

Bupa Arabia Q1 2023 – Earnings Conference Call & Webcast

July 20th, 2023

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Agenda

01 IFRS Impact

02 Financial Performance

03 Market Outlook

04 Other Highlights

01

IFRS impact

The implementation of IFRS 9 & 17 aims to enhance financial reporting for the Insurance sector



Objective

IFRS 17 standardizes insurance accounting globally to improve **comparability** and **increase transparency**, and to provide users of accounts with the information needed to **meaningfully understand the insurer's financial position, performance and risk exposure**.

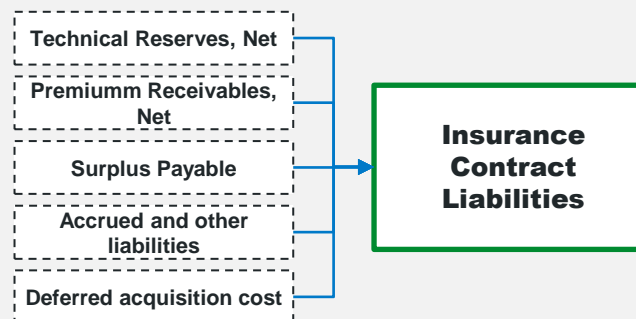
Highlight

Bupa Arabia led the insurance sector implementation of IFRS 9 & 17, as first to **release ahead of sector**, and **one of the first to release globally**

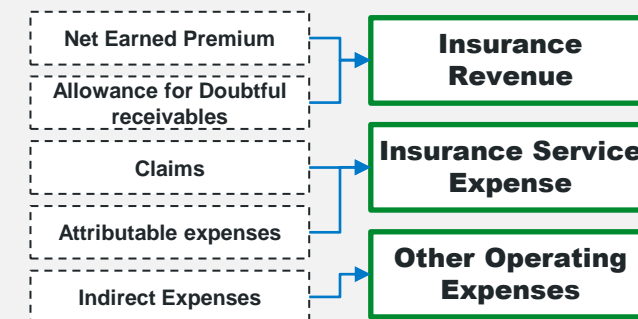
Impact overview

The implementation of IFRS 9 & 17 focus mainly on the **re-structuring of financial statements**, and **altering measurements within P&L and Balance sheet**

Changes in Balance Sheet



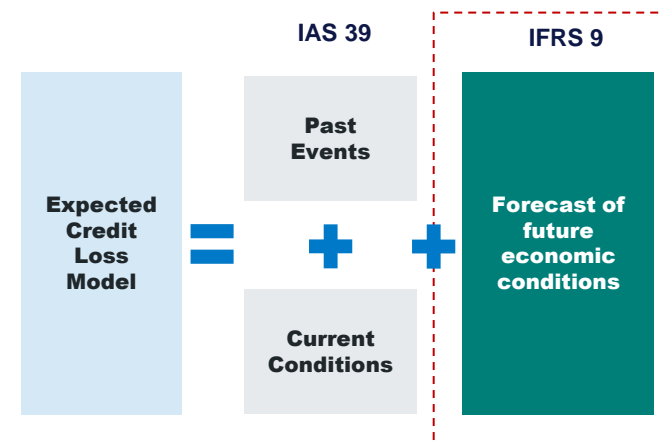
Changes in income statement



Changes in classification of Investments

Asset	IAS 39	Bupa Arabia IFRS 9 classification
Sukuk	Available for Sale	FVOCI
	Held for Trading	FVTPL
	Held to Maturity	Amortized Cost
Equity / Funds ¹	Available for Sale	FVOCI
	Held for Trading	FVTPL
Deposits	Held to Maturity	FVOCI
		FVTPL
		Amortized Cost

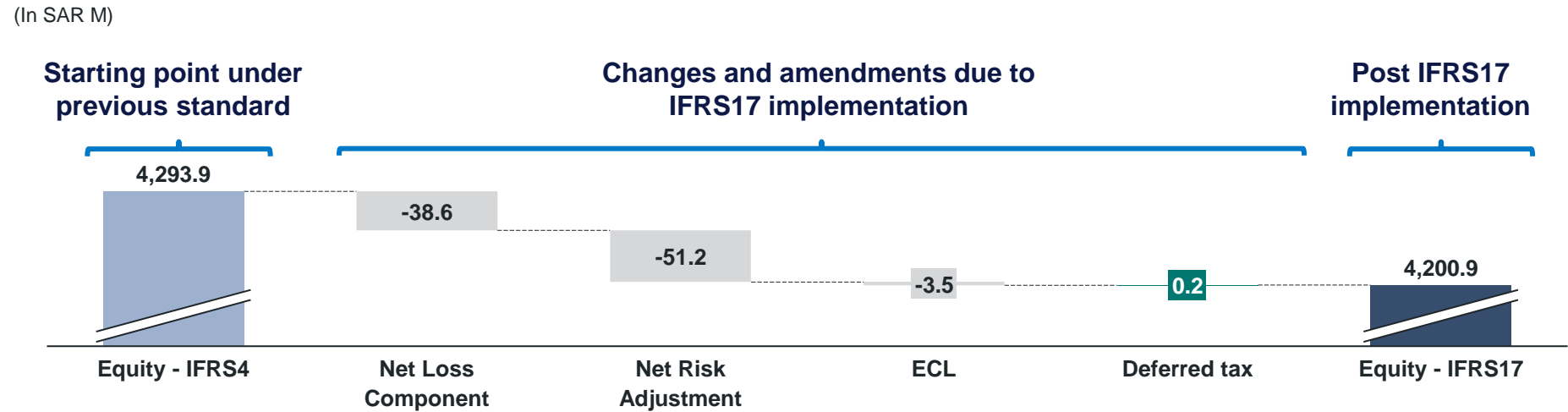
Changes in the Expected Credit Loss Model



