Group”). Bupa Arabia For Third Party Administration commenced operations in July 2022 and prior to that subsidiary was dormant. Horizon Medical Services has not yet commenced operations.

## 2

### Basis of preparation

#### (a) Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncement that are endorsed by Saudi Organisation for Chartered and Professional Accountants (“SOCPA”) (“IFRS as endorsed by SOCPA”). The Group adopted IFRS 17 “Insurance Contracts” and IFRS 9 “Financial Instruments” as endorsed in Kingdom of Saudi Arabia and the resultant changes to the material accounting policies are described in Note 3 and Note 4.

The consolidated financial statements are prepared under the going concern basis and the historical cost convention, except for the measurement of investments at their fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVOCI) and provision for end-of-service benefits recorded at the present value using the projected unit credit method.

The Group’s consolidated statement of financial position is presented in order of liquidity. Except for financial assets, fixtures, furniture and equipment, right-of-use assets, intangible assets, goodwill, statutory deposit, deferred tax, accrued income on statutory deposit, provision for end-of-service benefits and accrued income payable to Insurance Authority, all other assets and liabilities are of short-term nature.

As required by the Saudi Arabian Insurance Regulations (The Implementation Regulations), the Company maintains separate books of accounts for “Insurance Operations” and “Shareholders’ Operations”. Accordingly, assets, liabilities, revenues and expenses attributable to either operation are recorded in the respective accounts. Note 35 to these consolidated financial statements provides the consolidated statement of financial position, consolidated statement of income, consolidated statement of comprehensive income and consolidated statement of cash flows of the insurance operations and shareholders’ operations, separately. The accounting policies adopted for the insurance and shareholders’ operations are in accordance with IFRS as endorsed by SOCPA.

During 2018, SAMA issued illustrative financial statements for the insurance sector in the Kingdom of Saudi Arabia. In preparing the financial statements in compliance with IFRS as endorsed by SOCPA, the balances and transactions of insurance operations are combined with those of shareholders’ operations. Inter-operation balances and transactions, if any, are eliminated in full. The accounting policies adopted for the insurance and shareholders’ operations are uniform for like transactions and events in similar circumstances.

**(b) Functional and presentation currency**

These consolidated financial statements are expressed in Saudi Arabian Riyals (SAR) and all amounts are rounded off to the nearest thousand, unless otherwise indicated.

**(c) Fiscal year**

The Group follows a fiscal year ending on 31 December.

**(d) Critical accounting judgments, estimates and assumptions**

The preparation of consolidated financial statements require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses and the accompanying notes disclosures including disclosure of contingent liabilities. Actual results may differ from these estimates.

**(i) Insurance Contracts**

The Group issues insurance contracts that transfer insurance risk. Insurance contracts are those contracts where the insurer accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. The Group uses judgement to assess whether a contract transfers insurance risk (that is, if there is a scenario with commercial substance in which the Group has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant. In making this assessment, all substantive rights, and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis.

The measurement of these insurance contracts also requires significant judgement and estimates. These significant judgement and estimates include Risk Adjustment ("RA") and liability for incurred claims – estimate of future cash flows. Refer to note 3 for further details.

**(ii) Fair value of financial instruments**

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted market price. Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but if this is not available, judgment is required to establish fair values. Refer note 19 for details.

**(iii) Going Concern**

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

**(iv) Impairment of Goodwill**

The Group tests whether goodwill has suffered any impairment on an annual basis. For the 2023 and 2022 reporting periods, the recoverable amount of the cash-generating units (CGUs) was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a three-year period. Cash flows beyond the three-year period are extrapolated using the estimated growth rates stated in note 5. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

Goodwill is initially measured at cost being the excess of the net fair value of the identifiable assets and liabilities acquired. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment for goodwill is determined by assessing the recoverable amount of the cash generating unit (or a group of cash generating units) to which the goodwill is related. When the recoverable amount of the cash-generating unit (or a group of cash generating units) is less than the carrying amount of the cash generating unit (or a group of cash generating units) to which goodwill has been allocated, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. The recoverable amount is the greater of its value in use or fair value less cost to sell. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset.

**(e) Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and the financial statements of the subsidiaries, as stated in note 1. The financial statements of the subsidiary is prepared for the same reporting period as that of the Group, using consistent accounting policies. Adjustments have been made to the consolidated financial statements of the subsidiary, where necessary, to align with the Group's consolidated financial statements.

A subsidiary is the investee that is controlled by the Group. The Group controls an investee only when it has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect amount of its returns.

Intra-group balances and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

### 3 Material accounting policies

the material accounting policies applied in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to each of the years presented except new IFRS standards, IFRIC interpretations and amendments thereof, adopted by the Group as explained below:

#### (a) New IFRS Standards, IFRIC interpretations and amendments thereof, adopted by the Group

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8

Amendments to IAS 12	deferred tax related to assets and liabilities arising from a single transaction	
Amendments to IAS 1	Classification of Liabilities as Current or Non-current and Amendments to IAS 1 – Non-current Liabilities with Covenants.	
Amendments to IAS 12	international tax reform	pillar two model rules
IFRS 17	Insurance contracts	(refer 3(b)(i))
IFRS 9	Financial instruments	(refer 3(b)(ii))

These amendments had no impact on the consolidated financial statements of the Group.

#### b) Material accounting policies, including key judgments and estimates

##### (i) IFRS 17 – accounting policies, including key judgments and estimates

IFRS 17 replaces IFRS 4 Insurance Contracts and is effective for annual periods beginning on or after 1 January 2023, with early adoption permitted. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with direct participation features (“DPF”). The Group has applied the full retrospective approach to each group of insurance contracts.

The Group issues insurance contracts that transfer insurance risk. Insurance contracts are those contracts where the insurer accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. Cash flows from insurance contracts are split into Liability for Incurred Claims (“LIC”) and Liability for Remaining Coverage (“LRC”).

##### Unit of account and measurement model

The Group operates as a mono-line insurer, operating in the Private Medical Insurance (PMI) business. The PMI business is further divided as Corporate, SMEs and Others based on customer size. All insurance contracts within PMI line represent a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are: (i) contracts that are onerous at initial recognition; (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or (iii) a group of remaining contracts. These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. Such groups are not subsequently reconsidered.

For each portfolio of contracts, the Group determines the appropriate level at which reasonable and supportable information is available, to assess whether these contracts are onerous at initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous. This level of granularity determines sets of contracts. The Group uses judgement to determine at what level of granularity the Group has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment.

The GMM is the default model to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty relating to insurance contracts.

The liability for remaining coverage includes:

- Fulfilment cash flows which are comprised of:
  - Discounted estimates of future cash flows.; and
  - A risk adjustment which is the compensation required for bearing uncertainty; and
- Contractual service margin which is the unearned profit that is recognized as services are provided.

The premium allocation approach (“PAA”) is a simplified approach for the measurement of the liability for remaining coverage, that an entity may choose to use when the premium allocation approach provides a measurement which is not materially different from that under the general measurement model or if the coverage period of each contract in the group of insurance contracts is one year or less. Under the premium allocation approach, the liability for remaining coverage is measured as the amount of premiums received net of acquisition cash flows paid, less the net amount of premiums and acquisition cash flows that have been recognized in profit or loss over the expired portion of the coverage period based on the passage of time.

The Group uses the PAA for measuring contracts with a coverage period of one year or less. The Group is adopting the PAA measurement model for the measurement of LRC for the whole PMI business. This is principally based on the eligibility test for fulfillment cash flows and that coverage period for most contracts are one year or less. Some contracts have coverage period more than one year, but passed the eligibility test.

#### Initial and subsequent measurement

Groups of insurance contracts issued are initially recognised from the earliest of the following:

- the beginning of the coverage period;
- the date when the first payment from the policyholder is due or actually received, if there is no due date; and
- when the Group determines that a group of contracts becomes onerous.

For insurance contracts issued, on initial recognition, the Group measures the LRC at the amount of premiums received, less any acquisition cash flows paid.

The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of:

- a. the LRC; and
- b. the LIC, comprising the fulfillment cash flows (“FCF”) related to past service allocated to the group at the reporting date.

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:

- a) increased for premiums received in the period, excluding amounts that relate to premium receivables included in the LIC;
- b) decreased for insurance acquisition cash flows paid in the period;
- c) decreased for the amounts of expected premium receipts recognised as insurance revenue for the services provided in the period; and
- d) increased for the amortisation of insurance acquisition cash flows in the period recognised as insurance service expenses.

An insurance contract may contain one or more components that would be within the scope of another standard if they were separate contracts. IFRS 17 defines investment components as the amounts that an insurance contract requires an insurer to repay to a policyholder in all circumstances, regardless of whether an insured event has occurred. For example, an insurance contract may include an investment component or a service component (or both). The non-insurance components may need to be separated for the purposes of reporting under IFRS 17 if they are deemed to be distinct. Based on Group’s assessment, there are no investment components within insurance contracts issued by the Group.

Only contracts that individually meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, subject to the annual cohorts restriction. Composition of the groups is not reassessed in subsequent periods.

The Group holds quota share reinsurance contract that provide coverage on the PMI insurance contracts for claims incurred during an accident year and are accounted for under the PAA since the Group does not expect significant variability in the fulfillment cash flows that would affect the measurement of the liability for remaining coverage under general measurement model.

The Company recognises a group of reinsurance contracts held it has entered into from the earlier of the following:

- The beginning of the coverage period of the group of reinsurance contracts held. However, the Company delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held; and
- The date the Company recognises an onerous group of underlying insurance contracts if the Company entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

The Company adds new contracts to the group in the reporting period in which that contract meets one of the criteria set out above.

For reinsurance contracts held, on initial recognition, the Group measures the remaining coverage at the amount of ceding premiums paid, plus broker fees paid to a party other than the reinsurer and any amounts arising from the derecognition of any other relevant pre-recognition cash flows. The Group is presenting income/ expense from reinsurance as a net line item in the consolidated statement of income.



### Liability for Incurred Claims “LIC”

For contracts measured under the PAA, the LIC is measured similarly to the LIC’s measurement under the GMM. The Group estimates the liability for incurred claims and expenses as the fulfillment cash flows related to incurred claims and expenses. The fulfillment cash flows are an explicit, unbiased, and probability-weighted estimate of the present value of the future cash flows, within the contract boundary of a group of contracts, that will arise as the entity fulfills its obligation under the insurance contracts, including a risk adjustment for non-financial risk. The Group presents the entire change in risk adjustment as part of insurance service results.

The Group establishes insurance claims liabilities to cover the estimated liability for the cash flows associated with incurred losses as at the consolidated statement of financial position date, including claims not yet reported (“IBNR”) and loss adjustment expenses incurred with respect to insurance contracts underwritten and reinsurance contracts placed by the Group. The ultimate cost of claims liabilities is estimated by using generally accepted standard actuarial techniques.

The main assumption underlying these techniques is that the Group’s past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim (severity) and average number of claims (frequency) based on the observed development of earlier years and expected loss ratios. Historical claims development is analyzed by accident year, geographical area, as well as claim type. Loss ratio is the ratio of total claims incurred to total premiums earned for the portfolio.

Additional qualitative judgment is used to assess the extent to which past trends may not apply in the future (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) to arrive at the estimated ultimate cost of claims that present the probability-weighted expected value outcome from the range of possible outcomes, taking into account all the uncertainties involved.

The Group has elected not to adjust the LRC for the effect of time value of money, as it expects the time between providing each part of the coverage and the related premium due date to be one year or less. Likewise, the Group has decided not to discount the LIC for the time value of money as most of the claims incurred are expected to be settled within a 12-month period. An insignificant portion of the LIC is expected to be carried over beyond 12 months, with an immaterial impact on LIC and statement of income. The Group will regularly monitor the time it takes in settling claims from the date they are incurred. The Group has elected the accounting policy choice to present entire insurance finance income or expense for the period in the consolidated statement of income.

### Contract boundary

The Group uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts.

Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums or the Group has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation ends when:

- a. the Group has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or
- b. both of the following criteria are satisfied:
  - i. the Group has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and
  - ii. the pricing of premiums up to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

In assessing the practical ability to reprice, risks transferred from the policyholder to the Group, such as insurance and financial risks, are considered; other risks, such as lapse or surrender and expense risk, are not included. Riders, representing add-on provisions to a basic insurance policy that provide additional benefits to the policyholder at additional cost, that are issued together with the main insurance contracts, form part of a single insurance contract with all of the cash flows within its boundary.

Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

### Insurance acquisition costs

Insurance acquisition cash flows are the costs that are directly associated with selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) and that are directly attributable to a portfolio of insurance contracts. Acquisition costs fall under the insurance service expense. The Group amortises the insurance acquisition costs over the contract period.

### Directly attributable expenses

Directly attributable expenses are the costs that can be fully or partially attributed to the fulfillment of the groups of insurance contracts. The Group allocates the attributable costs based on a number of drivers. Attributable costs fall under the insurance service expense. While the non-attributable costs are reported under other operating expenses.

**Other operating expenses**

Other operating expenses include non-attributable expenses which are administrative expenses and are not linked to insurance contracts.

**Insurance revenue**

The insurance revenue for the period is the amount of expected premium receipts allocated to the period. The Group allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time. The impact of seasonality is not considered material in relation to recording the insurance revenue.

Insurance revenue is adjusted to allow for policyholders' default on future premiums. The default probability is derived from the expected loss model prescribed under IFRS 9.

**Insurance service expenses**

Insurance service expenses include the following:

- a. incurred claims for the period.
- b. other incurred directly attributable expenses.
- c. insurance acquisition cash flows amortization.
- d. changes that relate to past service – changes in the FCF relating to the LIC.
- e. changes that relate to future service – changes in the FCF that result in onerous contract losses or reversals of those losses.

**Onerous contract**

The Group assumes that no contracts are onerous at initial recognition, unless facts and circumstances indicate otherwise. If facts and circumstances indicate that some contracts are onerous, an additional assessment is performed to distinguish onerous contracts from non-onerous ones. A group of contracts is onerous at initial recognition if there is a net outflow of fulfilment cash flows. As a result, a liability for the net outflow is recognized as a loss component within the liability for remaining coverage and a loss is recognized immediately in the consolidated statement of income in insurance service expense. The loss component is then amortized to the consolidated statement of income over the coverage period to offset incurred claims in insurance service expense. The loss component is measured on a gross basis but may be mitigated by a loss recovery component if the contracts are covered by reinsurance.

**Risk adjustment for non-financial risk**

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and it reflects the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Group fulfils insurance contracts. The Group has chosen a confidence level based on the 75th percentile of the distribution of the claim reserves, considering the confidence level is adequate to cover sources of uncertainty about the amount and timing of the cash flows.

**(ii) IFRS 9 – accounting policies, including key judgments and estimates**

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. However, the Group has met the relevant criteria and has applied the temporary exemption from IFRS 9 for annual periods before 1 January 2023. For transition to IFRS 9, the Group applied a retrospective approach to be in line with transition option adopted under IFRS 17 while applying the relevant practical expedients under IFRS 9.

**Financial assets – Classification**

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

**Financial assets at amortized cost**

Debt Instruments:

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is achieved by collecting contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (“SPPI”).

**Financial assets at FVOCI**

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in Other Comprehensive Income (OCI). Interest income and foreign exchange gains and losses are recognized in the statement of income.

For an equity investment, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an instrument-by-instrument basis on initial recognition.

#### Financial assets at FVTPL

All other financial assets are classified measured at FVTPL. In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

#### Business model assessment

The Group assesses the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the application of those policies in practice.
- whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets.
- how the performance of the portfolio is evaluated and reported to the Group's management.
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.
- how managers of the business are compensated- e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume, and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realized.

For the purpose of the assessment of whether contractual cash flows are solely payments of principal and interest, principal is the fair value of the financial asset on initial recognition. Interest is the consideration for the time value of money, the credit and other basic lending risks associated with the principal amount outstanding during a particular period and other basic lending costs (e.g., liquidity risk and administrative costs), along with profit margin.

#### Financial assets – Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

All regular-way purchases and sales of financial assets are initially recognised and derecognised on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument.

#### Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in consolidated statement of income and presented in other gains/(losses) together with foreign exchange gains and losses.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the consolidated statement of income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the consolidated statement of income and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in the consolidated statement of income and presented net within other gains/(losses) in the period in which it arises.

## Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investments. Dividends from such investments continue to be recognised in consolidated statement of income as investment income when the group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in investment income in the consolidated statement of income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

## Financial assets - Impairment

### Overview of Expected Credit Loss ("ECL") principles

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss); unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss. Lifetime expected credit losses represent ECL that would result from all possible default events over the expected life of the financial asset whereas 12 month expected credit losses are those life expected credit losses expected to occur within 12 months of the consolidated statement of financial position date. Both lifetime ECLs and 12-month ECLs will be calculated on an individual basis depending on the nature of the underlying portfolio of financial instruments.

