



Building Resilience through Innovation

Annual Report
2020



From the outset, we realized that the COVID-19 challenge would have to be met and negotiated in a spirit of mutuality, with members, employees, community, and Bupa Arabia united by a “we’re in this together” mindset. The liberal application of innovation complemented our innate strengths to build resilience. We invested in and deployed innovative technology to keep in contact with members and ensured our services remained up and running despite lockdown. Our strong organizational leadership drew the strands of our enterprise together to offer a resilient response to the challenge.





Over the past three hundred 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



Prince Mohammad bin Salman bin Abdulaziz Al-Saud
Crown Prince, Deputy Prime Minister, Minister of Defense and Chairman of the Council of Economic and Development Affairs

King Salman bin Abdulaziz Al-Saud
Custodian of The Two Holy Mosques

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Amid the extraordinary challenges in 2020, Bupa Arabia maintained normal business operations throughout the year, and once again achieved a record performance, delivering strong results across most of its key performance indicators.



OUR BUSINESS



At Bupa, we believe in people, in helping them feel better, and helping them to stay that way. We work every day to maintain our leading reputation, and we are proud to be part of the largest healthcare network in the world. This network gives us access to over 70 years of experience and global medical guidelines from all around the world that help us provide customers with a range of unique health care services and solutions in Saudi Arabia.

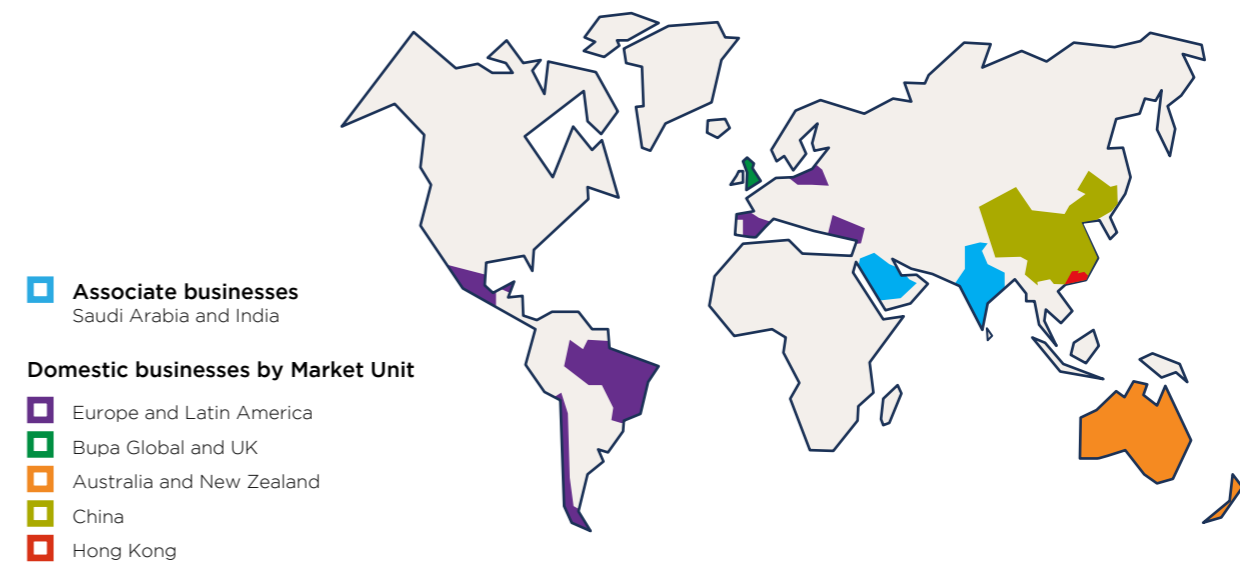
Bupa at a glance

Bupa Group

Founded in the UK in 1947, Bupa has expanded internationally to include three main market units – **Australia and New Zealand, Europe and Latin America, and Bupa Global and UK.**

Health insurance accounts for the largest part of the business, with **17.5 million** customers accounting for 73% of the Group's revenue. In some of its markets, Bupa also provides healthcare to **15.8 million** customers through its own clinics, dental centers, and hospitals. The Group also cares for around **22,000 residents** in its aged care businesses in the UK, Australia, New Zealand, and Spain.

Outside its three main market units, Bupa has stakes in four other businesses – Bupa Arabia (43% shares owned by Bupa Group), as well as Max Bupa (which offers health insurance in India), Bupa Hong Kong (which offers health insurance and provision in Hong Kong), and Bupa China (which comprises a representative office in Beijing and an integrated medical center in Guangzhou). The Group also offers private medical insurance cover to customers in the USA through its associate business, Highway to Health (GeoBlue).



Key facts

70+ years

of healthcare and wellness

84,000

employees

32 million

customers

190

countries

2020 financial results

Revenue in 2020:

£ 12.1 billion

Underlying profit before tax:

£ 388 million

Statutory profit before tax:

£ 410 million

Net cash generated:

£ 1,343 million

Bupa Arabia

Bupa Arabia was launched in Saudi Arabia as a joint venture between Bupa and the Nazer Group in 1997. The business went public just 11 years later, with the most successful Insurance IPO in Saudi history. Today, we are the leading healthcare insurance company in the Kingdom, taking care of millions of people who rely on us for their healthcare needs.

As the first specialized health insurance company in the Kingdom, we strive to be our customers' healthcare partner. We provide quality services that not only grant our customers access to the best healthcare facilities but also facilitate their comfort and safety. Our products and services represent a lifetime of care, beginning at the prenatal stage of life, through maternity, and on to later stages of life, where we seek to assist our members in making healthier life choices through carefully designed offerings, such as our Tebtom and Rahatkom programs.

Key facts

69%

Top-of-Mind awareness for Bupa Arabia

61.5%

most trusted company in the industry

1,800

employees

3+ million

customers

2020 financial results

Revenue in 2020:

SR 10.4 billion

Net claims incurred:

SR 8.7 billion

Before Zakat and income tax profit:

SR 824 million

Earnings per share:

SR 5.83



Our Mission and Values

Our **Mission** is to be the healthcare leader in Saudi Arabia by fulfilling our **Vision** of "taking care of the lives in our hands". In 2020, we built on our leadership position by asserting our ambition to be the greatest healthcare company in the Arab World:

"When Bupa Arabia touches you, whether you are a member, an employee, or part of the community, you will live a healthier and happier life. We have written history."

We consistently strive to reflect what we stand for in everything we do - from serving our customers and their loved ones to looking after our employees. This is reflected in our **Values**:

Passionate

- Full of energy and inspiration
- Love what we do and why we do it
- Love our customers



Caring

- Big-hearted and compassionate
- Treat people with respect and kindness
- Everyone and everything matters



Open

- Share freely
- Really listen and understand
- Embrace diversity
- Seek new ideas and other points of view



Authentic

- True to ourselves
- Genuine and honest
- Say what we mean, mean what we say



Accountable

- Always responsible
- Take ownership
- Make it happen



Courageous

- Be brave
- Dare to try
- Speak up



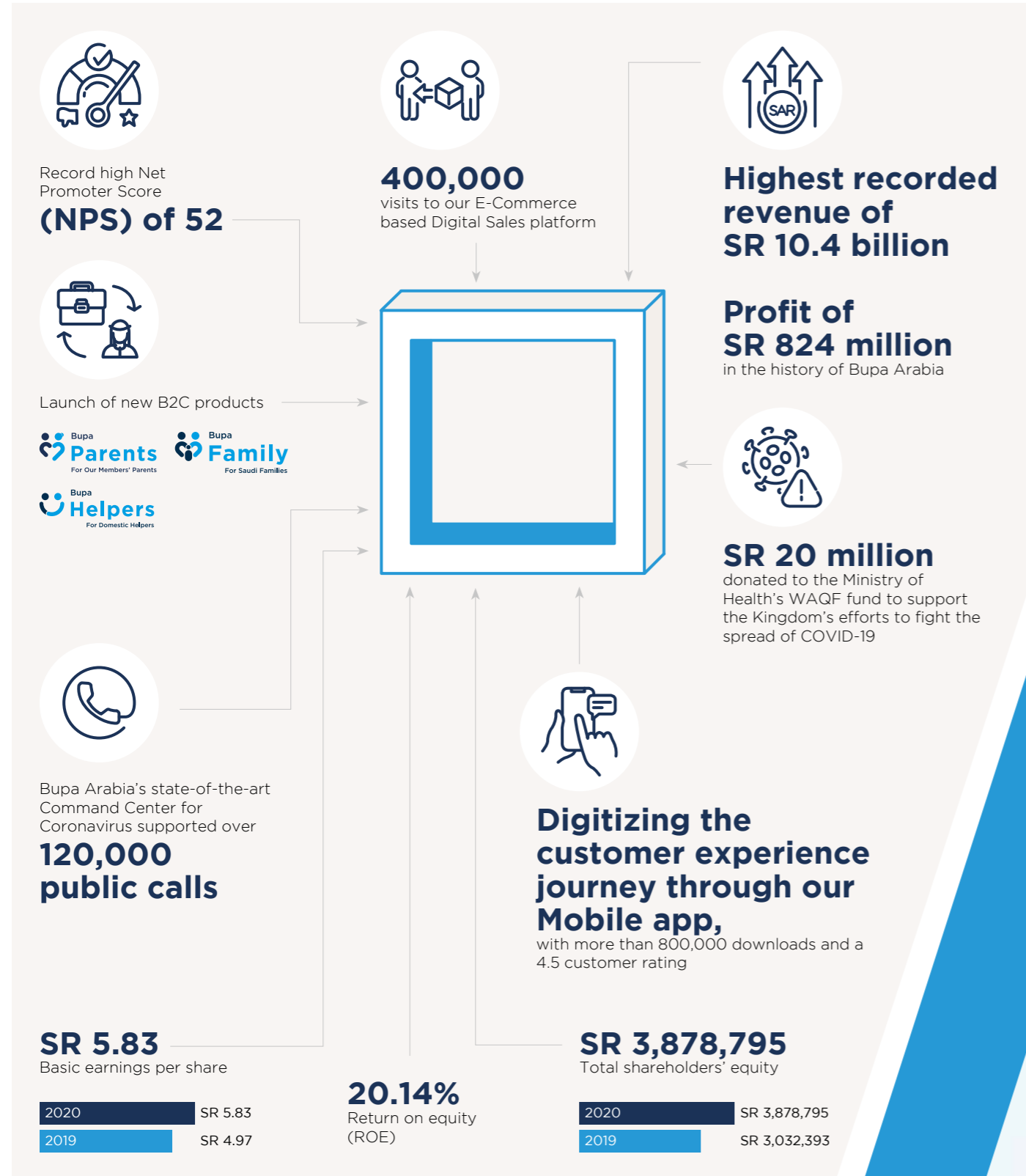
Extraordinary

- Go above and beyond
- Be the best we can dream to be
- Deliver outstanding results, big and small



2020 highlights

VIEW FROM THE LEADERSHIP



Chairman's message

Working closely with stakeholders during the COVID-19 crisis, we have taken every opportunity to support the fight against the pandemic – all while recording the highest revenue and profit in our history.

Resilience in the face of challenge and uncertainties

No one could have predicted how 2020 would change all our lives. An unknown viral infection quickly became a regional epidemic, then a global pandemic. The whole world faced a battle with an unseen and relentless enemy, as our lives came to a halt, and businesses fought to survive. Some closed their doors forever, while economies plunged to an all-time low.

With our health and safety at an unimaginable risk, governments and businesses stepped up to prioritize humanity over profits. At Bupa Arabia, we assembled a working team to develop, monitor, and document the actions that ensured our seamless transition to a work-from-home arrangement without impacting our business. No less than 98% of our workforce have worked from home for long periods this year with no serious interruption to their working life.

Across the Company, we have worked hand-in-hand with stakeholders during the crisis, and we took every opportunity to back the Kingdom's efforts to fight the pandemic. This included donating SR 20 million in financial support to the Ministry of Health's health fund that has provided vital medical devices to treat people suffering from COVID-19. We have also worked closely with regulators to provide certain services and assurances to the market in an exceedingly difficult period.

Through all this, we learned to understand and appreciate the lives of our colleagues, behind each virtual meeting. We took steps to support our colleagues' health and mental health, and created a dedicated help line to answer their concerns. Above all, we learned to be resilient, and to face challenges in solidarity. It taught us to be united. And it taught us to be grateful and compassionate, and thankful for what we have together.

This challenging backdrop makes me even more proud of Bupa Arabia's performance in 2020, and the way we went the extra mile to serve our customers. A key part of that has been supporting them through the pandemic, which is why, among other initiatives, we launched a dedicated COVID-19 Chatbot to interact with them and share updates when they needed them.

The tremendous efforts of our people have driven great accomplishments across the whole organization – from building our brand equity, developing new products, and accelerating our digital transformation, to completing new cyber security assessments, further enhancing our risk and governance processes, and carrying out a full business continuity disaster recovery exercise.

All this has contributed not just to Bupa Arabia's stability, but also to our outstanding financial achievements in 2020, as we recorded the highest revenue and profit in our history. Gross Written Premiums (GWP) were flat despite a significant decline in the number of insured lives in the market, while revenue increased by 14% to SR 10.4 billion. This stellar performance has further cemented our position as the leading health insurer in Saudi Arabia, and earnings per share were up by 17% to SR 5.83 this year.

Once again, our strong performance earned us strong external recognition related to 2020:

Most valuable Middle East insurance company 2020
(Forbes Middle East)

Strongest brand in Saudi Arabia 2020
(Brand Finance)

- **Best Health Insurance Company, Saudi Arabia 2020**
- **Best Investor Relations Insurance Company, Saudi Arabia, 2020**
(International Finance Magazine)
- **Best Healthcare Insurance Service Provider (Saudi Arabia) 2020**
- **Best Digital Innovation in Insurance Sector (Saudi Arabia) 2020**
(Global Business Outlook Awards)

#66 in the Middle East's Top 100 Companies
(Forbes Middle East 2020 rankings)

#8 in the most talked about brand in the KSA
(BrandZ Top 20)

Health insurance Company of the year – Saudi Arabia
(International Business Magazine Awards)

Best Health insurance Company of the year – Saudi Arabia
(Middle East Insurance Industry Awards)

On behalf of the Board of Directors, I would like to express my sincere appreciation to all our people, whether employees or members of our Board Committees, for continuing to enable Bupa Arabia to deliver record breaking and industry-leading results.

I would also like to take this opportunity to thank all our stakeholders, be they shareholders, clients, partners, regulators or service providers, for their continued support, commitment, and important contributions to Bupa Arabia throughout this challenging year.

We remain committed as a Board – and as a Company – to our strategic and governance frameworks that ensure we successfully balance our short-term goals and longer-term priorities. We understand that corporate social responsibility (CSR) and sustainability are essential requirements for our success, and we have once again strengthened our programs this year.

We continue to provide free health insurance cover and a variety of health-related support activities for all the orphans under the Ministry of Human Resources and Social Development (MHRSD) and this remains a vital program for our community. In response to the challenges arising from this year's COVID-19 pandemic, we also partnered with the MHRSD to pack and prepare food baskets for distribution to 3,000 underprivileged families registered with the Ministry.

If there is one thing we can all take with us from 2020, it is that we have learned to be more human than ever. That is why I have such confidence in our future at Bupa Arabia – a business that has always been built around humanity, and the Vision of "taking care of the lives in our hands".

By order of the Board
Eng. Loay Hisham Nazer
Chairman



Chief Executive Officer's review

Through our new 1Bupa strategy, we are accelerating the Company's growth trajectory, while continuing to improve the customer experience of our members.

Record breaking performance

In 2020, Bupa Arabia once again achieved a record performance, delivering strong results across most of its Key Performance Indicators (KPIs):

Gross written premium at

SR 10.4 billion

(flat vs 2019)

Before Zakat and income tax profit of

SR 824 million

(+15.6% vs 2019)

Term deposits and investments at

SR 8.8 billion

(+26.8% vs 2019)

Investment earnings of

SR 213 million

Record collection performance

in a challenging credit/liquidity environment

Market share of

46%

Saudization ratio of

79%

Record high

Net Promoter Score of 52

I would like to express my sincere appreciation to all the dedicated men and women at every level of our organization, without whom we would not have been able to achieve these stellar results in light of the current challenges affecting so many aspects of both our and our members' lives.

Resilient response to COVID-19

Amid these challenges, our top priority during 2020 has been keeping our people safe, followed by ensuring the sustainability of our organization and the continuity of our operations. I am pleased to report that we maintained our normal business operations throughout the year, even with the vast majority of colleagues working from home.



Nor was our response to the pandemic restricted to our own people and organization. As the most trusted health insurer and the market leader, we stepped up to meet the challenge of COVID-19 by being the first private company to donate SR 20 million to the health endowment fund created by the Ministry of Health. We also supported the Ministry's 937 hotline, helping people through the crisis, by putting our newly formed Corona Command Center at their disposal.

Launch of our new 1Bupa Strategy

Our new 1Bupa strategy, launched across the organization in 2020, builds on our long-standing purpose of "helping people live longer, healthier, and happier lives". It employs six strategic pathways to accelerate the Company's growth trajectory and achieve five strategic goals:

- Achieve sustainable profit growth while protecting our core competencies
- Reach a Net Promoter Score (NPS) of more than 70
- Reach an employee engagement score (eNPS) of at least 75
- Ensure our risk maturity level is 4
- Become recognized as the most trusted health insurance provider in Saudi Arabia

Accelerating our digital transformation

In support of our strategy, our focus on accelerating and expanding our digital transformation has continued this year, with a highlight being the launch of our new 'BupaClick' program. This gives members access to all our Digital Innovation Services through our mobile application, websites, and digital sales platforms. Although digitalization in the insurance industry is currently in its infancy, I believe we can lead the way in fulfilling its potential and bring huge benefits for our customers.

Our services and competitive advantages

In fact, we now see digitalization as a new enabler pillar to our three well-established core pillars of global expertise, our Tebtom healthcare services platform, and our Rahatkom hospital delivery program. Combined, these are the foundations that give us a competitive advantage in our markets.

We continue to invest in building our service differentiation across both programs and enhancing our reputation as the leading and trusted health insurance provider in Saudi Arabia. We can only do this by always striving to improve the customer experience and supporting our members at their time of greatest need. To help with this, our Tebtom program was extended this year to include all our members regardless of networks, and across more than 40 cities and towns.



Developing and enhancing our culture

While we have done everything we can to keep our people safe this year, we have also worked hard to attract and retain talented, skilled, and engaged employees. We have built a supportive and high-performing culture that empowers colleagues and ensures they love working at Bupa Arabia.

In 2020, we completed our new succession planning process, reduced employee turnover by 4%, and saw a 6% increase in employee engagement scores. Bupa Arabia was also commended in the "Best Employee Engagement Initiative in the Middle East" category by CIPD and won the Silver Award for "Best Workplace and HR Practices" in the Gulf Sustainability and CSR Awards.

Paving the new road ahead

The months and years to come will bring new challenges. While 2020 was dominated by the health and economic impacts of COVID-19, in the insurance sector, especially car and health insurance, there were short-term benefits resulting from restricted mobility and the reluctance of customers to visit service providers. As lockdowns ease, a significant surge is expected in visits and claims, mainly for elective treatments and postponed surgeries.

Paving the new road ahead will mean facing up to a new normal – a new environment, new consumer behaviors, and a new, more connected working culture. Working together, I am confident we can capitalize on our digital transformation initiatives to support and grow the business. That is how we will continue to deliver record-breaking achievements. And that is how we will demonstrate that we have emerged from a challenging year with the same purpose and the same values, and a stronger Bupa Arabia that is ready to deliver for all its stakeholders.

Tal Hisham Nazer
Chief Executive Officer and Executive Board Member

STRATEGIC REPORT

Bupa Group business model

We are an international health insurer and provider, with our business and operations tailored to local market conditions, healthcare systems, in market regulations, and customer needs. Everything we do is guided by our Strategic Framework and Five-Year vision. By executing our strategy and delivering our vision, we will create value for customers, people, partners, and society.

What we do ↔



Health insurance

 **72%** of revenue
  **17.9 million** insurance customers worldwide

- Our main business is health insurance for individual and corporate customers, and small and medium-sized enterprises (SMEs).
- We have a strong domestic health insurance presence via our businesses in the UK, Australia, Spain, Chile, Hong Kong SAR, Turkey, Brazil and Mexico, and our associate businesses in Saudi Arabia and India.
- We offer additional health funding products, such as subscriptions and cash plans.
- We deliver third-party administration services in selected markets. We also offer international private medical insurance (IPMI) through our Bupa Global businesses for international customers wanting access to quality healthcare, wherever and whenever they need it.
- We provide dental insurance in Australia, the UK, Spain, Chile, Poland, Hong Kong SAR, Brazil, and through Bupa Global.



Health provision

 **20%** of revenue
  **13.6 million** provision customers worldwide

 **390**
health clinics

 **1,000**
dental centres

 **22**
hospitals

- Health clinics:** Services include health assessments, GP services, fertility services, and physiotherapy. We also have outpatient and speciality clinics.
- Digital provision:** We offer digital provision services including digital GP services, care triage and consultation, mental health coaching and support, and chronic care management.
- Hospitals:** We run hospitals in Spain, Chile, Poland, and one in the UK.
- Dental:** We have around 1,000 dental centers across the UK, Ireland, Australia, Spain, Chile, New Zealand, Poland, Brazil, and Hong Kong SAR.



Aged care

 **8%** of revenue
  **20,000** residents in our care homes

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

Who we create value for ↓



Customers

We work to:

- deliver exceptional customer service
- harness digitalisation, data, and analytics to drive improvements
- innovate to meet and exceed customer expectations
- keep our customers' data safe



People

We work to:

- promote a positive, inclusive working environment
- create opportunities for people to grow and develop
- enable people to manage their health and wellbeing



Partners

We work to:

- create shared value for our partners including health providers, brokers, and distributors




Society


We work to:

- make a difference through volunteering, community partnerships, and contributions
- take care of the environment and address climate change and its health impacts


Resources ↑




Status and purpose
A private company limited by guarantee without shareholders, with profits reinvested in the business



Risk Management
A culture of strong risk management



Financial strength
A robust capital base and strong financial position



Brand Health
Our brand is known and trusted for quality and health expertise

Bupa Arabia's 1Bupa strategy

Formally launched across the organization in 2020, our 1Bupa corporate strategy builds on our long-standing purpose of “helping people live longer, healthier, and happier lives”, and fully aligns with the vision of being “the most trusted health insurer in Saudi Arabia”.

It aims to accelerate the Company’s growth trajectory over the next few years, with a focus on six strategic pathways:



External environment and market dynamics

The insured lives market suffered one of its steepest ever declines in 2020, shrinking back to below 2015 levels at 9.96 million (-10.6% on 2019). This was mainly due to the number of expats who were adversely affected by job market challenges during the COVID-19 pandemic - though the recent growth in Saudi insured lives also stalled during the year.

2021 is expected to be a challenging year due to the expected surge in claims post COVID-19, as well as the cost impact of the recently announced enforcement of Article 11 of the Cooperative Health Insurance Law, which requires insurance companies to include all accredited government healthcare providers in their approved networks.

Despite this heavy volume loss, the gross written premium of the health insurance sector stabilized due to pricing growth. As a result of travel restrictions, the Tourist/visa and Umrah products, mandated in Q3 2019, did not yield any major benefits to the insurance industry in 2020. Tourism/Umrah is not expected to reach its full potential in 2021 either. Economic slowdown and liquidity pressures, particularly in the SME segment, have adversely impacted the volumetric growth of the insurance industry in 2020.

Even with the many challenges brought on by the COVID-19 pandemic, 2020 was a positive year for the health insurance market. Profitability increased significantly, reporting the highest earnings ever at SR 1.67 billion for YTD Q3 2020, a growth of 94% compared to the same period last year. This was driven by the unprecedented drop in medical claim volumes during the COVID-19 lockdown period.



Key risks to value creation

Risk management is an integral part of our operations, and our Risk Management Cycle is a continuous process that ensures we have a detailed understanding of our risk profile.

Our principal risks

Using this process, Bupa Arabia has identified the principal risks that could prevent the organization achieving its strategic objectives, and annual operating plans, while meeting its legal, regulatory, and client expectations. Many of these risks remain systematic and inherent to our market place and/or industry, making them unpredictable and impossible to completely avoid.

Principal risks	Potential threat to Bupa Arabia
Post COVID-19 risks	The global pandemic may adversely impact the Company's operations, financials, service levels, employees, customers, and suppliers.
Cyber security risks	Increased and more advanced cyber threats may lead to information security breaches, business disruptions, financial losses, and reputational damage.
Medical inflation risks	Expensive technological advancements in the medical field, medical providers bargaining power, fraud and abuse, an aging and less healthy population, all may lead to an increase in medical claims costs incurred.
Economic slowdown risks	A continued economic slowdown, combined with a lower oil price environment and a COVID-19 driven global recession, may lead to increased financial risks (price, liquidity/collection, credit/defaults, interest rates, and market risks).
Regulatory risks	Increased regulatory changes may increase the cost of doing business and could lead to financial/other disciplinary actions, and reputational damage.
Competition risks	Intensified competition may lead to aggressive pricing and margin deterioration, market share changes, and the possible loss of key leadership and technical talent.

Business continuity

During 2020, in alignment with the Central Bank's regulations, we further enhanced our Business Continuity Management (BCM) policy and procedures, and completed new cyber security assessments. We continued to develop our cyber security framework roadmap to ensure we could implement cyber security governance best practices in line with Saudi regulations. The responsibilities of the Risk Management Committee were also expanded to include all aspects of BCM, as well as the continued monitoring of the cyber security maturity levels, in line with regulatory requirements.

Bupa Arabia further demonstrated its resilience through its response to the COVID-19 pandemic. A dedicated task force was deployed with a mandate to ensure business continuity while safeguarding our employees. Our resilience was also tested with the successful completion of the Company's first full disaster recovery exercise.

In specific relation to COVID-19 related risks, Bupa Arabia has created a dedicated task force to plan and execute business continuity plans to: ensure the safety and wellbeing of our employees; maintain excellent service levels; actively engage with, and support, our customers, regulators, and local communities; and stress test the Company's Financials, as well as secure critical supplies.

Cyber Security Maturity Level L3

Bupa Arabia has been working towards reaching maturity level 3 in the SAMA Cyber Security Framework since 2018. This is a regulatory requirement and we concluded a number of activities in 2020 something to achieve this, including:

- Rolling out the data classification tool to all Bupa Arabia end-point devices, enabling us to control data leakage better;
- Expanding our cybersecurity awareness activities to include not only internal users and customers, but also our partners;
- Reviewing and enhancing our cyber security function's involvement in contract and vendor management to ensure all contracts now contain adequate cyber security related clauses to align with the regulatory requirements.

Increasing the maturity level in our cyber security frameworks not only supports us in meeting the requirements set out by our regulators, but it also enhances our protection against the risk of cyber-attacks, providing further assurance to our customers that their data is adequately protected.

We aim to obtain further validation of our current maturity level through a comprehensive assessment conducted by a third-party vendor. We will then use this as a platform in our journey towards increasing our maturity level further.

BUSINESS REVIEW



Our competitive advantage



who have integrated with the Company's digital platforms. This includes the pharmaceutical benefits management system and in 2021 we will launch our new tele-health solution.

We have also devised a comprehensive automation roadmap and are delivering on a number of new Robotic Process Automations across the business with tangible operational efficiencies, alongside the automation of key processes.

Our brand perception and equity

Through brand building online campaigns and on-ground activations, both in public and in client premises, Bupa Arabia has increased brand awareness among clients, members, and the public.

Bupa Arabia now has a record high level of awareness of 69%, the highest affinity in the industry of 67% (three times higher than the next most liked company), and we are the most trusted company in the industry with 67% (twice as high as the next most trusted company). We were also ranked at #66 in the Middle East Forbes magazine's list of the Middle East's top 100 companies in 2020.

Values we are associated with:



Healthcare specialist



International expertise



Best health insurance company



Digital advancement

The unprecedented COVID-19 pandemic gave Bupa Arabia the opportunity to demonstrate the strength and resilience of its people and competitive proposition during the most challenging of times – not only to its members, but also to government entities and the public at large.

The pandemic has acted as a catalyst, enabling the Company to adopt new service models in the most agile way this year. For example, we have taken the opportunity to further digitize the customer experience journey through our best-in-class mobile app, which has now had more than 800,000 downloads and has achieved a 4.5 customer rating.