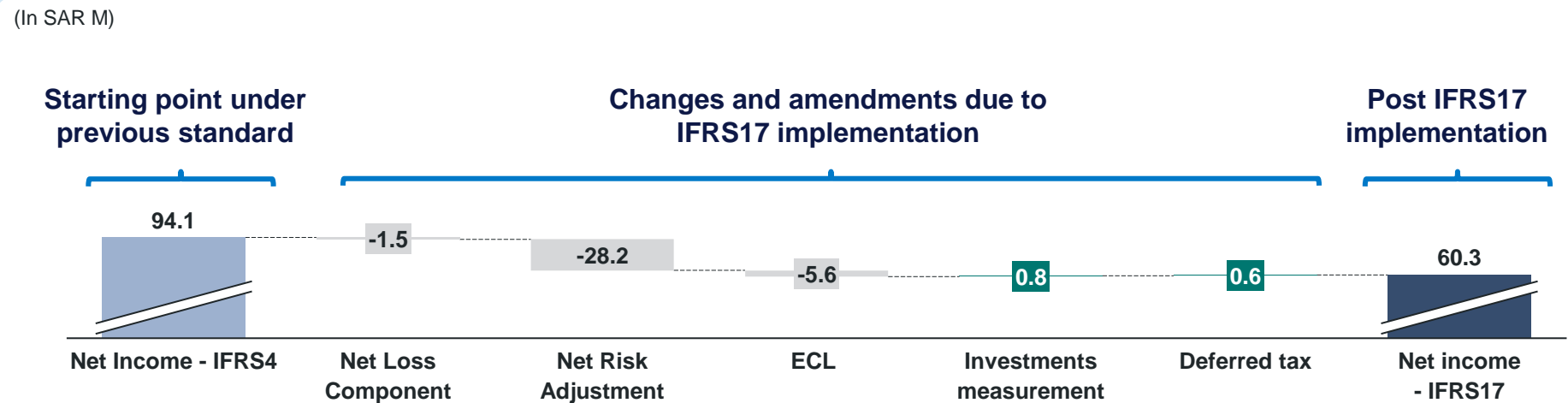
Note(s): 1. By mandate, Funds must be classified as FVTPL under IFRS 9

The implementation of IFRS 9 & 17 create an impact on the Equity position and profits when compared to previous periods

Total equity as of 31 Dec 2022 has decreased by SAR 93M
(%2 of total equity)