The Group recognizes loss allowances for ECL on the following financial instruments that are not measured at fair value:

- Financial assets that are debt instruments
- Deposits and bank balances
- Other receivables balances

No impairment loss is recognized on equity instruments.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

The Group considers debt securities to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'. The measurement of ECL for other receivables is carried out using the simplified ECL impairment model and is determined by using a matrix which uses historical credit loss experience of the Group. For investment in debt securities, if the Days Past Due ('DPD') is 0, then investment is considered as Stage 1 and if the DPD is more than 0, investment is considered as Stage 3.

### Staging of financial assets

The Group categorizes its investments portfolio classified as amortized cost and FVOCI into Stage 1, Stage 2 and Stage 3 as described below:

**Stage 1** – Performing financial assets for which there has been no significant deterioration in credit quality since initial recognition;

**Stage 2** – Underperforming financial assets for which there has been a significant deterioration in credit quality since initial recognition, but which are not credit-impaired; and

**Stage 3** – Non-performing financial assets for which there has been a significant deterioration in credit quality since initial recognition and which have become credit-impaired.

### Credit impaired financial asset

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event (more than 90 days);
- it is becoming probable that the borrower or issuer will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

In assessing whether an investment in sovereign debt is credit-impaired, the Group considers the following factors.

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.

- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

#### Definition of default

In assessing whether an issuer is in default, the Group considers indicators that are:

- qualitative- e.g., breaches of covenant and non-payment on another obligation of the same issuer to the Group.
- quantitative- e.g., overdue status; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

#### ECL methodology and measurement

ECL is computed based on the parameters namely Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) values. ECL is discounted by an appropriate rate to get the Present Value of ECL.

For the investment portfolio, a generalised approach is used, where assets are classified under 3 different stages based on the SICR criteria: Stage 1, Stage 2, and Stage 3 where 12-month ECL is computed for Stage 1 and lifetime ECL for Stage 2 and Stage 3. For other receivable portfolio, a simplified approach is used, for which staging is not required, based on a lifetime ECL computation.

ECL is a probability-weighted estimate of credit losses. It is measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

#### Probability of Default ('PD')

The probability of default is an estimate of the likelihood of default over a given time horizon.

#### Loss Given Default ('LGD')

Loss given default inputs are determined by class of financial instrument based on historical experience of loss and recovery rates for similar financial instruments and other relevant industry data.

#### Exposure at Default ('EAD')

The exposure at default is an estimate of the exposure at a future default date.

#### Forward looking estimate

While estimating the ECL, the Group reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Group analyzes the relationship between key economic trends with the estimate of PD. The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on reports from economic experts and consideration of a variety of external actual and forecast information, the Group formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the Kingdom and selected private-sector and academic forecasters. The base case represents a most-likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Group carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

#### Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets.
- debt instruments measured at FVOCI: no loss allowance is recognized in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognized in the fair value reserve.

## Financial liabilities

### Classification and derecognition of financial liabilities

The Group classifies its financial liabilities, other than financial guarantees if any, as measured at Amortized cost. Amortized cost is calculated by considering any discount or premium and costs that are an integral part of the Effective Interest Rate ("EIR"). A liability is classified at FVTPL if it is classified as held-for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in consolidated statement of income. The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

#### (iii) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank balances and term deposits that have original maturity periods not exceeding three months from the date of acquisition.

#### (iv) Fixtures, furniture and equipment

Fixtures, furniture and equipment are initially recorded in the consolidated statement of financial position at cost. Subsequent measurement is carried out at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The estimated useful lives of the assets for the calculation of depreciation are as follows:

	Years
Office furniture and fixtures	5 to 20
Computer equipment	2.5 to 7
Motor vehicles	4
Leasehold improvements (civil, construction work and fixtures)	15 years or lease term

Residual values, useful lives and the methods of depreciation are reviewed and adjusted as appropriate at each financial year end. Impairment reviews take place when events or changes in circumstances indicate that the carrying value may not be recoverable. The depreciation charge for the year is recognised in the consolidated statement of income on an actual basis. Similarly, impairment losses, if any, are recognised in the statement of income.

Expenditure for repairs and maintenance is charged to the consolidated statement of income. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. Gain/loss on sale of fixtures, furniture and equipment and Right-of-use assets is included in consolidated statement of income.

#### (v) Intangible assets

Separately acquired intangible assets (software) are shown at historical cost. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses. The Group amortises intangible assets with a limited useful life using straight-line method over the following periods:

	Years
IT development and software	3 to 7

#### (vi) Goodwill

Goodwill is initially measured at excess of the fair value of the consideration paid over the fair value of the identifiable assets and liabilities acquired. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment for goodwill is determined by assessing the recoverable amount of the cash generating unit (or a group of cash generating units) to which the goodwill is related. When the recoverable amount of the cash-generating unit (or a group of cash generating units) is less than the carrying amount of the cash generating unit (or a group of cash generating units) to which goodwill has been allocated, an impairment loss is recognised in the consolidated statement of income. Impairment losses relating to goodwill cannot be reversed in future periods. Refer note 5.

#### (vii) Accrued and other liabilities

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

#### (viii) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation amount.

#### (ix) Provision for end-of-service benefits

Accruals are made at the present value of expected future payments in respect of services provided by the employees up to the end of the reporting period using the projected unit credit method. Consideration is given to the expected future wages and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. The benefit payments obligation is discharged as it falls due. Re-measurement (actuarial gains/losses) as a result of experience adjustments and changes in actuarial assumptions are recognised in the consolidated statement of other comprehensive income.

#### (x) Share based payments and shares held under employees share scheme

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. Grant date is the date at which the entity and an employee agree to a share based payment arrangement, being when the entity and the counterparty have a shared understanding of the terms and conditions of the arrangement. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity as a reserve for a share based payment, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit in the consolidated statement of income for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

In cases where an award is forfeited (i.e. when the vesting conditions relating to an award are not satisfied), the Group reverses the expense relating to such awards previously recognised in the statement of income. Where an equity-settled award is cancelled (other than forfeiture), it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. The value of the shares repurchased, including costs associated with the acquisition, is recognized as a deduction from equity. The Company retains shares under employees share scheme, which represents treasury shares.

#### (xi) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of three to five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. Impairment losses of continuing operations are recognised in the consolidated statement of income.

For assets, excluding goodwill, an assessment is made at each reporting date whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such a reversal is recognised in the statement of income.

#### (xii) De-recognition

##### Financial asset

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a 'pass-through' arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

#### Financial liability

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired.

#### (xiii) Revenue recognition

##### Investment and commission income

Investment income or loss comprises of unrealised and realised gains and losses on investments. Commission income on term deposits is recognised using the effective interest method in the consolidated statement of income.

##### Other revenues

Other revenue represents revenue generated from operations of Bupa Arabia For Third Party Administration through claims management and handling services. The Group recognizes revenue from contracts, with customers based on a five-step model as set out in IFRS 15. Accordingly, the Company recognizes revenue when or as a performance obligation is satisfied. i.e. when control of the services pertaining to the respective performance obligation is transferred to the customer. Revenue primarily represents services revenue. Revenue from providing services is recognised in the accounting period in which the services are rendered. Revenue is recognised based on the actual service provided to the end of the reporting period because the customer receives and uses the benefits simultaneously. This is determined by multiplying the number of members served with a fixed and pre-agreed rate with the customer in accordance with the terms of the contract. Customers are invoiced on a monthly basis and consideration is payable when invoiced. There were no contract assets or contract liabilities at the end of the reporting period as all services provided were already invoiced and there were no advance payments from customers as at that date.

#### (xiv) Leases

##### Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). The Group applies the cost model, and measure right of use asset at cost;

1. less any accumulated amortization and any accumulated impairment losses; and
2. adjusted for any re-measurement of the lease liability for lease modifications.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, generally, the initial carrying value of a right-of-use asset would be equal to the lease liability. However, if there are additional costs such as site preparation, non-refundable deposits, application money, other expenses related to transaction etc. it needs to be added to the right of use asset value.

The recognised right-of-use assets are amortized on a straight-line basis over the shorter of its estimated useful life and the lease term. right-of-use assets are subject to impairment. The estimated useful lives of the assets for the calculation of amortization are as follows:

	Years
Right-of-use assets	5 to 20

##### Lease liabilities

On initial recognition, the lease liability is the present value of all remaining payments to the lessor, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

After the commencement date, Group measures the lease liability by:

1. Increasing the carrying amount to reflect interest on the lease liability.
2. Reducing the carrying amount to reflect the lease payments made and;
3. Re-measuring the carrying amount to reflect any re-assessment or lease modification.

The lease liability is measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.



### Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### (xv) Zakat and income tax

#### Zakat

The Group is subject to zakat in accordance with the regulations of the Zakat, Tax, and Customs Authority (ZATCA). Zakat is calculated based on higher of approximate zakat base and adjusted profit and charged to profit or loss. Additional zakat, if any, is accounted for when determined to be required for payment.

Amounts accrued for zakat expense in one year may have to be adjusted in a subsequent year if the estimate of the annual charge changes.

#### Income tax

The income tax expense or credit for the year is the tax payable on the current year's taxable income, based on the applicable income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

#### Deferred Tax

Deferred income tax is provided using the liability method on temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities using the tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available and the credits can be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

### (xvi) Foreign currencies

The accounting records of the Group are maintained in Saudi Riyals. Transactions in foreign currencies are recorded in Saudi Riyals at the approximate rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the spot rate at the reporting date. All differences are taken to the statement of income.

### (xvii) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. Income and expenses are not offset in the statement of income unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Group.

### (xviii) Cash dividends to shareholders

The Group recognises a liability for cash distributions to shareholders of the Group when the distribution is authorised and is no longer at the discretion of the Group. A distribution is authorised when it is approved by the shareholders and Insurance Authority. A corresponding amount is recognised in equity.

### (xix) Statutory reserve

The Group allocates 20% of its net income from shareholders operations each year to the statutory reserve until it has built up a reserve equal to the share capital, as mandated by relevant regulations. The reserve is not available for distribution.

## 4

### Explanation to transition to IFRS 17, IFRS 9 and other changes

As stated in note 2, these consolidated financial statements are prepared in accordance with the requirements of IFRS as endorsed in the Kingdom of Saudi Arabia. The Group has adopted IFRS 17 and IFRS 9 from its effective date i.e 1 January 2023.

The accounting policies set out in note 3 have been applied in preparing the consolidated financial statements for the year ended 31 December 2023 and in the preparation of an opening IFRS 17 and IFRS 9 statement of financial position at 1 January 2022 (the Group's date of transition) and 31 December 2022.

In preparing its opening IFRS 17 and IFRS 9 statement of financial position, the Group has adjusted amounts reported previously in financial statements under IFRS 4 and IAS 39.

### Reclassification impact on the consolidated statement of financial position on adoption of IFRS 17

Presentation changes in the consolidated statement of financial position are introduced by IFRS 17. The previously reported line items: premiums receivable - net, deferred policy acquisition costs, insurance operations' surplus payable, unearned premiums, outstanding claims, claims incurred but not reported, premium deficiency reserve, claims handling reserve are presented together by portfolio on a single line called insurance contract liabilities. The previously reported line items: reinsurers' share of unearned premiums, reinsurers' share of outstanding claims, reinsurers' share of claims incurred but not reported, reinsurers' balances payable are presented together by portfolio on a single line called reinsurance contract assets or liabilities.

Presentation is driven by portfolios which are composed of groups of contracts covering similar risks and which are managed together. Portfolios of insurance and reinsurance contracts are presented separately between:

- Portfolios of insurance contracts that are assets;
- Portfolios of reinsurance contracts that are assets;
- Portfolios of insurance contracts that are liabilities; and
- Portfolios of reinsurance contracts that are liabilities.

### Remeasurement impact on the consolidated statement of financial position on adoption of IFRS 17

#### Impact on equity:

Drivers of Changes	Impact on equity on transition to IFRS 17 on 1 January 2022 SR '000
Changes in measurement of insurance contract liabilities	(35,017)
Changes in measurement of reinsurance contract assets	682
<b>Total impact</b>	<b>(34,335)</b>

#### Impact on Insurance Contract Liabilities:

Drivers of Changes	Impact on liabilities on transition to IFRS 17 on 1 January 2022 SR '000
Risk adjustment	(29,187)
Loss component on onerous contracts	(5,830)
<b>Total impact</b>	<b>(35,017)</b>

#### Impact on Reinsurance Contract Asset:

Drivers of Changes	Impact on liabilities on transition to IFRS 17 on 1 January 2022 SR '000
Risk adjustment	682

### Reclassification impact on the consolidated statement of financial position on adoption of IFRS 9

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets and financial liabilities, inclusive of the expected credit losses, as at 1 January 2022:

Particulars	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39 SR '000	New carrying amount under IFRS 9 SR '000
<b>Financial assets:</b>				
Cash and cash equivalents	Amortized cost	Amortized cost	960,758	960,585
<b>Investments:</b>				
<b>Insurance operations -</b>				
Mutual funds	Available for sale	FVTPL	36,759	36,759
Mutual funds	Held for trading	FVTPL	1,790,185	1,790,185
Sukuks	Available for sale	FVOCI	654,471	654,471
Sukuks	Held for trading	FVTPL	18,014	18,014
Sukuks	Held to maturity	Amortized cost	100,000	99,982
Accrued interest on Sukuks	Held to maturity	Amortized cost	736	736
<b>Shareholder operations -</b>				
Equity	Available for sale	FVOCI	58,070	58,070
Equity	Available for sale	FVTPL	271,129	271,129
Mutual funds	Available for sale	FVTPL	144,933	144,933
Mutual funds	Held for trading	FVTPL	1,394,691	1,394,691
Investments in discretionary portfolios	Available for sale	FVOCI	50,189	50,189
Sukuks	Available for sale	FVOCI	899,038	899,038
Sukuks	Held for trading	FVTPL	55,044	55,044
Sukuks	Held to maturity	Amortized cost	231,250	231,208
Accrued interest on Sukuks	Held to maturity	Amortized cost	1,640	1,640
<b>Term deposits:</b>				
Insurance operations	Held to maturity	Amortized cost	2,007,922	2,007,560
Shareholder operations	Held to maturity	Amortized cost	1,085,798	1,085,603
Statutory deposits	Held to maturity	Amortized cost	134,885	134,863
Other financial assets	Held to maturity	Amortized cost	17,511	17,511

The changes in the classification of financial assets are predominantly due to the mandatory classification of equity instruments (including mutual funds) at FVTPL except for those which on transition the Group has elected to present the changes in fair value in OCI. Sukuks held for trading are required to be classified as FVTPL. Sukuks which meet the requirements of the IFRS 9 business models hold to collect and sell are classified as FVOCI. The remaining financial assets which have been classified as amortised cost meet the criteria of held to collect business model. There are no changes in the classification of financial liabilities in the transition from IAS 39 to IFRS 9.

### Remeasurement impact on the consolidated statement of financial position on adoption of IFRS 9

#### Impairment of financial assets

The following table reconciles the impairment allowance and provision recorded as per the requirements of IAS 39 as at 31 December 2021 to opening ECL allowance determined in accordance with IFRS 9 as at 1 January 2022. At the transition date and at the reporting date all financial assets were in Stage 1.