A year of achievement

We are immensely proud of what we have achieved in all parts of the business this year. Reaching a customer NPS of 52 was a key highlight and a historical high for the Company. We set up our COVID-19 Command Center, in partnership with the Ministry of Health, which supported 120,000 calls from the community in a time of great need. We also became the first insurance company to go live with the newly introduced NPHIES hub for data exchange.

Digital transformation

We invested heavily in our digital infrastructure in 2020, with enhanced connectivity and security, supporting full and secure remote working capabilities during the lockdown. During the year, we have significantly increased the number of providers

Bupa Arabia's awards and recognitions



- Best Healthcare Insurance Service Provider (Saudi Arabia) 2020
 - Best Digital Innovation in Insurance Sector (Saudi Arabia) 2020
- (Global Business Outlook Awards)



- Most valuable Middle East insurance company 2020
 - #66 in the Middle East's Top 100 Companies
- (Forbes Middle East 2020 rankings)



Strongest brand in Saudi Arabia 2020 (Brand Finance)



- Best Health Insurance Company, Saudi Arabia 2020
 - Best Investor Relations Insurance Company, Saudi Arabia, 2020
- (International Finance Magazine)



Best Health insurance Company of the year – Saudi Arabia (Middle-East Insurance Industry Awards)

Enhancing our customer service proposition

The heavy emphasis and investment placed on digital transformation in our operations services are helping us to enhance our capabilities, systems, and service proposition. This is having a positive effect on Bupa Arabia's service delivery, which is evident in the Company's record high Net Promoter Score of 52 achieved in 2020, which exceeded our own targets.



Adding value to our members' lives



At Bupa Arabia, we do not limit ourselves to merely providing the best high-quality medical insurance services, we go beyond – seeking to provide holistic healthcare in members' daily lives. Our "Tebtom" healthcare program is a set of unprecedented and comprehensive healthcare services that transcend regular healthcare coverage; to help our members and their families get the most out of their lives.



To date, more than **five million** members have used our Tebtom program.



The program offers:

- A **Bupa doctor** to answer questions 24/7 and provide the healthcare advice and guidance members need to manage their health conditions;
- **Chronic Care** and peace of mind for chronic disease patients, with continuous care and follow-up, medication delivery, and blood test at home or work;
- **Maternity and Child Care** support to mothers and families, with advice and guidance pre and post natal;
- **Telemedicine**, so that no matter where they are, members can reach a doctor to get the medical consultation they need;
- **Specialized International Services**, where members need international expertise and diagnoses from **international doctors** at world-renowned centers;
- **Wellness Services** dedicated towards enhancing the health and wellness of our members by encouraging them to adapt a healthier lifestyle

New B2C products launched this the year

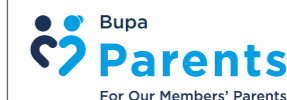
Today's Saudi family is looking for smarter healthcare solutions and greater access to private healthcare. In our efforts to serve these families, Bupa Arabia launched a range of new health insurance products designed to meet particular segments' core needs.



Bupa Family is a health insurance plan for Saudi families that not only gives them access to the Kingdom's best hospitals and clinics, but it also offers a variety of healthcare options depending on their health concerns and budget.



Providing care throughout the Saudi household, **Bupa Helpers** protects domestic workers with essential health coverage, wide provider networks, and our 24/7 Bupa Doctor service that provides access to healthcare support whenever needed.



Bupa Parents is a unique health insurance concept exclusively for the parents of Bupa Arabia members, covering conditions that commonly increase with age (such as vision, cardiovascular, and Alzheimer's), and offering access to our differentiated services that promise a stress-free experience inside and outside hospital.

With the complete range of family health insurance products, the whole household can enjoy peace of mind and security with Bupa Arabia, the Kingdom's most trusted healthcare partner.



راحتكم

Rahatkom

Taking the stress out of hospital visits



Our Rahatkom program is available in Saudi Arabia's major hospitals, supporting our members when and where it matters the most. Bupa Arabia delegates at 70 offices across hospitals in the Kingdom greet our members and do everything they can to make them feel safe and well cared for – answering their questions, offering guidance, and making their visits easier, faster, and less stressful. The program offers:

- **Customer Care Representatives** to meet all patients' needs and requests
- On-site **pre-authorization** approval
- **Clinical Excellence admission** with doctors checking up on in-patients
- **Reduced hospital waiting times** (by up to 50%)
- **Continuity Care** by doctors following discharge of our members



To date, more than **2.5 million** members have used our Rahatkom program.

Bupa Click

At the forefront of Digital Innovation



Launched towards the end of 2020, our "Bupa Click" program provides a one-stop-shop for all our Digital Innovation Services. In one click, you can get the healthcare services that you need. All our digital platforms are in one place to have direct access 24/7 to the different healthcare services, whether by checking and tracking your policy, viewing your benefits, requesting Tebtom services, or accessing our Digital Sales platform that offers different health insurance products. It will simplify members' access to our services online through our new mobile application and website – The start of Bupa Arabia's digital transformation.



Online services



Bupa Arabia App



Digital Sales



Looking after our people

We have always put our people first and while 2020 was a particularly challenging year for everyone due to the COVID-19 pandemic, this remains a top priority for Bupa Arabia. We are creating a high-performing culture by empowering and engaging our employees. Our aim is to attract, retain, develop, and engage with the most talented people to help us achieve our purpose of living happier, healthier, longer lives.

During the year, we pivoted our efforts and supported our people by developing pandemic policies to mitigate risks and address anticipated issues, resulting in changes that impacted people around the world. We stepped up our engagements by proactively reaching out to all 1,800 of our employees and supporting them through our 24/7 crisis hotline.

We continue to check on and support our employees who tested positive for COVID-19. The hard work we have put in to serve and care for our people is reflected in our high scores in Crisis Communications and Crisis Support Pulse indicators.

We reinvented our HR value proposition in 2020 to help us achieve our 1Bupa Strategy through projects and activities under our four strategic themes: attract top talent, develop our talent, retain our talent, and build an engaging culture. Some of these are outlined below.

Key achievements across our four strategic themes:



Attract diverse & Saudi talent

- We attracted 260+ top talents from diversified markets locally and internationally to cover executive, mass, and scarce/niche jobs in Bupa Arabia.
- We implemented a new assessment tool with the partnership of a global consulting firm that helps assessing potential recruits based on Bupa Arabia's current top talents behavioral traits.
- We evolved our recruitment model to adapt with COVID-19 restrictions (virtual on-boarding, international recruit contracts etc.)



Develop Our Talent

- Covered 30% more employees with learning & development opportunities compared to 2019.
- Implemented new learning & development offerings that focused on digital transformation and remote working management skills.
- Partnered with top organizations (MIT, Columbia, McKinsey etc.) to facilitate more than 16,000 hours of training that covered leadership, behavioral, and technical skills.
- Evolved our E-learning offerings to deliver upon our organizational learning objectives through new platforms.
- Implemented successfully a new performance management approach "sprint model" to enable our people to focus on their KPIS's during the pandemic.



Retain Our Talent

- We have aligned our variable pay with company strategy to ensure overall company performance will drive better pay for performance culture.
- We committed to continue our purpose of retaining our talents by increasing our promotions by 30% and internal transfers by 15% compared to 2019.
- Our succession strategy has been successful through building a healthy leadership pipeline by having approximately 70% of our leadership roles in 2020 being filled in through internal promotions and the rest have been acquired externally due to the scarcity of the skill set needed.
- Year on year we successfully maintained 77% availability of successors to our leadership positions despite increasing leadership roles by 24%.



Build an Engaging Culture

- Co-developed with business functions a total of 90 department specific initiatives based on each function's engagement result and provided support through monthly check-ins.
- Launched two wellbeing initiatives during COVID-19 to support our employees in developing healthier bodies and minds. Also initiated series of guides and workshops to support our employees to work effectively from home.
- Launched engagement champion program to certify our people across BA to promote engagement, provide ongoing support, and coach teams.
- Launched project 1800 to connect with all employees to communicate new HR updates and present our new organizational strategy, 1Bupa.



Increase in Saudization



Turnover to Talent retention



Completion of succession planning to available successors



Increase in employee engagement scores



Our Environmental, Social, and Governance agenda



We believe in benefiting our community, as well as our members. We have several programs that focus on empowering employees, supporting the wider community, and preserving the environment.

Ensuring the health, care, and wellness of our members is the reason we exist, and we take every opportunity to make a difference in people's lives, every day. But our responsibility does not end there, as we actively seek ways in which we can serve the wider community. In a year like no other, we have further strengthened the ESG and sustainability programs that saw Bupa Arabia winning the Global Business Outlook Magazine Award for "Best CSR Insurance Company" last year.

Bupa Arabia's ESG framework

In fact, corporate responsibility is a key pillar in everything we do. From funding and providing quality health and care for our customers to creating a place where people love to work, and conducting our business ethically at all times. Giving back to our community is something we do not think twice about and we work hard to ensure we make a positive impact on the environment.

This drives our ESG framework, which is based on communities, people, and the environment.





Supporting our communities

In 2020, we continued to help, support, and change the lives of orphans under the supervision of the Ministry of Human Resources and Social Development (MHRSD). This marked the tenth successive year in which we have been providing free health insurance and medical coverage to more than 2,550 orphans living in 42 orphanages under the MHRSD in 13 cities across the Kingdom.

We work to ensure that these special members receive VIP treatment and exceptional approvals, as well as annual coaching sessions on Tebtom services, and annual medical check-ups. Our move to virtual membership cards (using smartphones) instead of physical cards will assure faster and seamless healthcare services to the orphans. We are also working on a scholarship program for the orphans, and are setting up a career coaching service for them.

In response to the challenges arising from this year's COVID-19 pandemic, we also partnered with the MHRSD to pack and prepare Ramadan food baskets to be distributed to underprivileged families registered with the Ministry. Our people have supported the initiative by providing 411 baskets, with Bupa Arabia making that up to 3,000 baskets, which have all been successfully delivered to families.

We also helped charities that support children and young people in the Kingdom by donating 175 boxes of milk and 150 boxes of dates across all regions to assist them through this difficult year.

During the first quarter of 2020, Bupa Arabia contributed SR 20 million to the Ministry of Health (MOH) health endowment fund. This supported Saudi Arabia's COVID-19 activities, enabling the purchase of vital medical equipment, such as ventilators. We also dedicated our Command Center to assist the MOH service center in responding to the incoming calls, taking more than 26,000 calls for help.

Celebrating our people

Due to the pandemic, we had to celebrate our 90th National Day a bit differently this year but it was a great success as we supported our people in sharing their small businesses with their colleagues. It was a great way to showcase their success stories and demonstrate the hidden talents we are so proud of.

We were pleased that, through the 103 SMS participation of our people, we were able to set a new Guinness World Record for the Kingdom of Saudi Arabia and support people with disabilities. We also have our one-for-one fund, which means that for every Riyal contributed by our employees, Bupa Arabia will match any charitable giving 'one-for-one' to good causes, such as autism and diabetes.

Colleagues have benefited from our Smile Wellness Program during the year and we have added other initiatives to help ensure their health and wellbeing. For example, in these times it is imperative that we do all we can to reduce the impact of seasonal flu on those most at risk. That's why we arranged for free flu vaccines to be given to more than 600 of our people and their families at our four main offices.

For more information on how we support our people, read our People section on page 28.



Protecting the environment

While our environmental activities were restricted by the Government's efforts to prevent the spread of COVID-19 in 2020, we have taken steps to improve the way we measure our impacts, as well as our efforts to improve the environment. As things open up, we are looking at a tree planting scheme, which will require the help of both employees and some of the orphans we support.

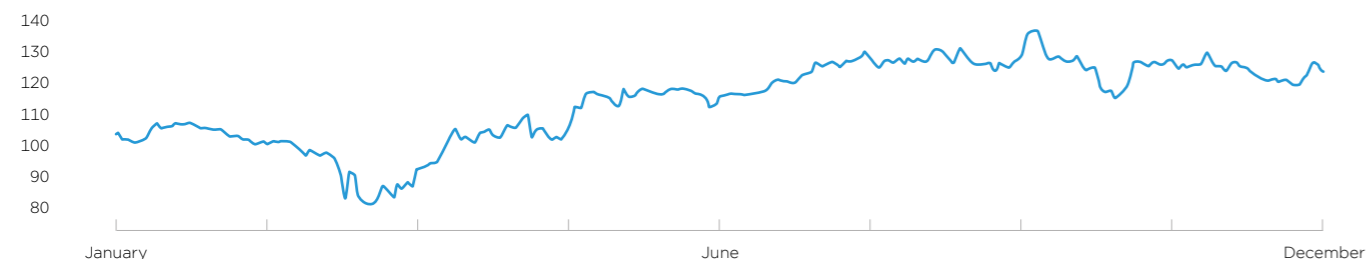
We also have a new recycling program through Mawakeb al Ajir, an organisation that recycles then donates the proceeds to charity, which we hope will produce great results in 2021. And, as we expand our efforts in protecting the environment, we will be launching an awareness campaign to highlight our green initiatives to stakeholders both inside and outside the business.



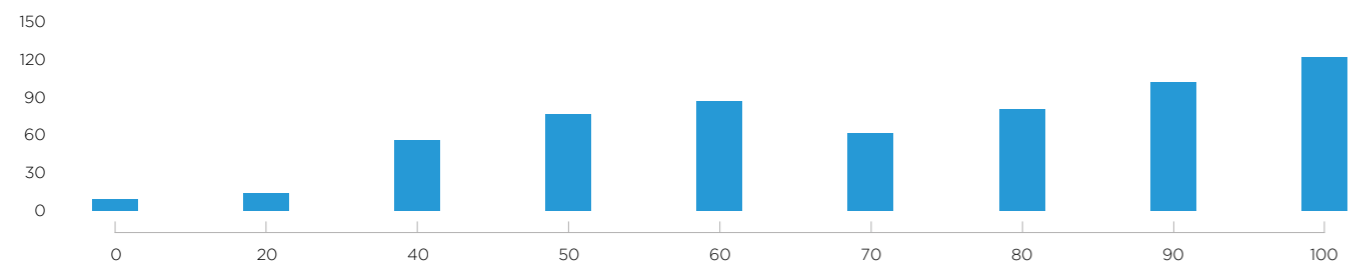
Investor relations

Bupa Arabia was established in 1997, as a joint venture between The British United Provident Association Limited, a UK-based company, and the Nazer Group from Saudi Arabia. In 2008, we listed on the Saudi stock exchange - offering 16,000,000 shares (40% of our shares) at SR 10 per share to the public. It was the most successful insurance IPO in Saudi Arabia, and one that was oversubscribed by more than 900%. Today, we have authorized and paid up capital of SR 1,200 million, comprising 120 million issued shares.

Stock prices and trading volumes



Annual closing share prices* (SR)



* Reflects the calendar year closing share price for past periods, and for the current year and previous day's closing share price

FINANCIAL REVIEW



All Bupa Arabia stakeholders are referred to the Bupa Arabia Website's Investor Relations section, for the latest key information about the Company's results, governance, and stock exchange announcements.



A challenging 2020 saw COVID-19 having a profound impact on many facets of the health insurance sector, including a staggering 11% YoY decline in the number of insured lives to less than 10 million, a level not seen since 2015. The pandemic also had a direct impact on the competitive environment, with noticeable pressure on pricing. As a result, Bupa Arabia's gross written premiums remained flat during the year, at just over SR 10.7 billion.

Despite that, Bupa Arabia navigated its way and managed to grow its shareholders' income before Zakat and tax by 15.6% to reach SR 824 million, while earnings per share grew 17.3% from 2019, reaching SR 5.83/share.

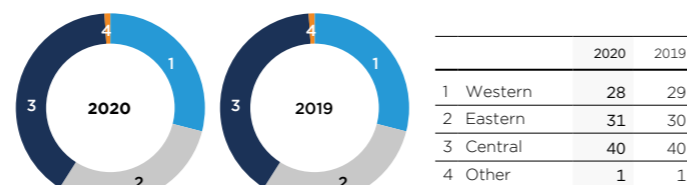
Statement of Operations (12 Months)	2020 SR '000	2019 SR '000	2018 SR '000	2017 SR '000	2016 SR '000
Gross written premiums (GWP)	10,447,353	10,410,868	8,566,648	7,732,961	7,938,630
Net earned premiums (NEP)	10,734,482	9,371,291	8,150,242	7,672,314	7,667,316
Total revenue	10,979,020	9,630,246	8,348,460	7,830,146	7,797,710
Gross claims paid	8,262,050	7,655,078	6,708,524	6,428,617	5,944,793
Net claims incurred (NCI)	8,719,928	7,749,297	6,788,985	6,405,003	6,178,445
Total expenses	1,355,282	1,101,461	985,317	874,137	923,163
Surplus from insurance operations	801,410	668,341	487,272	503,919	653,949
Shareholders' net income before Zakat and income tax	823,669	712,654	525,431	500,614	630,705
Loss ratio (%)	81.23	82.69	83.30	83.50	80.60
Earnings per share (EPS)	5.83	4.97	3.70	4.18	5.26

Robust earnings figures were driven primarily by strong underwriting results with 14.5% growth in net earned premiums combined with a 146 bps improvement in loss ratio following a significant decline in demand for healthcare services during COVID-19 lockdown period in early 2020.

Also, the Company effectively managed to contain its bad debt provisions, which dropped by 9.8% from last year as a result of record collection performance of more than SR 10.8 billion in a very challenging credit/liquidity environment. Finally, investment income was resilient in 2020 with SR 213.3 million, despite record low interest rates following unprecedented two back-to-back Fed rates cuts in March 2020.

Results were partially offset by a 36% increase in deferred acquisition costs expensed during the year which were related to the Premium Deficiency Reserves (PDR) recognized in 2020. A PDR was established to account for the expected surge in claims post COVID-19 lockdown, as well as to partially reflect the cost impact of the recently announced enforcement of Article 11 of the Cooperative Health Insurance Law, which requires insurance companies to include all accredited government healthcare providers in their approved networks. Article 11 enforcement is expected to have a material impact on future medical claims considering the mandated prices and protocols regulating the relationship between government health facilities and insurance companies.

Geographical Analysis of Gross Written Premiums (GWP) (%)



2020 witnessed similar geographical mix of GWP to that of 2019, with a slight growth in the Eastern region.

Summary of Financial Position

ASSETS	2020 SR '000	2019 SR '000	2018 SR '000	2017 SR '000	2016 SR '000
Cash and cash equivalents	633,251	665,709	290,413	229,884	225,830
Term deposits	2,723,173	5,063,976	4,715,281	3,945,383	4,045,310
Investments	6,029,446	1,840,832	1,621,491	1,721,690	1,258,420
Prepayments and other assets	158,460	276,643	202,985	170,528	148,991
Premiums receivable - gross	1,542,567	1,886,564	1,119,902	1,013,656	1,123,540
Allowance for doubtful premiums receivable	(222,524)	(197,187)	(169,231)	(142,674)	(142,997)
Premiums receivable - net	1,320,043	1,689,377	950,671	870,982	980,543
Reinsurer's share of unearned premium	20,108	20,625	6,320	5,146	1,356
Reinsurer's share of outstanding claims	7,936	5,190	3,014	1,030	1,720
Deferred policy acquisition costs (DAC)	68,214	134,022	118,323	71,076	72,281
Amount due from insurance operations	-	-	-	-	148,477
Goodwill	98,000	98,000	98,000	98,000	98,000
Tangible and intangible assets (prev. Furniture, fittings and equipment)	265,977	225,686	138,516	133,497	90,945
Accrued Interest on statutory deposit	13,806	10,820	6,882	5,121	3,585
Statutory deposit	120,000	120,000	120,000	80,000	80,000
Deferred tax asset	37,941	30,216	25,552	0	0
TOTAL ASSETS	11,496,355	10,181,096	8,271,896	7,332,337	7,155,458

Bupa Arabia's Total Assets have seen steady growth, reflecting its strong and expanding business activities. Total Assets in 2020 increased by 13% from 2019, reaching over SR 11.4 billion, and is reflected in the investments portfolio size (Term Deposits & Investments), which increased by more than SR 1.8 billion as a result of solid underwriting results and record collection performance. The reallocation from Term Deposits to Investments is attributed to large deployments into money market funds given their relatively attractive yields, as well as increased placements into sukuk and equity investments.

LIABILITIES AND SURPLUS	2020 SR '000	2019 SR '000	2018 SR '000	2017 SR '000	2016 SR '000
Unearned premiums (UEP)	4,023,331	4,376,219	3,428,131	3,091,079	3,094,990
Outstanding claims provision (OCP)	2,109,319	1,627,708	1,472,681	1,341,536	1,321,622
Reinsurance balance payable	4,873	54,413	50,636	39,613	15,117
Accrued expenses and other liabilities	816,062	545,028	367,204	212,067	237,017
Amount due to shareholders' operations	-	-	-	-	148,477
Policyholders' share of surplus from insurance operations	200,391	168,454	139,755	138,581	169,884
Accrued Zakat and income tax	317,199	274,709	199,784	148,704	116,953
Accrued interest on statutory deposit	13,806	10,820	6,882	5,121	-
Amount due to related parties	108,521	78,848	41,095	33,586	24,344
Total liabilities	7,593,502	7,136,199	5,706,168	5,010,287	5,128,404
Total equity	3,902,853	3,044,897	2,591,280	2,322,050	2,027,054
Total liabilities and equity	11,496,355	10,181,096	8,297,448	7,332,337	7,155,458

Total liabilities grew by SR 457 million in 2020 reaching over SR 7.5 billion, due to the increase in outstanding claims and other accrued liabilities, while total equity grew by SR 858 million to reach SR 3.9 billion, supporting a strong solvency position well above regulatory thresholds.

Statutory payments and payable to Regulatory Bodies

Regulator Description	Paid		Paid Change	Payable		Payable Change
	2020 SR '000	2019 SR '000	2020 vs 2019 SR '000	2020 SR '000	2019 SR '000	2020 vs 2019 SR '000
GAZT: Zakat and income taxes	92,777	48,597	44,180	317,199	274,709	42,490
GAZT: Value added tax (VAT)	566,620	214,400	352,220	25,326	38,848	-13,521
GAZT: Total	659,397	262,997	396,400	342,525	313,557	28,969
SAMA: Levies	25,332	48,233	-22,901	36,856	9,951	26,905
CCHI: Levies and license fees	54,602	96,467	-41,865	69,774	19,902	49,872
Total: Levies and license fees	79,933	144,700	-64,767	106,630	29,853	76,777
CMA/Tadawul: Service and license fees	1,214	1,145	69	0	0	0
GOSI	32,722	30,553	2,169	2,918	2,548	370
Total	33,936	31,698	2,238	2,918	2,548	370

SR 10.4 billion
(+14.0%)

Total revenue

SR 824 million
(+15.6%)

Shareholders' income before Zakat and tax

SR 10.7 billion
(+14.5%)

Net earned premiums

SR 213 million
(-9.2%)

Investment income

SR 5.83
(+17.3%)

Earnings per share

SR 11.5 billion
(+12.9%)

Total assets

The General Authority of Zakat and Income Tax (GAZT)

Total Zakat and income tax payments during 2020 were SR 92.8 million, of which SR 48.2 million was for the 2019 tax and Zakat returns, SR 44.5 million for 2020 advance tax, and SR 136,000 for contract retention release letters.

Bupa Arabia paid SR 566.6 million in 2020 to GAZT for VAT payments with SR 25.3 million VAT payable at the end of the year. Additionally, SR 7.4 million was paid during 2020 for withholding taxes, and SR 0.4 million provided in the 2020 results was related to withholding taxes payable in 2021.

The SR 317.2 million payable to the GAZT includes SR 135 million payable in 2021 for 2020 Zakat and tax returns, while the remainder is predominantly additional contingency provisions for Zakat matters.

It is worth noting that the Company reached, in February 2021, a settlement of SR 120 million with GAZT on all Zakat, corporate income tax and withholding tax for the years 2008 through 2016 and 2018. All settled liabilities were provided for previously in respective years and there is no significant financial impact on the Company's financial statements. For 2017 assessments, the Company has escalated the matter to the General Secretariat of Tax Committees (the "GSTC").

Saudi Central Bank (SAMA)

Total levies paid to SAMA during 2020 were SR 25.3 million, of which SR 10 million were for the fourth quarter of 2019 while SR 15.4 million were for the third quarter of 2020.

The SR 36.9 million payable amount for 2020 includes the normal provisioning for Q4 2020 in addition to a provision for both Q1 and Q2 of 2020 following SAMA's initiative to support the sector manage its liquidity during the COVID-19 pandemic.

Bupa Arabia navigated its way through a challenging year and managed to grow its shareholders' income before Zakat and tax by 15.6% to reach SR 824 million.



The Council for Cooperative Health Insurance (CCHI)

Total levies paid to the CCHI for 2020 were SR 54.6 million, of which SR 19.9 million were for the fourth quarter of 2019 while SR 34.7 million were for the first quarter of 2020.

The SR 69.8 million payable amount for 2020 includes provisioning for Q2, Q3 and Q4 levies of 2020 following CCHI's initiative to support the sector manage its liquidity during the COVID-19 pandemic. All CCHI levies would be paid before the end of Q1 2021.

The General Organization for Social Insurance (GOSI)

Total 2020 payments to GOSI were SR 32.7 million, of which SR 2.6 million was related to 2019. An amount of SR 2.9 million was provided for, reflecting 2020 related GOSI commitments, which are payable in 2021.

Tadawul and the Capital Market Authority (CMA)

The Company paid SR 1.2 million to Tadawul/CMA during 2020, which included SR 400,000 for service fees, SR 769,000 for annual listing fees, and SR 45,000 for other fees.

Regulatory penalties

During 2020, Bupa Arabia was not issued any regulatory penalties.

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:

- The exclusion of Zakat and income tax.
- 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.
- 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.
- The balance shall be distributed as a first payment amounting to no less than 5% of paid-up capital to the shareholders.
- The remaining balance shall be distributed to the shareholders as a share in the profits or transferred to the retained profits account.
- The Board may issue a decision to distribute periodical profits to be deducted from annual profits as specified in paragraph 4 above, and in accordance with the relevant regulatory rules issued by the concerned authorities.

In addition to that stated within the Company By-Laws, during 2017, the Company approved the following as an added Dividend Policy:

"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, and,
- (b) Receiving the requisite regulatory and shareholder approvals for the dividend(s) wherever applicable, and,
- (c) 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 requirements."

GOVERNANCE AND RISK MANAGEMENT REPORT

Dividend history - Last five fiscal years

Description	2019*** SR '000	2018 SR '000	2017** SR '000	2016 SR '000	2015* SR '000
Retained income (pre-Zakat & inc. taxes)	712,654	525,431	500,614	630,705	645,077
Dividend amount	0	180,000	160,000	120,000	160,000
Pre-Zakat & inc. taxes dividend pay-out ratio	N/A	34.3%	32.0%	19.0%	24.8%
Number of shares in Issue	120,000	120,000	80,000**	80,000	80,000
Saudi Riyals dividends per share	N/A	1.50	2.00	1.50	2.00
% of dividend/year/quarter distributed	N/A	100% 2019Q3	100% 2018Q2	100% 2017Q2	100% 2016Q2

*SR 400 million of the retained earnings, as at 31 December 2014, were used in 2015 to double Bupa Arabia's share capital to 80 million shares, through issuing one bonus share for every share held.

**At the time of the Dividends issue, there were 80m shares. Bonus shares were issued during November 2018, one bonus share for every two shares held, using SR 400 million of the 2017 retained earnings, to increase Bupa Arabia's share capital by fifty percent, resulting in 120 million shares in issue at 31 December 2018.

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

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Our Board Members

During 2020, the Company increased its Board size, from eight to nine, as per the 2019 GA approved Company By-Laws changes. Mr. Nader Ashoor, the CFO of Bupa Arabia, was appointed as an executive board member effective on 1 July 2020.



Eng. Loay Hisham Nazer Non-Executive Chairman

Chairman and Board member of Bupa Arabia since its inception in 2008. Founder and Chairman of the Nazer Group Ltd. and a Board member of various Nazer companies. Former Chairman of Al-Ittihad football club, former Vice-Chairman of the Saudi Olympic Committee, former Chairman of the Saudi Arabian Judo Federation, and former CCHI Board member.