Q1 2022 net income has decreased by SAR 33.8M

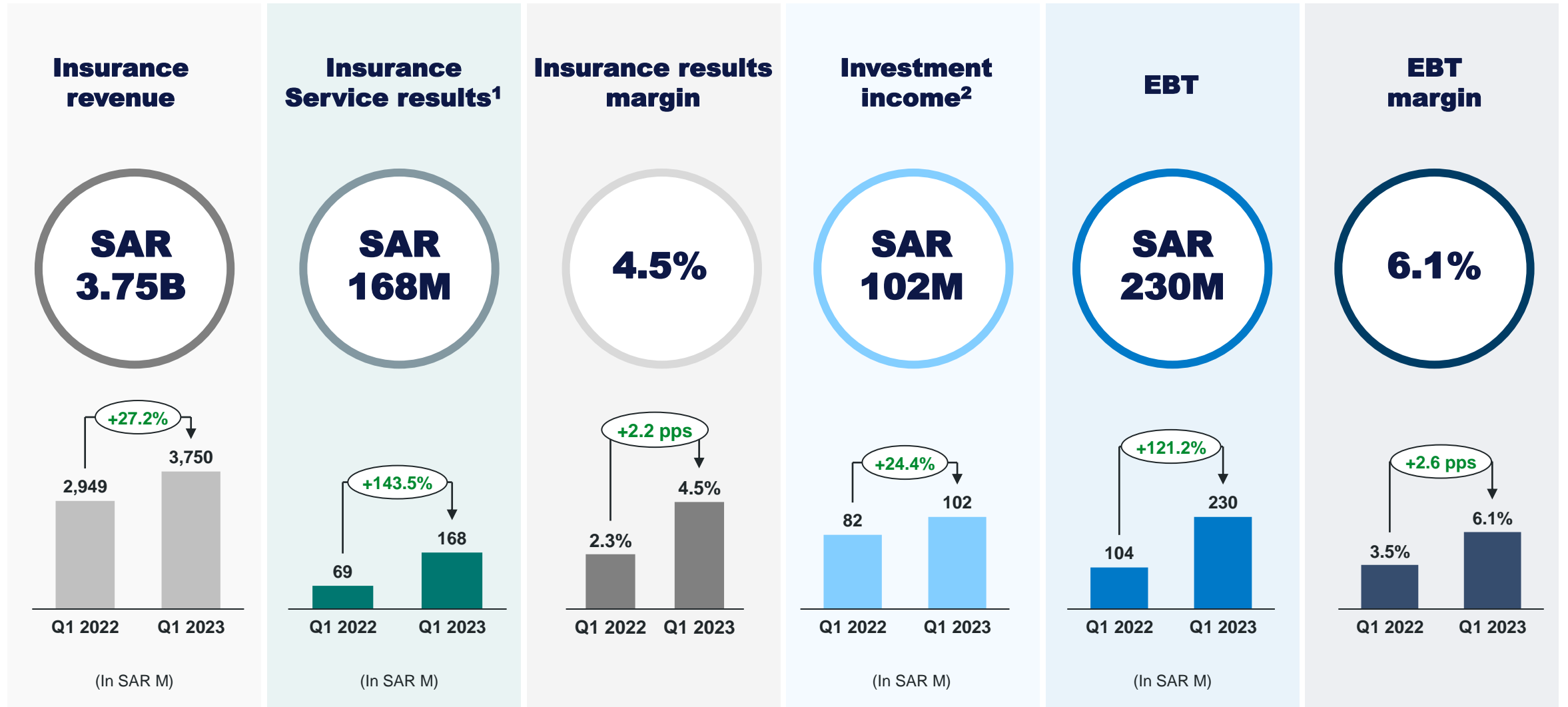


02

Financial performance

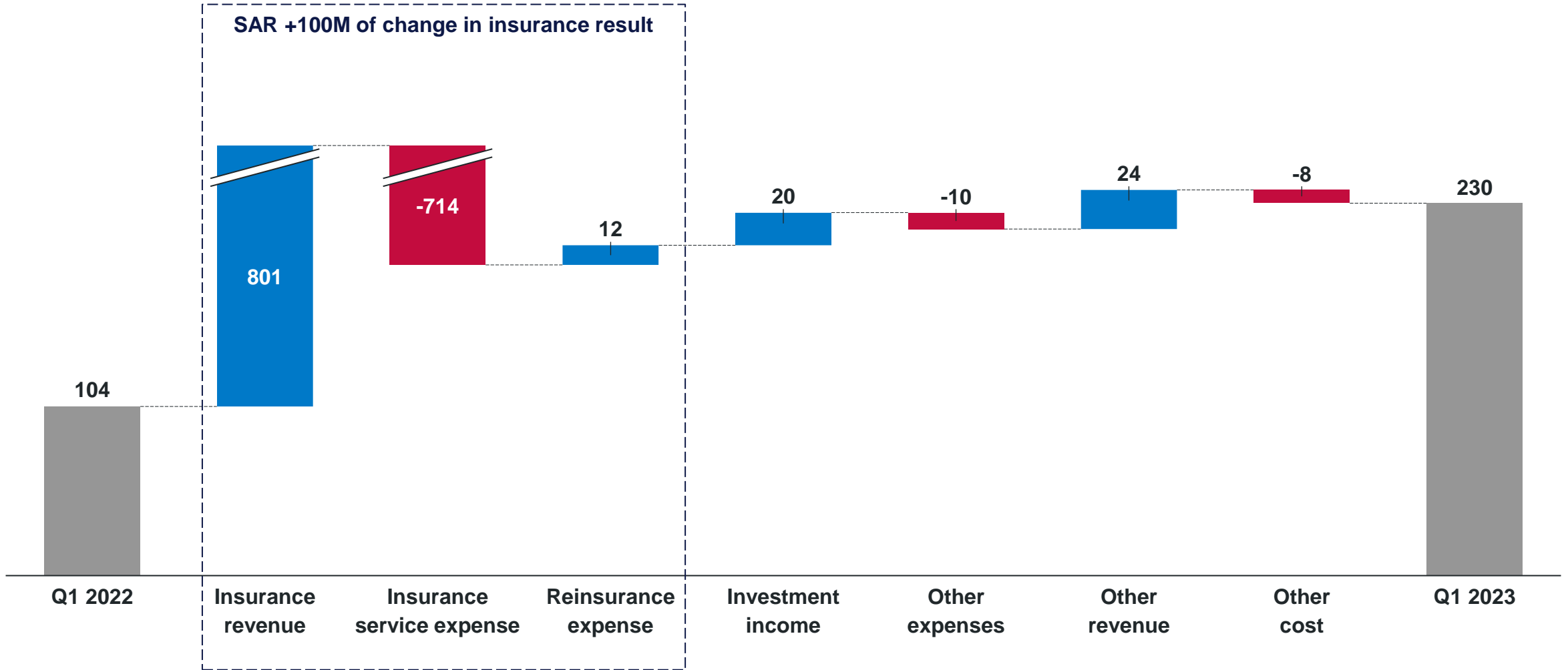
Financial Highlights

Q1 2023 EBT increased by 121% on the back of improved insurance service results and investment income



Note(s): 1. Insurance Service Results are calculated as insurance revenue minus insurance service expense and net expenses from reinsurance contracts held; 2. Investment income is calculated as the sum of investment income on financial assets at amortized cost, Investment income on financial assets at fair value and net impairment loss on financial assets

Source(s): Bupa Arabia Financial Results Q1 2023



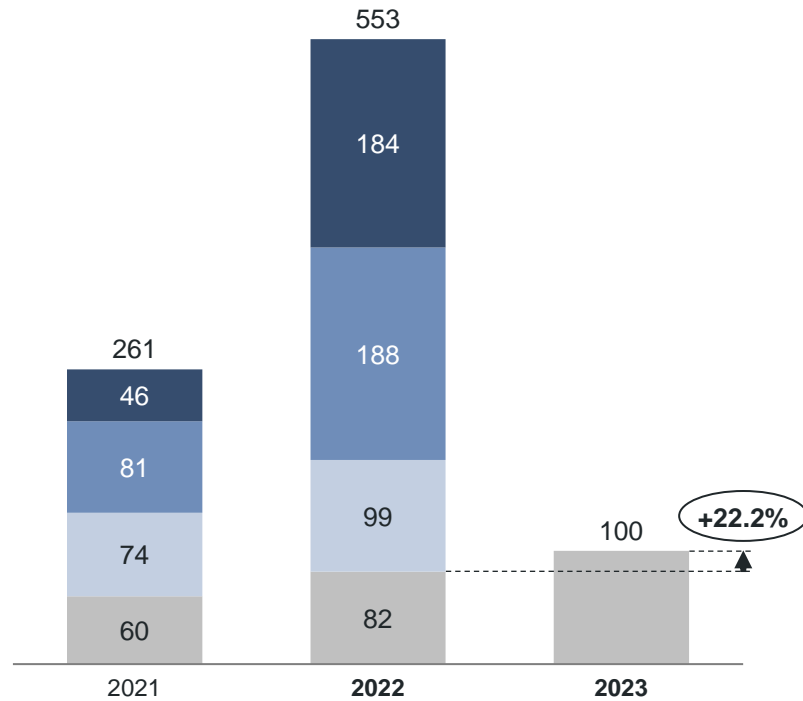
Investment Portfolio and Results

Resilient investment income given favorable interest rates, increased duration, and larger portfolio size

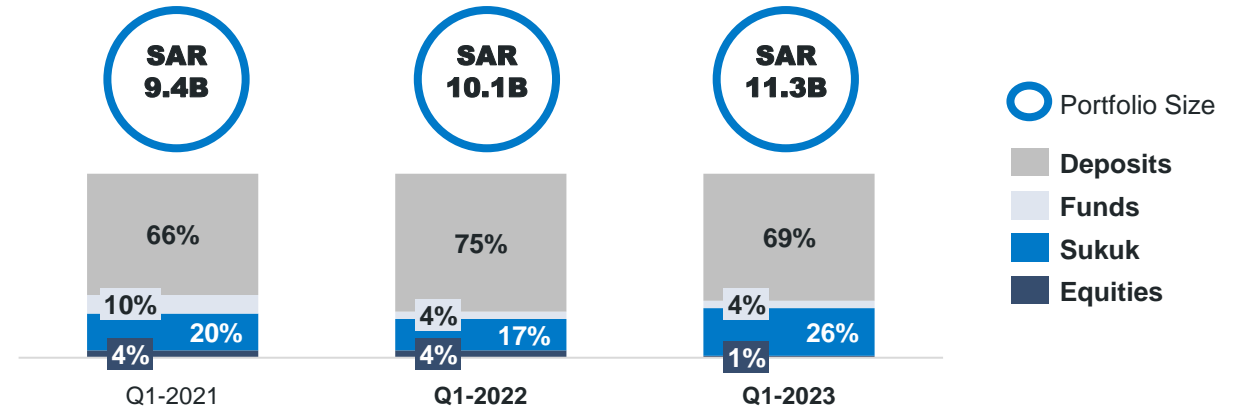


Investment Income (In SAR M)