Particulars	31 Dec 2021 (IAS 39) SR '000	Re-classification SR '000	Re-measurement SR '000	1 Jan 2022 (IFRS 9) SR '000
<b>Financial assets at amortized cost (IFRS 9)</b>				
Impairment on amortized cost assets (Sukuks)	-	-	60	60
Impairment on term deposits	-	-	557	557
Impairment on cash and cash equivalents	-	-	173	173
Impairment on statutory deposits	-	-	22	22
<b>Financial assets at FVOCI (IFRS 9)</b>				
Impairment on assets classified as FVOCI charged to profit or loss	-	-	277	277
<b>Total</b>	-	-	1,089	1,089

## Reconciliation of consolidated statement of financial position as at 1 January 2022.

	1 January 2022 (Unaudited)					Post adoption of IFRS 17 & IFRS 9 SR '000
	Pre-adoption of IFRS 17 & IFRS 9 SR '000	IFRS 17		IFRS 9		
		Reclassification SR '000	Remeasurement SR '000	Reclassification SR '000	Remeasurement SR '000	
<b>Assets</b>						
Cash and cash equivalents	960,758	-	-	-	(173)	960,585
Premiums receivable - net	1,761,300	(1,761,300)	-	-	-	-
Reinsurers' share of unearned premiums	27,935	(27,935)	-	-	-	-
Reinsurers' share of outstanding claims	7,207	(7,207)	-	-	-	-
Reinsurers' share of claims incurred but not reported	7,829	(7,829)	-	-	-	-
Reinsurance contract assets	-	58,430	682	-	-	59,112
Deferred policy acquisition costs	201,042	(201,042)	-	-	-	-
Term deposits	3,093,720	-	-	-	(557)	3,093,163
Investments	5,703,773	-	-	(5,703,773)	-	-
Financial assets at amortised cost - net	-	-	-	333,626	(60)	333,566
Financial assets at fair value	-	-	-	5,372,523	-	5,372,523
Prepaid expenses and other assets	113,254	173,215	-	(2,376)	-	284,093
Fixtures, furniture and equipment - net	69,771	-	-	-	-	69,771
Deferred tax asset	39,735	-	-	-	94	39,829
Right-of-use assets - net	112,616	-	-	-	-	112,616
Intangible assets - net	67,277	-	-	-	-	67,277
Statutory deposit	120,000	-	-	-	(22)	119,978
Accrued income on statutory deposit	14,885	-	-	-	-	14,885
Goodwill	98,000	-	-	-	-	98,000
<b>Total assets</b>	<b>12,399,102</b>	<b>(1,773,668)</b>	<b>682</b>	<b>-</b>	<b>(718)</b>	<b>10,625,398</b>

	1 January 2022 (Unaudited)					Post adoption of IFRS 17 & IFRS 9 SR '000
	Pre-adoption of IFRS 17 & IFRS 9 SR '000	IFRS 17		IFRS 9		
		Reclassification SR '000	Remeasurement SR '000	Reclassification SR '000	Remeasurement SR '000	
<b>Liabilities</b>						
Accrued and other liabilities	604,774	(302,254)	-	-	-	302,520
Insurance contract liabilities	-	5,559,328	35,017	-	-	5,594,345
Reinsurance contract liabilities	-	25,397	-	-	-	25,397
Lease liability	125,333	-	-	-	-	125,333
Insurance operations' surplus payable	190,060	(190,060)	-	-	-	-
Reinsurers' balances payable	25,397	(25,397)	-	-	-	-
Unearned premiums	4,709,555	(4,709,555)	-	-	-	-
Outstanding claims	601,168	(601,168)	-	-	-	-
Claims incurred but not reported	1,413,888	(1,413,888)	-	-	-	-
Premium deficiency reserve	74,602	(74,602)	-	-	-	-
Claims handling reserve	21,797	(21,797)	-	-	-	-
Due to related parties	33,723	(19,672)	-	-	-	14,051
Provision for end-of-service benefits	152,286	-	-	-	-	152,286
Provision for zakat and income tax	236,610	-	-	-	-	236,610
Accrued income payable to Insurance Authority	14,885	-	-	-	-	14,885
<b>Total liabilities</b>	<b>8,204,078</b>	<b>(1,773,668)</b>	<b>35,017</b>	<b>-</b>	<b>-</b>	<b>6,465,427</b>
<b>Equity</b>						
Share capital	1,200,000	-	-	-	-	1,200,000
Statutory reserve	992,210	-	-	-	-	992,210
Share based payments reserve	43,500	-	-	-	-	43,500
Shares held under employees share scheme	(53,356)	-	-	-	-	(53,356)
Retained earnings	1,790,700	-	(34,335)	25,187	(995)	1,780,557
Re-measurement reserve for end-of-service benefits	(23,638)	-	-	-	-	(23,638)
Investments fair value reserve	245,608	-	-	(25,187)	277	220,698
<b>Total equity</b>	<b>4,195,024</b>	<b>-</b>	<b>(34,335)</b>	<b>-</b>	<b>(718)</b>	<b>4,159,971</b>
<b>Total liabilities and equity</b>	<b>12,399,102</b>	<b>(1,773,668)</b>	<b>682</b>	<b>-</b>	<b>(718)</b>	<b>10,625,398</b>

## Reconciliation of consolidated statement of financial position as at 31 December 2022

	31 December 2022 (Unaudited)					Post adoption of IFRS 17 & IFRS 9 SR '000
	Pre-adoption of IFRS 17 & IFRS 9 SR '000	IFRS 17		IFRS 9		
		Reclassification SR '000	Remeasurement SR '000	Reclassification SR '000	Remeasurement SR '000	
<b>Assets</b>						
Cash and cash equivalents	1,288,297	-	-	-	(336)	1,287,961
Premiums receivable - net	2,159,183	(2,159,183)	-	-	-	-
Reinsurers' share of unearned premiums	48,265	(48,265)	-	-	-	-
Reinsurers' share of outstanding claims	7,221	(7,221)	-	-	-	-
Reinsurers' share of claims incurred but not reported	12,602	(12,602)	-	-	-	-
Reinsurance contract assets	-	27,256	899	-	-	28,155
Deferred policy acquisition costs	264,931	(264,931)	-	-	-	-
Term deposits	6,408,489	-	-	-	(1,641)	6,406,848
Investments	3,374,302	-	-	(3,374,302)	-	-
Financial assets at amortised cost - net	-	-	-	526,326	(138)	526,188
Financial assets at fair value	-	-	-	2,852,234	-	2,852,234
Prepaid expenses and other assets	147,763	262,725	4,289	(4,258)	-	410,519
Fixtures, furniture and equipment - net	63,643	-	-	-	-	63,643
Deferred tax asset	40,151	-	120	-	240	40,511
Due from related parties	-	3,316	-	-	-	3,316
Right-of-use assets - net	165,947	-	-	-	-	165,947
Intangible assets - net	65,413	-	-	-	-	65,413
Statutory deposit	150,000	-	-	-	(39)	149,961
Accrued income on statutory deposit	16,235	-	-	-	-	16,235
Goodwill	98,000	-	-	-	-	98,000
<b>Total assets</b>	<b>14,310,442</b>	<b>(2,198,905)</b>	<b>5,308</b>	<b>-</b>	<b>(1,914)</b>	<b>12,114,931</b>

	31 December 2022 (Unaudited)					Post adoption of IFRS 17 & IFRS 9 SR '000
	Pre-adoption of IFRS 17 & IFRS 9 SR '000	IFRS 17		IFRS 9		
		Reclassification SR '000	Remeasurement SR '000	Reclassification SR '000	Remeasurement SR '000	
<b>Liabilities</b>						
Accrued and other liabilities	871,560	(340,845)	-	-	-	530,715
Insurance contract liabilities	-	6,602,801	96,384	-	-	6,699,185
Reinsurance contract liabilities	-	2,605	-	-	-	2,605
Lease liability	184,682	-	-	-	-	184,682
Insurance operations' surplus payable	208,021	(208,021)	-	-	-	-
Reinsurers' balances payable	2,605	(2,605)	-	-	-	-
Unearned premiums	5,695,725	(5,695,725)	-	-	-	-
Outstanding claims	601,366	(601,366)	-	-	-	-
Claims incurred but not reported	1,867,017	(1,867,017)	-	-	-	-
Premium deficiency reserve	22,982	(22,982)	-	-	-	-
Claims handling reserve	23,470	(23,470)	-	-	-	-
Due to related parties	42,280	(42,280)	-	-	-	-
Provision for end-of-service benefits	154,054	-	-	-	-	154,054
Provision for zakat and income tax	326,566	-	-	-	-	326,566
Accrued income payable to Insurance Authority	16,235	-	-	-	-	16,235
<b>Total liabilities</b>	<b>10,016,563</b>	<b>(2,198,905)</b>	<b>96,384</b>	<b>-</b>	<b>-</b>	<b>7,914,042</b>
<b>Equity</b>						
Share capital	1,500,000	-	-	-	-	1,500,000
Statutory reserve	1,164,724	-	-	-	-	1,164,724
Share based payments reserve	54,268	-	-	-	-	54,268
Shares held under employees share scheme	(78,235)	-	-	-	-	(78,235)
Retained earnings	1,709,186	-	(91,076)	26,015	(2,534)	1,641,591
Re-measurement reserve for end-of-service benefits	(7,043)	-	-	-	-	(7,043)
Investments fair value reserve	(49,021)	-	-	(26,015)	620	(74,416)
<b>Total equity</b>	<b>4,293,879</b>	<b>-</b>	<b>(91,076)</b>	<b>-</b>	<b>(1,914)</b>	<b>4,200,889</b>
<b>Total liabilities and equity</b>	<b>14,310,442</b>	<b>(2,198,905)</b>	<b>5,308</b>	<b>-</b>	<b>(1,914)</b>	<b>12,114,931</b>

### Reclassification impact on consolidated statement of income on adoption of IFRS 17

The line-item descriptions in the consolidated statement of income have been changed significantly compared with prior year. Previously, the Group reported the following line items:

- Gross premiums written
- Reinsurance premiums ceded - Local
- Reinsurance premiums ceded - International
- Changes in unearned premiums - net
- Gross claims paid
- Reinsurers' share of claims paid
- Changes in outstanding claims
- Changes in claims incurred but not reported
- Changes in premium deficiency reserve
- Changes in claims handling reserves
- Reinsurance share of changes in outstanding claims
- Reinsurance share of changes in claims incurred but not reported
- Policy acquisition costs
- Allowance for doubtful receivables
- General and administrative expenses
- Selling and marketing expenses
- Other income - net
- Income attributed to the insurance operations

Instead, IFRS 17 requires separate presentation of:

- Insurance revenue
- Insurance service expense
- Net expenses from reinsurance contracts held
- Other operating expenses

### Remeasurement impact on consolidated statement of comprehensive income on adoption of IFRS 17 for the year ended 31 December 2022

The remeasurement impact in the consolidated statement of income on adoption of IFRS 17 is on account of the following:

Drivers of Changes	Year ended 31 December 2022 SR '000
Risk adjustment	(22,729)
Loss component on onerous contract	(32,750)
Expected premium adjustment	(5,672)

### Reclassification impact on consolidated statement of comprehensive income on adoption of IFRS 9 for the year ended 31 December 2022

- Net impairment loss under IFRS 9 is disclosed separately on the statement of income. Under IAS 39, impairment loss was disclosed as part of investment income.
- Investment income on financial assets at amortised costs and on financial assets at fair value are shown separately on the statement of income instead of presented previously as one line item.
- Under IAS 39, changes in the fair value of both investment in debt instruments and investment in equity instruments classified as available-for-sale were shown together on the statement of comprehensive income for the year ended 31 December 2022. On transition to IFRS 9, the net fair value loss of SR 294.6 million was reclassified from "changes in available-for-sale investments" and shown separately as fair value loss of SR 192.1 million on equity instruments and a fair value loss of SR 102.5 million on debt instruments. Those instruments have been reclassified from available for sale to financial assets at FVOCI on transition.



## Reconciliation of consolidated statement of income for the year ended 31 December 2022

	31 December 2022					Post adoption of IFRS 17 & IFRS 9 SR '000
	Pre-adoption of IFRS 17 & IFRS 9 SR '000	IFRS 17		IFRS 9		
		Reclassification SR '000	Remeasurement SR '000	Reclassification SR '000	Remeasurement SR '000	
<b>Revenues</b>						
Gross premiums written	13,896,883	(13,896,883)	-	-	-	-
Reinsurance premiums ceded - Local	(175)	175	-	-	-	-
Reinsurance premiums ceded - International	(94,107)	94,107	-	-	-	-
<b>Net premiums written</b>	13,802,601	(13,802,601)	-	-	-	-
Changes in unearned premiums - net	(965,840)	965,840	-	-	-	-
<b>Net premiums earned</b>	12,836,761	(12,836,761)	-	-	-	-
Other revenues	42,633	-	-	-	-	42,633
<b>Total revenues</b>	12,879,394	(12,836,761)	-	-	-	42,633
Insurance revenue	-	12,878,783	(5,672)	-	-	12,873,111
Insurance service expense	-	(12,150,337)	(55,696)	-	-	(12,206,033)
Net expenses from reinsurance contracts held	-	(29,667)	217	-	-	(29,450)
<b>Net insurance service result</b>	-	698,779	(61,151)	-	-	637,628
<b>Underwriting costs &amp; expenses</b>						
Gross claims paid	(10,565,431)	10,565,431	-	-	-	-
Reinsurers' share of claims paid	39,497	(39,497)	-	-	-	-
<b>Net claims paid</b>	(10,525,934)	10,525,934	-	-	-	-
Changes in outstanding claims	(198)	198	-	-	-	-
Changes in claims incurred but not reported	(453,129)	453,129	-	-	-	-
Changes in premium deficiency reserve	51,620	(51,620)	-	-	-	-
Changes in claims handling reserves	(1,673)	1,673	-	-	-	-
Reinsurance share of changes in outstanding claims	14	(14)	-	-	-	-
Reinsurance share of changes in claims incurred but not reported	4,773	(4,773)	-	-	-	-
<b>Net claims incurred</b>	(10,924,527)	10,924,527	-	-	-	-
Policy acquisition costs	(578,156)	578,156	-	-	-	-
Other costs	(16,378)	-	-	-	-	(16,378)
<b>Total underwriting costs and expenses</b>	(11,519,061)	11,502,683	-	-	-	(16,378)

	31 December 2022					Post adoption of IFRS 17 & IFRS 9 SR '000
	Pre-adoption of IFRS 17 & IFRS 9 SR '000	IFRS 17		IFRS 9		
		Reclassification SR '000	Remeasurement SR '000	Reclassification SR '000	Remeasurement SR '000	
Investment income on financial assets at amortised cost - net	-	-	-	167,197	-	167,197
Investment income on financial assets at fair value	-	-	-	385,793	829	386,622
Net impairment loss on financial assets	-	-	-	-	(1,685)	(1,685)
<b>Net underwriting income</b>	1,360,333	(635,299)	(61,151)	552,990	(856)	1,216,017
<b>Other operating income/(expenses)</b>						
Allowance for doubtful receivables	(40,885)	40,885	-	-	-	-
General and administrative expenses	(667,145)	667,145	-	-	-	-
Selling and marketing expenses	(135,975)	135,975	-	-	-	-
Investment income - net	552,990	-	-	(552,990)	-	-
Other income - net	22,866	(22,866)	-	-	-	-
<b>Total other operating income/(expenses)</b>	(268,149)	821,139	-	(552,990)	-	-
Income before surplus, zakat & income tax	1,092,184	185,840	(61,151)	-	(856)	1,216,017
Income attributed to the insurance operations (transfer to surplus payable)	(65,303)	65,303	-	-	-	-
Other operating expenses	-	(251,143)	-	-	4,289	(246,854)
Income attributed to the shareholders before zakat and income tax	1,026,881	-	(61,151)	-	3,433	969,163
Zakat charge	(72,938)	-	-	-	-	(72,938)
Income tax charge	(91,374)	-	-	-	266	(91,108)
<b>Net income attributed to the shareholders after zakat and income tax</b>	862,569	-	(61,151)	-	3,699	805,117

## Reconciliation of consolidated statement of comprehensive income for the year ended 31 December 2022

	31 December 2022					Post adoption of IFRS 17 & IFRS 9 SR '000
	Pre-adoption of IFRS 17 & IFRS 9 SR '000	IFRS 17		IFRS 9		
		Reclassification SR '000	Remeasurement SR '000	Reclassification SR '000	Remeasurement SR '000	
NET INCOME ATTRIBUTED TO THE SHAREHOLDERS AFTER ZAKAT AND INCOME TAX	862,569	-	(61,151)	-	3,699	805,117
<b>Other comprehensive income/(loss)</b>						
<b>A. Items that will not be reclassified to consolidated statement of income in subsequent years</b>						
Actuarial gains on end-of-service benefits	16,595	-	-	-	-	16,595
Net changes in fair value of investments measured at FVOCI – equity instruments	-	-	-	(192,175)	1,450	(190,725)
<b>B. Items that are or may be reclassified to consolidated statements of income in subsequent years</b>						
Net changes in fair value of available-for-sale investments	(294,629)	-	-	294,629	-	-
Net changes in fair value of investments measured at FVOCI – debt instrument	-	-	-	(102,454)	(2,279)	(104,733)
Net changes in allowance for expected credit losses of FVOCI – debt instruments	-	-	-	-	344	344
<b>Total other comprehensive loss</b>	<b>(278,034)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(485)</b>	<b>(278,519)</b>
<b>Total comprehensive income for the year</b>	<b>584,535</b>	<b>-</b>	<b>(61,151)</b>	<b>-</b>	<b>3,214</b>	<b>526,598</b>

## Details of (decrease)/increase in the retained earnings resulting from transition to IFRS 17 and IFRS 9 are as follows:

Drivers of Changes	Share capital SR '000	Statutory reserve SR '000	Share based payments reserve SR '000	Shares held under employees share scheme SR '000	Retained earnings SR '000	Re-measurement reserve for end-of service benefits SR '000	Investments fair value reserve SR '000	Total equity SR '000
<b>1 January 2022 (previously reported)</b>	1,200,000	992,210	43,500	(53,356)	1,790,700	(23,638)	245,608	4,195,024
Reclassifications under IFRS 9	-	-	-	-	25,187	-	(25,187)	-
Recognition of expected credit losses under IFRS 9	-	-	-	-	(1,089)	-	277	(812)
Deferred tax adjustment related to IFRS 9	-	-	-	-	94	-	-	94
Remeasurement under IFRS 17	-	-	-	-	(34,335)	-	-	(34,335)
<b>1 January 2022 (restated)</b>	1,200,000	992,210	43,500	(53,356)	1,780,557	(23,638)	220,698	4,159,971
31 December 2022 (previously reported)	1,500,000	1,164,724	54,268	(78,235)	1,709,186	(7,043)	(49,021)	4,293,879
Reclassifications under IFRS 9	-	-	-	-	26,015	-	(26,015)	-
Recognition of expected credit losses under IFRS 9	-	-	-	-	(2,774)	-	620	(2,154)
Deferred tax adjustment related to IFRS 9	-	-	-	-	240	-	-	240
Deferred tax adjustment related to IFRS 17	-	-	-	-	120	-	-	120
Remeasurement under IFRS 17	-	-	-	-	(91,196)	-	-	(91,196)
<b>31 December 2022 (restated)</b>	1,500,000	1,164,724	54,268	(78,235)	1,641,591	(7,043)	(74,416)	4,200,889

Reclassification adjustment under IFRS 9 relates to reclassification of equity instruments as FVTPL which were classified as available for sales under IAS 39. Refer to note above for explanation of impact.