Eng. Loay is not a Board Member in other Saudi PLCs. He is currently serving his 5th term in Bupa Arabia, representing Nazer Group Ltd.

Current Positions Chairman

- Nazer Group Ltd.
- Modern Computer Program Co. Ltd.
- ASAS Healthcare Company
- Arabian Medical Marketing Company
- Loay Hisham Nazer Company Ltd.
- Nazer Bupa for Medical Equipment Company (NBME)
- Makkah Cluster Advisory Board

Other Positions

- International Medical Clinics Company (Partner).
- Nazer Dialysis and Advanced Healthcare Services Co. Ltd. (Partner)
- Diaverum Arabia Company (Board Member)
- Bupa Middle East Holdings Two WLL (Board Member)

Previous Positions

- Al-Ittihad Football Club (Chairman).
- National Unified Procurement Co. for Medical Supplies (NUPCO)
- Arab Conference Organizing Co. (ARC)
- Saudi Olympic Committee (Vice-Chairman)
- Saudi Arabian Judo Federation (Chairman)
- CCHI (Board Member)

Qualifications

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

Mr. David Fletcher Non-Executive Vice-Chairman

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

Bupa Arabia Board member and Vice-Chairman, since 2014. Currently, Bupa Group Chief Risk Officer, and member of its Chief Executive Committee. He is also a Non-Executive Director of Max Bupa, Bupa's associate health insurance business in India. Mr. David has extensive international experience in banking, having held various senior positions with Standard Chartered and Citibank, including Head of Audit and CEO roles.

Mr. David is currently serving his 3rd term in Bupa Arabia, representing BIOL.

Current Positions

- Bupa (Chief Risk Officer)
- Bupa (Executive Team Member)
- Bupa Middle East Holdings Two WLL (Bupa/Nazer JV)
- Max Bupa Health Insurance Company Ltd

Previous Positions

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

Qualifications

- B.A. Honours in Modern History, Durham University, UK (1985)



Mr. Tal Hisham Nazer Executive Member - Chief Executive Officer

Bupa Arabia CEO/Board member since inception in 2008. Further details are provided under the Chief Executive Team section.

Mr. Tal is not a Board Member in other Saudi PLCs. He is currently serving his 5th term in Bupa Arabia.

Current Positions Board Member

- Nazer Group Ltd.
- Modern Computer Program Co. Ltd. (MCPC)
- ASAS Healthcare Company
- Arabian Medical Marketing
- Quick Solutions for Trading Company
- Bupa Middle East Holdings Two WLL
- Financial Academy

Other Positions

- CCHI's Private Health Insurance. Strategic Committee (Member)
- SAMA Insurance Companies General Committee (Member)
- Ebda Co. ownership (25%)
- KOJO Co. ownership (47%) and (Chairman)
- Najm for Insurance Services Company (Board Chairman)
- Tal Hisham Nazer Company Limited (General Manager)
- Nazer Group Ltd. (Vice-Chairman)
- Chief Executive Committee of Bupa Group (Advisor)

Previous Positions Board Member

- Human Resources Development Fund
- 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)

Qualifications

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

Dr. Abdulla Elyas Independent Member

Bupa Arabia Independent Board Member, and Risk Management Committee Member since July 2019.

Dr. Abdulla is a co-founder of Careem, and current member of its executive leadership. Prior to that, he initiated and co-founded Enwani, a tech start-up in Saudi Arabia focused on the home delivery industry. Dr. Abdulla serves as a board member on a number of public and private companies, and has previously led management consulting engagements in Europe, the USA, South East Asia and the Middle East.

Dr. Abdulla is not a Board Member in other Saudi PLCs. He is currently serving his 1st term in Bupa Arabia.

Current Positions

- SME Bank KSA (Board of Directors)
- Raed Venture Capital (Board of Advisors)
- Careem Inc. (Co-Founder and KSA-Chairman)
- Small and Medium Enterprise Authority KSA (Board of Directors)
- Noon Academy Inc. (Board of Directors)

Previous Positions

- 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, honored with a Magna Cum Laude from RWTH Aachen, Germany
- MSc in Computer Science, from RWTH Aachen, Germany



Ms. Huda AlGhosen
Independent Member

Bupa Arabia Independent Board member since July 2019. Ms. Huda was the Executive Director of Human Resources at Saudi Aramco. She is currently a member of the Board of Credit Suisse Saudi Arabia Bank, the Institute of Public Administration, and a member of the Saudi Telecommunications Company (STC) Nomination & Remuneration Committee. Ms. Huda is the Chairwoman of the Board of Trustees of the Arabian Society of Human Resources Management (ASHRM).

Ms. Huda is a Board Member in Credit Suisse Saudi Arabia Bank (Saudi PLC). She is currently serving her 1st term in Bupa Arabia.

Current Positions

- Institute of Public Administration (Board Member)
- Saudi Telecom Company (STC) (NRC Member)
- Credit Suisse Saudi Arabia Bank (Board Member)

Previous Positions

- General Organization for Social Insurance (GOSI) (Board Member)
- Saudi Aramco (Executive Director)
- Yanbu Aramco Sinopec Refining Company (YASREF) (Board Member)
- Johns Hopkins Aramco Healthcare Company (JHAH) (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)

Qualifications

- MBA from the American University of Washington, D.C., USA
- BA in English Literature from the King Saud University in Riyadh

Mr. Zaid AlGwaiz
Independent Member

Bupa Arabia Independent Board member since 2014 and became a member of the Audit Committee (AC) on July 2019. During the previous years in Bupa Arabia, he joined the various committees' membership; the Nomination and Remuneration Committee (NRC) as a member and Chairman, Investment Committee (IC) as a Chairman, and previously joined the Investment Committee (IC) as a member.

Mr. Zaid is a Board Member in National Commercial Bank (NCB) (Saudi PLC). He is currently serving his 3rd term in Bupa Arabia.

Current Positions

- National Commercial Bank (Board and EC Member, NRC Chairman)
- Gulf International Bank - Capital (Board Member, AC Chairman)
- Mohammed Ibrahim AlSubaie & Sons Investment Company (MASIC) (Risk and Assets & Liability Committee Chairman)

Previous Positions

- Mohammed Abdulaziz Al-Rajhi and Sons Investment Company (Board Member, AC Chairman)
- Wilaya Investment Company (Board Member, AC Chairman)
- Al-Rahji Steel Industries (Board and AC Member)
- Saudi British Bank (SABB) (NRC Member)
- Noon Investment Company (AC Chairman)
- Thakher Real Estate Development Company (AC Member)
- Al-Yusr Leasing and Finance (Board Member)
- AlAwwal Capital (Board Member, AC Chairman)
- Middle East Specialized Cables Company (Board Member)
- HSBC Saudi Arabia Mutual Funds Board (Board Member)
- Gulf Finance Company (Board Member)

Qualifications

- Bachelor Accounting, King Saud University, KSA (1987)



Mrs. Joy Linton
Non-Executive Member

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

Bupa Arabia Board Member, and Executive Committee Member. Appointed in 2016, as an executive director of the main Board of Bupa. Mrs. Joy has been with Bupa since 2011 and is also a Board member of BIOL, the Chief Financial Officer of Bupa, and a member of its Executive Team. She is also a Non-Executive Director of Max Bupa, Bupa's associate health insurance business in India. Prior to joining Bupa, Mrs. Joy was the CFO of National Foods.

Mrs. Joy is currently serving her 1st term in Bupa Arabia, representing BIOL.

Current Positions

- Bupa (Chief Financial Officer)
- Bupa (Executive Team Member and Executive Board Member)
- Bupa Investments Overseas Limited (Board Member)
- Max Bupa Health Insurance Company Limited (Board Member)
- Bupa Finance PLC (Board Member)

Previous Positions

- Bupa (General Manager-Health Services Strategy and M&A)
- Bupa (Interim People Officer)
- Bupa Australia and New Zealand (Financial and Commercial Director)
- Bupa Australia (Chief Financial Officer)
- Bega Cheese Limited (Non-Executive Director)
- Lion, Formerly National Foods (Chief Financial Officer)

Qualifications

- Bachelor's degree in Commerce from the University of Melbourne, Australia (1987)

Mr. Martin Houston
Non-Executive Member

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

Bupa Arabia Board Member since 1 October 2018 and served as a non-executive director on the main Board of Bupa, from January 2014 until 31 December 2019.

Mr. Martin was appointed as Chairman of the Board of the EnQuest PLC, effective 1 October 2019. He is also the Vice-Chairman of Tellurian Incorporated, and the Chairman of Moelis and Company's Global Energy Group. He is also a non-executive director of CC Energy, a private exploration and production company. Mr. Martin was previously employed by British Gas (BG) Group PLC, and its predecessor companies, retiring after 32 years in February 2014 as Chief Operating Officer and as a member of the Board.

Mr. Martin is currently serving his 2nd term in Bupa Arabia, representing BIOL.

Current Positions

- Tellurian Inc (Vice-Chairman)
- Moelis and Company (Global Energy Group Chairman)
- CC Energy Limited (Board Member)
- EnQuest PLC (Chairman)

Other Positions

- Fellow of the Geological Society of London
- Global Energy Policy unit at Columbia University's School of International and Public Affairs, New York (Advisory Board Member)
- Radia Inc (Advisory Board Member)

Qualifications

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



Mr. Nader Ashoor
Executive Member – Chief Financial Officer

Bupa Arabia CFO since November 2016. He served previously on numerous board and committees memberships including the Board of Directors and Audit Committee of Saudi Steel Pipes, the Board of Diaverum Saudi Arabia, and the Investment Committee of the Saudi Aramco Entrepreneurship Ventures Company. Mr. Nader has over 14 years' experience with Saudi Aramco on various professional, supervisory and leadership roles, including the role of Director, IPO Design and Readiness.

Mr. Nader holds CMA and CIA certifications and has successfully completed rigorous CPA examination requirements. He received multiple coveted awards, including the Prince Mohammad bin Fahd Academic Excellence Award, the IMA's Distinguished Performance Award, and the IIA's William S. Smith Certificate of Honour Award.

Mr. Nader is not a Board Member in other Saudi PLCs. He is currently serving his 1st term in Bupa Arabia.

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 (IC 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

Our Chief Executive Team

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



Mr. Ali Sheneamer
Chief Business Development Officer

Mr. Ali Sheneamer has more than 20 years of collective experience in marketing, sales and general management, of which eight years are in Saudi health insurance, having joined Bupa Arabia in 2013 as Chief Commercial Officer.

Prior to this, Ali served as the Deputy Governor and Chief Operating Officer of SAGIA (now Ministry of Investment) for five years. Ali was previously employed as group marketing head at the National Commercial Bank for two years and in various marketing assignments at Procter & Gamble for eight years.

Ali currently serves as a board member of Baazeem Trading Company (a publicly traded Saudi company) and AMS Baeshen & Co. (a closed joint stock Saudi company). Additionally, he is a member of the SAMA and CCHI health insurance committees and sub-committees.

Ali holds a Bachelor of Science in computer engineering from King Abdulaziz University, Saudi Arabia.



Mr. Tariq Alamoudi
Chief Human Resources Officer

Mr. Tariq Alamoudi joined Bupa Arabia in 2017.

Prior to becoming Chief Human Resources Officer, Tariq held a wide range of leading roles in the Human Resources Department, on global and regional levels, at Procter & Gamble. Most notably, he led P&G in Saudi Arabia as the country's HR leader and spearheaded an overseas assignment at the company's headquarters in Switzerland.

Tariq currently serves as a board committee member of two new companies established by the Public Investment Fund. He is also a member of the SAMA HR sub-committee, and a Chartered Fellow of the UK Chartered Institute of Personnel and Development (CIPD).

Tariq holds an MBA degree in strategy and HRM from Griffith Business School and a Bachelor's degree in marketing management from Griffith University, Australia.



Mr. Atef Mahdi Mufti
Chief Sales Officer

Mr. Atef Mufti joined Bupa Arabia in May 2017.

He began his career with Saudi British Bank (SABB) in 1995, and has spent more than 13 years working in the banking industry. During his tenure, he held senior management roles in branch network, sales and customer services. Thereafter, he assumed executive roles as the Deputy General Manager, Personal Financial Services, responsible for all sales functions (branch, direct sales, financial planning and Takaful sales) in KSA.

Previously, he was the Managing Director for the Saudi Distribution Company (part of the Saudi Research & Marketing Group), followed by two years as the Western Region General Manager for Bank Al Bilad. Prior to joining Bupa Arabia, Atef was the Chief Commercial Officer and a member of the Board of Directors of Panda Retail Co. (SAVOLA Group) for six years. He was responsible for all the commercial buying and supply chain of Panda's business in KSA, the UAE and Egypt.

Atef holds a Bachelor's degree in marketing from the King Fahad University of Petroleum and Minerals with a minor degree in management.



Mr. Tabish Mushtaq
Chief Risk Officer

Mr. Tabish Mushtaq joined Bupa Arabia as Chief Risk Officer in June of 2020, with more than 15 years of cross-sector global experience in audit, tax, business advisory, corporate governance, and commercial finance.

Prior to joining Bupa Arabia, he led a number of supervisory and leadership roles in consulting and industry.



Mr. Mohamed El Missaoui
Chief Operations Officer

Mr. Mohamed El Missaoui joined Bupa Arabia in 2011 as the Director of Total Quality Management. In this role, he oversaw the design and the implementation of the Bupa Arabia Service Excellence Framework, leading the implementation of a number of innovations in the Operations and Healthcare services areas. From 2013, as Director of Operations, Mohamed was in charge of the service operations areas related to customer service, mega accounts, membership fulfilment and quality. In 2018, he was promoted to the role of Chief Operations Officer.

Previously, Mohamed led a variety of assignments at Unilever MENA. These related to the supply chain, ranging from distribution, logistics, and customer service to industrial engineering and quality. Mohamed has more than 18 years of experience in the insurance, banking and FMCG sectors and, prior to Unilever, he worked for two major North African banks.

Mohamed holds electro-mechanical engineering and MBA Finance degrees.

Tabish is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Institute of Chartered Accountants of England and Wales.

Audit committee report 2020

The Audit Committee is governed by its Charter, which was most recently approved by the public shareholders in the 2019 fourth quarter General Assembly meeting. The Committee held ten (10) meetings during fiscal year 2020.

During 2020, the AC held ten meetings. The following table details AC meetings held and the respected attendance.

Committee Member Name	Role	Meetings during 2020										%	
		3 February	24 February	9 March	27 April	15 June	26 July	13 August	26 October	17 November	18 November		
Mr. David Hunt	Chairman	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	100
Mr. Sulaiman Alhatlan	Member	Y	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	90
Mr. Zaid Algwaiz	Member	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	Y	90
Mr. Walid Shukri	Member	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	100
Overall % AC Member Attendance (%)		100	100	100	75	100	100	100	75	100	100	100	95

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 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 the current External Auditors. In doing so, the Audit Committee considers the quality and efficiency of the services provided by the External Auditors, their capabilities and their technical expertise and knowledge of the Company's operations and the insurance industry. Based on this evaluation, the Audit Committee recommends to the Board of Directors to refer to the General Assembly for the selection of Ernst & Young & Co and Price Waterhouse Coopers, for the fiscal year 2020.

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 2020 Annual Report.

The Audit Committee confirms that it has, during 2020, 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 CMA disclosure requirement of Article 90, paragraph 39, point b, the Audit Committee noticed management's continuous efforts and focus on improving 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 auditor and management on the preliminary and annual financial statements for the year ended 31 December 2020, nothing has been brought to the attention of the Committee that would indicate any significant deficiencies.

Mr. David Hunt
Chairman

Mr. Sulaiman Alhatlan
Member

Mr. Zaid AlGwaiz
Member

Mr. Walid Shukri
Member

May 2021

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 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 fulfil 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).

Membership Role	Board Member name	Nationality	Term Number	For the current term representing
Independent	Ms. Huda M. Al Ghoson	Saudi	1st	Not applicable
	Mr. Zaid A. Algwaiz	Saudi	3rd	Not applicable
	Dr. Abdulla N. Elyas	Saudi	1st	Not applicable
Non-Executive	Eng. Loay H. Nazer	Saudi	5th	Nazer
	Mr. David M. Fletcher	British	3rd	BIOL
	Mrs. Joy C. Linton	Australian	1st	BIOL
	Mr. Martin J. Houston	British	2nd	BIOL
Executive	Mr. Tal H. Nazer	Saudi	5th	Not applicable
	Mr. Nader Ashoor	Saudi	1st	Not applicable

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 fifth term all were approved as re-appointments of the fourth term.

The Board also appoints the Board Committee's Secretaries for each new term, in which the current term has appointed the Director of the Internal Audit Department as the AC Secretary, the Head of Compensation and Benefits as the NRC Secretary, the Director of Asset Management and Business Advisory as the IC Secretary, the Director of Risk Management as the RMC Secretary, and the Head of Company Secretariat as the Company Board Secretary and the EC Secretary.

Board Meeting attendance

During 2020, the Board held seven meetings. The following table details Board meetings held and the respected attendance.

Board Member Name	11 February	16 March	28 April	14 May	23 June	29 September	18-19 November	%
Eng. Loay Hisham Nazer	Y	Y	Y	Y	N	Y	Y	86
Mr. David Martin Fletcher	Y	Y	Y	Y	Y	Y	Y	100
Mr. Tal Hisham Nazer	Y	Y	Y	Y	Y	Y	Y	100
Mr. Zaid A. Algwaiz	Y	Y	Y	Y	Y	Y	Y	100
Mr. Martin Houston	Y	Y	Y	N	Y	Y	Y	86
Dr. Abdulla Elyas	Y	Y	Y	Y	Y	Y	Y	100
Ms. Huda AlGhoson	Y	Y	Y	Y	Y	Y	Y	100
Mrs. Joy Linton	Y	Y	Y	Y	Y	Y	Y	100
Mr. Nader Ashoor (From 1 July 2020)	N/A	N/A	N/A	N/A	N/A	Y	Y	100
Total % Attendance (%)	100	100	100	88	88	100	100	97

Major Board approvals/resolutions

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

- The CEO's contract, as per the NRC recommendation,
- The 2020 Annual Operating Plan (AOP), as per the EC recommendation.
- The quarterly IFS, for fourth quarter 2019, and 2020 first to third quarters, the 2019 AFS and ABR, and the conflicts of interests, and related party transactions contained therein, per the AC recommendation,
- The appointments of Board Committee members and chairpersons, and changes in Secretaries of the Board and its Committees, and
- Any approvals as required in terms of the Schedule of Matters Reserved for the Board (SMRB).

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, and via the Company Secretariat with the Committee Chairpersons, in liaison with the NRC.

Board secretary



Ms. Abeer Albornu

Head – Company Secretariat, and Company Board Secretary

Ms. Abeer Albornu has a collective of 13+ years' experience in the areas of risk and compliance. Prior to joining Bupa Arabia in 2017, Abeer held a variety of senior roles at renowned companies, the most recent being, Senior Manager Compliance Advisory – Corporate & Treasury at Bank Al Jazira. In this capacity, she developed effective solutions and action-plans to ensure the organization's regulatory compliance.

As Head – 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. Among her most notable achievements is her launching of the company's Code of Conduct and whistle blowing system. What's more, she 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. She also holds various certifications in operational risk, risk management, and compliance.

Board committees

Audit Committee (AC)

The principal role of the AC is to monitor the integrity of the Company's financial statements, in accordance with the relevant financial reporting standards, in compliance 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 also have oversight, through the Company's RMC, for ensuring that the Company's risk management processes are

adequate and effective, particularly with regard to the impact on the Company's financial reporting and its code of business conduct. A further lead role responsibility of the AC is the monitoring of the effectiveness, performance and objectivity of the compliance function and the internal audit function, through the compliance and internal audit functions reporting directly to the AC Chairman.

During 2020, the AC held ten meetings. The following table details AC meetings held and the respected attendance.

AC Member	3 February	24 February	9 March	27 April	15 June	26 July	13 August	26 October	17 November	18 November*	%
Mr. David Hunt	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	100
Mr. Sulaiman Alhatlan	Y	Y	Y	N	Y	Y	Y	Y	Y	Y	90
Mr. Zaid Algwaiz	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	90
Mr. Walid Shukri	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	100
Total Overall %	100	100	100	75	100	100	100	75	100	100	95

*Meeting held on 18 November was the annual AC meeting with the Board of Directors.



Mr. David Hunt AC Chairman

Mr. David has been an AC member for the full year, and the AC Chairman for the new term since 1 July 2019.

Mr. Hunt has over thirty-five years' global experience in banking, financial services and insurance including, twenty-five years as an International Manager with the HSBC Banking Group. Previously Managing Director for SABB Takaful (2007-2011) and CEO for Gulf Finance, Saudi Arabia. Special Advisor to the Actis private equity Group 2012- 2014.

Qualifications

- B.Sc. Banking & Finance, Loughborough University of Technology, UK (1987).

Mr. Sulaiman Alhatlan Independent Member

Mr. Sulaiman has been an AC member for the full year.

Over twenty years of experience as a consultant, board member, or committee member in many sectors including industrial, financial, F&B, insurance, retail and real estate.

Qualifications

- Accountancy from California State University, San Diego (1998).
- Bachelor's degree in Accounting from King Saud University, Riyadh (1994).

Mr. Walid Shukri Independent Member

Mr. Walid joined the AC for the new term since 1 July 2019. Mr. Walid currently serves and has served as a board member and chairman of various board committees of various companies. The companies are in various stages of maturity, ranging from family businesses to being listed on the stock exchange and global companies. He is member of a variety of international and Saudi Boards and Committees.

Qualifications

- B.Sc. Industrial Management – Major in accounting with Honors (King Fahd University of Petroleum and Minerals).
- Certified Accountant in the United States of America (CPA).
- Certified Accountant in the Kingdom of Saudi Arabia (SOCPA).

Mr. Zaid Algwaiz Independent Board and AC Member

Please refer page 44 for profile.

Executive Committee (EC)

The purpose of the EC is to support the Board with the management of the business through the review and monitoring of all aspects of the operational performance of the Company, on a routine basis, to ensure that there are no barriers to achieving the strategy and objectives set. It provides recommendations to the Board on the annual income targets,

and proposed dividends, accounting for solvency requirements, and also reviews and approves, as required per the SMRB, 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.

During 2020, the EC held six meetings. The following table details EC meetings held and the respected attendance.

EC Member	3 March	23 June	29 September	4 November	18 November	10 December	%
Eng. Loay Hisham Nazer	Y	N	Y	Y	Y	Y	83
Mr. David Martin Fletcher	Y	Y	Y	Y	Y	Y	100
Mr. Tal Hisham Nazer	Y	Y	Y	Y	Y	Y	100
Mrs. Joy Linton	Y	Y	Y	Y	Y	N	83
Overall Total %	100	75	100	100	100	75	92

Eng. Loay Nazer
Non-Executive EC Chairman

Please refer page 42 for profile.

Mr. David Fletcher
Non-Executive EC Member

Please refer page 42 for profile.

Mr. Tal Hisham Nazer
Executive EC Member – CEO

Please refer page 43 for profile.

Mrs. Joy Linton
Non-Executive EC Member

Please refer page 45 for profile.

Investment Committee (IC)

The purpose of the IC is to assist the business in developing its investment policy and to thereafter, supervise its adherence to it. The Committee is tasked with managing the company's investments to achieve the best return for the business, within the given risk parameter as approved by the Board, taking into account liquidity requirements and solvency constraints. The IC will also monitor investment performance and act as the liaison between third party investment managers and Bupa Arabia to ensure investments are in line with its IPS, SAMA's regulations and are fully Shariah compliant. Among other duties, the IC also provides investment advice to the Company and the Board and will approve institutions to be used for significant investment placements.

During 2020, the IC held four meetings. The following table details IC meetings held and the respected attendance.

IC Member	13 May	27 July	22 October	17 December	%
Mr. Osamah Shaker	Y	Y	Y	Y	83
Mr. Selman Alfares	Y	Y	N	Y	100
Mr. Andrew Bailey	Y	Y	Y	Y	83
Overall Total %	100	75	100	100	92

IC Members summary changes during the year

Mr. Niall Dooner resigned as an IC member, effective 30 April 2020, and Mr. Andrew Bailey joined the IC, effective 1 May 2020.

Mr. Osamah Shaker
Independent Chairman

GIB Capital CEO and Board Member since 2016, Investment Committee Chairman and Member at Bupa Arabia since January 2019.

Qualifications

- Master of Science in Statistics from Colorado State University, USA.
- Bachelor of Administrative Sciences in Quantitative Methods from King Saud University, KSA.

Mr. Selman Alfares
Independent Member

Mr. Selman most recently is the CEO of AlMajd AlArabiyah since 2017, Chairman at Falcom holding, Board Member at Gosi, Hassana Investment Company since 2018 and Vice-Chairman TechInvest.

Qualifications

- Bachelor of Science in Computer Information Systems from Arizona State University, USA.

Mr. Andrew Bailey
Non-Executive Member

Head of Asset Management for the Bupa Group, prior to this various treasury and investment management roles in UK-listed corporates.

Qualifications

- Chartered Financial Analyst (CFA).
- Qualified member of the Association of Corporate Treasurers (AMCT) and Society of Technical Analysts (MSTA).
- Investment Management Certificate (IMC).
- Bachelors in Economics and Philosophy.

Nomination and Remuneration Committee (NRC)

- To effectively manage Board, and Board Committees, member appointments, in accordance with both regulations and the approved policies and procedures, through recommendation to the Board, or regulators, where required. This includes ensuring the independence of the independent members, the absence of any conflict of interest, and that there are no reasons, versus the regulatory requirements, preventing the proposed membership(s), of Board, and Board Committee, members, prior to submission to SAMA by the Company.
- To evaluate the structure and composition of the Board, and the Board Committees, and recommend changes to the Board.
- To annually review the requirements of suitable skills for membership of the Board, and 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 the Board.
- 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 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 recommend succession plans for the Board and the Board Committees to the Board.
- 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.

NRC new term membership

NRC was constituted on 12 February 2020, upon the receipt of SAMA's no objection for its Members.

During 2020, the NRC held three meetings. The following table details NRC meetings held and the respected attendance.

NRC Member	26 February	4 May	17 November	%
Ms. Huda AlGhosen	Y	Y	Y	100
Mr. Omar Najjar	Y	Y	Y	100
Mr. Martin Houston	Y	Y	Y	100
Overall Total %	100	100	100	100

Ms. Huda AlGhosen
Independent NRC Chairwoman

Please refer page 44 for profile.

Mr. Omar Najjar
Independent Member

Chief Programs Officer at MiSK Foundation, supporting the organization's ambitious strategy by leading on MiSK's programs and initiatives. His global experience has seen him hold leadership positions with Saudi Ground Services, Downstream Business in Tasnee, King Abdullah Economic City, and Unilever.

Qualifications

- MBA from London Business School.
- MS and BS degrees in Industrial and Systems Engineering.

Mr. Martin Houston
Non-Executive NRC Member

Please refer page 45 for profile.

Risk Management Committee (RMC)

The main purpose of the RMC is to assist the Board in its risk management strategy and risk oversight 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 risk policies, process and controls, and the promotion of a risk aware culture throughout Bupa Arabia.

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

- Being sighted on risk and engaging risk management to deliver sustainable performance.
- Owning the whole of Bupa Arabia's risk profile and acting on risk themes holistically.
- Recognizing emerging risks and proposing risk appetite changes to the Board, as needed.
- Defining and owning Bupa Arabia's risk culture and the mechanisms for installing it.

- Recommending policies for the approval of the Board, as per its Charter.
- Oversight of the implementation of Corporate Governance, per the CMA Corporate Governance Regulations articles 94 and 95.

During 2020, the RMC held three meetings. The following table details RMC meetings held and the respected attendance.

RMC Member	26 February	4 May	17 November	%
Dr. Khalid Al-Faddagh	Y	Y	Y	100
Dr. Abdulla Elyas	Y	Y	Y	100
Mr. James O'Reilly	Y	Y	Y	100
Mr. Rami Makarem	Y	Y	Y	100
Overall Total %	100	100	100	100

Dr. Khalid Al-Faddagh
Independent RMC Chairman

Board Member and Chairman of the Audit and Risk Committee at the E1 Healthcare Cluster, Independent Board Member at Vision Invest, Chairman of the Risk & Compliance Committee at ACWA POWER, Independent Board Audit Committee Member at SABIC and SPIMACO, Independent Board Risk Committee at the PIF.