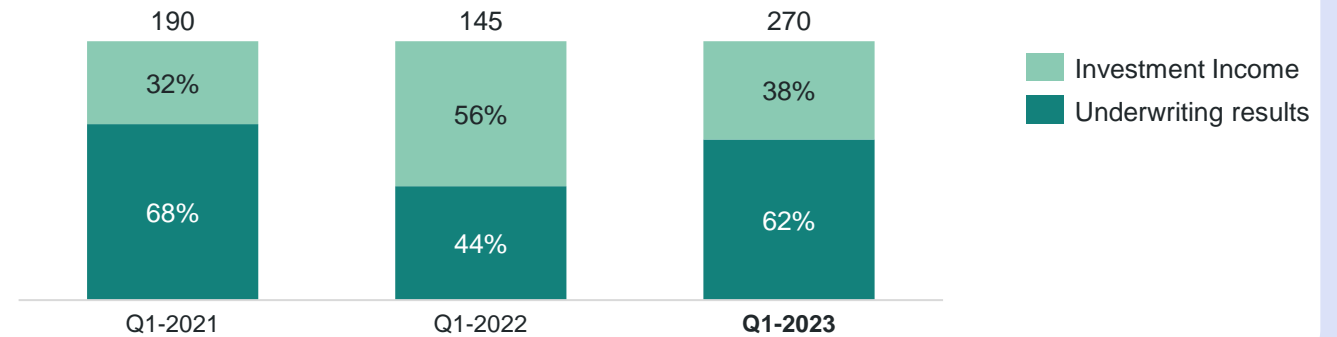
■ Q4 ■ Q3 ■ Q2 ■ Q1



Asset Allocation



Income Breakdown⁽¹⁾ (In SAR M)



Note(s): (1) Income breakdown represents net income attributed to the shareholders and policyholders.

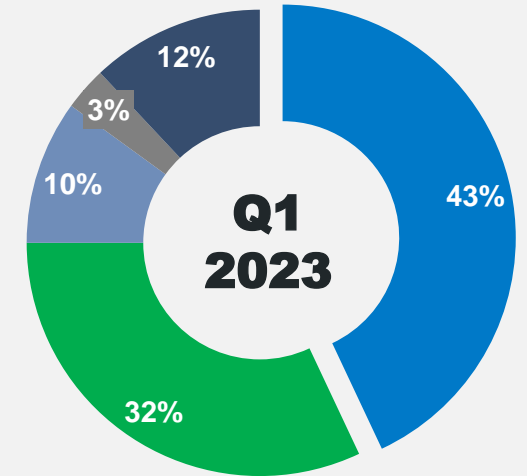
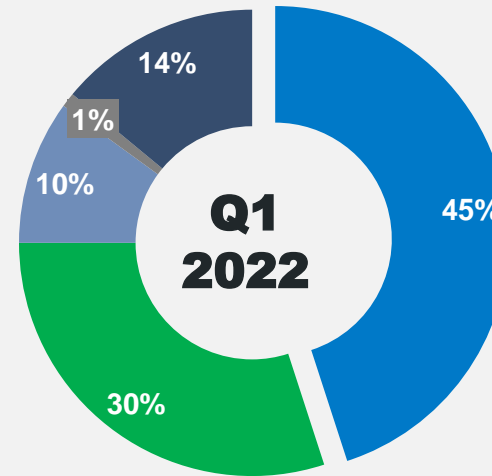
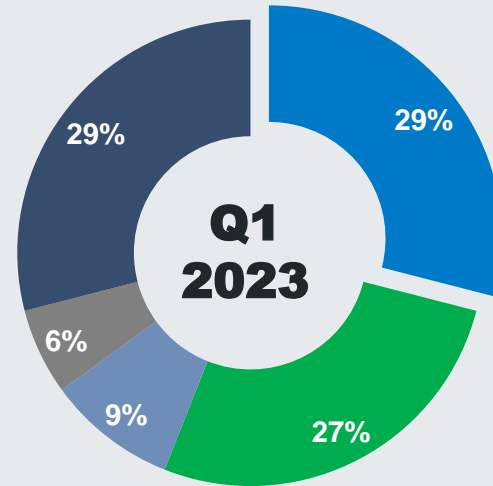
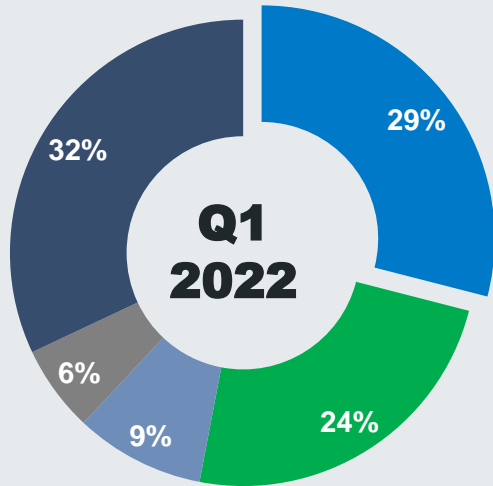
Market Share & Positioning

Bupa Arabia maintains leadership in total and health insurance segments as of Q1 2023



Total Insurance Market Share GWP basis

Health Insurance Market Share GWP basis



■ Bupa Arabia
 ■ Tawuniya
 ■ Medgulf
 ■ Al Rajhi Takaful
 ■ Others

Note(s): Calculation of total insurance market and health insurance market excludes GWP from Saudi Reinsurance Company

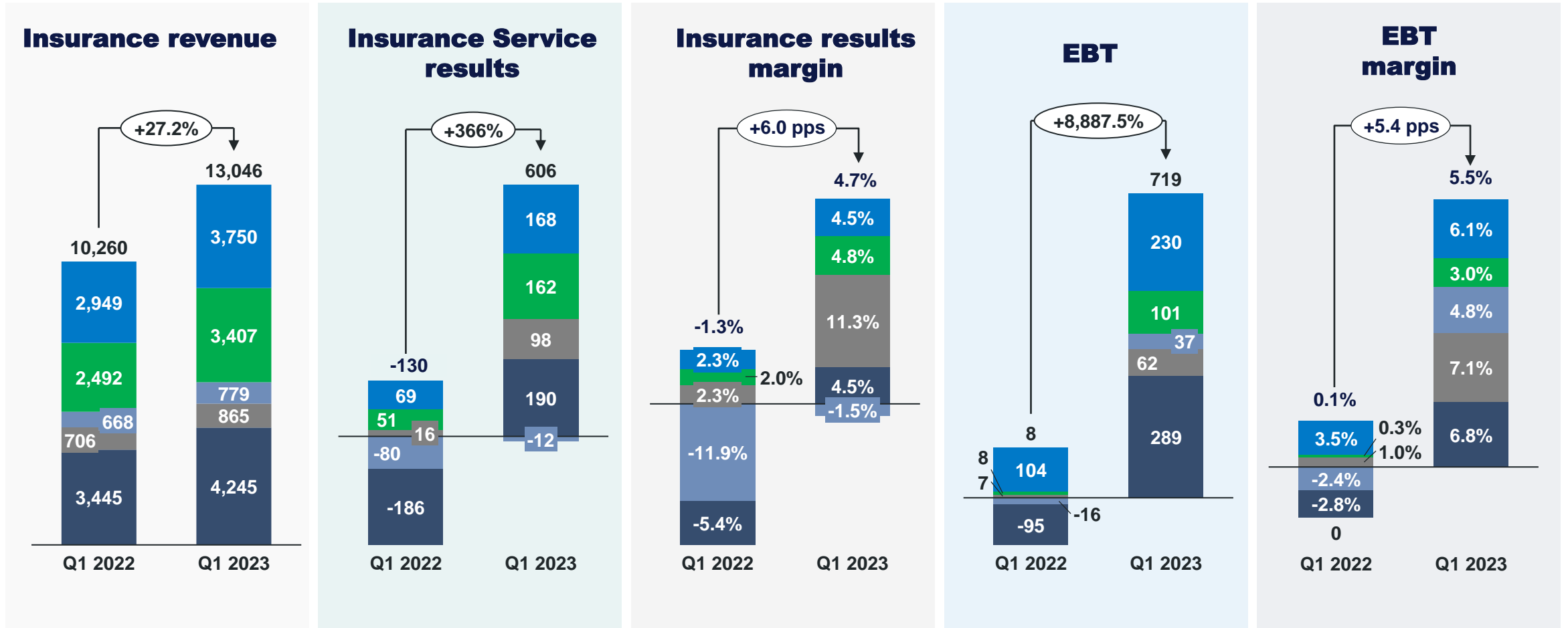
Source(s): Respective insurance companies' filings; Others based on estimates.