## Other reclassifications

As at 31 December 2022, the order of presentation of Goodwill and deferred tax assets on the consolidated statement of financial position amounting to SR 98 million and SR 40.151 million respectively, were rearranged to reflect a better presentation in terms of order of liquidity. In prior years, fair value reserves of investments classified as available-for-sale were disaggregated and presented separately between policyholders' operation and shareholders' operation SR 25.054 million and SR 23.967 million on the consolidated statement of financial position and on the consolidated statement of changes in equity respectively. Similarly, the changes in the fair values of those investments were disaggregated and presented separately between policyholders' operation and shareholders' operation on the consolidated statement of comprehensive income. This has now been combined and presented as one line item on the statement of financial position and the statement of changes in equity. Changes in the fair values of those investments are now presented as one line item on the statement of comprehensive income and on the statement of changes in equity.

## 5 Goodwill

on 31 December 2008, the Group entered into an agreement with Bupa Middle East Limited E.C. (the "Seller"), a related party, pursuant to which it acquired the Seller's insurance operations in the Kingdom of Saudi Arabia, effective from 1 January 2009. The acquisition transaction was approved by SAMA and resulted in goodwill of SR 98 million. The entire amount was paid in the previous years, to the Seller, after obtaining the required regulatory approvals.

The Group's management annually carry out impairment test in respect of the above-mentioned goodwill. Management conducted the impairment exercise for the year ended 31 December 2023. The recoverable amount of operations has been determined based on value in use. The calculations use cash flow projections based on financial budgets approved by management covering a three-year period. Cash flows beyond the three-year period are extrapolated using the estimated growth rates stated below. These growth rates are consistent with forecasts included in industry reports specific to the industry in which the Company operates. The goodwill is allocated to the corporate segment of the Company. The three key assumptions used in the test are the discount rate, estimated future cash flows from the business and insurance service revenue and expense growth rates as follows:

- An average discount rate of 12% (2022: 12%) was used to discount future cash flows.
- Insurance service revenue average growth rate of 9.8% was used for the first three years. Thereafter, a growth rate of 3% (2022: 3%) was used in the terminal value calculation.
- Insurance service expense average growth rate of 9.9% was used for the first three years. Thereafter, a growth rate of 3% (2022: 3%) was used in the terminal value calculation.
- A change in discount rate by +/- 3% with other variables held constant would not result in impairment of goodwill.
- A change in insurance service revenue growth rate by +/- 3% basis point with other variables held constant would not result in impairment of goodwill.
- A change in insurance service expense growth rate by +/- 3% basis point with other variables held constant would not result in impairment of goodwill.
- A change in terminal growth rate by +/- 3% basis point with other variables held constant would not result in impairment of goodwill.

## 6 Cash and cash equivalents

Cash and cash equivalents consist of the following:

	2023 (SR '000)		
	Insurance operations SR '000	Shareholders' operations SR '000	Total SR '000
Bank balances	897,625	358,651	1,256,276
Less: Impairment allowance	(300)	(80)	(380)
	<b>897,325</b>	<b>358,571</b>	<b>1,255,896</b>
	2022 (SR '000)		
	Insurance operations SR '000	Shareholders' operations SR '000	Total SR '000
Bank balances	649,270	639,027	1,288,297
Less: Impairment allowance	(173)	(163)	(336)
	<b>649,097</b>	<b>638,864</b>	<b>1,287,961</b>
	1 January 2022 (SR '000)		
	Insurance operations SR '000	Shareholders' operations SR '000	Total SR '000
Bank balances	430,300	30,067	460,367
Term deposits	500,391	-	500,391
Less: Impairment allowance	(168)	(5)	(173)
	<b>930,523</b>	<b>30,062</b>	<b>960,585</b>

The amount payable to/receivable from shareholders' operations is settled by transfer of cash at each reporting date. During the year ended 31 December 2023, the insurance operations transferred cash of SR 261 million to the shareholders' operations (31 December 2022: SR 61 million).

## 7

## Insurance and reinsurance contracts

	Note	2023 SR '000	2022 SR '000
<b>Insurance contract liabilities</b>			
Corporate	7.1 a	7,097,020	5,729,150
SMEs and others	7.1 b	1,170,176	970,035
		8,267,196	6,699,185
<b>Reinsurance contract assets</b>			
	7.2	74,090	28,155
<b>Reinsurance contract liabilities</b>			
	7.2	-	2,605

## 7.1

## Analysis by remaining coverage and incurred claims for insurance

## contracts

## a. Corporate

	2023 (SR '000)					Total
	Liability for remaining coverage (LRC)		Liability for incurred claims (LIC)			
	Excluding loss component	Loss component	Estimate of present value of cash flows	RA for non-financial risk		
<b>Insurance contracts issued:</b>						
Opening insurance contract liabilities	3,083,652	61,561	2,486,425	97,512		5,729,150
<b>Insurance revenue</b>	(13,917,361)	-	-	-		(13,917,361)

	2023 (SR '000)				
	Liability for remaining coverage (LRC)		Liability for incurred claims (LIC)		
	Excluding loss component	Loss component	Estimate of present value of cash flows	RA for non-financial risk	Total
<b>Insurance service expenses</b>					
Incurred claims and other directly attributable expenses	-	-	13,001,338	111,151	13,112,489
Losses on onerous contracts	-	-	-	-	-
Changes that relate to past service - adjustments to the LIC	-	-	(268,952)	(88,039)	(356,991)
Reversal of onerous contract	-	(61,561)	-	-	(61,561)
Insurance acquisition cash flows amortization	638,054	-	-	-	638,054
<b>Insurance service expenses</b>	638,054	(61,561)	12,732,386	23,112	13,331,991
<b>Insurance service result</b>	(13,279,307)	(61,561)	12,732,386	23,112	(585,370)
<b>Cash flows</b>					
Premiums received	14,710,090	-	-	-	14,710,090
Claims and other directly attributable expenses paid	-	-	(12,035,863)	-	(12,035,863)
Insurance acquisition cash flows paid	(720,987)	-	-	-	(720,987)
<b>Total cash flows</b>	13,989,103	-	(12,035,863)	-	1,953,240
<b>Closing insurance contract liabilities</b>	3,793,448	-	3,182,948	120,624	7,097,020

**b. SMEs and others**

	2023 (SR '000)					Total
	Liability for remaining coverage (LRC)		Liability for incurred claims (LIC)			
	Excluding loss component	Loss component	Estimate of present value of cash flows	non-financial risk	RA for risk	
<b>Insurance contracts issued:</b>						
Opening insurance contract liabilities	602,662	-	354,862	12,511		970,035
<b>Insurance revenue</b>	(1,970,354)	-	-	-		(1,970,354)
<b>Insurance service expenses</b>						
Incurred claims and other directly attributable expenses	-	-	1,612,229	13,111		1,625,340
Losses on onerous contracts	-	-	-	-		-
Changes that relate to past service - adjustments to the LIC	-	-	(60,042)	(11,479)		(71,521)
Reversal of onerous contract	-	-	-	-		-
Insurance acquisition cash flows amortization	108,622	-	-	-		108,622
<b>Insurance service expenses</b>	108,622	-	1,552,187	1,632		1,662,441
<b>Insurance service result</b>	(1,861,732)	-	1,552,187	1,632		(307,913)

	2023 (SR '000)					Total
	Liability for remaining coverage (LRC)		Liability for incurred claims (LIC)			
	Excluding loss component	Loss component	Estimate of present value of cash flows	non-financial risk	RA for risk	
<b>Cash flows</b>						
Premiums received	2,103,653	-	-	-		2,103,653
Claims and other directly attributable expenses paid	-	-	(1,469,798)	-		(1,469,798)
Insurance acquisition cash flows paid	(125,801)	-	-	-		(125,801)
<b>Total cash flows</b>	1,977,852	-	(1,469,798)	-		508,054
<b>Closing insurance contract liabilities</b>	718,782	-	437,251	14,143		1,170,176

## a. Corporate

	2022 (SR '000)					
	Liability for remaining coverage (LRC)		Liability for incurred claims (LIC)			Total
	Excluding loss component	Loss component	Estimate of present value of cash flows	RA for non-financial risk		
<b>Insurance contracts issued:</b>						
Opening insurance contract liabilities	2,577,740	80,432	2,128,730	82,099	4,869,001	
<b>Insurance revenue</b>	(11,263,622)	-	-	-	(11,263,622)	
<b>Insurance service expenses</b>						
Incurred claims and other directly attributable expenses	-	-	10,651,423	95,222	10,746,645	
Losses on onerous contracts and reversal of those losses	-	(18,871)	-	-	(18,871)	
Changes that relate to past service - adjustments to the LIC	-	-	(348,810)	(79,809)	(428,619)	
Insurance acquisition cash flows amortization	490,636	-	-	-	490,636	
<b>Insurance service expenses</b>	490,636	(18,871)	10,302,613	15,413	10,789,791	
<b>Insurance service result</b>	(10,772,986)	(18,871)	10,302,613	15,413	(473,831)	
<b>Cash flows</b>						
Premiums received	11,818,974	-	-	-	11,818,974	
Claims and other directly attributable expenses paid	-	-	(9,944,918)	-	(9,944,918)	
Insurance acquisition cash flows paid	(540,076)	-	-	-	(540,076)	
<b>Total cash flows</b>	11,278,898	-	(9,944,918)	-	1,333,980	
<b>Closing insurance contract liabilities</b>	3,083,652	61,561	2,486,425	97,512	5,729,150	

## b. SMEs and others

	2022 (SR '000)					
	Liability for remaining coverage (LRC)		Liability for incurred claims (LIC)			Total
	Excluding loss component	Loss component	Estimate of present value of cash flows	RA for non-financial risk		
<b>Insurance contracts issued:</b>						
Opening insurance contract liabilities	515,330	-	202,760	7,254	725,344	
<b>Insurance revenue</b>	(1,609,489)	-	-	-	(1,609,489)	
<b>Insurance service expenses</b>						
Incurred claims and other directly attributable expenses	-	-	1,335,956	12,249	1,348,205	
Losses on onerous contracts and reversal of those losses	-	-	-	-	-	
Changes that relate to past service - adjustments to the LIC	-	-	(12,491)	(6,992)	(19,483)	
Insurance acquisition cash flows amortization	87,520	-	-	-	87,520	
<b>Insurance service expenses</b>	87,520	-	1,323,465	5,257	1,416,242	
<b>Insurance service result</b>	(1,521,969)	-	1,323,465	5,257	(193,247)	
<b>Cash flows</b>						
Premiums received	1,707,240	-	-	-	1,707,240	
Claims and other directly attributable expenses paid	-	-	(1,171,363)	-	(1,171,363)	
Insurance acquisition cash flows paid	(97,939)	-	-	-	(97,939)	
<b>Total cash flows</b>	1,609,301	-	(1,171,363)	-	437,938	
<b>Closing insurance contract liabilities</b>	602,662	-	354,862	12,511	970,035	



## 7.2

## Analysis by remaining coverage and incurred claims for reinsurance contracts

	2023 (SR '000)					
	Asset for remaining coverage		Asset for incurred claims			Total
	Excluding loss component	Loss recovery component	Estimate of present value of cash flows	RA for non-financial risk		
<b>Reinsurance contracts held:</b>						
Opening reinsurance contract assets	(2,669)	-	(24,585)	(901)	(28,155)	
Opening reinsurance contract liabilities	2,605	-	-	-	2,605	
<b>Net opening balance</b>	(64)	-	(24,585)	(901)	(25,550)	
Reinsurance expense	151,740	-	-	-	151,740	
Claims recovered and other directly attributable expenses	-	-	(131,077)	(1,740)	(132,817)	
Changes that relate to past service - adjustments to the asset for incurred claims	-	-	8,903	420	9,323	
<b>Net expense from reinsurance contracts held</b>	151,740	-	(122,174)	(1,320)	28,246	
<b>Cash flows</b>						
Premiums ceded	(173,061)	-	-	-	(173,061)	
Recoveries from reinsurance	-	-	96,275	-	96,275	
<b>Total cash flows</b>	(173,061)	-	96,275	-	(76,786)	
Closing reinsurance contract assets	(21,385)	-	(50,484)	(2,221)	(74,090)	
Closing reinsurance contract liabilities	-	-	-	-	-	
<b>Net closing balance</b>	(21,385)	-	(50,484)	(2,221)	(74,090)	

	2022 (SR '000)					
	Asset for remaining coverage		Asset for incurred claims			Total
	Excluding loss component	Loss recovery component	Estimate of present value of cash flows	RA for non-financial risk		
<b>Reinsurance contracts held:</b>						
Opening reinsurance contract assets	(8,263)	-	(50,166)	(683)	(59,112)	
Opening reinsurance contract liabilities	25,397	-	-	-	25,397	
<b>Net opening balance</b>	17,134	-	(50,166)	(683)	(33,715)	
Reinsurance expense	73,952	-	-	-	73,952	
Claims recovered and other directly attributable expenses	-	-	(59,001)	(887)	(59,888)	
Changes that relate to past service - adjustments to the asset for incurred claims	-	-	14,717	669	15,386	
<b>Net expense from reinsurance contracts held</b>	73,952	-	(44,284)	(218)	29,450	
<b>Cash flows</b>						
Premiums ceded	(91,150)	-	-	-	(91,150)	
Recoveries from reinsurance	-	-	69,865	-	69,865	
<b>Total cash flows</b>	(91,150)	-	69,865	-	(21,285)	
Closing reinsurance contract assets	(2,669)	-	(24,585)	(901)	(28,155)	
Closing reinsurance contract liabilities	2,605	-	-	-	2,605	
<b>Net closing balance</b>	(64)	-	(24,585)	(901)	(25,550)	

## 8 Investments

	2023 (SR '000)			2022 (SR '000)			1 January 2022 (SR '000)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Financial assets at amortised cost, net	294,764	292,596	587,360	252,279	273,909	526,188	100,718	232,848	333,566
Financial assets at fair value	1,947,087	2,299,670	4,246,757	1,033,101	1,819,133	2,852,234	2,499,429	2,873,094	5,372,523
	2,241,851	2,592,266	4,834,117	1,285,380	2,093,042	3,378,422	2,600,147	3,105,942	5,706,089

Details of investments classified as financial assets at fair value are as follows:

	2023 (SR '000)			2022 (SR '000)			1 January 2022 (SR '000)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Investments at FVTPL	46,361	422,328	468,689	132,543	345,164	477,707	1,844,958	1,865,797	3,710,755
Investments at FVOCI - Equity	-	522,405	522,405	-	439,487	439,487	-	409,068	409,068
Investments at FVOCI - Debt	1,900,726	1,354,937	3,255,663	900,558	1,034,482	1,935,040	654,471	598,229	1,252,700
	1,947,087	2,299,670	4,246,757	1,033,101	1,819,133	2,852,234	2,499,429	2,873,094	5,372,523