Qualifications

- PhD in Mechanical Engineering, Applied Mechanics from the Imperial College, London University, UK.
- Master of Science in the same major from the Victoria University of Manchester, UK.

Dr. Abdulla Elyas
Independent Member

Please refer page 43 for profile.

Mr. James O'Reilly
Non-Executive Member

Currently Chief Risk Officer for Bupa Global and its affiliates, since Feb 2019, and was previously the Risk and Compliance Director of the Bupa Global division (2018-19).

Qualifications

Fellow of the Association of Chartered Certified Accountants (ACCA), UK, (since 2015), having been a member since 2010.

Mr. Rami Makarem
Independent Member

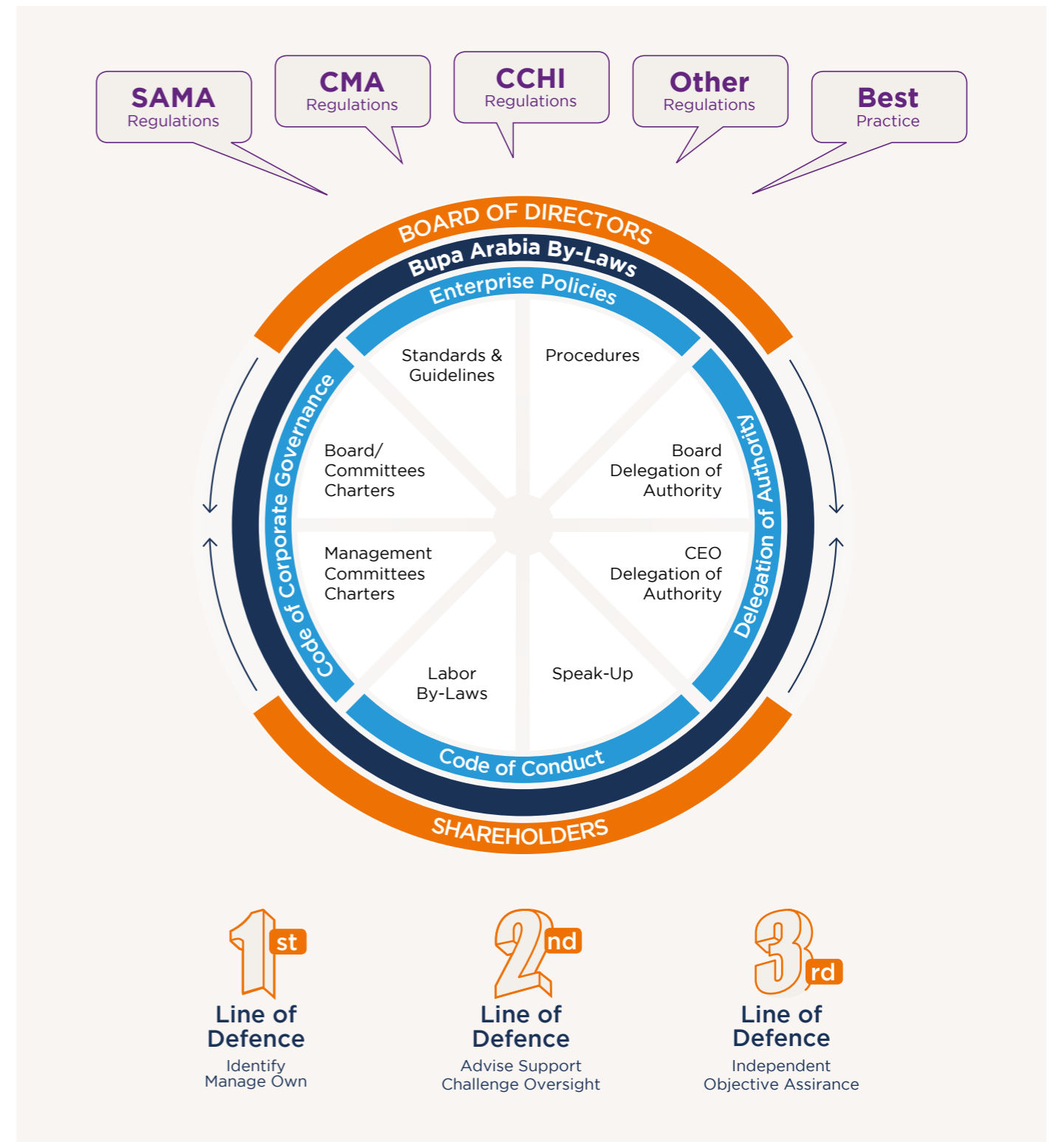
Currently, the CEO of Nazer Group Ltd. Previously the CFO of a UAE holding conglomerate for five years and before that was a Finance Manager for an IT multinational company in Riyadh. Previously worked as an auditor with a big four assurance company in Jeddah and Abu Dhabi.

Qualifications

- Executive MBA from the London Business School.
- Post Graduate Diploma in Financial Strategy from the Said Business School at Oxford University.
- CPA and CMA (USA).
- B.Sc. Business Administration, Lebanon.

Risk governance and internal controls

Our Governance Framework



Our corporate governance and risk intelligence

We remained committed to enhancing shareholder value by building and maintaining a risk intelligent organization, increasing the transparency of our corporate governance practices and strengthening the rights of our shareholders. The company conducted its first ever remote General Assembly in response to COVID-19 restrictions.

In April 2020, our major shareholder Bupa Investment Overseas Limited (BIOL) was re-classified on Tadawul to that of a Foreign Strategic Investor which makes BIOL the largest foreigner strategic investor in the Saudi Market.

The Board appointed a second female in the Board of Directors for the first time in the Company’s history. The appointment aims to enhance the Board’s diversification while further enhancing its capabilities.

We continue to invest in our corporate governance, including further embedding the “Three Lines of Defense” (3LoD) risk management model and 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 2020 and all employees have signed up to it. The Code covers the following areas and, alongside our Values, is a key contributor to Bupa Arabia’s company culture.

<p>Safeguarding Bupa Arabia’s assets</p> <ul style="list-style-type: none"> • we work to high professional standards • we declare conflicts • we represent Bupa Arabia • we prohibit insider trading & stock tipping • we manage risk • we protect our intellectual property 	<p>Acting ethically and transparently with all our stakeholders</p> <ul style="list-style-type: none"> • we put our customers first • we act ethically • we keep information safe • we fight money laundering & terrorism financing • we know our suppliers
<p>Thriving through regulatory excellence</p> <ul style="list-style-type: none"> • we play by the rules 	<p>Preserving our community and our environment</p> <ul style="list-style-type: none"> • we celebrate diversity • we stay safe and well • we are ready for anything • we take care of the planet
<p>Adhering to competition laws</p> <ul style="list-style-type: none"> • we respect competition laws • we speak up 	

Re-launching our Whistleblowing Policy

We are committed to maintaining the culture of governance and ethical behavior in the workplace. We, as a company and employees, comply with all rules and regulations, reinforced further by the professional standards we set ourselves at Bupa Arabia. To achieve this, we encourage employees to share any concerns, or any doubts regarding the appropriate behavior, through the channels specified for this purpose.

We want Bupa Arabia to become a place where our employees are encouraged to share their concerns in case of any problem related to wrong or unsuitable behavior in the workplace. During 2020, we re-launched the Company’s whistle-blowing practices, through educational videos and training sessions, including enhancing the anonymity of the raising of concerns.

Our Shariah Compliance

Bupa Arabia maintained its Shariah compliance. On 6 January 2021, Bupa Arabia received approval from the Shariah Review Bureau. On 7 January 2021, Bupa Arabia announced its compliance and status as per the 2019 annual Shariah Audit Report (reference BPA-481-08-01-07-20) on the following functions:

- 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 to implementing the provisions contained in the Corporate Governance Regulations issued by the Capital Market Authority, Saudi Central Bank, 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 ensure 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 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 international best 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 2021.

During 2020 the Company continued to invest and enhance its corporate governance through:

- The re-launch of the Company whistle-blowing practices, through educational videos and training sessions, including enhancing the anonymity of the raising of concerns.
- Training and awareness sessions in relation to the Competition Laws, including analysis of Bupa Arabia’s alignment to them, and an update to the Board, in relation to the same.
- The implementation of the updated Company Risk Appetite Framework and Risk Appetite Statement.
- The updates of the AC and RMC Charters, in line with best practice and the new SAMA Cyber Security related requirements.
- Fraud training to the Company employees and representatives, including for the Board members.
- A continued focus on the development of the Company’s policies and procedures.

Control functions

In support of ensuring robust practices of legal affairs and corporate governance, internal control, risk management, and cyber security and technology risk management, and in order to adhere to the relevant Saudi Arabia regulatory requirements of insurance companies, the Company has established the below detailed control functions, which all report to the new CRO appointed on June 2020. In addition to any other regulatory or supervisory requirements the principal role, duties and responsibilities of these control functions include, but are not limited to:

The Legal Affairs and Corporate Governance Department (LACGD)

The LACGD is responsible for the frameworks, codes, policies and procedures governing the management of the relationships, and the associated information sharing to and from, the Company’s management, shareholders and other stakeholders, including its regulators and its employees, in accordance with all the laws and the relevant regulations.

The LACGD reports to the CRO and is responsible for ensuring the Company’s compliance and adherence to the laws and relevant regulations. The LACGD also manages the Company’s relationships with the Capital Market Authority (CMA) and stock exchange (Tadawul).

Director – Legal Affairs and Corporate Governance, General Counsel, Nasser AlQawas

Mr. Nasser AlQawas joined Bupa Arabia in May of 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 and in compliance with the local and international prevailing laws, in the different regions where they operate, in addition to administering efficient and transparent legal processes and documentation. He started his professional career in Arent Fox law firm for six years, and during his 20-year tenure at NCB, he was responsible for a variety of different roles and responsibilities, including Head of the Legal Enforcement Section, Manager of Legal Advisory & Research, General Board Secretary, the Group Chief Compliance Officer and then the Chief Legal Advisor.

Nasser holds a Master degree in Law, a diploma in Regulation, Compliance & Anti-Money Laundering (from the University of Reading, England), a Compliance Officer Certificate from the Financial Academy, and a Leadership Executive Certificates from INSEAD.

The Risk Management Department (RMD)

The RMD is responsible for the overall risk management process across Bupa Arabia, coordinating the development of the Risk Management Policy and related frameworks, for monitoring the risk database/register and for reporting on material risks and action plans.

The RMD reports directly to the CRO, with access to the RMC, and the structure entails: Enterprise Risk Management, Fraud Risk, Operational Risk Management and Risk Operations, Health & Safety, Management of Insurable Risks, and Risk Analytics.

Director – Risk Management Department, Ahmed Jaber

Mr. Ahmed Jaber joined Bupa Arabia during 2016. Ahmed holds a bachelor’s degree in industrial engineering from King Fahad University of Petroleum and Minerals. He has 19 years of experience in engineering, risk, credit control, operational risk, fraud prevention and investigations, and internal audit.

Prior to joining Bupa Arabia, 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. He was also the Western Regional Head of Country Credit and Risk Control in SAMBA and worked as a field engineer in Schlumberger Middle East.

Ahmed has an International Diploma in Risk Management (American Academy of Financial Management), an Executive Certificate from the London Business School and other certifications [Certified GRC Professional (GRCP), Certified GRC Auditor (GRCA) Certified Fraud Examiner (CFE), Certified Risk Analyst (CRA), Certified Operational Risk Manager (CORM), Project & Contract Risk Specialist (PCRS) and Certified Compliance Officer (CCO)].

The Cyber Security and Technology Risk Department (CSTRD)

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

The CSTRD is responsible for the alignment of the Company with the SAMA Cyber Security Framework and for ensuring the Company’s BCM and crisis management processes are fit for purpose.

The CSTRD reports directly to the CRO, with access to the AC and RMC as required and its structure covers cyber security, information systems resilience and technology risk, and BCM.

Director – Cyber Security and Technology Risk Department, Mr. Feras I. Alsubaihi

Mr. Feras Alsubaihi joined Bupa Arabia during the fourth quarter of 2020. He has over 16 years of experience in cybersecurity and information technology, including several assignments in the financial and banking sector, most notably as the Head of IT Security and then Head of Security Operations Centre “SOC” during his period at Al Jazeera Bank. Additionally, he became the Chief Information Security Officer at Abdullatif Jameel Financial Group. He also served as Chairman of the Cybersecurity Committee of the Financial Sector at SAMA. He was also selected as one of the top three Chief Information Security Executives for the 2020 edition in the Kingdom by The International Data Corporation “IDC Summit”.

Feras holds a bachelor’s degree in computer science from King Abdulaziz University and is a certified chief information security officer accredited by the EC-Council Headquarter in United States. In addition to a number of technical and management certificates accredited in the field of cybersecurity management and information technology, the most significant of which is the lead implementer of ISO 27001, Microsoft Certified Systems Engineer, Cisco Certified Network Associate.

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, and these roles report to the Finance function, headed by the CFO. Additionally, the asset management and business advisory department performs 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 SAMA regulatory investment guidelines.

Director – Commercial Finance, Jamil Dakkak

Mr. Jamil Dakkak has more than 12 years’ worth of finance experience and joined Bupa Arabia during the first quarter of 2017, as Head - SME Pricing, before being appointed as Acting Director – Commercial Finance. Prior to joining Bupa Arabia, Jamil was the Assistant Vice President at SEDCO Capital and amongst his responsibilities included portfolio management and investment analysis as well as conducting valuations on publicly listed companies and on IPO stocks, in the MENA region. Prior to that, Mr. Dakkak was a manager at Price Waterhouse Coopers where he was involved in financial modelling & analysis, valuation, feasibility studies and market research, business plans, and financial due diligence for companies in different sectors.

Jamil is a CFA holder and holds a bachelor’s degree in Systems Engineering followed by an MBA from KFUPM and master’s degree in Finance from the University of Tampa, Florida.

Director – Actuarial and Financial Analysis, Chadi Saba

Mr. Chadi Saba has over 14 years’ experience in the health insurance sector. He joined Bupa Arabia in 2009, holding several management positions in pricing and commercial finance. Amongst his responsibilities included product development, setting pricing strategy, benefit control and claims reserving. He was appointed as Director – Actuarial and Financial Analysis during 2018. Prior to that, Mr. Saba held the position of Actuarial Analyst at GlobeMed where he was involved in rate adequacy studies, underwriting performance reviews, actuarial modelling and reinsurance arrangements.

Chadi holds a bachelor’s degree in Actuarial Science and Insurance from Notre Dame University and master’s degree in Financial Economics from the American University of Beirut.

Director – Asset Management & Business Advisory, Ahmed Bajunaid

Mr. Ahmed Bajunaid has more than 12 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 & Business Advisory during 2019.

Before joining Bupa Arabia, Ahmed 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 fund manager due diligence and reporting for private equity, public equities, and hedge funds. Ahmed also worked with Cambridge Associates as an investment consultant within the private equity research team between Boston and London.

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 3LoD model, the Company has independent functions which report directly to the AC, with dotted line reporting to the CEO for day-to-day administration, and both functions have full access to the Board, and also Board Committees, where required. The Compliance Department forms part of the Company's 2nd line of defence and the Internal Audit Department is a 3rd line of defence.

The Compliance Department (COD)

The COD is considered as an essential factor for Bupa Arabia's success and market leading position in health insurance in 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 Bupa Arabia's reputation, and protecting Bupa Arabia's stakeholders.

The COD reports directly to the AC and its structure, roles and responsibilities are authorised by the AC. The COD is constituted of three units; Regulatory Compliance, Compliance Inspection and Financial Crime.

Head – Compliance Department, Luay Abumansour

Mr. Luay Abumansour joined Bupa Arabia in Dec 2019, bringing more than 13 years' experience in the areas of compliance, anti-money laundering (AML), counter terrorist financing (CTF) and corporate governance. Prior to his joining, 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. Before that, he spent seven years in Bank Aljazira, where he played several roles in the area of AML/CTF compliance, his last role being the Head of AML/CTF investigations division. His previous experience also covers compliance monitoring, and regulatory relations and monitoring. Throughout his career, he has managed to build an effective and robust relationship with Saudi regulators.

Luay holds a bachelor's degree in systems and industrial engineering from King Fahad University of Petroleum and Minerals. He is also a certified compliance professional (CCP) by the International Academy of Business and Financial Management.

The Internal Audit Department (IAD)

The IAD is an independent and objective assurance and consulting activity that is guided by the philosophy of Bupa Arabia's governance and systems of internal controls.

The primary role of the IAD is to help Bupa Arabia's Board and AC protect the assets, reputation and sustainability of the organization. Internal Audit will achieve this through assessing whether key significant risks are identified and appropriately reported to the Board and the AC, assessing whether they are adequately controlled, and by assisting Executive Management to improve the effectiveness of governance, risk management, and internal controls.

In its capacity as a 3rd line of defence, IAD assists Bupa Arabia in accomplishing its purpose of "longer, healthier, happier lives" by bringing a systemic and disciplined approach to evaluate and improve the effectiveness of the organization's risk management, control, and governance processes.

The IAD reports directly to the AC and its structure, roles, and responsibilities are authorised by the AC, and it contains talented audit professionals experienced in financial, operational, compliance and IT audits.

Director – Internal Audit, Mr. Younis Eishan

Mr. Younis Eishan joined Bupa Arabia in August 2020, bringing more than 12 years of experience in internal auditing covering value-addition through assurance and consulting services in various sectors. Throughout his career, Younis built a solid acumen in driving organizations to act with the highest level of integrity, risk understanding and management, corporate governance, compliance with internal and external rules and regulations, internal controls and reporting processes as well as the implementation and administration of efficient and transparent internal audit processes.

Prior to joining Bupa Arabia, Younis was heading the internal audit group of Abdul Latif Jameel United Finance and during which 12-year tenure he held many positions in public and private sectors in providing assurance services in internal auditing, compliance to regulators' rules and regulations, internal controls system, restructuring, benchmarking, and served as the Audit Committees' secretary. In addition, he held positions in providing consulting services in strategic planning, process reengineering, digitalization and e-services, and project management.

Mr. Eishan holds a bachelor's degree in science from the King Abdul Aziz University, master's degree in computer science from Eastern Michigan University, and has held various professional certificates throughout his career.

Board assurance

Related party transactions

Related parties represent major shareholders, Board members and key management personnel of Bupa Arabia, and 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 approved by the Company's management, or where required and applicable the Company's Board of Directors.

In any instance where any Board member was conflicted, whether personally or via 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	2020 SR '000	2019 SR '000	Change
Bupa Global	Bupa	Reinsurance premium ceded (Bupa International Saudi Arabia Plan)	-41,431	-36,423	-5,008
My Clinic International Medical Company	Nazer	Nurse service fees	131	132	-1
Various	Various	Other expenses - net	307	673	-366
Bupa Investments Overseas Limited (BIOL)	Bupa	Tax equalisation - net	-1,873	6,131	-8,004
Bupa Investments Overseas Limited (BIOL)	Bupa	Board and committee member remuneration	915	700	215
Bupa Middle East Holdings Two. W.L.L. (BMEH2)	Bupa and Nazer	Trade mark fees	26,896	23,608	3,288
NCB Capital	Dr. Adnan Soufi	Service Fees and Bank Charges	N/A	715	-715
Total Listed Transactions			-15,055	-4,464	-10,591

All contracts are for 12 months period for both 2019 and 2020.

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)			
				2020	2019	2020 Change	2020 % Change
Mr. Abdulhadi Shayif	Family and Personal Employees Health Insurance	01/01 - 31/12	SR '000s	N/A	64	-64	-100%
Dr. Adnan Soufi	SEDCO - Saudi Economic Develop Holding Co. Ltd.	14/04 - 13/04	SR millions	N/A	3	-3	-100%
Eng. Loay H. Nazer	Nazer Group Ltd. Related Contracts (multiple contracts)	Various	SR millions	11	10	0	4%
Dr. Abdulla Elyas	Careem Contract Health Insurance Scheme	20/04 - 19/04	SR millions	1	1	0	-37%
Mr. Tal Nazer	Bupa Arabia Employees Health Insurance Scheme	01/07 - 30/06	SR millions	20	19	1	3%
Mr. Nader Ashoor	Bupa Arabia Employees Health Insurance Scheme	01/07 - 30/06	SR millions	20	19	1	3%

The explanation for those contracts is available below:

Board Member Name	Contract Explanation
Mr. Abdulhadi Shayif	Settles family and personal employees' health insurance cover amounts directly to Bupa Arabia
Dr. Adnan Soufi	Previously settled personal family health insurance cover amounts directly to SEDCO in line with the SEDCO scheme for its former executives
Eng. Loay H. Nazer	Health cover for self and family is as an employee of the Nazer Group Ltd. and the Nazer Group Ltd. settles to Bupa Arabia directly
Mr. Tal Nazer & Mr. Nader Ashoor	Health cover for self and family as well as all employee members of the Bupa Arabia Health Insurance scheme and 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

Bupa Arabia Board Members' other related party health insurance with Bupa Arabia

Board Member Name	Contract Description/Explanation	Period	Saudi Riyals	Gross Written Premium (GWP)			
				2020	2019	2020 Change	2020 % Change
Mr. Abdulhadi Shayif	Health Water Bottling Company (Mr. Shayif a Board Member)	30/06 - 29/06	SR millions	N/A	3	-3	-100%
Mr. Zaid Algwaiz	NCB (an independent Board Member)	01/01 - 31/12	SR millions	157	151	6	4%
	GIBC (an independent Board Member)	14/07 - 13/07	SR millions	10	N/A	10	100%
	A variety of Bupa health insurance contracts, relating to first degree relatives of Mr. Algwaiz, including Etihad Etisalat Company (Mobily), Al-Rahji Bank, MA'ADEN, and Bawan Wood Industries, and Riyadh Cables	Various	SR millions	178	200	-44	-22%
Dr. Adnan Soufi	NCB Capital (Dr. Adnan an Independent Board member from 2019)	01/01 - 31/12	SR millions	N/A	5	-5	-100%
Mr. David Fletcher Mrs. Joy Linton Mr. Martin Houston	During 2020 there were 3 contracts (2019: 25 contracts) which Bupa (England, UK) had an interest in	Various	SR millions	1	6	-5	-83%
Dr. Adnan Soufi	NCBC Management & Admin Fees (an Indep. Board Member)	0m '20, 6m '19	SR '000s	N/A	715	-715	-100%
Eng. Loay H. Nazer and Mr. Tal Nazer	My Clinic Nurse fees services provided to Bupa Arabia Offices	12m '20, 12m '19	SR '000s	132	132	0	0%
Mr. Nader Ashoor	Saudi Steel Pipe Company Ltd.	12m '20	SR millions	1	N/A	1	100%

Any health insurance coverage which Bupa Arabia provides to any Bupa Arabia Board member, and/or if applicable his company/ family members, or with whom he may be associated or have an interest, is done strictly on an arm's length basis, with no preferential treatment in any form, and in accordance with the Company's pricing and loss ratio targets per the Company's Underwriting Policy/Manual. This is in full adherence to each of the SAMA medical pricing regulations, and the CCHI 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, nor issued, nor 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 cancelled 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 at 31 December 2020 the major shareholders were as per the below:

Description	Shares	Shares %
Bupa Investments Overseas Limited (BIOL)	51,900,000	43.25
Nazer Group Ltd. control through the below two legal entity companies:	10,908,000	9.09
Nazer Group Ltd. (Nazer)	10,800,000	9.00
Modern Computer Programs Company Limited (MCPC)	108,000	0.09
Major Shareholders	62,808,000	52.34
Public Shareholders	57,193,448	47.66
Total	120,000,000	100.00

During 2020, the composition of shares was changed due to BIOL acquisition of BA share. Following the terms of all Saudi regulations, the Company policy on information disclosure to its stakeholders is in place to ensure the provision of all information (financial and non-financial) required to be disclosed, in a manner that is clear, accurate, prompt, consistent and without discrimination. This is to assure that all shareholders, and other stakeholders, are able to obtain a comprehensive view of the Company's position, so as to be able to exercise their rights to the fullest extent.

In support of this commitment, the Company has implemented a process of providing fully bilingual stock exchange announcements, and Company website content, including bilingual Annual Reports and General Assembly meeting minutes, to make certain that all shareholders/investors, and other stakeholders are equally and fully informed of the Company's financial information, governance, and other performance.

Tadawul shareholder database requests

As required in terms of the CMA disclosure, during 2020, Bupa Arabia made five requests of Tadawul for its shareholder database, on a variety of dates, and for a variety of reasons which include:

- For the purpose of the GA Meeting,
- For the identification of specific high volume, bulk, Bupa Arabia shares purchases, where applicable,
- So as to monitor the composition of the Company's shareholders, both international and local.

The above, all being for the purpose of ensuring fulfilment of regulatory requirements and to continue to develop a better understanding of the composition of our Shareholders, so as to be able to better understand and serve our shareholders' needs.

Other disclosures and information in accordance with laws and regulations Provision of Corporate Governance

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

Article Number	Article Section and Narrative	Reason for Non-Compliance
90/93 - Board Report disclosures	Article 90 paragraph 8 with respect to Article 93 a) paragraph 4) point b): Disclosure of the five Senior Executives who have received the highest remuneration from the Company.	Bupa Arabia has disclosed the Top five executive payments, including the CEO and CFO, in totals under the Remuneration section of this report.
70 - Composition of the Risk Management Committee	The Company's Board shall, by resolution there from, form a committee to be named the "risk management committee." Chairman and majority of its members shall be Non-Executive Directors. The members of that committee shall possess an adequate level of knowledge in risk management and finance.	Bupa Arabia's Risk Management Committee Chairman is an Independent Member. Him and the majority of the Committee Members are not Members of the Board of Directors as this article is a guiding article.
54 - Audit Committee Formation	Paragraph (b) 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 89, regarding policies that regulate the relationship with stakeholders to protect their respective rights, Bupa Arabia's policies will be enhanced during 2021 to ensure a stronger alignment with regulations and latest international best practice.

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 any of its subsidiaries, are as detailed below as of 31 December 2020:

Name of Board Member	Closing 31 December 2020		Opening 31 December 2019		Change	
	No. of shares	Debt instruments	No. of shares	Debt instruments	In shares	%
Mr. Zaid Algwaiz	2,000	-	3,000	-	-1,000	-33
Eng. Loay Hisham Nazer	3,000	-	3,000	-	-	-
Mr. David Fletcher	-	-	-	-	-	-
Mr. Martin Houston	-	-	-	-	-	-
Mr. Tal Hisham Nazer*	1,000	-	1,000	-	-	-
Dr. Abdulla Elyas	-	-	-	-	-	-
Ms. Huda ALGhosen	-	-	-	-	-	-
Mrs. Joy Linton	-	-	-	-	-	-
Mr. Nader Ashoor	-	-	-	-	-	-

* The shares reflected for Mr. Tal Nazer are the same shares per the Senior Management Executives' equities table.

Description of the Bupa Arabia equities of the Senior Management Executives and their immediate family

The Bupa Arabia equities held by senior management executives and senior/key management, as per the SAMA definition, which the Company interprets as the CET members, Head - Company Secretariat/Company Board Secretary and leaders of the control functions (Legal and Corporate Governance - General Counsel, Risk Management, Compliance and Internal Audit Departments), 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 Executive/Senior Manager	Closing 31 December 2020		Opening 31 December 2019		Change	
	No. of shares	Debt instruments	No. of shares	Debt instruments	In shares	%
Mr. Tal Hisham Nazer** (CEO)	-	-	1,000	-	-	-100
Mr. Nader Ashoor (CFO)	-	-	-	-	-	-
Mr. Ali Sheneamer (CBDO)	-	-	18,526	-	-	-100
Mr. Tariq Alamoudi (CHRO)	-	-	-	-	-	-
Mr. Atef Mufti (CSO)	-	-	-	-	-	-
Mr. Mohamed El Missaoui (COO)	-	-	-	-	-	-
Ms. Abeer Albornu (Company Secretary)	-	-	-	-	-	-
Mr. Bassel Gazzaz (Corporate Sales)	9,575	-	6,168	-	3,407	55
Mr. Nidal Saab (TPA)	-	-	1,000	-	-1,000	-100
Mr. Nasser AlQawas (General Counsel)	2,271	-	-	-	-	-
Mr. Ahmed Jaber (Risk)	-	-	-	-	-	-
Mr. Luay Abumansour (Compliance)	-	-	-	-	-	-
Mr. Younis Eishan (Internal Audit)	18	-	-	-	18	100
Mr. Tabish Mushtaq (CRO)	-	-	-	-	-	-
Mr. Ahmed Bajunaid (IC Secretary)	-	-	-	-	-	-
Mr. Turki Albuluwi (NRC Secretary)	-	-	-	-	-	-

** The shares reflected for Mr. Tal Nazer are the same shares per the Board members' equities table in 10.4.

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

Other than 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 remunerations of the Board, and Board Committees, members, and of the executive management, are determined by the respective remuneration policies, which are approved by the shareholders in the GA meetings. These policies are periodically updated after applicable benchmarking. The benchmarking is made against appropriate local, and/or international, companies' remuneration levels, 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 committees, members, were most recently updated and approved by 30 June 2020 Extraordinary General Assembly meeting, as reflected within the Company's Terms of Engagement for 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, and Board Committees, and their members, are as defined within these policies and the 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 fulfilment of their duties, and minimum meeting attendance levels.