Total Insurance Market

Favorable pricing environment resulting in healthy insurance results and margins



(All in SAR M)



■ Bupa Arabia
 ■ Tawuniya
 ■ Medgulf
 ■ Al Rajhi Takaful
 ■ Others

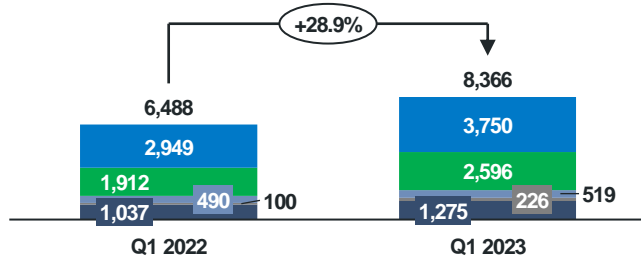
Note(s): Individual/Retail figures for Tawuniya include results from Hajj and Umrah
 Source(s): Respective insurance companies' filings; Others based on estimates.

Health Insurance Market

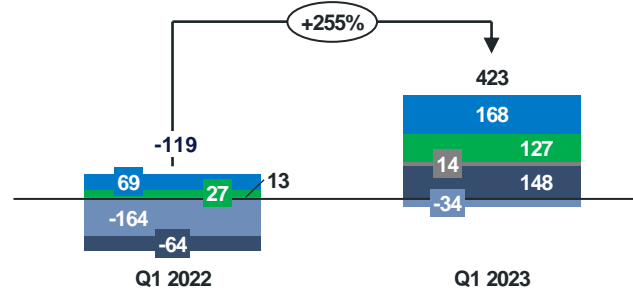
Improved net insurance results driven by favorable pricing and growth in insured lives



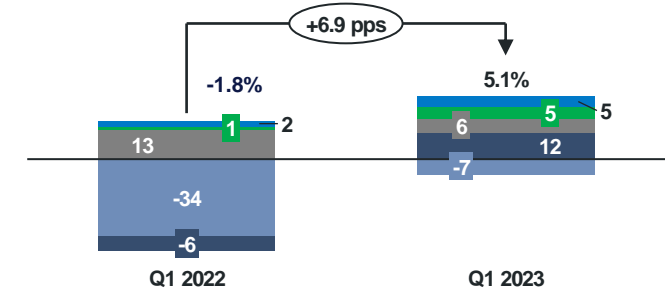
Insurance revenue (in SAR M)



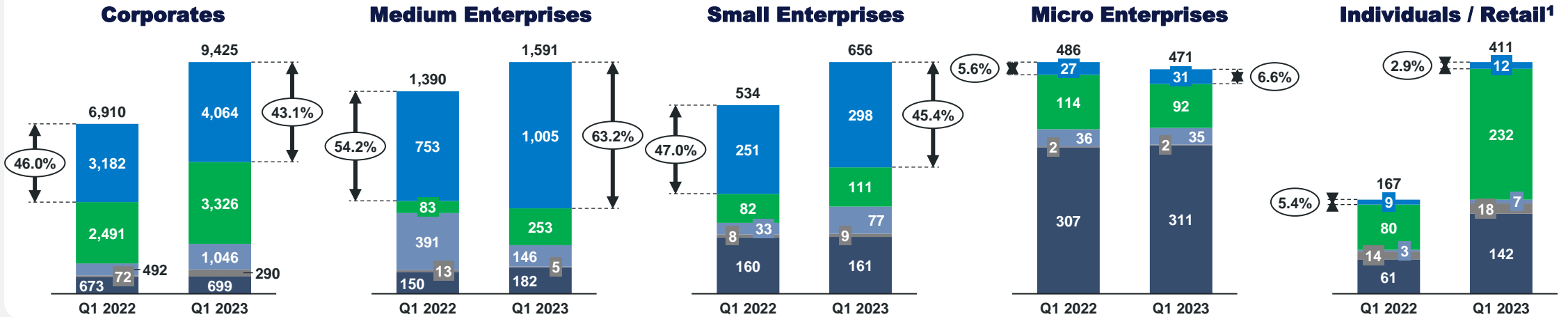
Insurance service results (in SAR M)



Insurance service margin



GWP Segmentation (All in SAR M)



■ Bupa Arabia
 ■ Tawuniya
 ■ Medgulf
 ■ Al Rajhi Takaful
 ■ Others

Note(s): (1) Individual/Retail figures for Tawuniya include results from Hajj and Umrah
 Source(s): Respective insurance companies' filings; Others based on estimates.