### (i) Investments measured at FVTPL comprise of the following:

	2023 (SR '000)			2022 (SR '000)			1 January 2022 (SR '000)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Sukuks	11,014	36,044	47,058	11,014	36,044	47,058	18,014	55,044	73,058
Funds	35,347	376,298	411,645	121,529	292,560	414,089	1,826,944	1,539,624	3,366,568
Equity	-	9,986	9,986	-	16,560	16,560	-	271,129	271,129
	46,361	422,328	468,689	132,543	345,164	477,707	1,844,958	1,865,797	3,710,755

**(ii) Investments at FVOCI - Debt comprise of the following:**

	2023 (SR '000)			2022 (SR '000)			1 January 2022 (SR '000)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Sukuks	1,900,726	1,354,937	3,255,663	900,558	1,034,482	1,935,040	654,471	598,229	1,252,700
	1,900,726	1,354,937	3,255,663	900,558	1,034,482	1,935,040	654,471	598,229	1,252,700

**(iii) Investments at FVOCI - Equity comprise of the following:**

	2023 (SR '000)			2022 (SR '000)			1 January 2022 (SR '000)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Equity	-	58,774	58,774	-	52,481	52,481	-	58,070	58,070
Sukuks	-	410,444	410,444	-	343,764	343,764	-	300,809	300,809
Investments in discretionary portfolios	-	53,187	53,187	-	43,242	43,242	-	50,189	50,189
	-	522,405	522,405	-	439,487	439,487	-	409,068	409,068

**(iv) Investments at amortized cost comprise of the following:**

	2023 (SR '000)			2022 (SR '000)			1 January 2022 (SR '000)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Sukuks	294,843	292,678	587,521	252,344	273,982	526,326	100,736	232,890	333,626
Impairment allowance on investments at amortised cost	(79)	(82)	(161)	(65)	(73)	(138)	(18)	(42)	(60)
	294,764	292,596	587,360	252,279	273,909	526,188	100,718	232,848	333,566

The movements in the investments, excluding loss allowance, are as follows:

	2023 (SR '000)			2022 (SR '000)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Balance at the beginning of the year	1,285,445	2,093,115	3,378,560	2,600,165	3,105,984	5,706,149
Purchased during the year	1,669,634	753,008	2,422,642	4,482,471	4,383,346	8,865,817
Disposed during the year	(765,380)	(295,242)	(1,060,622)	(5,777,805)	(5,412,545)	(11,190,350)
Unrealized gains / (losses) during the year, net	49,361	39,303	88,664	(21,730)	14,416	(7,314)
Accrued interest	2,870	2,164	5,034	2,344	1,914	4,258
	2,241,930	2,592,348	4,834,278	1,285,445	2,093,115	3,378,560

Movement in loss allowance for investments at amortised cost and FVOCI debt instruments for the year is as follows:

	2023 (SR '000)				2022 (SR '000)			
	Stage 1 12-month ECL	Stage 2 ECL not Credit impaired	Stage 3 Lifetime ECL credit impaired	Total	Stage 1 12-month ECL	Stage 2 ECL not Credit impaired	Stage 3 Lifetime ECL credit impaired	Total
Balance at the beginning of the year	138	-	-	138	60	-	-	60
Charge during the year	23	-	-	23	78	-	-	78
	161	-	-	161	138	-	-	138

Details on investment income for the year are as follows:

	2023 (SR '000)			2022 (SR '000)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
<b>Income on financial assets at fair value</b>						
Commission income on investments at fair value	58,614	73,764	132,378	24,290	38,753	63,043
Dividend income on investments at fair value	2,473	27,216	29,689	7,143	34,483	41,626
Gains / (losses) on investments at fair value	11,542	(10,184)	1,358	20,223	261,730	281,953
	72,629	90,796	163,425	51,656	334,966	386,622
<b>Income on financial assets at amortised cost and term deposits</b>						
Commission income on investments at amortized cost	233,985	116,423	350,408	103,241	63,804	167,045
Gains on investments at amortized cost	-	228	228	-	152	152
	233,985	116,651	350,636	103,241	63,956	167,197
	306,614	207,447	514,061	154,897	398,922	553,819

## 9

## Term deposits

The term deposits are held with reputable commercial banks and financial institutions. These deposits are predominately in Murabaha structure with a small allocation in Mudaraba structure. They are mostly denominated in Saudi Arabian Riyals and have an original maturity from more than three-month to more than one year and yield financial income at rates ranging from 1.55% to 6.40% per annum (2022: 1.10% to 5.85% per annum). The movements in term deposits during the year ended 31 December 2023 as follows:

	2023 (SR '000)		
	Insurance operations	Shareholders' operations	Total
Balance at the beginning of the year before loss allowance	4,753,100	1,655,389	6,408,489
Placed during the year	3,534,871	800,000	4,334,871
Matured during the year	(3,127,255)	(677,545)	(3,804,800)
Commission income earned during the year	197,712	88,700	286,412
Less: loss allowance	(1,460)	(501)	(1,961)
	5,356,968	1,866,043	7,223,011

	2022 (SR '000)		
	Insurance operations	Shareholders' operations	Total
Balance at the beginning of the year before loss allowance	2,007,922	1,085,798	3,093,720
Placed during the year	4,795,854	1,415,869	6,211,723
Matured during the year	(2,153,669)	(883,814)	(3,037,483)
Commission income earned during the year	102,993	37,536	140,529
Less: loss allowance	(1,217)	(424)	(1,641)
	4,751,883	1,654,965	6,406,848

Movement in loss allowance for term deposits for the year is as follows:

	2023 (SR '000)		
	Insurance operations	Shareholders' operations	Total
Balance at the beginning of the year	1,217	424	1,641
Provision made during the year	243	77	320
<b>Balance at end of the year</b>	1,460	501	1,961

	2022 (SR '000)		
	Insurance operations	Shareholders' operations	Total
Balance at the beginning of the year	362	195	557
Provision made during the year	855	229	1,084
<b>Balance at end of the year</b>	1,217	424	1,641

## 10

## Fixtures, furniture and equipment &amp; right of use assets

## 10.1

## Fixtures, Furniture and Equipment

	2023 (SR '000)					
	Office, furniture, and fixtures	Computer equipment	Motor vehicles	Leasehold improvements	Capital work in progress	Total
<b>Cost:</b>						
At 1 January 2023	87,538	69,056	404	40,900	7,021	204,919
Additions during the year	39	21	-	-	22,345	22,405
Transferred during the year	1,639	4,591	-	19,331	(25,561)	-
Disposals during the year	(161)	(9,676)	-	-	-	(9,837)
<b>At 31 December 2023</b>	<b>89,055</b>	<b>63,992</b>	<b>404</b>	<b>60,231</b>	<b>3,805</b>	<b>217,487</b>
<b>Accumulated depreciation:</b>						
At 1 January 2023	(72,924)	(52,070)	(363)	(15,919)	-	(141,276)
Charge for the year	(4,424)	(6,396)	(41)	(5,308)	-	(16,169)
Disposal during the year	161	9,676	-	-	-	9,837
<b>At 31 December 2023</b>	<b>(77,187)</b>	<b>(48,790)</b>	<b>(404)</b>	<b>(21,227)</b>	<b>-</b>	<b>(147,608)</b>
<b>Net book value:</b>						
<b>At 31 December 2023</b>	<b>11,868</b>	<b>15,202</b>	<b>-</b>	<b>39,004</b>	<b>3,805</b>	<b>69,879</b>

	2022 (SR '000)					
	Office, furniture, and fixtures	Computer equipment	Motor vehicles	Leasehold improvements	Capital work in progress	Total
<b>Cost:</b>						
At 1 January 2022	87,050	67,380	404	39,435	2,472	196,741
Additions during the year	-	11	-	-	9,891	9,902
Transferred during the year	805	3,072	-	1,465	(5,342)	-
Disposals during the year	(317)	(1,407)	-	-	-	(1,724)
<b>At 31 December 2022</b>	<b>87,538</b>	<b>69,056</b>	<b>404</b>	<b>40,900</b>	<b>7,021</b>	<b>204,919</b>
<b>Accumulated depreciation:</b>						
At 1 January 2022	(68,221)	(46,490)	(262)	(11,997)	-	(126,970)
Charge for the year	(4,905)	(6,806)	(101)	(3,922)	-	(15,734)
Disposal during the year	202	1,226	-	-	-	1,428
<b>At 31 December 2022</b>	<b>(72,924)</b>	<b>(52,070)</b>	<b>(363)</b>	<b>(15,919)</b>	<b>-</b>	<b>(141,276)</b>
<b>Net book value:</b>						
<b>At 31 December 2022</b>	<b>14,614</b>	<b>16,986</b>	<b>41</b>	<b>24,981</b>	<b>7,021</b>	<b>63,643</b>

## 10.2 Right-of-Use Assets

The movement of right-of-use assets, which mainly include buildings are as follows:

	2023 SR '000	2022 SR '000
At 1 January	165,947	112,616
Additions during the year	-	74,350
Amortisation during the year	(22,559)	(21,019)
<b>At 31 December</b>	<b>143,388</b>	<b>165,947</b>

The Company leases various buildings for offices. Rental contracts are typically made for one year with extension options. There is no non-lease components in the contracts. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. For leases of office buildings, management concluded that it was reasonably certain to extend the lease beyond 1 year, taking into account the leasehold improvements in the premises, historical lease durations and the costs and business disruption required to change premises.

## 11 Intangible assets

	2023 (SR '000)		
	Software	Capital work-in-progress	Total
<b>Cost:</b>			
At 1 January 2023	179,209	9,819	189,028
Additions during the year	2,377	16,475	18,852
Transfers during the year	8,197	(8,197)	-
Disposals during the year	(352)	-	(352)
<b>At 31 December 2023</b>	<b>189,431</b>	<b>18,097</b>	<b>207,528</b>

	2023 (SR '000)		
	Software	Capital work-in-progress	Total
<b>Accumulated amortisation:</b>			
At 1 January 2023	(123,615)	-	(123,615)
Charge for the year	(17,029)	-	(17,029)
Disposals during the year	352	-	352
<b>At 31 December 2023</b>	<b>(140,292)</b>	<b>-</b>	<b>(140,292)</b>
<b>Net book value:</b>			
<b>At 31 December 2023</b>	<b>49,139</b>	<b>18,097</b>	<b>67,236</b>

	2022 (SR '000)		
	Software	Capital work-in-progress	Total
<b>Cost:</b>			
At 01 January 2022	152,540	25,247	177,787
Additions during the year	81	11,486	11,567
Transfers during the year	26,914	(26,914)	-
Disposals during the year	(326)	-	(326)
<b>At 31 December 2022</b>	<b>179,209</b>	<b>9,819</b>	<b>189,028</b>
<b>Accumulated amortization:</b>			
At 01 January 2022	(110,510)	-	(110,510)
Charge for the year	(13,105)	-	(13,105)
<b>At 31 December 2022</b>	<b>(123,615)</b>	<b>-</b>	<b>(123,615)</b>
<b>Net book value:</b>			
<b>At 31 December 2022</b>	<b>55,594</b>	<b>9,819</b>	<b>65,413</b>

## 12

### Prepaid expenses and other assets

Prepaid expenses and other assets comprise of the following

	2023 (SR '000)			2022 (SR '000)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
VAT receivables	335,302	-	335,302	271,778	-	271,778
Prepaid expenses	79,133	-	79,133	56,515	-	56,515
Fee receivable	-	17,548	17,548	-	53,164	53,164
Accrued income	18,171	15,950	34,121	9,107	12,844	21,951
Other receivables	6,777	2,594	9,371	6,890	221	7,111
	439,383	36,092	475,475	344,290	66,229	410,519

## 13

### Statutory deposit

As required by SAMA Insurance Regulations, the Group deposited an amount equivalent to 10% of its paid-up share capital, amounting to SR 150 million, in a bank designated by SAMA. Accrued income on this deposit is payable to Insurance Authority amounting to SR 8.69 million (31 December 2022: SR 16.24 million and 1 January 2022: SR14.89 million) and this deposit cannot be withdrawn without approval from SAMA. As requested by SAMA, the Group has released the accrued income on statutory deposit to SAMA up to 31 December 2022 amounting to SR 16.24 million. The statutory deposit is shown on the statement of financial position net of impairment allowance.

## 14

### Fiduciary assets

During the year ended 31 December 2018, after obtaining SAMA's approvals, the Group entered into a Third-Party Administration agreement (TPA) with a customer under which the Group facilitates healthcare services to Customer's employees with specific terms and conditions. The agreement is effective from 1 March 2018. The services are remunerated against administration fees.

In order to fulfil the commitment relating to this agreement, the Group receives funds in advance from the customer to settle anticipated claims from medical service providers. As the Group acts as an agent, the relevant bank balance and related payables at the reporting date, are excluded from the consolidated statement of financial position. The assets and liabilities held in fiduciary capacity amounted to SR 424 million as of 31 December 2023 (31 December 2022: SR 259 million and 31 December 2021: SR 260 million).

## 15

### Commitments and contingencies

The Group's commitments and contingencies are as follows:

- The Group is subject to legal proceedings in the ordinary course of business. There was no material change in the status of legal proceedings as of 31 December 2023.
- As of 31 December 2023, total letters of guarantee issued by banks amounted to SR 161 million (31 December 2022: SR 140 million).
- Refer to Note 22 for zakat and tax related matters.

## 16

### Accrued and other liabilities and lease liability

#### 16.1

##### Accrued and other liabilities comprise of the following:

	2023 (SR '000)			2022 (SR '000)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
VAT payable	178,784	-	178,784	116,159	-	116,159
VAT payable to providers	472,518	-	472,518	356,059	-	356,059
Accrued expenses	34,944	11,085	46,029	26,588	9,199	35,787
Other liabilities	37,528	-	37,528	22,710	-	22,710
	723,774	11,085	734,859	521,516	9,199	530,715



## 16.2

### Lease liability

As of 31 December 2023, lease liability amounted SR 166 million (2022: SR 184.7 million). Below is the movement during the year:

	2023 SR '000	2022 SR '000
Balance at the beginning of the year	184,682	125,333
Finance cost	6,065	6,287
Additions during the year	-	74,350
Lease payments (total cash outflows)	(24,681)	(21,288)
	166,066	184,682

## 17

### Trademark fees

During 2010, the Group entered into an agreement with a related party for obtaining a license to use the trademark (the word Bupa with or without logo) of the related party. As per the terms of the agreement, the trademark fee is payable at different rates linked to the results of the Group, subject to a maximum of threshold. Accordingly, a sum of SR 39.2 million (2022: SR 32.1 million) payable to a related party has been accrued for during the year (see Notes 21 and 26).

## 18

### Employees' end of service benefits

Accruals are made in accordance with the actuarial valuation under the projected unit credit method while the benefit payments obligation is discharged as and when it falls due. The amounts recognised in the statement of financial position and movement in the obligation during the year based on its present value are as follows:

## 18.1

### Movement of end-of-service benefits

	2023 SR '000	2022 SR '000
Balance at the beginning of the year	154,054	152,286
<b>Consolidated statement of income</b>		
Current service costs	24,552	21,940
Finance costs	7,012	3,859
<b>Consolidated statement of comprehensive income</b>		
Actuarial losses/(gains)	6,655	(16,595)
<b>Cash movement</b>		
Benefits paid during the year	(5,786)	(7,436)
<b>Balance at the end of the year</b>	<b>186,487</b>	<b>154,054</b>

## 18.2

### Principal actuarial assumptions

The following range of significant actuarial assumptions was used by the Group for the valuation of end-of-service benefits:

	2023 %	2022 %
Valuation discount rate	4.75	4.70
Expected rate of increase in salary level across different age bands	4.50	4.50
Employee turnover rate	8.95	10.5
Mortality rate	0.06	0.06

The impact of changes in sensitivities on present value of employees' end-of-service (Increase)/Decrease benefits is as follows:

	2023 SR '000	2022 SR '000
<b>Valuation discount rate</b>		
- Increase by 0.5%	7,265	6,130
- Decrease by 0.5%	(7,774)	(6,568)
<b>Expected rate of increase in salary level across different age bands</b>		
- Increase by 1%	(16,048)	(13,554)
- Decrease by 1%	14,277	12,027
<b>Mortality rate</b>		
- Increase by 50%	(48)	(35)
- Decrease by 50%	49	35
<b>Employee turnover</b>		
- Increase by 20%	1,408	1,430
- Decrease by 20%	(1,320)	(1,358)

The average duration of the employees' end-of-service benefits at the end of the reporting period is 9.2 years (2022: 9.4 years). The total expected payments of the liability, undiscounted, amount to SR 258 million (2022: SR 215 million) out of which SR 24.2 million (2022: SR 20.3 million) are expected to be paid within the next 12 months.