Board/Board committee members are remunerated per these policies, as aligned with the Company By-Laws and all relevant KSA regulations, and Bupa Arabia's updated policy is to pay attendance fees for the Non-Executive Board and Board committees, members, for any Board, GA or Board committee meetings attended, to a maximum of SR 50k attendance fees per fiscal year, whether attendance is physically in person (SR 5k/meeting) or by conference (SR 2.5k/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 2020 remuneration and attendance fees, are reflected below:

Board Member Name	From	Until	Other Role(s)	Total 2019 SR '000	2020 Remu. SR '000	2020 Attend. Fees SR '000	Total 2020 SR '000	2020 Change SR '000
Mr. Zaid Algwaiz	1 January 2020	31 December 2020	AC Member	403	375	43	418	15
Ms. Huda ALGhosen	1 January 2020	31 December 2020		210	375	30	405	195
	12 February 2020	31 December 2020	NRC Chairwoman	0				
Dr. Abdulla Elyas	1 January 2020	31 December 2020	RMC Member	195	350	28	378	183
Mr. Abdulhadi Shayif	1 January 2019	30 June 2019	Previous RMC Chairman	188	0	0	0	-188
Dr. Adnan A. Soufi	1 January 2019	30 June 2019	Previous AC Chairman	188	0	0	0	-188
Total Independent* Board Members				1,183	1,100	100	1,200	18
Eng. Loay H. Nazer	1 January 2020	31 December 2020	Board/EC Chair	495	450	33	483	-13
	1 January 2019	31 December 2019	Chairman Bonus	375	750*	0	750	375
Mr. David Fletcher#	1 January 2020	31 December 2020	Board Vice-Chairman/ EC Member	310	300	35	335	25
Mr. Martin Houston#	1 January 2020	31 December 2020		260	300	28	328	68
	12 February 2020	31 December 2020	NRC Member	0				
Mrs. Joy Linton#	1 January 2020	31 December 2020	EC Member	25	300	33	333	308
Mr. Simeon Preston#	1 April 2018	1 July 2019	Previous EC Member	150	0	0	0	-150
Total Non-Executive Board Members				1,615	2,100	128	2,228	613
Mr. Tal Nazer	1 January 2020	31 December 2020	CEO/EC Member	300	300	0	300	0
Mr. Nader Ashoor	1 July 2020	31 December 2020	CFO	0	100	0	100	100
Total Executive Board Members				300	400	0	400	100
Total Board Members Remuneration				3,098	3,600	228	3,828	730

* The Chairman's bonus for the year 2020 will be paid upon the receipt of SAMA's no objection and the approval of the Shareholders in the General Assembly scheduled to be held in June 2021.

#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.

Other than the above annual remuneration amounts and the reimbursement of actual expenses, Bupa Arabia Board members do not receive any other benefits from Bupa Arabia.

Please refer to the 2020 AFS, note 24a, and the table below, for the salaries, emoluments, allowances and bonuses, expensed/or provided for within the 2019/2020 results, 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)		
	2020 SR '000	2020 SR '000	2020 SR '000	2019 SR '000	2020 (Change) SR '000
Salaries and emoluments	400	2,450	17,836	17,146	690
Board allowances	0	300	N/A	N/A	N/A
Bonuses & LTIP	N/A	750	17,208	19,423	-2,215
EOS	N/A	0	1,088	1,028	60
2020	400	3,500	36,132	37,597	-1,465
2019	300	2,895	37,597		
2020 (Change)	100	605	-1,465		

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, which both have to be fulfilled.

Board Committees

Board committee member 2020 remuneration and attendance fees, excluding the Board member remunerations, are reflected below:

Committee	Member Name	From	Until	2020 Remu.	2020 Attendance Fees	Total 2020	2020 Change	Total 2019
				SR '000	SR '000	SR '000	SR '000	SR '000
Audit Committee (AC)	Mr. David Hunt (AC Chairman)	1 January 2020	31 December 2020	175	30	205	35	170
	Mr. Suliman Al-Hatlan	1 January 2020	31 December 2020	150	25	175	23	153
	Mr. Walid Shukri	1 January 2020	31 December 2020	150	25	175	85	90
	Mr. Khalid Al-Soliman	1 December 2018	30 June 2019	0	0	0	-63	63
AC Sub-Total				475	80	555	80	475
Investment Committee (IC)	Mr. Osamah Shaker (IC Chairman)	1 January 2020	31 December 2020	150	13	163	7	156
	Mr. Selman Alfares	1 January 2020	31 December 2020	100	8	108	48	60
	Mr. Niall Dooner#	1 January 2020	31 May 2020	42	10	52	-53	105
	Mr. Andrew Bailey#	1 June 2020	31 December 2020	58	0	58	58	0
	IC Sub-Total				350	30	380	59
Nomination & Remuneration Committee (NRC)	Mr. Omar Najjar	12 February 2020	31 December 2020	88	8	96	96	0
	Ms. May Al-Hoshan*	1 December 2018	30 June 2019	0	0	0	-50	50
	Ms. Claire Semple#	1 December 2018	30 June 2019	0	0	0	-50	50
NRC Sub-Total				88	8	96	-4	100
Risk Management Committee (RMC)	Dr. Khalid Al-Faddagh* (Chairman)	1 January 2020	31 December 2020	150	8	158	68	90
	Mr. Rami Makaram	1 January 2020	31 December 2020	100	8	108	8	100
	Mr. James O'Reilly#	1 January 2020	31 December 2020	100	8	108	50	58
	Mr. Paul John Davis#	1 December 2018	30 June 2019	0	0	0	-50	50
RMC Sub-Total				350	23	373	75	298
Total Committee Members' (Non-Board Member) Remuneration Fees				1,263	140	1,403	210	1,194

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 Senior Executive remuneration (including CEO and CFO)

	Total
Fixed Remunerations	
Salaries	13,995
Allowances	1,105
In-kind benefits	-
Total	15,100
Variable Remunerations	
Periodic Remunerations	-
Profits	-
Short-term incentive plans	8,974
Long-term incentive plans	-
Granted Salaries (insert the value)	7,161
Total	16,135
End-of-Service Award	977
Total Remunerations for Board Executives	400
Aggregate Amount	32,612

General Assembly (GA) meetings

In 2020, we held one Extraordinary GA Meeting (EGM) and we included the highlights of our key Tadawul announcements, and the summary of the GA resolutions approved. Shareholders are referred to our fully detailed Tadawul announcements, our 2020 AFS, and our Company Website's Investor Relations Governance section, including the GA minutes, as we feel they contain sufficiently full information to enable Shareholders to be fully informed to make their decisions:

GA meetings attendance by the Board Members

Board Member	30 June
Eng. Loay Hisham Nazer	Yes
Mr. David Martin Fletcher	Yes
Mr. Tal Hisham Nazer	Yes
Mr. Zaid Abdulrahman Algwaiz	No
Mr. Martin Houston	Yes
Dr. Abdulla Nadeem Elyas	Yes
Ms. Huda Mohammed AlGhosen	Yes
Mrs. Joy Linton	Yes
Mr. Nader Ashoor (Board member since 1 July 2020)	N/A

EGM Resolutions approved on 30 June 2020 (results announced on 1 July 2020):

(1): The Annual Board Report for the year ended 31 December 2019G.

(2): The External Auditors Report for the year ended 31 December 2019G.

(3): The Annual Financial Statements for the year ended 31 December 2019G.

(4): The selection of the external auditors, and their fees (Ernst and Young & Co., and Price Waterhouse Coopers)

(5): The Board member's remuneration, at SR 3,098K, for the year ended 31 December 2019G.

(6): The absolving of the Board of Directors of their responsibility for managing the Company for the year ended 31 December 2019G

(7): The delegation of the authority to the Board to approve an interim dividend to the shareholders, on a semi-annual or quarterly basis.

(8): The purchasing of the LTIP shares by the company in order to fulfil the current LTIP Cycle's required shares purchase, to a maximum value of SR 14,275,332, and to a maximum number of shares of 220,000.

(9-10): The appointment of the members of the Board of Directors, for the next new term.

(11): The update of the Board Committee Member Remuneration Policy

(12): The update of the Board Member Remuneration Policy.

(13-47): The ratification of related party transactions, business and contracts, for the prior and future years.

(48-76): The changes in the Articles of the Company's By-Laws.

As required in terms of the CMA disclosure requirement, the Company, and the Board, confirms that it follows a procedure of ensuring all its Board and executive management members are aware of the shareholders' suggestions and remarks, on the Company and its performance, by circulating the GA minutes with the Board materials, and including the GA minutes on the Company's website.

Additional disclosures

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

No subsidiaries

The Company, and the Board, confirms Bupa Arabia has no subsidiaries and therefore, no issued shares nor any debt instruments, for any subsidiary.

No borrowings or loans

The Company, and the Board, confirms 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, 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, nor issued, nor 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 cancelled any redeemable debt instruments during the financial year. The Company has no such securities outstanding so the value of the same is nil.

Long Term Incentive Plan (LTIP)

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

There was no purchase of LTIP shares during 2020, and the Company holds a total of 554,307 LTIP shares with a cost of SR 48.8 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, confirms that proper books of account have been maintained and that it maintains separate accounts for each of insurance operations and shareholder operations, within its accounting records, and can confirm that it has maintained proper accounting records during the financial year.

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, and are in compliance 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 management's continuous efforts and focus on improving 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 auditor and management on the preliminary and annual financial statements for the year ended 31 December 2020, nothing has been brought to the attention of the Committee that would indicate any significant deficiencies.

Continuation as a going concern

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

External Auditors

The joint external auditors, as approved per the EGM for the fiscal year ended 31 December 2019, were Ernst and Young & Co., and KPMG.

Independent External Actuary

Bupa Arabia's Independent External Actuary, for the 2020 fiscal year was Lux Actuaries, as was the case in 2019.

FINANCIAL STATEMENTS

Bupa Arabia's stellar performance in 2020 has further cemented its position as the leading health insurer in Saudi Arabia. We hit record revenue and profit levels this year, and earnings per share were up by 17% to SR 5.83.

Details are of our full year's financial performance can be found on the following pages.



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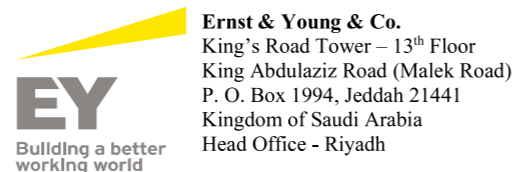
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Independent Auditors' Report



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

Opinion

We have audited the financial statements of Bupa Arabia For Cooperative Insurance Company a Saudi Joint Stock Company (the "Company"), which comprise the statement of financial position as at 31 December 2020, and the related statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants ("SOCPA") (referred to as "IFRS as endorsed in the Kingdom of Saudi Arabia").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing 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 financial statements section of our report. We are independent of the Company in accordance with the professional code of conduct and ethics, endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the key audit 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>Valuation of ultimate claim liabilities arising from insurance contracts</p> <p>As at 31 December 2020, gross outstanding claims and reserves including claims incurred but not reported (IBNR) and premium deficiency reserve amounted to Saudi Riyals 2.1 billion as reported in Note 13.1 to the financial statements.</p> <p>The estimation of insurance contract liabilities involves a significant degree of judgement. The liabilities 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. Accordingly, this complexity arises from calculating the actuarial best estimate and the margin over best estimate 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>The Company calculates its own estimate of the provision using standardised reserving methodology for comparing against the provision calculated by the independent actuary, and considers the impact of any significant differences.</p> <p>Due to the estimation uncertainty and subjectivity involved including uncertainties due to COVID-19 pandemic in the assessment of valuation of ultimate claim liabilities arising from insurance contracts, we have considered this as a key audit matter.</p> <p>Please refer to notes 3(xxi) for the accounting policy adopted by the Company and note 2d(i) for the significant accounting judgements, estimates and assumptions involved in the initial recognition and subsequent measurement of claims. Also, refer to note 13 for the movement in outstanding claims.</p>	<p>We performed the following procedures:</p> <ul style="list-style-type: none"> Understood, evaluated and tested key controls around the claims handling and provision setting processes. Evaluated the competence, capabilities and objectivity of the management's actuarial expert based on their professional qualifications and experience and assessed their independence. Performed substantive tests on the amounts recorded for a sample of claims notified and paid; including comparing the outstanding claims amount to appropriate source documentation to evaluate the valuation of outstanding claim reserves. Obtained sufficient audit evidence to assess the integrity of data used as inputs into the actuarial valuations, and tested on a sample basis, the accuracy of underlying claims data utilized by the management's expert in estimating the IBNR by comparing it to the accounting and other records. Challenged management's methods and assumptions, through assistance of our own actuarial expert to understand and evaluate the Company's actuarial practices and provisions established and gained comfort over the actuarial report issued by management's expert, by performing the following: <ol style="list-style-type: none"> Evaluated whether the Company's actuarial methodologies were consistent with generally accepted actuarial practices and with prior years. We sought sufficient justification for any significant differences; Assessed key actuarial assumptions including claims ratios and expected frequency and severity of claims. We challenged these assumptions by comparing them with our expectations based on the Company's historical experience, current trends and our own industry knowledge; and Reviewed the appropriateness of the calculation methods and approach along with the assumptions used and sensitivity analysis performed. Assessed the adequacy and appropriateness of the related disclosures in the financial statements.



Other Information

Management is responsible for the other information. Other information consists of the information included in the Company's 2020 annual report other than the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the 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 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 financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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



In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance i.e., the Board of Directors of the Company is responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 as 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Company'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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

**for PricewaterhouseCoopers
Certified Public Accountants**

Mufaddal A. Ali
Certified Public Accountant Licence No. 447



Shaaban 3, 1442H
16 March 2021
Jeddah, Kingdom of Saudi Arabia



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, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 Ernst & Young & Co.
Certified Public Accountants**

Ahmed I. Reda
Certified Public Accountant Licence No. 356



Statement of Financial Position

at 31 December 2020 | Bupa Arabia for Cooperative Insurance Company
(A Saudi Joint Stock Company)

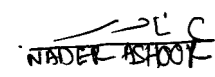
	Notes	2020 SR '000	2019 SR '000
ASSETS			
Cash and cash equivalents	5	633,251	665,709
Premiums receivable - net	6	1,320,043	1,689,377
Reinsurers' share of unearned premiums	13.2	20,108	20,625
Reinsurers' share of outstanding claims	13.1	1,475	1,218
Reinsurers' share of claims incurred but not reported	13.1	6,461	3,972
Deferred policy acquisition costs	14	68,214	134,022
Investments	7	6,029,446	1,840,832
Prepaid expenses and other assets	8	158,460	276,643
Term deposits	9	2,723,173	5,063,976
Fixtures, Furniture and Right-of-use assets - net	10	204,019	169,441
Intangible assets - net	11	61,958	56,245
Deferred tax asset	26 (b)	37,941	30,216
Goodwill	4	98,000	98,000
Statutory deposit	12	120,000	120,000
Accrued income on statutory deposit	12	13,806	10,820
TOTAL ASSETS		11,496,355	10,181,096
LIABILITIES			
Accrued and other liabilities	18	676,050	448,687
Insurance operations' surplus payable	20	200,391	168,454
Reinsurers' balances payable	25	4,873	54,413
Unearned premiums	13.2	4,023,331	4,376,219
Outstanding claims	13.1	446,519	451,788
Claims incurred but not reported	13.1	1,378,294	1,157,428
Premium deficiency reserve	13.1	263,751	
Claims handling reserve	13.1	20,755	18,492
Due to related parties	24	108,521	78,848
Provision for end-of-service benefits (EOSB)	21	140,012	96,341
Provision for Zakat and income tax	26 (c)	317,199	274,709
Accrued income payable to SAMA	12	13,806	10,820
TOTAL LIABILITIES		7,593,502	7,136,199
EQUITY			
Share capital	27	1,200,000	1,200,000
Statutory reserve	28	867,096	727,871
Share based payments	29	32,800	25,525
Shares held under employees share scheme	29	(48,779)	(57,538)
Retained earnings		1,684,003	1,128,973
Re-measurement reserve of employees' EOSB		(31,173)	(10,473)
Investments fair value reserve - related to shareholders		174,848	18,035
TOTAL SHAREHOLDERS' EQUITY		3,878,795	3,032,393
Investments fair value reserve - related to policyholders		24,058	12,504
TOTAL EQUITY		3,902,853	3,044,897
TOTAL LIABILITIES AND EQUITY		11,496,355	10,181,096



Chairman



Director and Chief Executive Officer



Director and Chief Financial Officer

The accompanying Notes 1 to 39 form an integral part of these Financial Statements

Statement of Income

For the year ended 31 December 2020 | Bupa Arabia for Cooperative Insurance Company
(A Saudi Joint Stock Company)

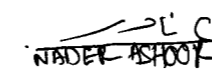
	Notes	2020 SR '000	2019 SR '000 (Restated)
REVENUES			
Gross premiums written	13.2	10,447,353	10,410,868
Reinsurance premiums ceded - Local		(5,953)	(10,377)
Reinsurance premiums ceded - International		(59,289)	(95,417)
Net premiums written		10,382,111	10,305,074
Changes in unearned premiums - net		352,371	(933,783)
Net premiums earned	13.2	10,734,482	9,371,291
UNDERWRITING COSTS AND EXPENSES			
Gross claims paid		(8,262,050)	(7,655,078)
Reinsurers' share of claims paid		20,987	58,632
Net claims paid		(8,241,063)	(7,596,446)
Changes in outstanding claims	13.1	5,269	103,370
Changes in claims incurred but not reported	13.1	(220,866)	(259,305)
Changes in premium deficiency reserve		(263,751)	
Changes in claims handling reserves		(2,263)	908
Reinsurance share of changes in outstanding claims		257	882
Reinsurance share of changes in claims incurred but not reported		2,489	1,294
Net claims incurred		(8,719,928)	(7,749,297)
Policy acquisition costs	14	(630,734)	(463,542)
Total underwriting costs and expenses		(9,350,662)	(8,212,839)
NET UNDERWRITING INCOME		1,383,820	1,158,452
OTHER OPERATING (EXPENSES)/INCOME			
Allowance for doubtful receivables	6	(28,770)	(31,907)
General and administrative expenses	31	(585,549)	(491,001)
Selling and marketing expenses	32	(106,467)	(109,856)
Investment income - net	33	213,295	235,005
Other income - net		27,481	18,795
Total other operating (expenses)/income		(480,010)	(378,964)
Income before surplus, Zakat and income tax		903,810	779,488
Income attributed to the insurance operations (transfer to surplus payable)	20	(80,141)	(66,834)
Income attributed to the shareholders before Zakat and income tax		823,669	712,654
Zakat charge	26 (a)	(64,297)	(57,821)
Income tax charge	26 (b)	(63,244)	(61,036)
NET INCOME ATTRIBUTED TO SHAREHOLDERS AFTER ZAKAT AND INCOME TAX		696,128	593,797
Weighted average number of ordinary outstanding shares (in thousands)		119,421	119,548
Basic and diluted earnings per share (Expressed in SR per Share)	34	5.83	4.97



Chairman



Director and Chief Executive Officer



Director and Chief Financial Officer

The accompanying Notes 1 to 39 form an integral part of these Financial Statements

Statement of Comprehensive Income

For the year ended 31 December 2020 Bupa Arabia for Cooperative Insurance Company
(A Saudi Joint Stock Company)


	2020 SR '000	2019 SR '000 (Restated)
NET INCOME ATTRIBUTED TO THE SHAREHOLDERS AFTER ZAKAT AND INCOME TAX	696,128	593,797
Other comprehensive income		
Items that will not be reclassified to statement of income in subsequent years		
Re-measurement losses on employees' EOSB	(20,700)	{1,551}
Items that are or may be reclassified to statement of income in subsequent years		
Net movement in fair value of available-for-sale investments:		
related to shareholders	156,813	39,977
related to policyholders	11,554	21,093
	168,367	61,070
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	843,795	653,316



Chairman



Director and Chief Executive Officer




Director and Chief Financial Officer

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Statement of Changes in Equity

For the year ended 31 December 2020 Bupa Arabia for Cooperative Insurance Company
(A Saudi Joint Stock Company)

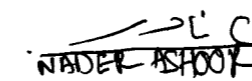
	Related to shareholders' operations									
	Share capital	Statutory reserve	Share-based payments	Shares held under employees share scheme	Retained earnings	Remeasurement reserve of employees' EOSB	Investments fair value reserve - related to shareholders' operations	Total shareholders' operations equity	Investments fair value reserve - related to policyholders operations	Total equity
2020	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000
Balance at 1 January 2020	1,200,000	727,871	25,525	(57,538)	1,128,973	(10,473)	18,035	3,032,393	12,504	3,044,897
Total comprehensive income for the year										
Net income for the year attributed to shareholders after Zakat and income tax	-	-	-	-	696,128	-	-	696,128	-	696,128
Re-measurement losses on employees' EOSB	-	-	-	-	-	(20,700)	-	(20,700)	-	(20,700)
Changes in fair value of available for sale investments	-	-	-	-	-	-	156,813	156,2813	112554	168,367
Total comprehensive income for the year	-	-	-	-	696,128	(20,700)	156,813	832,241	11,554	843,795
Transfer to statutory reserves	-	139,225	-	-	(139,225)	-	-	-	-	-
Share based payment transactions	-	-	16,034	-	-	-	-	16,034	-	16,034
Delivery of shares under LTIP	-	-	(8,759)	8,759	-	-	-	-	-	-
Income tax recoverable (to)/from non-Saudi shareholders	-	-	-	-	(1,873)	-	-	(1,873)	-	(1,873)
Balance at 31 December 2020	1,200,000	867,096	32,800	(48,779)	1,684,003	(31,173)	174,848	3,878,795	24,058	3,902,853



Chairman



Director and Chief Executive Officer



Director and Chief Financial Officer

The accompanying Notes 1 to 39 form an integral part of these Financial Statements

For the year ended 31 December 2020 | Bupa Arabia for Cooperative Insurance Company
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2019	Related to shareholders' operations									
	Share capital	Statutory reserve	Share-based payments	Shares held under employees share scheme	Retained earnings	Remeasurement reserve of employees' EOSB	Investments fair value reserve - related to shareholders' operations	Total shareholders' operations equity	Investments fair value reserve - related to policyholders operations	Total equity
	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000
Balance at 31 December 2018	1,200,000	609,111	17,579	(32,662)	836,705	(8,922)	(21,942)	2,599,869	(8,589)	2,591,280
Impact of adopting IFRS 16 at 1 January 2019	-	-	-	-	(8,900)	-	-	(8,900)	-	(8,900)
Balance at 1 January 2019	1,200,000	609,111	17,579	(32,662)	827,805	(8,922)	(21,942)	2,590,969	(8,589)	2,582,380
Total comprehensive income for the year										
Net income for the year attributed to shareholders after Zakat and income tax	-	-	-	-	593,797	-	-	593,797	-	593,797
Actuarial losses on end-of-service benefits	-	-	-	-	-	(1,551)	-	(1,551)	-	(1,551)
Changes in fair value of available for sale investments	-	-	-	-	-	-	39,977	39,977	21,093	61,070
Total comprehensive income for the year	-	-	-	-	593,797	(1,551)	39,977	632,223	21,093	653,316
Transfer to statutory reserves	-	118,760	-	-	(118,760)	-	-	-	-	-
Share based payment transactions	-	-	15,814	-	-	-	-	15,814	-	15,814
Delivery of shares under LTIP	-	-	(7,868)	7,868	-	-	-	-	-	-
Purchase of shares under LTIP	-	-	-	(32,744)	-	-	-	(32,744)	-	(32,744)
Dividends paid	-	-	-	-	(180,000)	-	-	(180,000)	-	(180,000)
Income tax recoverable (to)/from non-Saudi shareholders	-	-	-	-	6,131	-	-	6,131	-	6,131
Balance at 31 December 2019	1,200,000	727,871	25,525	(57,538)	1,128,973	(10,473)	18,035	3,032,393	12,504	3,044,897



Chairman



Director and Chief Executive Officer



Director and Chief Financial Officer

The accompanying Notes 1 to 39 form an integral part of these Financial Statements

Statement of Cash Flows

For the year ended 31 December 2020 | Bupa Arabia for Cooperative Insurance Company
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	Notes	2020 SR '000	2019 SR '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income attributed to the shareholders before Zakat and income tax		823,669	712,654
Adjustments for non-cash items:			
Net income attributed to the insurance operations	20	80,141	66,834
Depreciation and amortization of Fixtures, Furniture and Right-of-use assets		31,507	30,640
Amortization of intangible assets		15,731	17,576
(Gain)/loss on disposal of Fixtures and Furniture		-	(1)
Provision for LTIP		16,034	15,814
Allowance for doubtful receivables provision		28,770	31,907
Unrealized gains on investments held as FVSI		(876)	(12,745)
Provision for end-of-service benefits		27,294	19,481
Finance cost		5,244	5,223
Changes in operating assets and liabilities:			
Premiums receivable		340,564	(770,613)
Reinsurers' share of unearned premiums		517	(14,305)
Reinsurers' share of outstanding claims		(257)	(882)
Reinsurers' share of claims Incurred but not reported		(2,489)	(1,294)
Deferred policy acquisition costs		65,808	(15,699)
Prepaid expenses and other assets		118,183	(73,658)
Accrued and other liabilities		182,092	72,549
Reinsurers' balances payable		(49,540)	3,777
Unearned premiums		(352,888)	948,088
Outstanding claims		(5,269)	(103,370)
Claims incurred but not reported		220,866	259,305
Premium deficiency Reserve		263,751	-
Claims handling reserve		2,263	(908)
Due to related parties	24	27,800	43,884
		1,838,915	1,234,257
End-of-service benefits paid		(4,323)	(6,086)
Surplus paid to policyholders		(48,204)	(38,135)
Zakat and income tax paid		(92,776)	(48,596)
Net cash generated from operating activities		1,693,612	1,141,440

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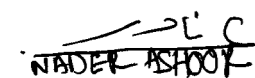
Notes	2020 SR '000	2019 SR '000
CASH FLOWS FROM INVESTING ACTIVITIES		
Placement in term deposits	(788,850)	(3,637,489)
Proceeds from maturity of term deposits	3,129,653	3,288,794
Additions to investments	(13,748,860)	(3,702,161)
Disposals of investments	9,729,489	3,556,635
Additions to Fixtures, Furniture and Right-of-use assets	(11,840)	(15,765)
Disposal of Fixtures, Furniture and Right-of-use assets	-	124
Intangible assets acquired	(21,444)	(1,654)
Net cash used in investing activities	(1,711,852)	(526,410)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	-	(180,000)
Purchase of shares under LTIP	-	(32,744)
Lease liability paid	(14,218)	(26,990)
Net cash used in financing activities	(14,218)	(239,734)
Net change in cash and cash equivalents	(32,458)	375,296
Cash and cash equivalents at beginning of the year	665,709	290,413
Cash and cash equivalents at end of the year	633,251	665,709
Non-cash transactions		
Movements in fair value reserve of available for sale investments	(168,367)	61,070
Transfer from WIP to Fixtures, Furniture/Intangible assets	22,653	44,869
Re-measurement losses on employees' EOSB	(20,700)	(1,551)
Recognition of Lease liability	54,245	112,096
Recognition of Right-of-use assets	(54,245)	(103,196)
Tax recoverable (to)/from non-Saudi shareholders	1,873	6,131



Chairman



Director and Chief Executive Officer



Director and Chief Financial Officer

The accompanying Notes 1 to 39 form an integral part of these Financial Statements

Notes to the Financial Statements

at 31 December 2020 | Bupa Arabia for Cooperative Insurance Company
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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 and Investment'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-Khaleidiyah 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 licenced 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 approve the distribution of 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 in insurance operations is transferred to the shareholders' operations in full.