03

Market outlook

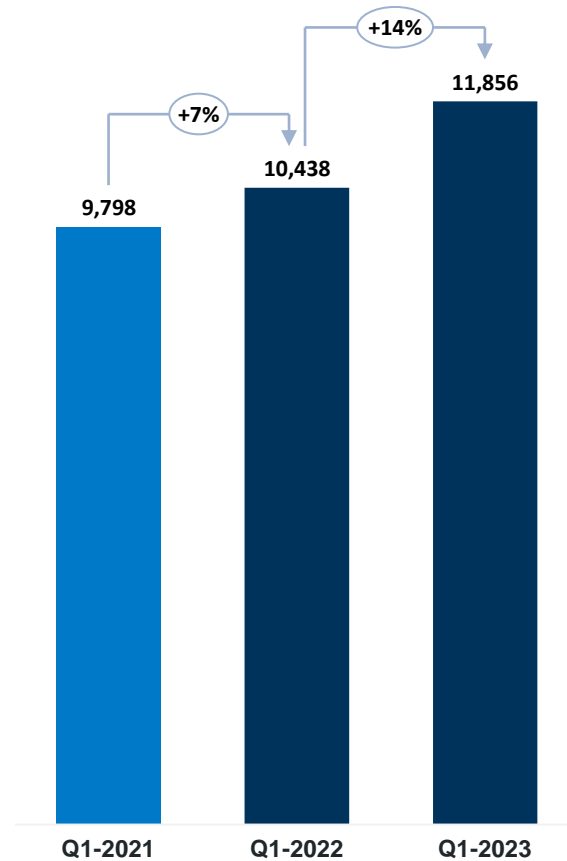
Saudi Health Insurance Market Trends (1/2)

Overall growth in Q1 2023 across Saudis and Expats in comparison to the same period in 2022



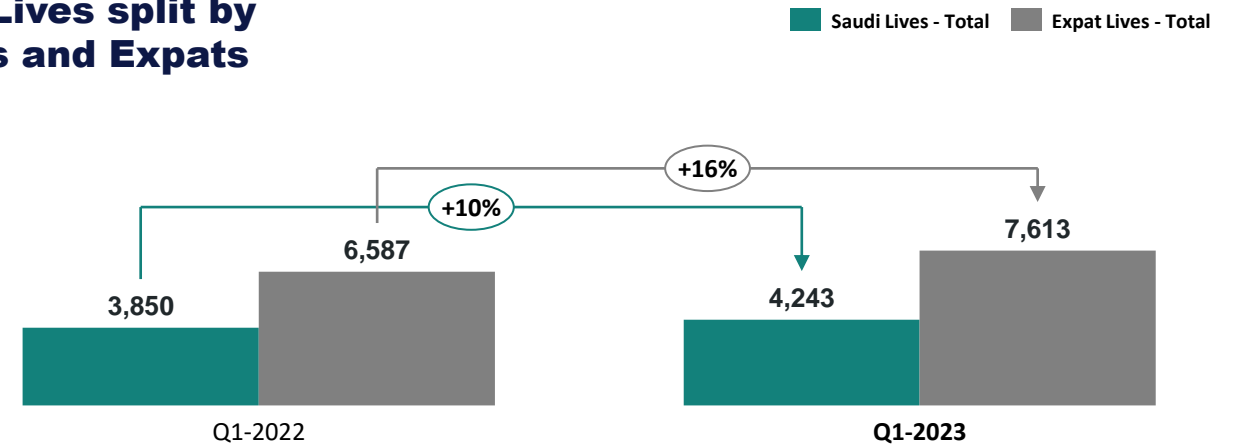
Total Insured Lives

(In '000)



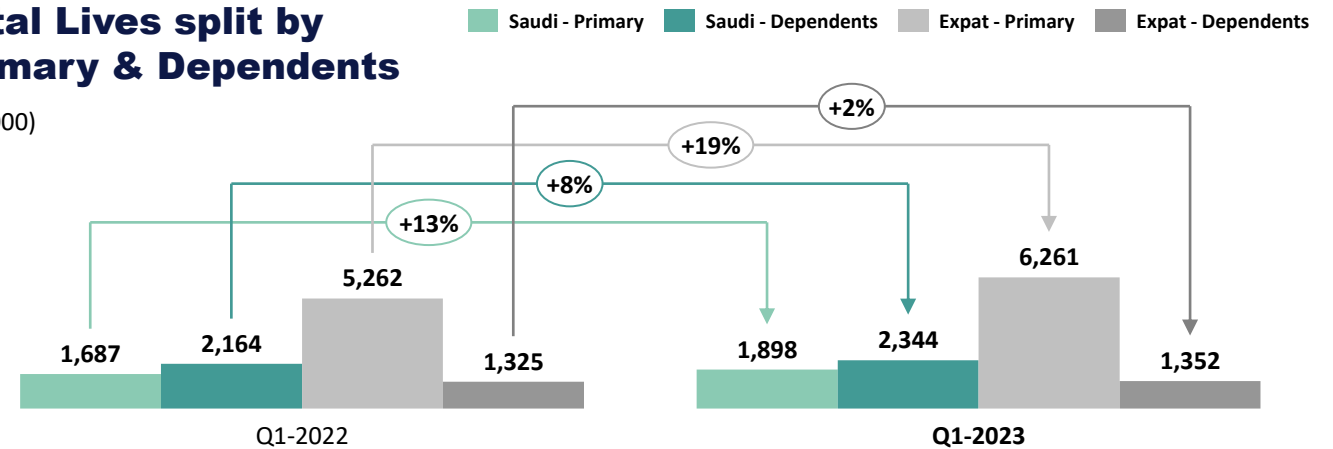
Total Lives split by Saudis and Expats

(In '000)



Total Lives split by Primary & Dependents

(In '000)

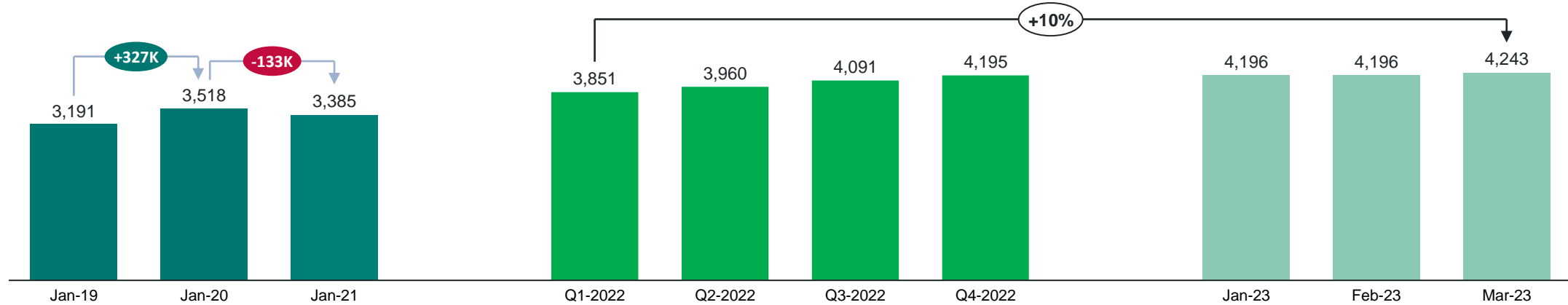


Saudi Health Insurance Market Trends (2/2)