## 19

### Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction takes place either:

- in the accessible principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous accessible market for the asset or liability.

### a) Determination of fair value and fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

**Level 1:** quoted prices in active markets for the same or identical instrument that an entity can access at the measurement date.

**Level 2:** quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data; and

**Level 3:** valuation techniques for which any significant input is not based on observable market data.

### b) Carrying amounts and fair value

The following table shows the carrying amount and fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value (financial assets and liabilities at amortised cost) as the carrying amount is a reasonable approximation to fair value.

31 December 2023	Fair value				
	Level 1	Level 2	Level 3	Total	Carrying value
<b>Financial assets measured at fair value:</b>					
- Investment at FVTPL	17,194	392,780	58,715	468,689	468,689
- Investment at FVOCI - Debt	2,733,619	522,044	-	3,255,663	3,255,663
- Investment at FVOCI - Equity	522,405	-	-	522,405	522,405
	3,273,218	914,824	58,715	4,246,757	4,246,757

31 December 2022	Fair value				Carrying value
	Level 1	Level 2	Level 3	Total	
<b>Financial assets measured at fair value:</b>					
- Investment at FVTPL	15,823	390,752	71,132	477,707	477,707
- Investment at FVOCI - Debt	1,331,957	603,083	-	1,935,040	1,935,040
- Investment at FVOCI - Equity	439,487	-	-	439,487	439,487
	1,787,267	993,835	71,132	2,852,234	2,852,234

1 January 2022	Fair value				Carrying value
	Level 1	Level 2	Level 3	Total	
<b>Financial assets measured at fair value:</b>					
- Investment at FVTPL	284,668	3,403,964	22,123	3,710,755	3,710,755
- Investment at FVOCI - Debt	607,067	645,633	-	1,252,700	1,252,700
- Investment at FVOCI - Equity	409,068	-	-	409,068	409,068
	1,300,803	4,049,597	22,123	5,372,523	5,372,523

### c) Measurement of fair value

#### Valuation technique and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 3 fair value at 31 December 2023 and 31 December 2022, as well as the significant unobservable inputs used. The fair value used for valuation of Level 2 Sukuks and mutual funds are based on prices quoted on reliable and third-party sources including Reuters, Bloomberg, etc. Management believes that the fair values of the Company's financial assets and liabilities as at 31 December 2023 are not materially different from their carrying values since the financial instruments are short term in nature, carry profit rates which are based on prevailing market profit rates and are expected to be realised at their current carrying values within twelve months from the date of the statement of financial position.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Mutual funds	Mutual funds classified as Level 3 are fair valued based on the latest available NAV adjusted for the fair value which are not observable.	Fair value of underlying assets	The estimated fair value will increase/decrease directly in line with the change in fair value of underlying assets.

#### Movement of level 3 instruments:

	2023 SR '000	2022 SR '000
<b>Opening fair value</b>	71,132	22,123
Additions in level 3 investments	-	47,786
Disposals of level 3 investments	-	-
Fair value gain/(loss) - net	(12,417)	1,223
<b>Closing fair value</b>	58,715	71,132

#### Sensitivity analysis:

The impact of change in net assets value reported in level 3 on net income and total equity is as follows:

	2023 SR '000	2022 SR '000
+/- 5% change in net assets value	+/-2,936	+/-3,557

## 20

## Operating segments

The Group only issues short-term insurance contracts for providing health care services ('medical insurance'). The Group operates as a mono-line insurer, operating in the Private Medical Insurance (PMI) business. All the insurance operations of the Group are carried out in the Kingdom of Saudi Arabia. For management reporting purposes, the operations are monitored in two groups that are Corporate and Small and Medium Enterprises and Others (SME and Others). Corporate segment/customer represents members of large corporations, and all others are considered as SME and Others. Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker, who is responsible for allocating resources and assessing the performance of operating segments in line with the strategic decisions.

Operating segments do not include shareholders' operations of the Group. Segment results do not include investment, other operating expenses, other revenues and other costs. Segment assets and liabilities only include the insurance and reinsurance contract liabilities and assets while the other accounts are not allocated. Consistent with the Group's internal reporting, operating segments have been approved by the Management in respect of the Group's activities, assets and liabilities as stated below:

	2023 (SR '000)		
	Corporate	SME and others	Total
<b>Operating segments</b>			
<b>Assets</b>			
Asset for incurred claims	52,705	-	52,705
Asset for remaining coverage	21,385	-	21,385
<b>Reinsurance contract assets</b>	74,090		74,090
Unallocated assets			14,364,261
<b>Total assets</b>			14,438,351
<b>Liabilities</b>			
Liability for incurred claims	3,303,572	451,394	3,754,966
Liability for remaining coverage	3,793,448	718,782	4,512,230
<b>Insurance contract liabilities</b>	7,097,020	1,170,176	8,267,196
Reinsurance contract liabilities			-
Unallocated liabilities			1,495,626
<b>Total liabilities</b>			9,762,822

	2022 (SR '000)		
	Corporate	SME and others	Total
<b>Operating segments</b>			
<b>Assets</b>			
Asset for incurred claims	25,486	-	25,486
Asset for remaining coverage	2,669	-	2,669
<b>Reinsurance contract assets</b>	28,155		28,155
Unallocated assets			12,086,776
<b>Total assets</b>			12,114,931
<b>Liabilities</b>			
Liability for incurred claims	2,583,938	367,373	2,951,311
Liability for remaining coverage	3,145,212	602,662	3,747,874
<b>Insurance contract liabilities</b>	5,729,150	970,035	6,699,185
Reinsurance contract liabilities			2,605
Unallocated liabilities			1,212,252
<b>Total liabilities</b>			7,914,042

	2022 (SR '000)		
	Corporate	SME and others	Total
<b>Operating segments</b>			
<b>Assets</b>			
Asset for incurred claims	50,849	-	50,849
Asset for remaining coverage	8,263	-	8,263
<b>Reinsurance contract assets</b>	59,112		59,112
Unallocated assets			10,566,286
<b>Total assets</b>			10,625,398
<b>Liabilities</b>			
Liability for incurred claims	2,210,829	210,014	2,420,843
Liability for remaining coverage	2,658,172	515,330	3,173,502
<b>Insurance contract liabilities</b>	4,869,001	725,344	5,594,345
Reinsurance contract liabilities			25,397
Unallocated liabilities			845,685
<b>Total liabilities</b>			6,465,427

	2023 (SR '000)			2022 (SR '000)		
	Corporate	SME and others	Total	Corporate	SME & Others	Total
Insurance revenue	13,917,361	1,970,354	15,887,715	11,263,622	1,609,489	12,873,111
Insurance service expense	(13,331,991)	(1,662,441)	(14,994,432)	(10,789,791)	(1,416,242)	(12,206,033)
Net expenses from reinsurance contracts held	(28,246)	-	(28,246)	(29,450)	-	(29,450)
<b>Net insurance service result</b>	557,124	307,913	865,037	444,381	193,247	637,628
Investment income on financial assets at amortised cost			350,636			167,197
Investment income on financial assets at fair value			163,425			386,622
Net impairment loss on financial assets			(785)			(1,685)
<b>Net insurance and investment results</b>			1,378,313			1,189,762
Other operating expenses			(316,813)			(246,854)
Other revenue			92,065			42,633
Other costs			(36,886)			(16,378)
<b>Income attributed to the shareholders before zakat and income tax</b>			1,116,679			969,163
Zakat charge			(80,237)			(72,938)
Income tax charge			(96,279)			(91,108)
<b>Net income attributed to shareholders after zakat and income tax</b>			940,163			805,117

The details of gross written premium are as follows:

	2023 SR '000	2022 SR '000
Corporates	12,452,048	10,252,338
Medium enterprises	2,946,431	2,543,347
Small enterprises	1,092,783	941,027
Micro enterprises	135,276	118,231
Individuals	42,206	41,940
	16,668,744	13,896,883

## 21

## Related parties transactions and balances

Related parties represent major shareholders, Board members and key management personnel of the Group, and companies of which they are principal owners and any other entities controlled, jointly controlled or significantly influenced by them. Other related parties represent entities under common control and entities controlled by key management personnel of the Company. Contract pricing policies and terms are approved by the Group's management or where required and applicable the Group's Board of Directors. The due from and to balances of related parties are unsecured, interest free and repayable in cash on demand. Key management personnel are those persons, including executive directors, having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. The following are the details of the major related party transactions during the period and their related balances:

Related party	Nature of transaction	Amount of transactions during the year ended income/(expense)		Receivable/(payable) balance as at	
		2023 SR '000	2022 SR '000	2023 SR '000	2022 SR '000
<b>Balances included in insurance contract liabilities</b>					
Shareholders and other related parties*	Premium issued	505,412	231,255	13,882	607
Shareholders and other related parties*	Claims incurred	(447,706)	(148,628)	(21,055)	(17,725)
Shareholders	Medical costs charged by providers	(288,064)	(205,554)	(20,418)	(41,925)
				(27,591)	(59,043)
<b>Balances included in reinsurance contract assets</b>					
Shareholders	Reinsurance Premium ceded	(175,533)	(93,406)	(50,674)	(45,596)
<b>Balances included in due (to)/from Related Parties</b>					
Shareholders	Expenses recharged (to)/from a related party-net	(1,720)	(2,068)	(788)	2,200
Shareholders	Tax equalization - net	-	68,431	-	33,913
Shareholders	Board and committee member remuneration fees	(920)	(915)	(920)	(703)
Bupa Middle East Holdings Two W.L.L. (Affiliate)	Trademark fee	(39,227)	(32,094)	(39,227)	(32,094)
				(40,935)	3,316

\* During the year ended 31 December 2023, premium issued related to shareholders amounts to SR 0.87 million (2022: SR 1.19 million) and claims paid related to shareholders amounts to SR 0.61 million (2022: SR 0.80 million).

\* During the year ended 31 December 2023, premium issued related to board members and key management personnel of the Group, and companies of which they are principal owners and any other entities controlled, jointly controlled or significantly influenced by them amounts to SR 505.54 million (2022: SR 230.06 million) and claims paid related to such entities amounts to SR 447.10 million (2022: SR 147.83 million).

### a. Compensation to key management personnel

	2023 SR '000	2022 SR '000
Short-term benefits	42,284	29,245
Long-term benefits	1,949	1,455
Share based payment transactions	14,942	14,222
	<b>59,175</b>	<b>44,922</b>

Short-term benefits include salaries, allowances, annual bonuses and incentives whilst long-term benefits include employees' end of service benefits.

### b. Board of Directors' remuneration and related expenses

	2023 SR '000	2022 SR '000
Board of directors' remuneration	3,800	3,700
Board attendance fees	457	518
Other board and sub-committees expenses	1,944	1,514
	<b>6,201</b>	<b>5,732</b>

## 22 Zakat and income tax

Breakup of zakat and income tax charge for the year ended 31 December 2023 and 2022 are as follows:

	Notes	2023 SR '000	2022 SR '000
Current zakat charge		80,237	72,938
Current tax charge		94,377	91,790
Deferred tax charge	22.a	1,902	(682)
		<b>96,279</b>	<b>91,108</b>
		<b>176,516</b>	<b>164,046</b>

### (a) The reconciliation of deferred tax is as follows:

	2023 SR '000	2022 SR '000
Opening deferred tax asset	40,511	39,829
Deferred tax (charge)/income	(1,902)	682
	<b>38,609</b>	<b>40,511</b>

The Group has recognised a deferred tax asset as it is probable that future taxable profits will be available and the credits can be utilised. The deferred tax arises mainly on provision for doubtful premium receivables and end of service benefits.

Movements in the zakat and income tax accrued during the year ended 31 December 2023 and year ended 31 December 2022 respectively are as follows:

	Zakat payable SR '000	Income tax payable SR '000	Total 2023 SR '000
Balance at beginning of the year	264,583	61,983	326,566
Opening balance assumed through consolidation	-	-	-
Provided during the year	80,237	94,377	174,614
Payments during the year	(15,742)	(126,849)	(142,591)
<b>Balance at end of the year</b>	<b>329,078</b>	<b>29,511</b>	<b>358,589</b>

	Zakat payable SR '000	Income tax payable SR '000	Total 2022 SR '000
Balance at beginning of the year	202,820	33,790	236,610
Opening balance assumed through consolidation	70	-	70
Provided during the year	72,938	91,790	164,728
Payments during the year	(11,245)	(63,597)	(74,842)
<b>Balance at end of the year</b>	<b>264,583</b>	<b>61,983</b>	<b>326,566</b>

Breakup of income tax for the year ended 31 December 2023 and 2022 are as follows:

	2023 SR '000	2022 SR '000
Accounting profit before tax and zakat	1,116,679	969,163
Less: Income subject to zakat	(633,715)	(550,000)
<b>Accounting profit for non-Saudi shareholders</b>	<b>482,964</b>	<b>419,163</b>
Tax effects of		
- Non-tax deductible expenses/reversal	(10,979)	14,823
- IFRS 17 and IFRS 9 adoption impact	-	24,963
- Prior year adjustments	(100)	-
Adjusted profit/loss for tax base	471,885	458,949
<b>Corporate tax at 20%</b>	<b>94,377</b>	<b>91,790</b>

## Status of assessments

### Bupa Arabia For Cooperative Insurance Company

The Company has filed its zakat and income tax returns for the financial years up to and including the year 2022 with Zakat, Tax and Customs Authority (ZATCA).

The Company has finalized its zakat and income tax returns with ZATCA for the fiscal periods 2008 through 2016 and 2018. For the year 2017, the Company received an assessment amounting to SR 35.8 million in as additional zakat and tax liability, the Company has escalated the matter to the General Secretariat of Tax Committees (GSTC) with the Appeal Committee for Tax Violations and Disputes and awaits for the decision. Also, the Company has received the final assessment for the years 2019 and 2020 amounting to SR 36.7 million and SR 41 million, respectively. The Company has filed an appeal to the GSTC with the Resolution Committee for Tax Violations and Disputes and their review and the outcome of the appeal is awaited. The management believes that these assessments are appropriately provisioned.

The Company is yet to receive the final assessment for the years ended 31 December 2021 and 2022.

### Bupa Arabia For Third Party Administration

The Company has filed its zakat and income tax returns for the financial years up to and including the year 2022 with ZATCA. The due zakat and tax under these years and these returns are still under ZATCA's review.

## 23 Share capital

The authorised, issued and paid-up capital of the Group is SAR 1,500 million at 31 December 2023 (31 December 2022: SAR 1,500 million) consisting of 150 million shares (31 December 2022: 150 million shares) of SAR 10 each. Shareholding structure of the Group is as below:

	2023		2022	
	Holding percentage (%)	Amount SR '000	Holding percentage (%)	Amount SR '000
Major shareholders	48.3	723,825	50.6	758,850
General Public	51.7	776,175	49.4	741,150
	100	1,500,000	100	1,500,000

The major shareholders of the Group along with their holding percentages are as below:

	2023		2022	
	Holding Percentage (%)	Amount SR '000	Holding Percentage (%)	Amount SR '000
Bupa Investment Overseas Limited	43.3	648,750	43.3	648,750
Nazer Group Company Limited	7.3	75,075	7.3	110,100
	48.3	723,825	50.6	758,850

The total shareholders' equity as of 31 December 2023 for Saudi shareholders is SR 2,663 million (31 December 2022: SR 2,396 million) and foreign shareholder is SR 1,994 million (31 December 2022: SR 1,826 million) after incorporating their respective shareholding percentage and impact of zakat, income tax, reimbursement and other adjustments. The above shareholders' equity is arrived after allocating the net income after zakat of SR 554 million and net income after income tax of SR 387 million to Saudi and foreign shareholders, respectively. Retained earnings as of 31 December 2023 for Saudi shareholders is SR 1,072 million (2022: SR 932 million) and foreign shareholder is SR 782 million (2022: SR 710 million). Statutory reserve as of 31 December 2023 for Saudi shareholders is SR 768 million (2022: SR 661 million) and foreign shareholder is SR 585 million (2022: SR 504 million).

On 2 May 2023, the Board of Directors of the Company has recommended a dividend of SR 3.6 per share for the year ended 31 December 2022 (SR 4.5 per share for the year ended 31 December 2021). The dividends were approved by the shareholders in the Extraordinary General Assembly meeting held on 22 June 2023 and paid subsequently.



## 24 Statutory reserve

As required by the Saudi Arabian Insurance Regulations, 20% of the shareholders' income shall be set aside as a statutory reserve until this reserve amounts to 100% of the paid-up share capital. The Group carries out this transfer on an annual basis at 31 December. As at 31 December 2023, SR 1,353 million (31 December 2022: SR 1,165 million) had been set aside as a statutory reserve, equal to 90.2% (31 December 2022: 77.6%) of the paid-up share capital.