2 Basis of Preparation

(a) Basis of presentation and measurement

These Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs) as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements as endorsed by Saudi organization for Certified Public Accountants ("SOCPA") (referred to as "IFRS as endorsed in KSA").

The Financial Statements are prepared under the going concern basis and the historical cost convention, except for the measurement at fair value of investments held at fair value through Statement of Income (FVSI), available-for-sale investments, measurement of ultimate liability arising from claims made under insurance contracts and measurement of employees end-of-service benefits (EOSB) and liabilities for cash settled share-based payments at present value. The Company's Statement of Financial Position is not presented using a current/non-current classification. However, the following balances would generally be classified as non-current: available-for-sale investments, held-to-maturity investments, fixtures, furniture and right-of-use assets, intangible assets, goodwill, statutory deposit, accrued income on statutory

deposit, provision for employees' EOSB and accrued income payable to SAMA. All other Financial Statement line items would generally be classified as current, unless stated otherwise.

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 36 to these annual Financial Statements provides the Statement of Financial Position, Statements of Income, Comprehensive Income and Cash Flows of the insurance operations and shareholders operations, separately.

During 2018, SAMA issued illustrative Financial Statements for the insurance sector in the Kingdom of Saudi Arabia. In preparing the Company level financial statements in compliance with IFRS as endorsed in the Kingdom of Saudi Arabia, 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 Financial Statements are presented in Saudi Arabian Riyals (SR), which is the Company's functional currency. All financial information presented in SR has been rounded off to the nearest thousand except where otherwise indicated.

(c) Fiscal year

The Company follows a fiscal year ending on 31 December.

(d) Critical accounting judgements, estimates and assumptions

The preparation of the Company's Financial Statements requires Management to make judgements, estimates and assumptions that affect the reported amount of revenue, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require material adjustment to the carrying amount of assets or liabilities affected in future years. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following are the accounting judgements and estimates that are critical in the preparation of these Financial Statements:

(i) The ultimate liability arising from claims made under insurance contracts

Judgement by Management is required in the estimation of amounts due to medical providers and third parties arising from claims made under insurance contracts. Such estimates are necessary based on assumptions derived from several factors involving varying degrees of judgement and uncertainty as well as actual results may differ from Management's estimates resulting in future changes in estimated liabilities. The Company estimates its claims based on its previous experience of its

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insurance portfolio. The provision for claims incurred but not reported (IBNR) is an estimation of claims which are expected to be reported subsequent to the date of Statement of Financial Position, for which the insured event has occurred prior to the date of statement of financial position. The primary technique adopted by Management in estimating the cost of notified and IBNR claims, is that of using the past claims settlement trends to predict future claims settlement trends. Claims requiring court or arbitration decisions, if any, are estimated individually. The Management reviews its provisions for claims incurred, and claims incurred but not reported, on a monthly basis. Any difference between the provisions at the Statement of Financial Position date and actual settlement is included in provisions in the following year in the Statement of Income for that year. The provision for outstanding claims, as at 31 December, is also verified by an independent actuary.

A range of methods such as the Chain Ladder Method, the Bornhuetter-Ferguson Method and the Expected Loss Ratio Method are used by the actuaries to determine these provisions. Also, the Actuaries have used a segmentation approach which includes analyzing the costs per member per year for the medical line of business. Underlying these methods are also a number of explicit or implicit assumptions relating to the expected settlement amount and the settlement patterns of the claims.

Estimation of premium deficiency for medical insurance is highly sensitive to a number of assumptions as to the future events and conditions. It is based on an expected loss ratio for the unexpired portion of the risks for active written policies. To arrive at the estimate of the expected loss ratio, the Company's actuarial team, and also the independent actuary, consider the claims and premiums relationship which is expected to apply on a month-to-month basis, and ascertain, at the end of the financial period, whether a premium deficiency reserve is required.

(ii) Impairment of receivables

A provision for impairment of receivables and reinsurance receivables is established when there is an objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtors, probability that the debtors will enter into bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the receivable is impaired.

(iii) Deferred acquisition costs

Acquisition costs related to the sale of new policies are recorded as deferred acquisition costs and are amortized in the Statement of Income over the period of policy coverage. If the assumptions relating to future profitability of these policies are not realised, the amortization of these costs could be accelerated and this may also require additional impairment write-offs in the Statement of Income.

(iv) Useful lives of Fixtures, Furniture and Right-of-use assets

The Company's Management determines the estimated useful lives of its Fixtures, Furniture and Right-of-use assets for calculating depreciation. These estimates are determined after considering the expected usage of the assets or physical wear and tear. Management reviews residual values and useful lives annually and future depreciation charges are adjusted where Management believes the useful lives differ from previous estimates.

(v) 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, judgement is required to establish fair values.

(vi) Impairment of available-for-sale investments

The Company exercises judgement to consider impairment on the available-for-sale investments at each reporting date. This includes determination of a significant or a prolonged decline in the fair value of equity securities below cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Company evaluates among other factors, the normal volatility in share prices. In addition, the Company considers impairment to be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

The Company considers 30% or more, as a reasonable measure for significant decline below its cost, irrespective of the duration of the decline, which is recognized in the Statement of Income as an impairment charge on investments. A prolonged decline represents a decline below cost that persists for 1 year or longer irrespective of the amount and is recognized in the Statement of Income accordingly as an impairment charge on investments. The previously recognized impairment loss in respect of equity investments cannot be reversed through the Statement of Income. The Company reviews its debt securities classified as available for sale at each reporting date to assess whether they are impaired.

(vii) Going concern

The Company'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 Company's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis.

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(viii) Impairment of Goodwill

The Company tests whether goodwill has suffered any impairment on an annual basis. For the 2020 and 2019 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 4. 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 recognized. 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.

3 Significant Accounting Policies

The significant accounting policies applied in the preparation of these 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 Company as explained below:

(a) New IFRS Standards, IFRIC interpretations and amendments thereof, adopted by the Company:

The following new standards, amendments and revisions to existing standards, which were issued by the International Accounting Standards Board (IASB), have been effective from 1 January 2020 and accordingly adopted by the Company. The Company has assessed that the amendments have no significant impact on the Company's Financial Statements, as applicable:

Standard/Amendments	Description	Effective from periods beginning on or after the following date
Amendments to IFRS 3	Definition of business	1 January 2020
Amendments to References to the Conceptual Framework in IFRS Standards	The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts	1 January 2020
Amendments to IAS 39 & IFRS 7	Interest Rate Benchmark Reform	1 January 2020
Amendments to IAS 1 & IAS 8	Definition of material	1 January 2020

(b) Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Company's annual Financial Statements are listed below. The Company intends to adopt these standards when they become effective.

Standard/ Interpretation	Description	Effective from periods beginning on or after the following date
IFRS 17	Insurance Contracts	See note below
IFRS 9	Financial Instruments	See note below
Amendments to IAS 37	Onerous contracts - Cost of Fulfilling a contract	1 January 2023

IFRS 17 – Insurance Contracts

Overview

This standard has been published on 18 May 2017, it establishes the principles for the recognition, measurement, presentation, and disclosure of insurance contracts and supersedes IFRS 4 – Insurance contracts.

The new standard applies to insurance contracts issued, to all reinsurance contracts and to investment contracts with discretionary participating features provided the entity also issues insurance contracts. It requires to separate the following components from insurance contracts:

- (i) embedded derivatives, if they meet certain specified criteria;
- (ii) distinct investment components; and
- (iii) any promise to transfer distinct goods or non-insurance services.

These components should be accounted for separately in accordance with the related standards (IFRS 9 and IFRS 15).

Measurement

In contrast to the requirements in IFRS 4, which permitted insurers to continue to use the accounting policies for measurement purposes that existed prior to January 2005, IFRS 17 provides the following different measurement models:

The General model is based on the following "building blocks":

- (a) the fulfilment cash flows (FCF), which comprise:
 - probability-weighted estimates of future cash flows;
 - an adjustment to reflect the time value of money (i.e., discounting) and the financial risks associated with those future cash flows; and
 - a risk adjustment for non-financial risk.

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(b) the Contractual Service Margin (CSM). The CSM represents the unearned profit for a group of insurance contracts and will be recognized as the entity provides services in the future. The CSM cannot be negative at inception; any net negative amount of the fulfilment cash flows at inception will be recorded in profit or loss immediately. At the end of each subsequent reporting period the carrying amount of a group of insurance contracts is remeasured to be the sum of:

- the liability for remaining coverage, which comprises the FCF related to future services and the CSM of the group at that date; and
- the liability for incurred claims, which is measured as the FCF related to past services allocated to the group at that date.

The CSM is adjusted subsequently for changes in cash flows related to future services but the CSM cannot be negative, so changes in future cash flows that are greater than the remaining CSM are recognized in Statement of Income. Interest is also accreted on the CSM at rates locked in at initial recognition of a contract (i.e., discount rate used at inception to determine the present value of the estimated cash flows). Moreover, the CSM will be released into Statement of Income based on coverage units, reflecting the quantity of the benefits provided and the expected coverage duration of the remaining contracts in the Group.

The Variable Fee Approach (VFA) is a mandatory model for measuring contracts with direct participation features (also referred to as “direct participating contracts”). This assessment of whether the contract meets these criteria is made at inception of the contract and not reassessed subsequently. For these contracts, the CSM is also adjusted for in addition to adjustment under general model.

- (i) changes in the entity's share of the fair value of underlying items; and
- (ii) changes in the effect of the time value of money and financial risks not relating to the underlying items.

In addition, a simplified Premium Allocation Approach (PAA) is permitted for the measurement of the liability for the remaining coverage if it provides a measurement that is not materially different from the general model or if the coverage period for each contract in the group is one year or less. With the PAA, the liability for remaining coverage corresponds to premiums received at initial recognition less insurance acquisition cash flows, unless the Company chooses to recognize the payments as an expense. The general model remains applicable for the measurement of incurred claims. However, the entity is not required to adjust future cash flows for the time value of money and the effect of financial risk if those cash flows are expected to be paid/received in one year or less from the date the claims are incurred.

Effective date

The effective date of IFRS 17 and the deferral of the IFRS 9 temporary exemption in IFRS 4, is currently 1 January 2023. Earlier application is permitted if both IFRS 15 – Revenue from Contracts with Customers and IFRS 9 – Financial Instruments have also been applied. The Company intend to apply the standard on its effective date.

Transition

Retrospective application is required. However, if full retrospective application for a group of insurance contracts is impracticable, then the entity is required to apply either a modified retrospective approach or a fair value approach.

Presentation and Disclosures

The Company expects that the new standard will result in a change in accounting policies for insurance contracts together with amendments to presentation and disclosures.

Impact

The Company is currently assessing the impact of the application and implementation of IFRS 17. As of the date of the publication of these Financial Statements, the Company expects the implementation of IFRS 17 to have impact on the following areas:

The Company expects the Implementation of IFRS 17 to have impact on the following areas:

Impact Area	Summary of Impact
Financial Impact	No Significant impact based on the assessment conducted in 2020.
Data Impact	Management is assessing data storage and infrastructure considering systems interfaces and data integrity. However, management believes that the data impact is not likely to be significant.
IT Systems	Management is assessing the current IT systems and considering the migration to a new system in phases by utilizing the current system capabilities before the migration is carried out ensuring IFRS17 disclosure and reconciliation requirements are met.
Process Impact	The Company is assessing the implication on process and need to establish new process to ensure that required line items and additional breakdowns are fed into the downstream systems to create the required presentations and disclosures.
Impact on RI Arrangements	The Company's held reinsurance is not material (less than 1% of GWP is reinsured). New/enhanced systems should be flexible to account for any changes in the Company's reinsurance strategy.
Impact on Policies and Control Frameworks	The Company needs to update the actuarial and accounting policies and develop guidance papers; From governance perspective, Management needs to make sure all IFRS17 key decisions and results are appropriately reviewed and signed off by the Auditors, appointed actuary, Audit Committee as well as the Board of Directors and the required control functions.

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The Company has started with their implementation process and have set up an Implementation Committee.

IFRS 9 – Financial Instruments

This standard was published on 24 July 2014 and has replaced IAS 39. The new standard addresses the following items related to financial instruments:

Classification and measurement

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss. A financial asset is measured at amortized cost if both:

- (i) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- (ii) 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”).

The debt financial asset is measured at fair value through other comprehensive income and realized gains or losses would flow through profit or loss upon sale, if both conditions are met:

- (i) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and for sale; and
- (ii) the contractual terms of cash flows are SPPI.

Assets not meeting either of these categories are measured at fair value through profit or loss. Additionally, at initial recognition, an entity can use the option to designate a financial asset at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch.

For equity instruments that are not held for trading, an entity can also make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the instruments (including realized gains and losses), dividends being recognized in profit or loss.

Additionally, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

Impairment

The impairment model under IFRS 9 reflects expected credit losses, as opposed to incurred credit losses under IAS 39. Under the IFRS 9 approach, it is no longer necessary for a credit event to have occurred before credit losses are recognized. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition.

Hedge accounting

IFRS 9 introduces new requirements for hedge accounting that align hedge accounting more closely with Risk Management. The requirements establish a more principles-based approach to the general hedge accounting model. The amendments apply to all hedge accounting with the exception of portfolio fair value hedges of interest rate risk (commonly referred to as “fair value macro hedges”). For these, an entity may continue to apply the hedge accounting requirements currently in IAS 39. This exception was granted largely because the IASB is addressing macro hedge accounting as a separate project.

Effective date

The published effective date of IFRS 9 was 1 January 2018. However, amendments to IFRS 4 – Insurance Contracts: Applying IFRS 9 – Financial Instruments with IFRS 4 – Insurance Contracts, published on 12 September 2016, changes the existing IFRS 4 to allow entities issuing insurance contracts within the scope of IFRS 4 to mitigate certain effects of applying IFRS 9 before the IASB's new insurance contract standard (IFRS 17 – Insurance Contracts) becomes effective. The amendments introduce two alternative options:

- (1) apply a temporary exemption from implementing IFRS 9 until the earlier of –
 - (a) the effective date of a new insurance contract standard; or
 - (b) annual reporting periods beginning on or after 1 January 2023. This option is only available to entities whose activities are predominately connected with insurance and have not applied IFRS 9 previously; or
- (2) adopt IFRS 9 but, for designated financial assets, remove from profit or loss the effects of some of the accounting mismatches that may occur before the new insurance contract standard is implemented. During the interim period, additional disclosures are required.

The Company has performed a detailed assessment beginning 1 January 2017: (1) The carrying amount of the Company's liabilities arising from contracts within the scope of IFRS 4 (including deposit components or embedded derivatives unbundled from insurance contracts) were compared to the total carrying amount of all its liabilities; and (2) the total carrying amount of the Company's liabilities connected with insurance were compared to the total carrying amount of all its liabilities. Based on these assessments the Company determined that it is eligible for the temporary exemption. Consequently, the Company has decided to defer the implementation of IFRS 9 until the effective date of the new insurance contracts standard. Disclosures related to financial assets required during the deferral period are included in the Company's Financial Statements.

Impact assessment

As at 31 December 2020, the Company has total financial assets and insurance related assets amounting to SR 8,752 million and SR 2,373 million, respectively. Financial assets mainly represent investments held to maturity which consist of cash and cash equivalents, term deposits and designated sukuk

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amounting to SR 2,854 million (2019: SR 5,511 million). Fair value investments held at fair value through Statement of Income as at 31 December 2020 is SR 3,695 million (2019: SR 270 million). Other financial assets consist of available-for-sale investments amounting to SR 2,203 million (2019: SR 1,440 million). The Company is currently assessing the impact on application and implementation of IFRS 9, however the Company expects the classification and measurement of financial assets to be impacted by the implementation of IFRS 9.

The significant accounting policies used in preparing these Financial Statements are set out below:

(i) Financial instruments – initial recognition and subsequent measurement

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash and cash equivalents, premiums receivable, investments, term deposits, statutory deposit and other receivables. Financial liabilities consist of insurance operations surplus payable, amounts due to related parties, and certain other liabilities.

Date of recognition

Regular way sale and purchase of financial instruments is recognized on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. Regular way purchases or sales are purchases or sales of financial instruments that require settlement of instrument within the time frame generally established by regulation or convention in the market place.

Measurement of financial instruments

All financial instruments are measured initially at their fair value plus, in the case of financial assets and financial liabilities not at fair value through Statement of Income, any directly attributable incremental costs of acquisition or issue. The classification of financial instruments at initial recognition depends on the purpose for which the financial instruments were acquired and their characteristics. Subsequent to initial measurement, financial instruments are carried at amortized cost except for FVSI and AFS investments which are carried at fair value.

(ii) Cash and cash equivalents

Cash and cash equivalents consist of bank balances and term deposits that have original maturity periods not exceeding three months from the date of acquisition.

(iii) Premiums receivable

Premiums receivable are stated at gross written premiums receivable from insurance contracts, less an allowance for any uncollectible amounts. An allowance for uncollectible amount is established when there is an objective evidence that the Company will not be able to collect all amounts due according to their original terms. Bad debts are written off as incurred. Subsequent recoveries of amounts previously written off are credited in the Statement of Income.

(iv) Policy acquisition costs

Commission and incremental direct costs incurred in relation to the acquisition and renewal of insurance contracts are deferred. The deferred acquisition costs are subsequently amortized over the terms of the insurance contract as premiums are earned and reported in the Statement of Income. Changes in the contractual useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period and are treated as a change in accounting estimate. If the assumptions relating to future profitability of these policies are not realized, the amortization of these costs could be accelerated and this may also require additional impairment write-offs in the Statement of Income. Deferred policy acquisition costs are also considered in the liability adequacy test for each reporting year.

(v) Investments

(a) Financial assets at fair value through statement of income

Investments are classified as at fair value through Statement of Income if they are classified as held-for-trading or are designated as such on initial recognition. The investments in sukuk, equities and mutual funds are held for trading and accordingly are classified as FVSI. Directly attributable transaction costs are recognized in the statement of income as incurred. Subsequently, such investments are re-measured at fair value, with all changes in fair value being recorded in the Statement of Income.

(b) Available-for-sale investments

Available-for-sale investments are non-derivative investments that are designated as available for sale or not classified as another category of financial assets, and are intended to be held for an unspecified period of time, which may be sold in response to needs for liquidity or changes in special commission rates, exchange rates or equity prices.

Investments which are classified as available for sale are initially recognized at fair value including direct and incremental transaction costs and subsequently measured at fair value except for unquoted equity securities where fair value cannot be reliably measured are carried at cost. Any unrealized gains or losses arising from changes in fair value are recognised through the Statement of Comprehensive Income until the investments are derecognised or impaired whereupon any cumulative gains or losses previously recognized in equity are reclassified to Statement of Income for the period and are disclosed as gains/ (losses) on non-trading investments.

(c) Held-to-maturity investments

Held-to-maturity investments are investments having fixed or determinable payments and fixed maturity that the Management has the positive intention and ability to hold to maturity are classified as held to maturity. Investments are initially recognized at fair value including direct and incremental transaction cost. Subsequent to initial measurement, these are measured at amortized cost less impairment losses, if any.

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(vi) Term deposits

Term deposits, with original maturity of more than three months, are initially recognized in the Statement of Financial Position at fair value and are subsequently measured at amortized cost using the effective interest method, less any impairment in value.

(vii) Fixtures and Furniture

Fixtures and Furnitures are initially recorded in the 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
Leasehold Improvements (civil, construction work and fixtures)	15 years or lease term
Fixtures, Furniture and Right-of-use assets	5 to 20
Computer and IT equipment and infra-structure	2.5 to 7
Motor vehicles	4

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 recognized in the Statement of Income on an actual basis. Similarly, impairment losses, if any, are recognized in the Statement of Income.

Expenditure for repairs and maintenance is charged to the 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 Company. Gain/loss on sale of Fixtures, Furniture and Right-of-use assets is included in Statement of Income.

(viii) 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 amortization and impairment losses. The Company amortizes intangible assets with a limited useful life using straight-line method over the following periods:

	Years
IT development and software	3 to 7

(ix) 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 recognized in the Statement of Income. Impairment losses relating to goodwill cannot be reversed in future periods.

(x) Liability adequacy test

At each reporting date the Company assesses annually whether its recognized insurance liabilities are adequate using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate in the light of estimated future cash flows, the entire deficiency is immediately recognized in the Statement of Income and an unexpired risk provision is created.

(xi) Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

(xii) Provisions

Provisions are recognized when the Company 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.

(xiii) Employee-end-of-service benefits (EOSB)

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 recognized in the Statement of Other Comprehensive Income.

(xiv) Share-based payments (LTIP)

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 recognized, 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 recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number

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of equity instruments that will ultimately vest. The charge or credit in the Statement of Income for a period represents the movement in cumulative expense recognized 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 Company reverses the expense relating to such awards previously recognized 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 recognized for the award is recognized immediately.

(xv) Shares held under employee share scheme (LTIP)

The Company purchases shares held under employee share scheme to hedge itself against adverse changes in 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 employee share scheme and are presented in the Statement of Changes in Equity.

(xvi) Impairment of financial assets

The Company assesses at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is an objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. If such evidence exists, an impairment loss is recognized in the Statement of Income. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing a significant financial difficulty, default or delinquency in repayments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. Impairment is determined as follows:

- For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset; and
- For assets carried at amortized cost, impairment is the difference between the carrying amount and the present value of future cash flows discounted at the original effective commission rate.

For impaired available-for-sale securities any subsequent increase in fair value of these impaired securities is recognized in the Statement of Other Comprehensive income and recorded in the investment fair value reserve unless this increase represents a decrease in the impairment loss that can be objectively related to an event occurring after the impairment loss was recognized in the Statement of Income. In such an event, the reversal of the impairment loss is recognized as a gain in the Statement of Income. Impairment relating to investments in available-for-sale equity instruments are not reversed through profit or loss.

(xvii) Impairment of non-financial assets

The Company 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 Company 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 Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company'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 Statement of Income.

For assets, excluding goodwill, an assessment is made at each reporting date whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's recoverable amount. A previously recognized 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 recognized. 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 recognized for the asset in prior years. Such reversal is recognized in the Statement of Income.

(xviii) 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 de-recognized when:

- the rights to receive cash flows from the asset have expired; or
- the Company 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 Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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When the Company 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 recognized to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company 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 Company could be required to repay.

Financial liability

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

(xix) Revenue recognition

Premiums earned

The Company only issues short-term insurance contracts for providing health care services ('medical insurance') in Saudi Arabia. Premiums are taken to income over the terms of the policies to which they relate on a pro-rata basis based on 365th method. Unearned premiums represent the portion of premiums written relating to the unexpired period of coverage. The change in the provision for unearned premiums is taken to the Statement of Income.

Investment and commission income

Investment income or loss comprises unrealised and realised gains and losses on investments. Commission income on term deposits is recognized using the effective interest method in the Statement of Income.

(xx) Reinsurance premiums (ceded)

Reinsurance premiums ceded are recognized as a reduction in net written premium when payable. Reinsurance premiums are charged to income over the terms of the policies to which they relate on a pro-rata basis.

(xxi) Claims

Claims, comprising amounts payable to medical providers and other third parties are charged to income as incurred. Claims comprise the estimated amounts payable, in respect of claims reported to the Company and those not reported at each reporting date.

The Company estimates its claims based on previous experience. In addition, a provision based on the Management's judgement and the Company's prior experience is maintained for the cost of settling claims incurred but not reported at each reporting date. Any difference between the provisions at the Statement of Financial Position date and actual settlement is included in provisions in the following year in the Statement of Income for that year.

The Company does not discount its liability for unpaid claims as substantially all claims are expected to be paid within one year of the Statement of Financial Position date.

(xxii) Insurance contracts

Insurance contracts are those contracts where the Company (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Company determines whether it has significant insurance risk by comparing benefits paid with benefits payable if the insured event did not occur.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expired.

(xxiii) Reinsurance contracts held

In order to optimise financial exposure from large claims, the Company enters into reinsurance agreements with local and internationally reputable reinsurers. Claims receivable from reinsurers are estimated in a manner consistent with the claim liability and in accordance with the reinsurance contracts. These amounts, if any, are shown as "Reinsurers' share of outstanding claims" in the Statement of Financial Position until the claim is agreed and paid by the Company. Once the claim is paid, the amount due from the reinsurers in connection with the paid claim is transferred to amounts due from/(to) reinsurers.

At each reporting date, the Company assesses whether there is any indication that a reinsurance asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of a reinsurance asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

(xxiv) Expenses

Selling and marketing expenses are those which specifically relate to salesmen, sales promotion, advertisements, regulatory levies, trademark fees and fulfilment costs. All other expenses are classified as general and administration expenses.

(xxv) Segment reporting

An operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity); and
- whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- for which discrete financial information is available.

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(A Saudi Joint Stock Company)**(xxvi) Leases****Right of Use Assets**

The Company recognizes Right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use).

Company applies cost model, and measure right of use asset at cost;

1. less any accumulated depreciation and any accumulated impairment losses; and
2. adjusted for any re-measurement of the lease liability for lease modifications

Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, Generally, 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 recognized Right-of-use assets are depreciated 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.

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 Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

After the commencement date, Company 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 Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company 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 Company 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 Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(xxvi) Zakat and 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 recognized only to the extent that it is probable that future taxable profits will be available and the credits can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realized.

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 Company 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 recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity.

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(A Saudi Joint Stock Company)**(xxvii) Foreign currencies**

The accounting records of the Company 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.

(xxviii) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize 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 Company.

(xxix) Cash dividend to shareholders

The Company recognizes a liability to make cash distributions to shareholders of the Company when the distribution is authorised and is no longer at the discretion of the Company. A distribution is authorized when it is approved by the shareholders and SAMA. A corresponding amount is recognized directly in equity.

(xxx) Statutory reserve

In accordance with the Company's by-laws, the Company shall allocate 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. The reserve is not available for distribution.

4 GOODWILL

On 31 December 2008, the Company 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.

In accordance with the requirements of International Financial Reporting Standards, the Company's Management annually carry out an annual impairment test in respect of the above-mentioned goodwill. Management conducted the impairment exercise for the year ended 31 December 2020. The recoverable amount of operations has been determined based on value in use. The two key assumptions used in the test are the discount rate and estimated future cash flows from the business as follows:

- An average discount rate of 10.1 was used to discount future cash flows.
- EBTIDA growth rate of 10.8% was used for the first three years. Thereafter, a growth rate of 3% was used in the terminal value calculation.
- A change in discount rate by 300 basis point with other variables held constant would not result in impairment of goodwill.

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Cash and cash equivalents comprise the following:

	2020 (SR '000)		
	Insurance operations	Shareholders' operations	Total
Bank balances	195,232	438,019	633,251
	195,232	438,019	633,251
2019 (SR '000)			
	Insurance operations	Shareholders' operations	Total
Bank balances	230,946	118,767	349,713
Bank balances	215,996	100,000	315,996
	446,942	218,767	665,709

The amount payable to/receivable from shareholders' operations is settled by transfer of cash at each reporting date.

During the year ended 31 December 2020, the insurance operations transferred cash of SR 142 million to shareholders' operations (31 December 2019: SR 95 million).