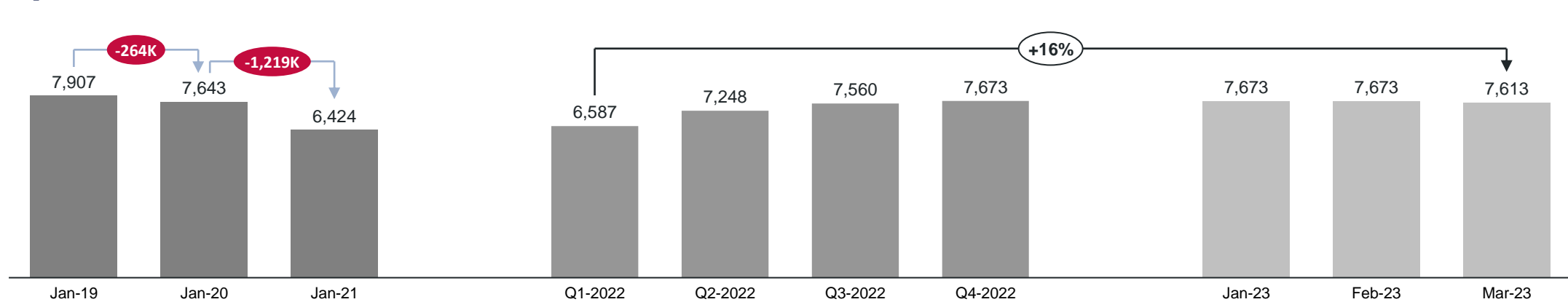
Despite overall growth vs. Q1-22, slight decline in expat lives mainly due to expat dependents



Saudis (In '000)



Expats (In '000)



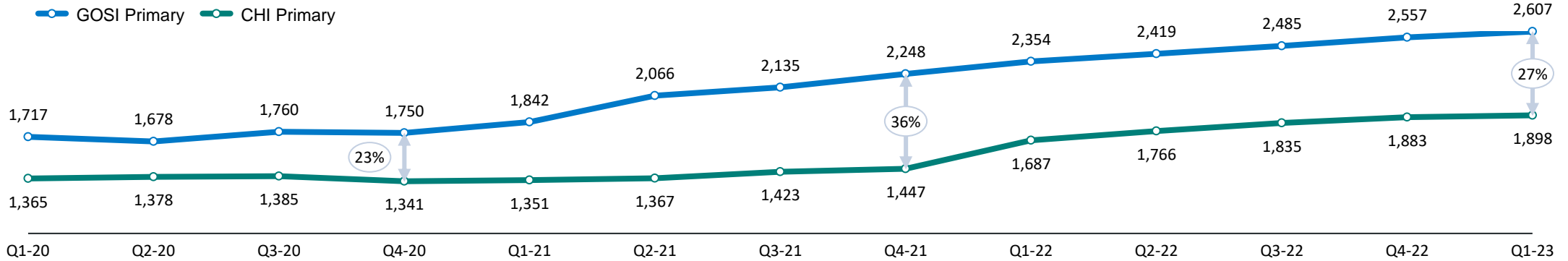
Source(s): GSTAT; GOSI; MoL; CHI; Bupa Arabia estimates

Gap & Enforcement Explained

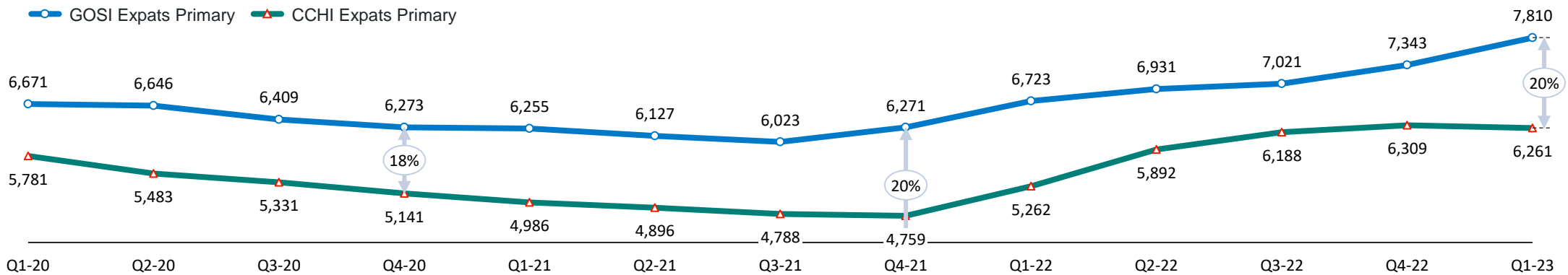
Enforcement gap remains within private sector with +700K Saudis & +1.5M Expats without Medical Insurance



Saudis (In '000)



Expats (In '000)