## 25 Share-based payments

The Group established a share-based compensation scheme for its key management that entitles them to Bupa Arabia shares subject to successfully meeting certain service and performance conditions. Under the share-based compensation scheme, the Group manages various plans. Significant features of these plans are as follows:

Maturity dates	Between March 2023 and March 2025
Total number of shares granted on the grant date	738,838 (2021: 497,769)
Vesting period	3-4 years (2021: same)
Method of settlement	Equity (2021: same)
Fair value per share on grant date	Average SR 102.91 (2021: average SR 105.86)

	2023		2022	
	Average price SR '000	Number of shares SR '000	Average price SR '000	Number of shares SR '000
As at 1 January	101.58	770,162	105.01	508,100
Granted during the year	206.12	91,378	166.65	219,033
Delivered during the year	87.20	(366,470)	104.71	(111,003)
Bonus Shares	-	-	-	154,032
<b>As at 31 December</b>	<b>131.53</b>	<b>495,070</b>	<b>101.58</b>	<b>770,162</b>

These shares are granted only under a service/performance condition with no market condition associated with them. Total amount of expense recognised in consolidated statement of income during the year ended December 31, 2023 in respect of this scheme was SR 26.1 million (2022: SR 22.3 million).

## 26 Other operating expenses

	2023 SR '000	2022 SR '000
Policy acquisition cost	746,676	578,156
Employees' costs	637,555	521,652
Income attributable to insurance operations	97,004	65,303
Rents, IT and maintenance costs	77,722	77,216
Legal and professional fees	67,843	40,065
Depreciation and amortization	55,759	49,859
Trademark fee	39,227	32,094
Travelling and other expenses	38,289	16,992
Marketing expenses	35,460	33,084
Communication expenses	14,924	12,458
Other expenses	9,478	1,501
<b>Total</b>	<b>1,819,937</b>	<b>1,428,380</b>

### Allocation of expenses is as follows:

	2023 (SR '000)			2022 (SR '000)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Other attributable expenses*	756,448	-	756,448	603,370	-	603,370
Policy acquisition cost*	746,676	-	746,676	578,156	-	578,156
Other operating expenses**	297,956	18,857	316,813	231,628	15,226	246,854
	<b>1,801,080</b>	<b>18,857</b>	<b>1,819,937</b>	<b>1,413,154</b>	<b>15,226</b>	<b>1,428,380</b>

\* Reported part of insurance service expense

\*\* Other operating expenses include non-attributable expenses which are administrative expenses and are not linked to insurance contracts.

Other revenue from the subsidiary amounted to SR 92.065 million (2022: 42.633 million). The nature of "Other costs", as disclosed on the statement of income primarily represents direct and indirect manpower cost, and any other expense. Other costs were incurred in the provision of claims management and handling services for a third party.

## 27

### Capital management

Objectives are set by the Board of Directors of the Group to maintain healthy capital ratios to support its business objectives and maximise shareholders' value.

As per guidelines laid out by SAMA in Article 66 of the Implementing Regulations of the Cooperative Insurance Companies Control Law detailing the solvency margin required to be maintained, the Company shall maintain solvency margin equivalent to the highest of the following three methods as per SAMA Implementing Regulations:

- Minimum Capital Requirement of SAR 200 million
- Premium Solvency Margin
- Claims Solvency Margin

The Group manages its capital requirements by assessing shortfalls between reported and required capital levels on a regular basis. Adjustments to current capital levels are made in light of changes in market conditions and the risk characteristics of the Group's activities. To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue shares. In the opinion of the Board of Directors, the Group has fully complied with the regulatory capital requirements during the reported financial period. As at 31 December 2023 the Company's solvency level is higher than the minimum solvency margin required by the Implementing Regulations of the Cooperative Insurance Companies Control Law.

## 28

### Earnings per share

The basic and diluted earnings per share have been calculated by dividing 'net income attributed to the shareholders after zakat and income tax' amounting to SR 940,163 thousand (2022: SR 805,117 thousand) for the year by the weighted average number of ordinary shares issued and outstanding shares amounting to 150 million shares (2022: 150 million shares) and treasury shares amounting to 495 thousand (2022: 684 thousand shares) at year end. The weighted average number of ordinary shares issued and outstanding at 31 December 2022 have been adjusted for the bonus shares issued during the year ended 31 December 2023. The earnings per share for the year ended 31 December 2022 has been restated on account of adoption of IFRS 17 and IFRS 9.

## 29

### Risk management

The Group has developed and implemented a risk management structure that is designed to identify, assess, control and monitor the risks associated with its business. Adhering to this structure, the Group aims to meet its obligations to policyholders and other customers and creditors, to manage its capital efficiently, and to comply with applicable laws and regulations. The Group's Risk Committee has overall responsibility for the establishment and oversight of the Group's risk management framework. The Risk Committee is responsible for defining, installing and monitoring the risk management organisation in order to ensure that its control systems are effective. The Risk Committee approves all risk management policies, as well as the quantitative and qualitative elements of the Group's risk appetite and tolerance framework.

#### (a) Insurance risk

The Group provides short-term health insurance contracts in Saudi Arabia. Accordingly, the main insurance risk within the Group is that there are no sufficient reserves available to cover the liabilities associated with the insurance contracts issued. Actual claims may differ from the estimated ultimate claims. The Group seeks to manage this as follows:

#### Estimate of present value of cash flows and risk adjustment for non-financial risk

- Through close monitoring of the claims' trend and payments' pattern to ensure that sufficient reserves are available to cover claim liabilities. The Group also has an external actuary to perform quarterly independent reviews of the reserves adequacy. Estimate of present value of cash flows and risk adjustment for non-financial risk, which are key components of the Group's insurance contract liabilities are estimated amounts of the outstanding claims, incurred but not reported claims ("IBNR"), claims handling provisions and risk adjustment for non-financial risk. These reserves do not represent exact calculations but rather expectations based on historical claims' trend (frequency and severity), payments' pattern, medical inflation, members' behaviour, seasonality and other factors. The objective of the Company is to ensure that sufficient reserves are available to cover the liabilities associated with the insurance contracts that it issues.
- The Group has a large insurance portfolio resulting in stable claims development patterns which relatively reduces the risk of fluctuations in the estimated ultimate claims. The short-tailed nature of the business is associated with higher consistency of the reserve estimates.
- The Group continually reviews the adequacy of claims reserves by conducting back-testing analysis, assessing the sufficiency of data, monitoring claims backlogs and settlement patterns. In addition, the external actuary runs independent valuation models after due reconciliation with consolidated financial statements to validate reserve adequacy.

## Reinsurance

- The Group has a reinsurance arrangement to reduce its exposure through transfer of risk. During the years ended 31 December 2023 and 2022, the Group had quota share reinsurance arrangement for certain group of contracts to reduce its exposure through partial transfer of insurance risk. The reinsurance premium ceded represents a minimal margin of the overall gross premium written. Reinsurance premium ceded reached 1.05% of gross premium written (2022: 0.68%).
- The reinsurers selected met SAMA's minimum acceptable rating of BBB from a (Reputable credit agency).
- Reinsurance ceded business does not relieve the Group from its obligations to policyholders and as a result the Group remains liable for the portion of outstanding claims reinsured to the extent that the reinsurer fails to meet the obligations under the reinsurance agreements.

## Pricing

- The pricing team follows the Group's underwriting guidelines (approved by the Board of Directors) in setting premiums taking into consideration credible claims experiences for both new business and renewals or medical declarations.

## Managing the concentration of insurance risk

- The insurance risk exposure related to policyholders is mainly concentrated in Saudi Arabia. However, through its underwriting strategy, the Group ensures that the portfolio is well diversified and not concentrated within few large clients. Its business is proportionally spread across all regions in the Saudi Arabia, and the Group targets both corporate and retail business. The insurance portfolio is not concentrated in a specific benefit level (diverse medical providers, different deductibles, annual limits and sub-limits).

## Process used to decide on assumptions

- Assumptions used in determining estimate of present value of cash flows are based on the best estimate. Ultimate claims are estimated using historical claim trends adjusted for inflation, seasonality, membership growth and any other external or internal factors that may have impact on claim costs. Given the nature of the business, the Group may still be exposed to risk of insufficiency of claim reserves for which actual claim cost may turn out to be higher than the initial estimated ultimate claims.
- The estimation of present value of future cash flows related to incurred but not reported claims (IBNR) is generally subject to a greater degree of uncertainty than the estimation of the present value of future cash flows related to reported claims which are received but not yet settled with the providers. For the case of present value of future cash flows related to reported claims, the Group uses payment information of settled batches with providers to estimate the expected settlement amounts of recently submitted batches,

while it uses mainly pre-authorization data to estimate present value of future cash flows related to IBNR. The Group seeks to avoid inadequate reserve levels by adopting established processes in determining claim reserve and using updated information from both claims received and pre-authorization data.

## (b) Sensitivity analysis

The Group believes that the claim liabilities under insurance contracts outstanding at year-end are adequate. However, these amounts are not certain and actual payments may differ from the claims liabilities provided in the consolidated Financial Statements. The insurance claim liabilities are sensitive to the various assumptions. It has not been possible to quantify the sensitivity of specific variable such as legislative changes or uncertainty in the estimation process.

	2023 SR '000	2022 SR '000
<b>Impact on equity, insurance contract liabilities and profit or loss due to change in claims ratio</b>		
5% Increase	(792,129)	(645,536)
5% Decrease	792,129	645,536
<b>Impact on equity, insurance contract liabilities and profit or loss due to change in risk adjustment for non-financial risk</b>		
5% Increase	(46,812)	(26,945)
5% Decrease	20,689	23,972

The following shows the impact of a reasonable possible change in direct expense ratio on the loss component as at the reporting date. As at 31 December 2023 there was no loss component recognized by the Group.

	2023 SR '000	2022 SR '000
<b>Impact on equity, insurance contract liabilities and profit or loss due to change in direct expense ratio - loss component*</b>		
2% Increase	-	(94,343)
2% Decrease	-	60,483

\* Direct expense ratio is the ratio of sum of directly attributable expenses, acquisition cashflows and surplus for the period to earned premium.

**(c) Market risk**

Market risk refers to the potential impact of various market dynamics on the fair value or the expected cash flows of financial instruments. The Group adopts asset allocation guidelines and diversification limits on asset classes, geographies, currencies and securities to ensure that market risk is contained and kept to minimal levels.

The Board of Directors sets the overall risk appetite to a prudent level that does not impact the Group's operating results. The Management prepares monthly and quarterly reports, highlighting deployment activities and exposure limits to ensure that appropriate monitoring and compliance with the approved guidelines. Management performs continuous assessment of developments in relevant markets to ensure that market risk is monitored and mitigated at the asset class and securities levels.

Market risk comprises three types: interest rate risk, price risk and currency risk.

**(i) Interest rate risk**

Interest rate risk is the potential change in the fair value of financial instruments and expected cash flows as a result of changes in interest rates. Management constantly monitors developments in global and local interest rates and accordingly allocates the durations of its term deposits and sukuk investments. Investments in term deposits and sukuk instruments have various maturities in order to maximise investment returns while ensuring that liquidity requirements are continuously met. Details of maturities of interest-bearing securities using discounted cashflows as at 31 December are as follows:

	2023 (SR '000)				Total
	Less than 3 months	3 months to 1 year	More than 1 year to 3 years	More than 3 years	
Term deposits	1,363,608	2,308,787	1,873,512	1,677,104	7,223,011
Financial assets at amortised cost	-	-	-	587,360	587,360
Financial assets at fair value - Sukuks	93,728	61,729	323,367	3,234,341	3,713,165
	1,457,336	2,370,516	2,196,879	5,498,805	11,523,536

	2022 (SR '000)				Total
	Less than 3 months	3 months to 1 year	1 year to 3 years	More than 3 years	
Term deposits	1,000,000	1,945,000	2,945,989	515,859	6,406,848
Financial assets at amortised cost	-	-	-	526,188	526,188
Financial assets at fair value - Sukuks	93,715	142,359	454,916	1,634,872	2,325,862
	1,093,715	2,087,359	3,400,905	2,676,919	9,258,898

**(ii) Price risk**

Price risk is the potential change in the fair value of financial instruments as a result of instrument-specific developments or systemic factors affecting the overall market in which the instrument is being traded.

The total size of investments which are exposed to market price risk is SR 4,246 million (2022: SR 2,852 million). The Group manages this risk conducting thorough due diligence on each instrument prior to investing as well as maintaining exposure limits guidelines to minimise the potential impact of marking to market on the overall portfolio.

The potential impact of a 10% increase or decrease in the market prices of investments carried at fair value through income statement on Group's profit would be as follows:

	Fair value change %	Effect on Group's profit SR '000
2023	± 10	± 40,997
2022	± 10	± 40,658

The potential impact of a 10% increase or decrease in the market prices of investments carried at fair value through other comprehensive income on Group's total comprehensive income would be as follows:

	Fair value change %	Effect on Group's profit SR '000
2023	± 10	± 377,807
2022	± 10	± 237,453

**(iii) Currency risk**

Currency risk is the potential fluctuation of the value of a financial instrument due to changes in foreign exchange rates. All Group's transactions are in Saudi Arabian Riyals and US Dollar. Given the peg of Saudi Arabian Riyals and US Dollars, foreign exchange risk is minimal.

**(d) Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Group seeks to manage its credit risk with respect to customers by following the Group's credit control policy and monitoring outstanding receivables on an on-going basis in order to reduce the Group's exposure to bad debts. The Management estimates specific impairment provisions on a case by case basis. In addition to specific provisions, the Group also makes an additional portfolio provision, estimated on a collective basis, based on the ageing profile of the future premiums cashflow. The Group seeks to limit its credit risk with respect to other counterparties by placing term deposits and investments with reputable financial institutions. The Group enters into reinsurance contracts with recognised, creditworthy third parties (minimum BBB). The maximum exposure to credit risk on reinsurance contract assets is SR 2 million.

The following table shows the maximum exposure to credit risk by class of financial asset:

	2023 SR '000	2022 SR '000
Cash and cash equivalents	1,255,896	1,287,961
Reinsurance contract assets	74,090	28,155
Other receivables and accrued income	396,342	354,004
Term deposits	7,223,011	6,406,848
Financial assets at amortised cost	587,360	526,188
Financial assets at fair value	4,246,757	2,852,234
Statutory deposit	149,960	149,961
Accrued income on statutory deposit	8,690	16,235
	<b>13,942,106</b>	<b>11,621,586</b>

The table below provides information regarding the credit risk exposure of the Group by classifying assets according to the Group's credit rating of counterparties. Investment grade ratings refers to companies with sound credit standing of AAA to BBB- (as per a reputable credit agency) and/or Aaa to Baa3 (as per Moody's). Ratings below the mentioned threshold are considered sub-investment grade with a higher default risk.

	2023 (SR '000)			
	Non-investment grade			Total
	Investment grade	Not impaired	Impaired	
Cash and cash equivalents	1,255,896	-	-	1,255,896
Reinsurance contract assets	-	74,090	-	74,090
Other receivables and accrued income	-	396,342	-	396,342
Term deposits	7,223,011	-	-	7,223,011
Financial assets at amortised cost	587,360	-	-	587,360
Financial assets fair value	4,246,757	-	-	4,246,757
Statutory deposit	149,960	-	-	149,960
Accrued income on statutory deposit	8,690	-	-	8,690
	<b>13,471,674</b>	<b>470,432</b>	<b>-</b>	<b>13,942,106</b>

	2022 (SR '000)			
	Non-investment grade			Total
	Investment grade	Not impaired	Impaired	
Cash and cash equivalents	1,287,961	-	-	1,287,961
Reinsurance contract assets	-	28,155	-	28,155
Other receivables and accrued income	-	354,004	-	354,004
Term deposits	6,406,848	-	-	6,406,848
Financial assets at amortised cost	526,188	-	-	526,188
Financial assets at fair value	2,852,234	-	-	2,852,234
Statutory deposit	149,961	-	-	149,961
Accrued income on statutory deposit	16,235	-	-	16,235
	<b>11,239,427</b>	<b>382,159</b>	<b>-</b>	<b>11,621,586</b>

The Group does not have any financial asset classified in Stage 2 or 3 as at 31 December 2023 and 2022. The ECL on Stage 1 financial assets is not material.

### (e) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its operational or financial obligations when they are due. Liquidity requirements are monitored on a monthly basis and management ensures that sufficient liquid funds through premiums received and excess cash are available to meet any commitments as they arise.