6 Premiums Receivable - Net

Receivables comprise amounts due from the following:

	2020 SR '000	2019 SR '000
Policyholders	1,159,253	1,287,810
Brokers	383,314	598,754
	1,542,567	1,886,564
Provision for doubtful receivables	(222,524)	(197,187)
Premiums receivable - net	1,320,043	1,689,377

Movement in provision for doubtful debts during the year was as follows:

	2020 SR '000	2019 SR '000
Balance at the beginning of the year	197,187	169,231
Provision made during the year	28,770	31,907
Write-offs during the year	(3,433)	(3,951)
Balance at end of the year	222,524	197,187

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The gross amount of impaired receivables amounted to SR 378,107 thousand (31 December 2019: SR 713,617 thousand). The aging analysis of premiums receivable - net arising from insurance contracts is as follows:

	2020 (SR '000)					
	Neither past due nor impaired	Past due but not impaired	Past due and impaired			Total
		Up to three months	Above three and up to six months	Above six and up to twelve months	Above twelve months	
Policyholders	389,768	481,842	89,359	14,213	1,835	977,017
Brokers	222,027	52,705	57,196	8,392	2,706	343,026
	611,795	534,547	146,555	22,605	4,541	1,320,043
2019 (SR '000)						
	Neither past due nor impaired	Past due but not impaired	Past due and impaired			Total
		Up to three months	Above three and up to six months	Above six and up to twelve months	Above twelve months	
Policyholders	560,671	182,607	231,736	138,370	20,485	1,133,869
Brokers	9,924	424,710	70,148	45,114	5,612	555,508
	570,595	607,317	301,884	183,484	26,097	1,689,377

Unimpaired receivables are estimated, on the basis of past experience, to be fully recoverable. It is not the practice of the Company to obtain collateral over receivables.

The Company only enters into insurance and reinsurance contracts with recognized, creditworthy parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables are monitored on an ongoing basis in order to reduce the Company's exposure to bad debts.

The five largest customers account for 18.8% (31 December 2019: 14.9%) of the premium's receivable as at 31 December 2020.

7 Investments

Investments are classified as follows:

	2020 (SR '000)			2019 (SR '000)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Held as FVSI	2,869,628	825,133	3,694,761	161,548	107,968	269,516
Available for sale	698,553	1,504,882	2,203,435	564,003	876,063	1,440,066
Held to maturity	-	131,250	131,250	-	131,250	131,250
	3,568,181	2,461,265	6,029,446	725,551	1,115,281	1,840,832

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(A Saudi Joint Stock Company)**(i) Investments held as FVSI comprise the following:**

	2020 (SR '000)				
	Insurance operations		Shareholders' operations		Total
	Domestic	International	Domestic	International	
Sukuks	18,025	-	55,079	-	73,104
Funds	2,843,985	7,618	747,199	22,855	3,621,657
	2,862,010	7,618	802,278	22,855	3,694,761
	2019 (SR '000)				
	Insurance operations		Shareholders' operations		Total
	Domestic	International	Domestic	International	
Sukuks	25,025	-	78,078	-	103,103
Funds	136,523	-	29,890	-	166,413
	161,548	-	107,968	-	269,516

(ii) Available-for-sale investments comprise the following:

	2020 (SR '000)				
	Insurance operations		Shareholders' operations		Total
	Domestic	International	Domestic	International	
Sukuks	422,351	238,029	900,236	147,710	1,708,326
Funds	-	38,173	107,501	7,111	152,785
Equities	-	-	228,716	5,625	234,341
Investments in discretionary portfolios	-	-	107,983	-	107,983
	422,351	276,202	1,344,436	160,446	2,203,435
	2019 (SR '000)				
	Insurance operations		Shareholders' operations		Total
	Domestic	International	Domestic	International	
Sukuks	238,899	287,287	461,248	180,545	1,167,979
Funds	-	37,817	112,314	7,782	157,913
Investments in discretionary portfolios	-	-	114,174	-	114,174
	238,899	325,104	687,736	188,327	1,440,066

(iii) Held-to-maturity investments comprise the following:

	2020 (SR '000)				
	Insurance operations		Shareholders' operations		Total
	Domestic	International	Domestic	International	
Sukuks	-	-	131,250	-	131,250
	-	-	131,250	-	131,250
	2019 (SR '000)				
	Insurance operations		Shareholders' operations		Total
	Domestic	International	Domestic	International	
Sukuks	-	-	131,250	-	131,250
	-	-	131,250	-	131,250

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The movements in the investments balance are as follows:

	2020 (SR '000)		
	Insurance operations	Shareholders' operations	Total
Balance at the beginning of the year	725,551	1,115,281	1,840,832
Purchases during the year	9,765,721	3,983,139	13,748,860
Disposals during the year	(6,935,704)	(2,793,785)	(9,729,489)
Unrealised gains during the year, net	12,613	156,630	169,243
	3,568,181	2,461,265	6,029,446
	2019 (SR '000)		
	Insurance operations	Shareholders' operations	Total
Balance at the beginning of the year	810,175	811,316	1,621,491
Purchases during the year	2,037,449	1,664,712	3,702,161
Disposals during the year	(2,154,358)	(1,402,277)	(3,556,635)
Unrealized gains during the year, net	32,285	41,530	73,815
	725,551	1,115,281	1,840,832

8 Prepaid Expenses and Other Assets

Prepaid expenses and other assets comprise the following:

	2020 (SR '000)			2019 (SR '000)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Prepayments	48,529	-	48,529	68,839	-	68,839
Accrued income	53,359	40,056	93,415	63,439	54,219	117,658
Restricted deposits (Note 17)	-	-	-	34,818	-	34,818
Other receivables	16,516	-	16,516	55,328	-	55,328
	118,404	40,056	158,460	222,424	54,219	276,643

9 Term Deposits

The term deposits are held with reputable commercial banks and financial institutions. These deposits are predominantly in Murabaha structure with a small allocation in Mudaraba structure. They are mostly denominated in Saudi Arabian Riyals and have an original maturity of more than three months to more than one year (2019: three months to more than one year) and yield financial income at rates ranging from 1.2% to 4.30% per annum (2019: 2.15% to 4.30% per annum). The movements in term deposits during the year ended 31 December 2020 as follows:

	2020 (SR '000)		
	Insurance operations	Shareholders' operations	Total
Balance at the beginning of the year	3,347,965	1,716,011	5,063,976
Matured during the year	(2,238,760)	(890,893)	(3,129,653)
Purchases during the year	488,850	300,000	788,850
	1,598,055	1,125,118	2,723,173

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	2019 (SR '000)		Total
	Insurance operations	Shareholders' operations	
Balance at the beginning of the year	3,033,743	1,681,538	4,715,281
Matured during the year	(2,162,343)	(1,126,451)	(3,288,794)
Purchases during the year	2,476,565	1,160,924	3,637,489
	3,347,965	1,716,011	5,063,976

10 Fixtures, Furniture and Right of Use Assets - Net**10.1 Fixtures, Furniture**

	2020 (SR '000)					Total
	Office, furniture, and fixtures	Computer equipment	Motor vehicles	Leasehold improvements	Capital work in progress	
Cost:						
At 1 January 2020	85,828	46,167	404	41,039	6,699	180,137
Additions during the year	-	2,892	-	-	8,948	11,840
Transferred during the year	404	10,946	-	1,533	(12,883)	-
At 31 December 2020	86,232	60,005	404	42,572	2,764	191,977
Accumulated depreciation:						
At 1 January 2020	(57,194)	(35,703)	(60)	(5,361)	-	(98,318)
Charge for the year	(5,972)	(5,132)	(101)	(4,061)	-	(15,266)
At 31 December 2020	(63,166)	(40,835)	(161)	(9,422)	-	(113,584)
Net book value:						
At 31 December 2020	23,066	19,170	243	33,150	2,764	78,393

	2019 (SR '000)					Total
	Office, furniture, and fixtures	Computer equipment	Motor vehicles	Leasehold improvements	Capital work in progress	
Cost:						
At 1 January 2019	85,360	38,549	-	38,571	3,084	165,564
Additions during the year	-	-	-	-	15,765	15,765
Disposal during the year	(111)	(1,068)	-	(13)	-	(1,192)
Transferred during the year	579	8,686	404	2,481	(12,150)	-
At 31 December 2019	85,828	46,167	404	41,039	6,699	180,137
Accumulated depreciation:						
At 1 January 2019	(49,739)	(32,866)	-	(1,716)	-	(84,321)
Charge for the year	(7,455)	(3,905)	(60)	(3,645)	-	(15,065)
Disposal during the year	-	1,068	-	-	-	1,068
At 31 December 2019	(57,194)	(35,703)	(60)	(5,361)	-	(98,318)
Net book value:						
At 31 December 2019	28,634	10,464	344	35,678	6,699	81,819

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(A Saudi Joint Stock Company)**10.2 Right-of-Use Assets**

The movement of Right-of-use assets are as follows:

	2020 SR '000	2019 SR '000
As at 1 January	87,622	103,196
Additions during the year	54,245	-
Amortization during the year	(16,241)	(15,574)
As at 31 December	125,626	87,622
Total Fixture, Furniture and Right-of-use assets as at 31 December	204,019	169,441

11 Intangible Assets

	2020 (SR '000)		
	Software	Capital work-in-progress	Total
Cost:			
At 1 January 2020	128,316	8,262	136,578
Additions during the year	1,453	19,991	21,444
Transfers during the year	9,769	(9,769)	-
At 31 December 2020	139,538	18,484	158,022
Accumulated amortization:			
At 1 January 2020	(80,333)	-	(80,333)
Charge for the year	(15,731)	-	(15,731)
At 31 December 2020	(96,064)	-	(96,064)
Net book value:			
At 31 December 2020	43,474	18,484	61,958

	2019 (SR '000)		
	Software	Capital work-in-progress	Total
Cost:			
At 1 January 2019	83,447	36,583	120,030
Additions during the year	-	16,548	16,548
Transfers during the year	44,869	(44,869)	-
At 31 December 2019	128,316	8,262	136,578
Accumulated amortization:			
At 1 January 2019	(62,757)	-	(62,757)
Charge for the year	(17,576)	-	-
Disposal during the year	-	(17,576)	-
At 31 December 2019	(80,333)	-	(80,333)
Net book value:			
At 31 December 2019	47,983	8,262	56,245

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(A Saudi Joint Stock Company)**12 Statutory Deposit**

As required by SAMA Insurance Regulations, the Company deposited an amount equivalent to 10% of its paid-up share capital, amounting to SR 120 million (2019: SR 120 million), in a bank designated by SAMA. Accrued income on this deposit is payable to SAMA amounting to SR 13.8 million (2019: SR 10.8 million) and this deposit cannot be withdrawn without approval from SAMA.

13 Technical Reserves**13.1 Net outstanding claims and reserves**

	2020 SR '000	2019 SR '000
Outstanding claims	446,519	451,788
Claims incurred but not reported	1,378,294	1,157,428
Premium deficiency reserve	263,751	-
Claims handling reserve	20,755	18,492
	2,109,319	1,627,708
Less:		
Reinsurers' share of outstanding claims	(1,475)	(1,218)
Reinsurers' share of claims incurred but not reported	(6,461)	(3,972)
	(7,936)	(5,190)
Net outstanding claims reserve	2,101,383	1,622,518

13.2 Movement in unearned premiums

Movements in unearned premiums are as follows:

	2020 (SR '000)		
	Gross	Reinsurance	Net
Balance at beginning of the year	4,376,219	(20,625)	4,355,594
Premium written/(ceded) during the year	10,447,353	(65,242)	10,382,111
Premium earned during the year	(10,800,241)	65,759	(10,734,482)
	4,023,331	(20,108)	4,003,223
	2019 (SR '000)		
	Gross	Reinsurance	Net
Balance at beginning of the year	3,428,131	(6,320)	3,421,811
Premium written/(ceded) during the year	10,410,868	(105,794)	10,305,074
Premium earned during the year	(9,462,780)	91,489	(9,371,291)
	4,376,219	(20,625)	4,355,594

14 Deferred Policy Acquisition Costs

	2020 SR '000	2019 SR '000
Balance at beginning of the year	134,022	118,323
Deferred during the year	564,926	479,240
Amortization for the year	(630,734)	(463,541)
	68,214	134,022

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(A Saudi Joint Stock Company)**15 Claims Development Table**

The following table reflects the estimated ultimate claim cost, including claims notified and incurred but not reported for each successive treatment year at each financial position date, together with the cumulative payments to date. The development of insurance liabilities provides a measure of the Company's ability to estimate the ultimate value of the claims. The Company aims to maintain adequate reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. As claims develop and the ultimate cost of claims becomes more certain, adverse claims experiences will be eliminated which results in the release of reserves from earlier treatment years. In order to maintain adequate reserves, the Company transfers much of this release to the current treatment year reserves when the development of claims is less mature and there is much greater uncertainty attached to the ultimate cost of claims.

Treatment year - gross outstanding claims

	2017 SR '000	2018 SR '000	2019 SR '000	2020 SR '000	Total SR '000
Estimate of ultimate claims cost:					
At the end of treatment year	6,577,919	6,949,081	7,842,155	8,742,057	30,111,212
One year later	6,572,947	6,845,677	7,841,118	-	21,259,742
Two years later	6,563,363	6,874,130	-	-	13,437,493
Three years later	6,577,989	-	-	-	6,577,989
Current estimate of ultimate claims	6,577,989	6,874,130	7,841,118	8,742,057	30,035,294
Ultimate payments to date	(6,561,091)	(6,860,099)	(7,823,274)	(6,966,017)	(28,210,481)
Liability recognized in the statement of financial position	16,898	14,031	17,844	1,776,040	1,824,813
Premium deficiency reserve					263,751
Claims handling provision					20,755
Balance at 31 December					2,109,319

Treatment year - net outstanding claims

	2017 SR '000	2018 SR '000	2019 SR '000	2020 SR '000	Total SR '000
Estimate of ultimate claims cost:					
At the end of treatment year	6,532,672	6,897,367	7,768,195	8,693,491	29,891,725
One year later	6,528,729	6,787,022	7,765,376	-	21,081,127
Two years later	6,513,541	6,815,520	-	-	13,329,061
Three years later	6,528,225	-	-	-	6,528,225
Current estimate of ultimate claims	6,528,225	6,815,520	7,765,376	8,693,491	29,802,612
Ultimate payments to date	(6,511,328)	(6,801,514)	(7,747,783)	(6,925,110)	(27,985,735)
Liability recognized in the Statement of Financial Position	16,897	14,006	17,593	1,768,381	1,816,877
Premium deficiency reserve					263,751
Claims handling provision					20,755
Balance at 31 December					2,101,383

16 Fiduciary Assets

During the year ended 31 December 2018, after obtaining SAMA's approval, the Company entered into a Third Party Administration agreement (TPA) with a customer under which the Company facilitates healthcare services to the employees of the customer 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 Company has received funds in advance from the customer to settle anticipated claims from medical service providers. As the Company acts as an agent, the relevant bank balance and outstanding claims at the reporting date are excluded from the statement of financial position. The assets and liabilities held in fiduciary capacity amounted to SR 317.1 million as of 31 December 2020 (2019: SR 272.9 million).

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(A Saudi Joint Stock Company)**17 Commitments and Contingencies**

The Company's commitments and contingencies are as follows:

	2020 SR '000	2019 SR '000
Letters of guarantee	-	34,818
	-	34,818

- (i) The Company is subject to legal proceedings in the ordinary course of business. There was no material change in the status of legal proceedings as at 31 December 2020.
- (ii) As of 31 December 2020, total Letters of Guarantee issued by banks amounted to SR 138 million (2019: SR 134.8 million), of which Nil (2019: SR 34.8 million) are issued against restricted deposits with banks and have been recorded under prepaid expenses and other assets.

18 Accrued and Other Liabilities

Accrued and other liabilities comprise the following:

	2020 (SR '000)			2019 (SR '000)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Accrued expenses*	282,902	141,849	424,751	153,762	95,889	249,651
VAT payable	23,254	-	23,254	38,311	-	38,311
Advances from policyholders	52,583	-	52,583	47,826	-	47,826
VAT payable to providers	121,595	-	121,595	65,359	-	65,359
Other liabilities	53,867	-	53,867	47,540	-	47,540
	534,201	141,849	676,050	352,798	95,889	448,687

*As of 31 December 2020, Lease liability amounting of SAR 135.6 million (2019: SR 90.3 million), below is the movement during the year:

	2020 SR '000	2019 SR '000
Balance at the beginning of the year	90,329	112,096
Finance cost	5,244	5,223
Additions during the year	54,245	-
Lease settlement	(14,218)	(26,990)
	135,600	90,329

19 Trademark Fees

During 2010, the Company entered into an agreement with a related party (a Group Company) for obtaining a licence 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 Company, subject to a maximum of 5% of the Company's profits in any financial year, as trade-mark fees. Accordingly, a sum of SR 26.9 million (2019: SR 23.6 million) payable to a related party has been accrued for during the year (see Notes 24 and 32).

20 Insurance Operations' Surplus Payable

	2020 SR '000	2019 SR '000
Balance at the beginning of the year	168,454	139,755
Income attributable to insurance operations during the year	80,141	66,834
Surplus paid to policyholders during the year	(48,204)	(38,135)
Net surplus payable to policyholders	200,391	168,454

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(A Saudi Joint Stock Company)**21 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 recognized in the Statement of Financial Position and movement in the obligation during the year based on its present value are as follows:

21.1 Movement of end-of-service benefits

	2020 SR '000	2019 SR '000
Balance at the beginning of the year	96,341	81,395
Current service costs	23,163	15,737
Finance costs	4,131	3,744
Actuarial losses	20,700	1,551
Benefits paid during the year	(4,323)	(6,086)
Balance at the end of the year	140,012	96,341

21.2 Principal actuarial assumptions

The following range of significant actuarial assumptions was used by the Company for the valuation of end-of-service benefits:

	2020 %	2019 %
Valuation discount rate	2.45	4.50
Expected rate of increase in salary level across different age bands	4.5	6.50

The impact of changes in sensitivities on present value of employees' end-of-service benefits is as follows:

	2020 SR '000	2019 SR '000
Valuation discount rate		
- Increase by 0.5%	6,521	3,159
- Decrease by 0.5%	(7,046)	(3,356)
Expected rate of increase in salary level across different age bands		
- Increase by 1%	(14,259)	(6,866)
- Decrease by 1%	12,482	6,197
Mortality rate		
- Increase by 50%	(74)	(96)
- Decrease by 50%	74	96
Employee turnover		
- Increase by 20%	(3,501)	(1,735)
- Decrease by 20%	3,634	1,767

The average duration of the employees' end-of-service benefits at the end of the reporting period is 10.9 years, (2019: 7.7 years)

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(A Saudi Joint Stock Company)**22 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 Company 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, 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 if the carrying amount is a reasonable approximation to fair value. There were no transfers in between levels during the year ended December 31, 2020 and 2019.

	Fair value				Carrying value SR '000
	Level 1 SR '000	Level 2 SR '000	Level 3 SR '000	Total SR '000	
2020					
Financial assets measured at fair value					
- Investments held as FVSI	-	3,694,761	-	3,694,761	3,694,761
- Available-for-sale investments	1,404,736	793,074	5,625	2,203,435	2,203,435
	1,404,736	4,487,835	5,625	5,898,196	5,898,196
2019					
Financial assets measured at fair value					
- Investments held as FVSI	990	268,526	-	269,516	269,516
- Available-for-sale investments	883,099	556,967	-	1,440,066	1,440,066
	884,089	825,493	-	1,709,582	1,709,582

(c) Measurement of fair value**Valuation technique and significant unobservable inputs**

The following table shows the valuation techniques used in measuring Level 2 fair value at 31 December 2020 and 31 December 2019, as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Floating rate sukuk and mutual funds	Valuations are based on quotations as received by the custodians at the end of each period and on published net asset value (NAV) closing prices.	Not applicable	Not applicable

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(A Saudi Joint Stock Company)**23 Operating Segments**

The Company only issues short-term insurance contracts for providing health care services ('medical insurance'). All the insurance operations of the Company are carried out in the Kingdom of Saudi Arabia. For management reporting purposes, the operations are monitored in two customer categories, based on the number of members covered. Major customers represent members of large corporations, and all others are considered as non-major. 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, has been identified as the Chief Executive Officer. No inter-segment transactions occurred during the year.

Operating segments do not include shareholders' operations of the Company.

Segment results do not include investment and commission income, other income, selling and marketing expenses, and general and administration expenses.

Segment assets do not include cash and cash equivalents, fixtures, furniture and right-of-use assets, term deposits, investments, prepaid expenses and other assets. Segment liabilities do not include reinsurance balance payable, accrued and other liabilities, due to shareholders' operations, share based payment and policyholders' share of surplus from insurance operations.

Consistent with the Company's internal reporting, operating segments have been approved by the Management in respect of the Company's activities, assets and liabilities as stated below:

Operating segments	31 December 2020				
	Insurance operations			Shareholders' operations SR '000	Total SR '000
	Major customers SR '000	Non-major customers SR '000	Total - Insurance operations SR '000		
ASSETS					
Premiums receivable - net	775,488	544,555	1,320,043	-	1,320,043
Reinsurers' share of unearned premiums	11,759	8,349	20,108	-	20,108
Reinsurers' share of outstanding claims	490	985	1,475	-	1,475
Reinsurers' share of claims incurred but not reported	1,959	4,502	6,461	-	6,461
Deferred policy acquisition costs	28,520	39,694	68,214	-	68,214
Unallocated assets	-	-	5,479,872	4,600,182	10,080,054
Total assets			6,896,173	4,600,182	11,496,355
LIABILITIES					
Unearned premiums	2,352,884	1,670,447	4,023,331	-	4,023,331
Outstanding claims	319,669	126,850	446,519	-	446,519
Claims incurred but not reported	988,089	390,205	1,378,294	-	1,378,294
Premium Deficiency Reserve	189,017	74,734	263,751	-	263,751
Claims handling reserve	14,869	5,886	20,755	-	20,755
Unallocated liabilities	-	-	739,465	721,387	1,460,852
Total liabilities			6,872,115	721,387	7,593,502

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Operating segments	31 December 2019				
	Insurance operations			Shareholders' operations	Total
	Major customers	Non-major customers	Total - Insurance operations		
SR '000	SR '000	SR '000	SR '000	SR '000	
ASSETS					
Premiums receivable - net	992,461	696,916	1,689,377	-	1,689,377
Reinsurers' share of unearned premiums	10,819	9,806	20,625	-	20,625
Reinsurers' share of outstanding claims	526	692	1,218	-	1,218
Reinsurers' share of claims incurred but not reported	1,213	2,759	3,972	-	3,972
Deferred policy acquisition costs	81,753	52,269	134,022	-	134,022
Unallocated assets	-	-	4,742,882	3,589,000	8,331,882
Total assets			6,592,096	3,589,000	10,181,096
LIABILITIES					
Unearned premiums	2,717,387	1,658,832	4,376,219	-	4,376,219
Outstanding claims	327,541	124,247	451,788	-	451,788
Claims incurred but not reported	845,862	311,566	1,157,428	-	1,157,428
Premium Deficiency Reserve	-	-	-	-	-
Claims handling reserve	13,460	5,032	18,492	-	18,492
Unallocated liabilities	-	-	575,665	556,607	1,132,272
Total liabilities			6,579,592	556,607	7,136,199

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Operating segments	2020		
	Major customers	Non-major customers	Total
	SR '000	SR '000	SR '000
REVENUES			
Gross premiums written	6,972,563	3,474,790	10,447,353
Reinsurance premiums ceded - Local	(3,691)	(2,262)	(5,953)
Reinsurance premiums ceded - International	(36,756)	(22,533)	(59,289)
Net premiums written	6,932,116	3,449,995	10,382,111
Changes in unearned premiums - net	365,443	(13,072)	352,371
Net premiums earned	7,297,559	3,436,923	10,734,482
UNDERWRITING COSTS AND EXPENSES			
Gross claims paid	(5,878,457)	(2,383,593)	(8,262,050)
Reinsurers' share of claims paid	14,902	6,085	20,987
Net claims paid	(5,863,555)	(2,377,508)	(8,241,063)
Changes in outstanding claims	7,872	(2,603)	5,269
Changes in claims incurred but not reported	(142,227)	(78,639)	(220,866)
Changes in Premium deficiency Reserve	(189,017)	(74,734)	(263,751)
Changes in claims handling reserves	(1,409)	(854)	(2,263)
Reinsurance share of changes in outstanding claims	(36)	293	257
Reinsurance share of changes in claims incurred but not reported	746	1,743	2,489
Net claims incurred	(6,187,626)	(2,532,302)	(8,719,928)
Policy acquisition costs	(378,440)	(252,294)	(630,734)
Total underwriting costs and expenses	(6,566,066)	(2,784,596)	(9,350,662)
NET UNDERWRITING INCOME	731,493	652,327	1,383,820
OTHER OPERATING (EXPENSES)/INCOME			
Allowance for doubtful receivables			(28,770)
Unallocated income			240,776
Unallocated expenses			(692,016)
Total other operating (expenses)/income			(480,010)
Income before Surplus, Zakat and Income Tax			903,810
Income attributed to the insurance operations (transfer to surplus payable)			(80,141)
Income attributed to the shareholders before Zakat and income tax			823,669
Zakat charge			(64,297)
Income tax charge			(63,244)
NET INCOME ATTRIBUTED TO SHAREHOLDERS AFTER ZAKAT AND INCOME TAX			696,128
Gross Written Premium details			
			2020 SR '000
Corporates			7,904,182
Medium Enterprises			1,770,054
Small Enterprises			695,395
Micro-enterprises			62,104
Individuals			15,618
Total			10,447,353

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Operating segments	2019		Total SR '000
	Major customers SR '000	Non-major customers SR '000	
REVENUES			
Gross premiums written	6,848,097	3,562,771	10,410,868
Reinsurance premiums ceded - Local	(7,456)	(2,921)	(10,377)
Reinsurance premiums ceded - International	(68,558)	(26,859)	(95,417)
Net premiums written	6,772,083	3,532,991	10,305,074
Changes in unearned premiums - net	(617,873)	(315,910)	(933,783)
Net premiums earned	6,154,210	3,217,081	9,371,291
UNDERWRITING COSTS AND EXPENSES			
Gross claims paid	(5,121,026)	(2,534,052)	(7,655,078)
Reinsurers' share of claims paid	39,126	19,506	58,632
Net claims paid	(5,081,900)	(2,514,546)	(7,596,446)
Changes in outstanding claims	27,760	75,610	103,370
Changes in claims incurred but not reported	(271,063)	11,758	(259,305)
Changes in claims handling reserves	(1,044)	1,952	908
Reinsurance share of changes in outstanding claims	220	662	882
Reinsurance share of changes in claims incurred but not reported	(1,224)	2,518	1,294
Net claims incurred	(5,327,251)	(2,422,046)	(7,749,297)
Policy acquisition costs	(278,125)	(185,417)	(463,542)
Total underwriting costs and expenses	(5,605,376)	(2,607,463)	(8,212,839)
NET UNDERWRITING INCOME	548,834	609,618	1,158,452
OTHER OPERATING (EXPENSES)/INCOME			
Allowance for doubtful receivables			(31,907)
Unallocated income			253,800
Unallocated expenses			(600,857)
Total other operating (expenses)/income			(378,964)
Income before Surplus, Zakat and Income Tax			779,488
Income attributed to the insurance operations (transfer to surplus payable)			(66,834)
Income attributed to the shareholders before Zakat and income tax			712,654
Zakat charge			(57,821)
Income tax charge			(61,036)
NET INCOME ATTRIBUTED TO SHAREHOLDERS AFTER ZAKAT AND INCOME TAX			593,797
Gross Written Premium details			
			2019 SR '000
Corporates			7,802,157
Medium Enterprises			1,834,555
Small Enterprises			700,490
Micro Enterprises			56,930
Individuals			16,736
Total			10,410,868

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(A Saudi Joint Stock Company)**24 Related Parties Transactions and Balances**

Related parties represent major shareholders, Board members and Key Management Personnel of the Company, and 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 approved by the Company's Management, or where required and applicable the Company's Board of Directors. The following are the details of the major related party transactions during the year and their related balances:

Related party	Nature of transaction	Amount of transactions Income/ (Expense)		Receivable/(payable) balance as at	
		2020 SR '000	2019 SR '000	2020 SR '000	2019 SR '000
Shareholders	Insurance premium written	392,020	266,165	(536)**	(285)**
Shareholders	Reinsurance Premium ceded	(41,431)	(36,423)	(79,803)*	(55,319)*
Shareholders	Claims paid	(274,591)	(145,780)	(20,997)***	(14,010)***
Shareholders	Medical costs charged by providers	(140,333)	(89,805)	(15,303)***	(9,824)***
Shareholders	Expenses charged to/(from) a related party-net	869	1,520	966*	779*
Shareholders	Tax equalisation - net	(1,873)	(2,988)	(1,873)*	-
Shareholders	Board and committee member remuneration fees	(915)	(700)	(915)*	(700)*
Bupa Middle East Holdings Two W.L.L. (Group Company)	Trade mark fee	(26,896)	(23,608)	(26,896)*	(23,608)*

* Amounts due to related parties amounted to SR 108,521 thousand (2019: SR 78,848 thousand).