Source(s): GSTAT; GOSI; MoL; CHI; Bupa Arabia estimates

04

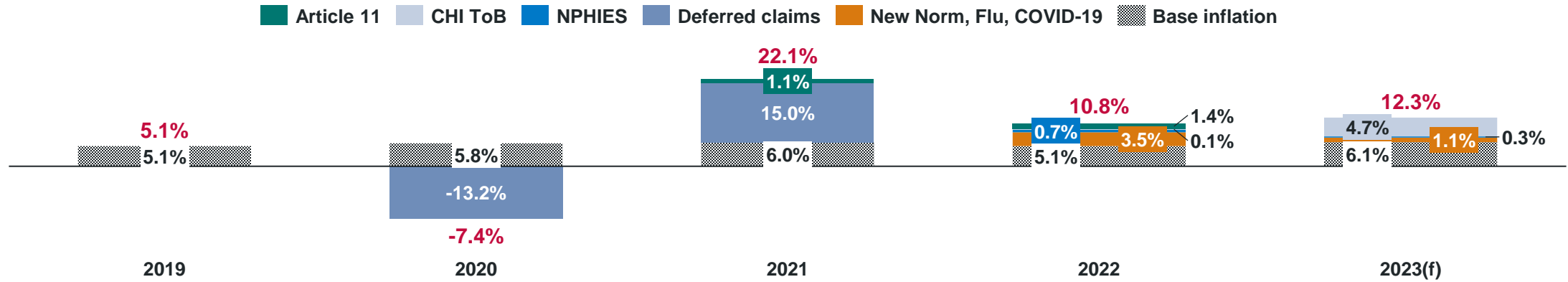
Other highlights

PMI Market Challenges

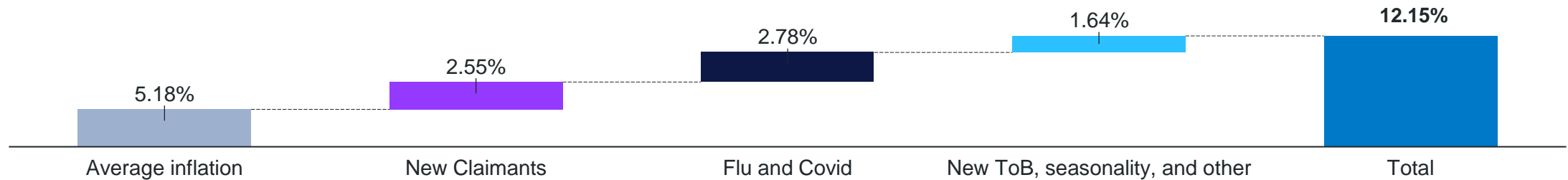
Medical inflation levels continue to be alarming, driven mainly by surge in seasonal flu and claimant increases



Medical Inflation Overview









Inflation Breakdown (YTD)



Business Highlights

Bupa Arabia is the 1st Saudi insurance company to announce financials under IFRS17 standards



-  Bupa Arabia for Cooperative Insurance is first Saudi Insurance Company to issue Financial Report under IFRS17 standards within the SAMA original deadline.
-  Bupa Arabia for Cooperative Insurance has the highest paid-up capital in the Saudi sector with a capital of SAR1.5B as of December 2022.
-  Bupa Arabia for Cooperative Insurance successfully distributed SAR 540M as dividends in July 17, 2023.
-  Bupa Arabia for Cooperative Insurance announced the final approval of SAMA on a product for premium residency holders.
-  Bupa Arabia for Cooperative Insurance renewed both, it's three-year insurance license with SAMA, and CHI license.
-  Bupa Arabia for Cooperative Insurance renewed contract for SNB to provide health insurance services for its employees and their families.

Regulatory Highlights

Continuous reforms across Saudi Health Sector and Health Insurance Sector in alignment with Vision 2030



CHI signs a collaboration agreement with Seha Virtual Hospital; Under the agreement, the CHI can seek medical opinions from Seha Virtual Hospital for beneficiaries of the Cooperative Health Insurance Law who require specialized medical advice.



SAMA says insurance sectors formally adopts IFRS 9 and 17, on January 1st, 2023.



SAMA releases updates to the unified compulsory motor insurance policy.



SAMA's new Governor Excellency Mr. Ayman Alsayari has been appointed by the Custodian of the Two Holy Mosques King Salman bin Abdulaziz Al-Saud, and HRH Prince Mohammed bin Salman bin Abdulaziz, Crown Prince and Prime Minister, on the 2nd of February 2023.



Health Sector Transformation Program announced the launch of Saudi Arabia's Virtual Hospital during 2023's Hajj season.

Achievements & Awards

Bupa Arabia has been recognized with multiple awards in 2023 and prior



<p>Saudi Capital Markets Awards (SCMA) 2023</p> <ul style="list-style-type: none">▪ Best Investor Relations Program Award	<p>Golden Shield Excellence Awards 2023</p> <ul style="list-style-type: none">▪ Best Insurance Brand▪ Health Insurer of the Year	<p>World Economic Magazine Awards 2023</p> <ul style="list-style-type: none">▪ Best Health Insurance Campaign: Live Right Saudi Arabia	<p>Okaz List Top CEO Event 2023</p> <ul style="list-style-type: none">▪ Tal Nazer named as one of the Top CEOs in Saudi Arabia
<p>Saudi Capital Markets Awards (SCMA) 2022</p> <ul style="list-style-type: none">▪ Best Investor Relations Program Award▪ Best ESG Award	<p>Golden Shield Excellence Awards 2022</p> <ul style="list-style-type: none">▪ Best Insurance Brand▪ Best Healthcare insurance innovation	<p>Global Good Governance Awards (3G) 2022</p> <ul style="list-style-type: none">▪ Commitment to Corporate Governance Award▪ Social Innovation Award	<p>CHI Excellence Awards 2022</p> <ul style="list-style-type: none">▪ Best Achiever Award (C-Suite) - Tal Nazer▪ Best Customer Service▪ Digital Innovator of the year
<p>ME Forbes – Top 100 Companies in the Middle East in 2022</p> <ul style="list-style-type: none">▪ #79 in top 100 companies list▪ #1 of the Top 5 GCC Insurance Companies 2022	<p>International Business Awards 2022</p> <ul style="list-style-type: none">▪ Health Insurance Company of the Year Saudi Arabia▪ Insurance CEO of the Year (Tal Nazer)	<p>World Economic Magazine Awards 2022</p> <ul style="list-style-type: none">▪ Best Health Insurance Mobile App in Saudi Arabia▪ Best Insurance Company for Investor Relations	<p>Brand Finance List 2022</p> <ul style="list-style-type: none">▪ The Middle East Most Valuable Insurance Brand▪ #10 Strongest Saudi Brands▪ #15 Most Valuable Saudi Brands

Q&A



Speakers:



Nader Ashoor
Deputy Chief Executive Officer &
Chief Financial Officer



Ali Sheneamer
Chief Business
Development Officer



Ahmed Bajunaid
Senior Director
Asset Management & Business
Advisory



Omar Bashanfar
Senior Director
Finance Operations



Mahmoud Almalki
Senior Director
Actuarial and
Financial Analysis



Mohsen Jawhar
Director
Business Advisory & Investor
Relations

Thank you



With you for better health

Appendix



Board of Directors & Chief Executive Team

Board of Directors



Engr. Loay Hisham Nazer
Chairman



David Martin Fletcher
Vice-Chairman



Martin Houston
Board Member



Dr. Abdulla Elyas
Board Member - Independent



Huda M. Bin Ghoson
Board Member - Independent



Osama Shaker
Board Member - Independent



Nigel Sullivan
Board Member



Tal Hisham Nazer
Board Member



Nader Ashoor
Board Member

Chief Executive Team



Tal Hisham Nazer
Chief Executive Officer



Nader Ashoor
Deputy Chief Executive Officer
& Chief Financial Officer



Ali Sheneamer
Chief Business Development Officer



Amro Shawli
Chief Governance, Risk & Control Officer



Tariq Alamoudi
Chief Human Resources Officer



Mohamed El Missaoui
Chief Operations Officer



Atef Mufti
Chief Sales Officer



With you for better health