The table below summaries the maturity profile of the financial liabilities of the Group based on remaining expected undiscounted contractual obligations:

	2023 (SR '000)		
	Up to one year	More than one year	Total
Accrued and other liabilities	734,859	-	734,859
Insurance contract liabilities	8,267,196	-	8,267,196
Lease liability	35,810	149,907	185,717
Due to related parties	40,935	-	40,935
Accrued income payable to Insurance Authority	8,690	-	8,690
	<b>9,087,490</b>	<b>149,907</b>	<b>9,237,397</b>

	2022 (SR '000)		
	Up to one year	More than one year	Total
Accrued and other liabilities	530,715	-	530,715
Insurance contract liabilities	6,699,185	-	6,699,185
Reinsurance contract liabilities	2,605	-	2,605
Lease liability	24,681	219,672	244,353
Accrued income payable to Insurance Authority	16,235	-	16,235
	<b>7,273,421</b>	<b>219,672</b>	<b>7,493,093</b>

### (f) Liquidity profile

All assets excluding financial assets at amortised cost, financial assets at fair value, fixtures, furniture and equipment and right-of-use assets, intangible assets, goodwill, statutory deposit and accrued income on statutory deposit, are expected to be recovered or settled before one year. Term deposits amounting to SR 3,672 million (31 December 2022: SR 2,945 million) mature within one year and the remaining balance have maturities greater than one year.

None of the financial liabilities on the statement of financial position are based on discounted cash flows, with exception of end-of-service benefits and lease liabilities and are all payable on a basis as set out above. There are no differences between contractual and expected maturity of the financial liabilities of the Group.

## 30 Insurance operations' surplus payable

	2023 SR '000	2022 SR '000
Balance at the beginning of the year	208,021	190,060
Income attributable to insurance operations during the year	97,004	65,303
Surplus paid to policyholders during the year	(44,229)	(47,342)
<b>Net surplus payable to policyholders</b>	<b>260,796</b>	<b>208,021</b>

As a result of the adoption of IFRS 17, net surplus payable to policyholders is reported as part of insurance contract liabilities. Also, income attributable to insurance operations is expensed as part of insurance service expenses.

## 31 Dividends

During the year ended 31 December 2023, the Group's Board of Directors proposed to pay dividends for the year ended 31 December 2022 of SR 3.6 per share, totalling SR 540 million (2021: SR 540 million) to its shareholders. The dividends were approved by the shareholders in the Extraordinary General Assembly meeting held on 22 June 2023 and was paid during the year.

## 32 Insurance service results

	2023 SR '000	2022 SR '000
<b>Insurance Revenue</b>		
Contracts measured under PAA		
<b>Insurance revenue</b>	15,887,715	12,873,111
<b>Insurance Service Expenses</b>		
Incurring claims and other directly attributable expenses	(14,737,829)	(12,094,850)
Changes that relate to past service - adjustments to the LIC	428,512	18,871
Reversal of onerous contract	61,561	448,102
Insurance acquisition cash flows amortization	(746,676)	(578,156)
<b>Total insurance service expenses</b>	(14,994,432)	(12,206,033)
<b>Insurance service result before reinsurance contracts held</b>	893,283	667,078
<b>Allocation of reinsurance premiums</b>		
Contracts measured under PAA		
Premium ceded on reinsurance contracts held	(151,740)	(73,952)
Commission earned on reinsurance contracts held	-	-
<b>Amounts allocated to reinsurance from contracts measured under the PAA</b>	(151,740)	(73,952)
<b>Amounts recoverable from reinsurers for incurred claims</b>		
Incurring claims and other expenses	132,817	59,888
Changes relating to amounts recoverable on incurred claims	(9,323)	(15,386)
Total amounts recoverable from reinsurance for incurred claims	123,494	44,502
<b>Net expense from reinsurance contracts held</b>	(28,246)	(29,450)
<b>Net insurance Service Result</b>	865,037	637,628

## 33 Claims development table

The following tables show the estimates of cumulative incurred claims, including both claims reported and IBNR for each successive accident year at each reporting date, together with cumulative payments to date. As required by IFRS 17, in setting claims provisions, the Company gives consideration to the probability and magnitude of future experience being more adverse than assumed which is reflected in the risk adjustment.

In general, the uncertainty associated with the ultimate cost of settling claims is greatest when the claim is at an early stage of development. As claims develop, the ultimate cost of claims becomes more certain.

The Company aims to maintain adequate reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. Claims triangulation analysis is by accident years, spanning a number of financial years.

2023 Accident year	2020 and earlier SR '000	2021 SR '000	2022 SR '000	2023 SR '000	Total SR '000
<b>Undiscounted liabilities for incurred claims, gross of reinsurance:</b>					
At end of accident year	46,940,903	9,775,177	11,314,093	13,529,148	81,559,321
1 year later	46,247,258	9,355,664	10,938,600	-	66,541,522
2 years later	46,291,114	9,371,807	-	-	55,662,921
3 years later	46,308,390	-	-	-	46,308,390
<b>Current estimate of ultimate claims</b>	46,308,390	9,371,807	10,938,600	13,529,148	80,147,945
Ultimate payments to date	46,279,621	9,324,463	10,801,211	10,702,450	77,107,745
<b>Liability recognised in the consolidated statement of financial position</b>	28,769	47,344	137,389	2,826,698	3,040,200
Other related reserves					174,026
Loss component					-
<b>Balance at 31 December</b>					3,214,226

2022 Accident year	2019 and earlier SR '000	2020 SR '000	2021 SR '000	2022 SR '000	Total SR '000
<b>Undiscounted liabilities for incurred claims, gross of reinsurance:</b>					
At end of accident year	40,036,189	8,742,056	9,775,177	11,314,093	69,867,515
1 year later	40,035,152	8,048,412	9,355,664	-	57,439,228
2 years later	40,041,050	8,092,267	-	-	48,133,317
3 years later	40,003,901	-	-	-	40,003,901
<b>Current estimate of ultimate claims</b>	40,003,901	8,092,267	9,355,664	11,314,093	68,765,925
Ultimate payments to date	39,993,268	8,078,148	9,288,011	9,008,116	66,367,543
<b>Liability recognised in the consolidated statement of financial position</b>					
	10,633	14,119	67,653	2,305,977	2,398,382
Other related reserves					145,602
Loss component					61,561
<b>Balance at 31 December</b>					2,605,545

2023 Accident year	2020 and earlier SR '000	2021 SR '000	2022 SR '000	2023 SR '000	Total SR '000
<b>Undiscounted liabilities for incurred claims, net of reinsurance</b>					
At end of accident year	46,892,338	9,708,417	11,253,658	13,405,271	81,259,684
1 year later	46,196,203	9,295,165	10,878,036	-	66,369,404
2 years later	46,244,431	9,309,698	-	-	55,554,129
3 years later	46,261,579	-	-	-	46,261,579
<b>Current estimate of ultimate claims</b>	46,261,579	9,309,698	10,878,036	13,405,271	79,854,584
Ultimate payments to date	46,232,842	9,263,916	10,749,970	10,618,143	76,864,871
<b>Liability recognised in the consolidated statement of financial position</b>					
	28,737	45,782	128,066	2,787,128	2,989,713
Other related reserves					171,810
Loss component					-
<b>Balance at 31 December</b>					3,161,523

2022 Accident year	2019 and earlier SR '000	2020 SR '000	2021 SR '000	2022 SR '000	Total SR '000
<b>Undiscounted liabilities for incurred claims, net of reinsurance</b>					
At end of accident year	39,962,229	8,693,491	9,708,417	11,253,658	69,617,795
1 year later	39,959,410	7,997,356	9,295,165	-	57,251,931
2 years later	39,961,351	8,045,584	-	-	48,006,935
3 years later	39,927,912	-	-	-	39,927,912
<b>Current estimate of ultimate claims</b>	39,927,912	8,045,584	9,295,165	11,253,658	68,522,319
Ultimate payments to date	39,917,279	8,031,478	9,227,799	8,967,204	66,143,760
<b>Liability recognised in the consolidated statement of financial position</b>					
	10,633	14,106	67,366	2,286,454	2,378,559
Other related reserves					144,700
Loss component					61,561
<b>Balance at 31 December</b>					2,584,820

## 34 Approval of consolidated financial statements

The consolidated Financial Statements have been approved by the Board of Directors, on 17 Rajab 1445H corresponding to 29 January 2024.

## 35 Supplementary information Consolidated statement of financial position

	2023			2022		
	Insurance operations SR '000	Shareholders' operations SR '000	Total SR '000	Insurance operations SR '000	Shareholders' operations SR '000	Total SR '000
Total assets	9,009,617	5,428,734	14,438,351	7,104,401	5,010,530	12,114,931
Total liabilities	8,990,970	771,852	9,762,822	7,125,461	788,581	7,914,042
Total equity	18,647	4,656,882	4,675,529	(21,060)	4,221,949	4,200,889



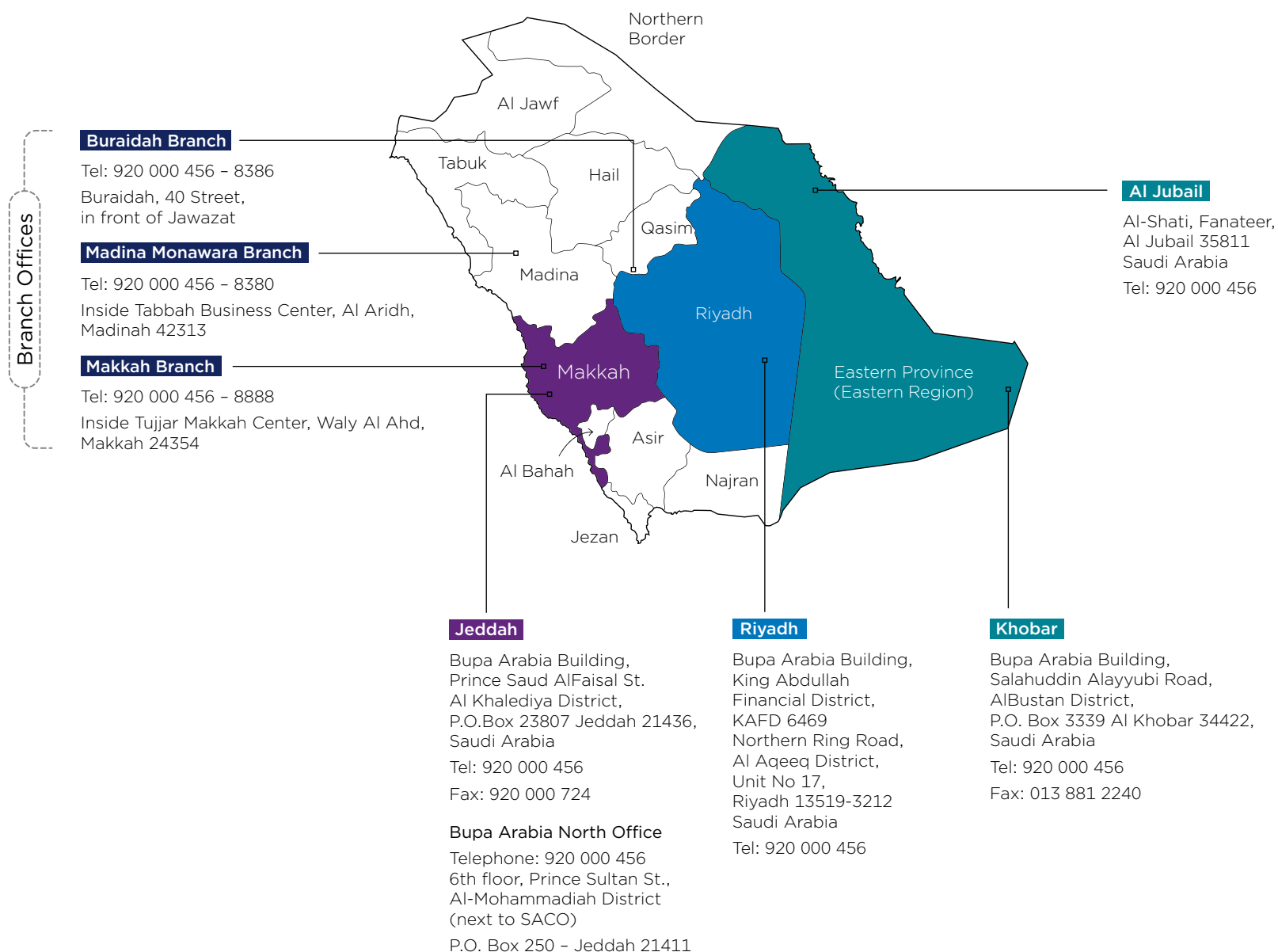
## Consolidated statement of income

	2023			2022		
	Insurance operations SR '000	Shareholders' operations SR '000	Total SR '000	Insurance operations SR '000	Shareholders' operations SR '000	Total SR '000
Insurance revenue	15,887,715	-	15,887,715	12,873,111	-	12,873,111
Insurance service expense	(14,994,432)	-	(14,994,432)	(12,206,033)	-	(12,206,033)
Net expenses from reinsurance contracts held	(28,246)	-	(28,246)	(29,450)	-	(29,450)
<b>Net insurance service result</b>	<b>865,037</b>	<b>-</b>	<b>865,037</b>	<b>637,628</b>	<b>-</b>	<b>637,628</b>
Investment income on financial assets at amortised cost	233,984	116,652	350,636	103,241	63,956	167,197
Investment income on financial assets at fair value	72,629	90,796	163,425	51,656	334,966	386,622
Net impairment loss on financial assets	(656)	(129)	(785)	(1,028)	(657)	(1,685)
<b>Net insurance and investment results</b>	<b>1,170,994</b>	<b>207,319</b>	<b>1,378,313</b>	<b>791,497</b>	<b>398,265</b>	<b>1,189,762</b>
Other operating expenses	(297,956)	(18,857)	(316,813)	(231,628)	(15,226)	(246,854)
Other revenue	-	92,065	92,065	-	42,633	42,633
Other cost	-	(36,886)	(36,886)	-	(16,378)	(16,378)
<b>Income attributed to the shareholders before, zakat and income tax</b>	<b>873,038</b>	<b>243,641</b>	<b>1,116,679</b>	<b>559,869</b>	<b>409,294</b>	<b>969,163</b>
<b>Transfer of surplus to shareholders (after deducting 10% policyholder surplus)</b>	<b>(776,034)</b>	<b>776,034</b>	<b>-</b>	<b>(494,566)</b>	<b>494,566</b>	<b>-</b>
<b>Income attributed to the shareholders before zakat and income tax</b>	<b>97,004</b>	<b>1,019,675</b>	<b>1,116,679</b>	<b>65,303</b>	<b>903,860</b>	<b>969,163</b>
Zakat charge	-	(80,237)	(80,237)	-	(72,938)	(72,938)
Income tax charge	-	(96,279)	(96,279)	-	(91,108)	(91,108)
<b>Net income attributed to the shareholders after zakat and income tax</b>	<b>97,004</b>	<b>843,159</b>	<b>940,163</b>	<b>65,303</b>	<b>739,814</b>	<b>805,117</b>
<b>Total other comprehensive Income/(loss)</b>	<b>39,707</b>	<b>27,441</b>	<b>67,148</b>	<b>(30,894)</b>	<b>(247,625)</b>	<b>(278,519)</b>
<b>Total comprehensive income for the year</b>	<b>136,711</b>	<b>870,600</b>	<b>1,007,311</b>	<b>34,409</b>	<b>492,189</b>	<b>526,598</b>

## Consolidated statement of cash flows

	2023			2022		
	Insurance operations SR '000	Shareholders' operations SR '000	Total SR '000	Insurance operations SR '000	Shareholders' operations SR '000	Total SR '000
<b>Net income attributed to shareholders before zakat and income tax</b>	<b>-</b>	<b>1,116,679</b>	<b>1,116,679</b>	<b>-</b>	<b>969,163</b>	<b>969,163</b>
Net cash generated from operating activities	1,463,993	813,281	2,277,274	1,025,059	680,246	1,705,305
Net cash used in investing activities	(1,215,765)	(510,058)	(1,725,823)	(1,306,485)	526,346	(780,139)
Net cash used in financing activities	-	(583,516)	(583,516)	-	(597,790)	(597,790)
<b>Net change in cash and cash equivalents</b>	<b>248,228</b>	<b>(280,293)</b>	<b>(32,065)</b>	<b>(281,426)</b>	<b>608,802</b>	<b>327,376</b>
Cash and cash equivalents at beginning of the year	649,097	638,864	1,287,961	930,523	30,062	960,585
<b>Cash and cash equivalents at end of the year</b>	<b>897,325</b>	<b>358,571</b>	<b>1,255,896</b>	<b>649,097</b>	<b>638,864</b>	<b>1,287,961</b>

# Regional Offices



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