** Amounts included in premium receivables.

*** Amounts are included in the outstanding claims.

a. Compensation to key management personnel:

	2020 SR '000	2019 SR '000
Salaries and allowances [Note (a) below]	17,146	17,728
Incentives [Note (b) below]	19,423	14,040
End of Service benefits	1,028	978
	37,597	32,746

(a) Includes the members' direct salary related expenses, other than the incentives' and EOS expenses.

(b) Includes the costs of the bonuses and the long-term incentive plan.

b. Board of Directors' remuneration and related expenses

	2020 SR '000	2019 SR '000
Board of Directors' remuneration	3,600	3,000
Board attendance fees	300	195
Other board and sub-committees' expenses	1,377	1,417
	5,277	4,612

25 Reinsurers' Balance Payable

Reinsurance payable represents amounts payable to reinsurers of SR 4.873 million (2019: SR 54.4 million), for the excess of loss (XOL) reinsurance contract.

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(A Saudi Joint Stock Company)**26 Zakat and Income Tax****(a) Zakat**

The Zakat payable by the Company has been calculated in accordance with Zakat regulations in Saudi Arabia.

The Zakat provision for the year is based on the following:

	2020 SR '000	2019 SR '000
Share capital (attributable to Saudi shareholders)	712,869	729,000
Opening retained earnings, reserve and surplus	1,189,671	753,313
Opening provisions	389,301	146,978
Adjusted net income	519,284	475,771
Fixtures, Furniture, Right-of-use assets and goodwill	(211,407)	(206,701)
Investments	(5,203,315)	(4,386,639)
Others	-	(154,318)
Zakat Base	(2,603,597)	(2,642,596)
Adjusted net income attributable to Saudi shareholders and the general public [refer (*) below]	519,284	475,771
Zakat at 2.5%	12,982	11,894

*Adjusted net income has been computed on a pro-rata basis taking into consideration before and after shareholding change.

The differences between the accounting profit and the Zakat base are mainly due to certain adjustments in accordance with the relevant fiscal regulations.

The Zakat charge relating to the Saudi shareholders consists of -

	2020 SR '000	2019 SR '000
Provision for Zakat @ 2.5% of adjusted net income	12,982	11,894
Adjustment for assessment of Zakat	51,315	45,927
	64,297	57,821

The movements in the Zakat provision during the year were as follows:

	2020 SR '000	2019 SR '000
Balance at beginning of the year	232,444	184,295
Charge for the year	64,297	57,821
Payments made during the year	(11,293)	(9,672)
	285,448	232,444

(b) Income Tax

	2020 SR '000	2019 SR '000
Current tax charge	70,969	65,700
Deferred tax income	(7,725)	(4,664)
	63,244	61,036

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The reconciliation of deferred tax is as follows:

	2020 SR '000	2019 SR '000
Opening deferred tax asset	30,216	25,552
Deferred tax income	7,725	4,664
	37,941	30,216

The movement in the income tax provision during the year was as follows:

	2020 SR '000	2019 SR '000
Balance at beginning of the year	42,265	15,489
Charge for the year	70,969	60,966
Adjustment for previous years	-	4,734
Payments made during the year	(81,483)	(38,924)
	31,751	42,265

(c) Provision for Zakat and income tax

	2020 SR '000	2019 SR '000
Zakat payable [Note (a) above]	285,448	232,444
Income tax payable [Note (b) above]	31,751	42,265
	317,199	274,709

(d) Status of assessment

The Company has filed its Zakat and income tax returns for the financial years up to and including the year 2019 with the General Authority of Zakat and Tax (the "GAZT"). The Company has received assessments for the fiscal periods 2008 through 2018 of additional Zakat, corporate income tax and withholding tax in addition to delay fines on various assessed items.

In February 2021, the Company has reached a settlement with GAZT on all Zakat, corporate income tax and withholding tax for the years 2008 through 2016 and 2018. All settled liabilities were provided for previously in respective years and there is no significant financial impact on the Company's Financial Statements. For the year 2017 assessments, the company has escalated the matter to the General Secretariat of Tax Committees (the "GSTC").

27 Share Capital

The authorized, issued and paid-up capital of the Company was SR 1,200 million at 31 December 2020 (31 December 2019: SR 1,200 million) consisting of 120 million shares (31 December 2019: 120 million shares) of SR 10 each.

The shareholding structure of the Company as at 31 December, was reflected as below:

	2020		2019	
	Holding Percentage (%)	SR '000	Holding Percentage (%)	SR '000
Major shareholders	52.3	628,066	52.3	628,066
General Public	47.7	571,934	47.7	571,934
	100.0	1,200,000	100.0	1,200,000

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(A Saudi Joint Stock Company)**28 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 Company carries out this transfer on an annual basis at 31 December. As at 31 December 2020, SR 867.1 million (31 December 2019: SR 727.9 million) had been set aside as a statutory reserve, representing 72% (31 December 2019: 61%) of the paid-up share capital.

29 Share-Based Payments

The Company 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 Company manages various plans. Significant features of these plans are as follows:

Maturity dates	Between December 2020 and December 2023
Total number of shares granted on the grant date	519,411
Vesting period	3-4 years
Method of settlement	Equity
Fair value per share on grant date	Average SAR 97.21

30 Capital Management

For the purpose of the Company's capital management, capital includes share capital and all other equity reserves attributable to the shareholders. Objectives are set by the Board of Directors of the Company to maintain healthy capital ratios to support its business objectives and maximize shareholders' value. The Company 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 Company's activities. To maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue shares. Total capital amounted to SR 3,878,795 (31 December 2019: SR 3,032,393).

In the opinion of the Board of Directors, the Company has fully complied with the regulatory capital requirements during the reported financial year. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2020 and 2019.

31 General and Administrative Expenses

	2020 (SR '000)			2019 (SR '000)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Employees' costs	393,903	-	393,903	359,200	-	359,200
Rents and maintenance costs	51,377	-	51,377	26,908	-	26,908
Travelling expenses	4,192	-	4,192	9,295	-	9,295
Depreciation and amortization	47,238	-	47,238	48,216	-	48,216
Communication expenses	11,151	-	11,151	7,695	-	7,695
Board expenses	-	5,277	5,277	-	4,612	4,612
Others	57,338	15,073	72,411	29,143	5,932	35,075
	565,199	20,350	585,549	480,457	10,544	491,001

32 Selling and Marketing Expenses

	2020 SR '000	2019 SR '000
Employees' costs	47,875	46,163
Marketing expenses	24,816	29,490
Trade mark fee (see Note 19)	26,896	23,608
Others	6,880	10,595
	106,467	109,856

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(A Saudi Joint Stock Company)**33 Investment Income, Net**

	2020 (SR '000)			2019 (SR '000)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Commission income	109,560	102,907	212,467	117,605	108,635	226,240
Realized gains/(losses) on investment, net	11,170	(11,218)	(48)	8,468	(12,448)	(3,980)
Unrealized gains on FVSI investments, net	1,058	(182)	876	11,191	1,554	12,745
	121,788	91,507	213,295	137,264	97,741	235,005

34 Earnings Per Share

The basic and diluted earnings per share has been calculated by dividing net income after Zakat and tax for the year by the weighted average number of ordinary shares issued and outstanding at year end.

35 Risk Management**(a) Insurance risk**

The Company provides short-term health insurance contracts in Saudi Arabia. Accordingly, the main insurance Risk within the Company is the claims reserve risk resulting from fluctuations in the estimated ultimate claims. The Company seeks to manage this through close monitoring of the claims' trend and payments' pattern to ensure that sufficient reserves are available to cover claim liabilities. The Company also have an external actuary to perform quarterly independent reviews of the reserves adequacy.

The Company has a reinsurance arrangement to reduce its exposure through transfer of risk. The reinsurance agreement is an excess of loss treaty per person per claim on losses occurring basis.

(i) The ultimate liability arising from claims made under insurance contracts

Claims reserves which are key components of the Company's ultimate liability are estimated amounts of the outstanding claims, incurred but not reported claims ("IBNR") and claims handling provisions. 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 Company 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 Company continually review 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 Financial Statements to validate reserve adequacy.

(ii) Concentration of insurance risk

The insurance risk exposure related to policyholders is mainly concentrated in Saudi Arabia. However, through its underwriting strategy, the Company 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 Company 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)

(iii) Process used to decide on assumptions

The pricing team follows the Company'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.

Assumptions used in determining claims reserves 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 Company 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.

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The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the outstanding claims which are received but not yet settled with the providers. For the case of outstanding claims, the Company 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 IBNR. The Company 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.

The premium liabilities have been determined as such that the total premium liability provisions (unearned premium reserve and premium deficiency reserve, if applicable and required as per the result of the liability adequacy test) would be sufficient to service the future expected claims and expenses likely to occur on the unexpired policies. The expected future liability is determined using the Company's loss ratio adjusted for seasonality and portfolio mix for the remaining unearned period. The details of estimation of the outstanding claims and premium deficiency reserves are given under Notes 2(d)(i).

(iv) Sensitivity analysis

The Company 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 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.

An assumed 5% change in the claims' ratio, net of reinsurance, would impact net underwriting income as follows:

	2020 SR '000	2019 SR '000
Impact of change in claims ratio by 5%	± 536,724	± 468,565

(b) Reinsurance risk

The Company has a reinsurance arrangement to reduce its exposure through transfer of insurance risk. The reinsurance agreement is an excess of loss treaty per person per claim on losses occurring basis. Such arrangement protects the Company from large claims with a reasonable ceded premium given the stable underwriting performance and the size of the insurance portfolio.

The Reinsurers are selected based on the following criteria:

- All reinsurers should meet SAMA's minimum acceptable rating of BBB (S&P Rating).
- The reinsurers' panel and the agreement should be reviewed and approved by the Company's Board of Directors.

Reinsurance ceded business does not relieve the Company from its obligations to policyholders and as a result the Company remains liable for the portion of outstanding claims reinsured to the extent that the reinsurer fails to meet the obligations under the reinsurance agreements.

(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 Company 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 Company'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.

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(A Saudi Joint Stock Company)**(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 maximize investment returns while ensuring that liquidity requirements are continuously met. Details of maturities of interest-bearing securities as at 31 December are as follows:

	2020 (SR '000)				Total
	Less than 3 months	3 months to 1 year	1 year to 3 years	More than 3 years	
Term deposits	668,555	1,011,500	650,094	393,024	2,723,173
Investments in sukuk	125,000	86,304	405,184	1,296,192	1,912,680
	793,555	1,097,804	1,055,278	1,689,216	4,635,853

	2019 (SR '000)				Total
	Less than 3 months	3 months to 1 year	1 year to 3 years	More than 3 years	
Term deposits	1,109,087	1,899,771	1,662,000	393,118	5,063,976
Investments in sukuk	84,416	235,271	308,969	773,677	1,402,333
	1,193,503	2,135,042	1,970,969	1,166,795	6,466,309

(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 6,029 million (2019: SR 1,841 million). The Company manages this risk conducting thorough due diligence on each instrument prior to investing as well as maintaining exposure limits guidelines to minimize 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 on Company's profit would be as follows:

	Fair value change %	Effect on Company's profit SR '000
2020	+/- 10	±22,378
2019	+/- 10	326,952

The above sensitivity analysis is only on FVSI investments which directly impact the Company's profit.

(iii) Currency risk

Currency risk is the potential fluctuation of the value of a financial instrument due to changes in foreign exchange rates. All Company'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.

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(A Saudi Joint Stock Company)**(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 Company seeks to manage its credit risk with respect to customers by following the Company's credit control policy and monitoring outstanding receivables on an on-going basis in order to reduce the Company's exposure to bad debts. The Management estimates specific impairment provisions on a case by case basis. In addition to specific provisions, the Company also makes an additional portfolio provision, estimated on a collective basis, based on the ageing profile of the premiums receivable. The Company seeks to limit its credit risk with respect to other counterparties by placing term deposits and investments with reputable financial institutions. The Company enters into reinsurance contracts with recognized, creditworthy third parties (rated A or above).

The following table shows the maximum exposure to credit risk by class of financial asset:

	2020 SR '000	2019 SR '000
Cash and cash equivalents	633,251	665,709
Premiums receivable - net	1,320,043	1,689,377
Reinsurers' share of outstanding claims	1,475	1,218
Reinsurers' share of claims incurred but not reported	6,461	3,972
Investments	6,029,446	1,840,832
Other assets	109,931	207,804
Term deposits	2,723,173	5,063,976
Statutory deposit	120,000	120,000
Accrued income on statutory deposit	13,806	10,820
	10,957,586	9,603,708

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the Company's credit rating of counterparties. Investment grade ratings refers to companies with sound credit standing of AAA to BBB- (as per S&P) and/or Aaa to Baa3 (as per Moody's). Ratings below the mentioned threshold are considered sub-investment grade with a higher default risk.

	2020 (SR '000)			
	Non-investment grade			
	Investment grade	Not impaired	Impaired	Total
Cash and cash equivalents	633,251	-	-	633,251
Premiums receivable - net	-	1,146,342	173,701	1,320,043
Reinsurers' share of outstanding claims	1,475	-	-	1,475
Reinsurers' share of claims Incurred but not reported	6,461	-	-	6,461
Investments	6,029,446	-	-	6,029,446
Other receivables	109,931	-	-	109,931
Term deposits	2,723,173	-	-	2,723,173
Statutory deposit	120,000	-	-	120,000
Accrued income on statutory deposit	13,806	-	-	13,806
	9,637,543	1,146,342	173,701	10,957,586

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	2019 (SR '000)			
	Non-investment grade			
	Investment grade	Not impaired	Impaired	Total
Cash and cash equivalents	665,709	-	-	665,709
Premiums receivable - net	-	1,177,912	511,465	1,689,377
Reinsurers' share of outstanding claims	1,218	-	-	1,218
Reinsurers' share of claims Incurred but not reported	3,972	-	-	3,972
Investments	1,840,832	-	-	1,840,832
Other receivables	207,804	-	-	207,804
Term deposits	5,063,976	-	-	5,063,976
Statutory deposit	120,000	-	-	120,000
Accrued income on statutory deposit	10,820	-	-	10,820
	7,914,331	1,177,912	511,465	9,603,708

(e) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its operational or financial obligations when they are due. Liquidity requirements are monitored on monthly basis and Management ensures that sufficient liquid funds are available to meet any commitments as they arise.

Unearned premiums have been excluded from the analysis as they are not contractual obligations. The table below summarises the maturity profile of the financial liabilities of the Company based on remaining expected undiscounted contractual obligations:

	2020 (SR '000)		
	Up to one year	More than one year	Total
Accrued and other liabilities	540,450	135,600	676,050
Insurance operations' surplus payable	200,391	-	200,391
Reinsurers' balances payable	4,873	-	4,873
Outstanding claims	446,519	-	446,519
Claims incurred but not reported	1,378,294	-	1,378,294
Premium deficiency Reserve	263,751	-	263,751
Claims handling reserve	20,755	-	20,755
Due to related parties	108,521	-	108,521
Provision for end-of-service benefits (EOSB)	13,746	126,266	140,012
Provision for Zakat and income tax	83,951	233,248	317,199
Accrued income payable to SAMA	-	13,806	13,806
	3,061,251	508,920	3,570,171

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	2019 (SR '000)		Total
	Up to one year	More than one year	
Accrued and other liabilities	380,425	68,262	448,687
Insurance operations' surplus payable	168,454	-	168,454
Reinsurers' balances payable	54,413	-	54,413
Outstanding claims	451,788	-	451,788
Claims incurred but not reported	1,157,428	-	1,157,428
Claims handling reserve	18,492	-	18,492
Due to related parties	78,848	-	78,848
Provision for end-of-service benefits (EOSB)	16,043	80,298	96,341
Provision for Zakat and income tax	49,978	224,731	274,709
Accrued income payable to SAMA	-	10,820	10,820
	2,375,869	384,111	2,759,980

(f) Liquidity profile

All assets excluding investments, Fixtures, Furniture 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 1,680 million (31 December 2019: SR 3,324 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 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 Company.

(g) Operation risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's operations either internally within the Company or externally at the Company's service providers, and from factors other than credit, market and liquidity risks such as those arising from regulatory requirements. Operational risks arise from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors. The primary responsibility for the development and implementation of controls over operational risk rests with the Board of Directors. This responsibility encompasses the controls in the following areas:

- Requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational risks, and the adequacy of controls and procedures to address those risks;
- Ethical and business standards; and
- Risk mitigation policies and procedures.

at 31 December 2020 | Bupa Arabia for Cooperative Insurance Company
(A Saudi Joint Stock Company)**36 Supplementary Information****Statement of Financial Position**

	2020 (SR '000)			2019 (SR '000)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
ASSETS						
Cash and cash equivalents	195,232	438,019	633,251	446,942	218,767	665,709
Premiums receivables - net	1,320,043	-	1,320,043	1,689,377	-	1,689,377
Reinsurers' share of unearned premiums	20,108	-	20,108	20,625	-	20,625
Reinsurers' share of outstanding claims	1,475	-	1,475	1,218	-	1,218
Reinsurers' share of claims Incurred but not reported	6,461	-	6,461	3,972	-	3,972
Deferred policy acquisition costs	68,214	-	68,214	134,022	-	134,022
Investments	3,568,181	2,461,265	6,029,446	725,551	1,115,281	1,840,832
Prepaid expenses and other assets	18,404	40,056	158,460	222,424	54,219	276,643
Term deposits	1,598,055	1,125,118	2,723,173	3,347,965	1,716,011	5,063,976
Fixtures, Furniture and Right-of-use assets - net	-	204,019	204,019	-	169,441	169,441
Intangible assets - net	-	61,958	61,958	-	56,245	56,245
Deferred tax asset	-	37,941	37,941	-	30,216	30,216
Goodwill	-	98,000	98,000	-	98,000	98,000
Statutory deposit	-	120,000	120,000	-	120,000	120,000
Accrued income on statutory deposit	-	13,806	13,806	-	10,820	10,820
TOTAL ASSETS	6,896,173	4,600,182	11,496,355	6,592,096	3,589,000	10,181,096
LIABILITIES						
Accrued and other liabilities	534,201	141,849	676,050	352,798	95,889	448,687
Insurance operations' surplus payable	200,391	-	200,391	168,454	-	168,454
Reinsurers' balances payable	4,873	-	4,873	54,413	-	54,413
Unearned premiums	4,023,331	-	4,023,331	4,376,219	-	4,376,219
Outstanding claims	446,519	-	446,519	451,788	-	451,788
Claims incurred but not reported	1,378,294	-	1,378,294	1,157,428	-	1,157,428
Premium deficiency Reserve	263,751	-	263,751	-	-	-
Claims handling reserve	20,755	-	20,755	18,492	-	18,492
Due to related parties	-	108,521	108,521	-	78,848	78,848
Provision for end-of-service benefits (EOSB)	-	140,012	140,012	-	96,341	96,341
Provision for Zakat and income tax	-	317,199	317,199	-	274,709	274,709
Accrued income payable to SAMA	-	13,806	13,806	-	10,820	10,820
TOTAL LIABILITIES	6,872,115	721,387	7,593,502	6,579,592	556,607	7,136,199
EQUITY						
Share capital	-	1,200,000	1,200,000	-	1,200,000	1,200,000
Statutory reserve	-	867,096	867,096	-	727,871	727,871
Share based payments	-	32,800	32,800	-	25,525	25,525
Shares held under employees share scheme	-	(48,779)	(48,779)	-	(57,538)	(57,538)
Retained earnings	-	1,684,003	1,684,003	-	1,128,973	1,128,973
Re-measurement reserve of end-of-service benefits	-	(31,173)	(31,173)	-	(10,473)	(10,473)
Investments fair value reserve	24,058	174,848	198,906	12,504	18,035	30,539
TOTAL EQUITY	24,058	3,878,795	3,902,853	12,504	3,032,393	3,044,897
TOTAL LIABILITIES AND EQUITY	6,896,173	4,600,182	11,496,355	6,592,096	3,589,000	10,181,096

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Statement of Income

	2020 (SR '000)			2019 (SR '000)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
REVENUES						
Gross premiums written	10,447,353	-	10,447,353	10,410,868	-	10,410,868
Reinsurance premiums ceded - Local	(5,953)	-	(5,953)	(10,377)	-	(10,377)
Reinsurance premiums ceded - International	(59,289)	-	(59,289)	(95,417)	-	(95,417)
Net premiums written	10,382,111	-	10,382,111	10,305,074	-	10,305,074
Changes in unearned premiums - net	352,371	-	352,371	(933,783)	-	(933,783)
Net premiums earned	10,734,482	-	10,734,482	9,371,291	-	9,371,291
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(8,262,050)	-	(8,262,050)	(7,655,078)	-	(7,655,078)
Reinsurers' share of claims paid	20,987	-	20,987	58,632	-	58,632
Net claims paid	(8,241,063)	-	(8,241,063)	(7,596,446)	-	(7,596,446)
Changes in outstanding claims	5,269	-	5,269	103,370	-	103,370
Changes in claims incurred but not reported	(220,866)	-	(220,866)	(259,305)	-	(259,305)
Changes in Premium deficiency Reserve	(263,751)	-	(263,751)	-	-	-
Changes in claims handling reserves	(2,263)	-	(2,263)	908	-	908
Reinsurance share of changes in outstanding claims	257	-	257	882	-	882
Reinsurance share of changes in claims incurred but not reported	2,489	-	2,489	1,294	-	1,294
Net claims incurred	(8,719,928)	-	(8,719,928)	(7,749,297)	-	(7,749,297)
Policy acquisition costs	(630,734)	-	(630,734)	(463,542)	-	(463,542)
TOTAL UNDERWRITING COSTS AND EXPENSES	(9,350,662)	-	(9,350,662)	(8,212,839)	-	(8,212,839)
NET UNDERWRITING INCOME	1,383,820	-	1,383,820	1,158,452	-	1,158,452
OTHER OPERATING (EXPENSES)/INCOME						
Allowance for doubtful receivables	(28,770)	-	(28,770)	(31,907)	-	(31,907)
General and administrative expenses	(565,199)	(20,350)	(585,549)	(480,457)	(10,544)	(491,001)
Selling and marketing expenses	(106,467)	-	(106,467)	(109,856)	-	(109,856)
Investment income - net	121,788	91,507	213,295	137,264	97,741	235,005
Other income/(loss) - net	(3,762)	31,243	27,481	(5,155)	23,950	18,795
Total Other Operating (Expenses)/Income	(582,410)	102,400	(480,010)	(490,111)	111,147	(378,964)
Income before Surplus, Zakat and Income Tax	801,410	102,400	903,810	668,341	111,147	779,488
Transfer of surplus to shareholders	(721,269)	721,269	-	(601,507)	601,507	-
Income Attributed To The Shareholders Before Zakat And Income Tax	80,141	823,669	903,810	66,834	712,654	779,488
Zakat charge	-	(64,297)	(64,297)	-	(57,821)	(57,821)
Income tax charge	-	(63,244)	(63,244)	-	(61,036)	(61,036)
NET INCOME ATTRIBUTED TO THE SHAREHOLDERS AFTER ZAKAT AND INCOME TAX	80,141	696,128	776,269	66,834	593,797	660,631
Weighted average number of ordinary outstanding shares (in thousands)		119,421		119,548		
Basic and diluted earnings per share (Expressed in SR per Share)		5.83		4.97		

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Statement of Comprehensive Income

	2020 (SR '000)			2019 (SR '000)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Net income attributed to the shareholders after Zakat and income tax	80,141	696,128	776,269	66,834	593,797	660,631
Other comprehensive income						
Items that will not be reclassified to statements of income in subsequent years						
Re-measurement losses on employees' EOSB	-	(20,700)	(20,700)	-	(1,551)	(1,551)
Items that are or may be reclassified to statement of income in subsequent years						
Net movement in fair value of available for sale investments	11,554	156,813	168,367	21,093	39,977	61,070
TOTAL COMPREHENSIVE INCOME	91,695	832,241	923,936	87,927	632,223	720,150
Reconciliation:						
Less: Net income attributable to insurance operations transferred to surplus payable			(80,141)			(66,834)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			843,795			653,316

at 31 December 2020 Bupa Arabia for Cooperative Insurance Company
(A Saudi Joint Stock Company)**Statement of Cash flows**

	2020 (SR '000)			2019 (SR '000)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Net income attributed to the shareholders before Zakat and income tax	-	823,669	823,669	-	712,654	712,654
Adjustments for non-cash items:						
Net income attributed to the insurance operations	80,141	-	80,141	66,834	-	66,834
Depreciation and amortisation of fixtures, furniture and Right-of-use assets	31,507	-	31,507	30,640	-	30,640
Amortisation of intangible assets	15,731	-	15,731	17,576	-	17,576
Gain on disposal of fixtures and furniture	-	-	-	-	(1)	(1)
Provision for LTIP	16,034	16,034	-	15,814	15,814	-
Allowance of doubtful receivables provision	28,770	-	28,770	31,907	-	31,907
Unrealised (gains)/losses on investments held as FVSI	(1,058)	182	(876)	(11,191)	(1,554)	(12,745)
Provision for end-of-service benefits	-	27,294	27,294	-	19,481	19,481
Finance cost	-	5,244	5,244	-	5,223	5,223
Changes in operating assets and liabilities:						
Premiums receivable	340,564	-	340,564	(770,613)	-	(770,613)
Reinsurers' share of unearned premiums	517	-	517	(14,305)	-	(14,305)
Reinsurers' share of outstanding claims	(257)	-	(257)	(882)	-	(882)
Reinsurers' share of claims incurred but not reported	(2,489)	-	(2,489)	(1,294)	-	(1,294)
Deferred policy acquisition costs	65,808	-	65,808	(15,699)	-	(15,699)
Prepaid expenses and other assets	104,020	14,163	118,183	(53,558)	(20,100)	(73,658)
Accrued and other liabilities	181,403	689	182,092	71,774	775	72,549
Reinsurers' balances payable	(49,540)	-	(49,540)	3,777	-	3,777
Unearned premiums	(352,888)	-	(352,888)	948,088	-	948,088
Outstanding claims	(5,269)	-	(5,269)	(103,370)	-	(103,370)
Claims incurred but not reported	220,866	-	220,866	259,305	-	259,305
Premium deficiency Reserve	263,751	-	263,751	-	-	-
Claims handling reserve	2,263	-	2,263	(908)	-	(908)
Due to related parties	-	27,800	27,800	-	43,884	43,884
Due to shareholders' operations	(47,239)	47,239	-	(48,218)	48,218	-
	876,601	962,314	1,838,915	409,863	824,394	1,234,257
End-of-service benefits paid	-	(4,323)	(4,323)	-	(6,086)	(6,086)
Surplus paid to policyholders	(48,204)	-	(48,204)	(38,135)	-	(38,135)
Zakat and income tax paid	-	(92,776)	(92,776)	-	(48,596)	(48,596)
Net cash generated from operating activities	828,397	865,215	1,693,612	371,728	769,712	1,141,440

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	2020 (SR '000)			2019 (SR '000)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
CASH FLOWS FROM INVESTING ACTIVITIES						
Placement in term deposits	(488,850)	(300,000)	(788,850)	(2,476,565)	(1,160,924)	(3,637,489)
Proceeds from maturity of term deposits	2,238,760	890,893	3,129,653	2,162,343	1,126,451	3,288,794
Additions to investments	(9,765,721)	(3,983,139)	(13,748,860)	(2,037,449)	(1,664,712)	(3,702,161)
Disposals of investments	6,935,704	2,793,785	9,729,489	2,154,358	1,402,277	3,556,635
Additions to fixtures, furniture and right-of-use assets	-	(11,840)	(11,840)	-	(15,765)	(15,765)
Disposal of fixtures, furniture and right-of-use assets	-	-	-	-	124	124
Intangible assets acquired	-	(21,444)	(21,444)	-	(16,548)	(16,548)
Increase in statutory deposit	-	-	-	-	-	-
Net cash used in investing activities	(1,080,107)	(631,745)	(1,711,852)	(197,313)	(329,097)	(526,410)
CASH FLOWS FROM FINANCING ACTIVITIES						
Dividends paid	-	-	-	-	(180,000)	(180,000)
Lease liability paid	-	(14,218)	(14,218)	-	(26,990)	(26,990)
Purchase of shares under LTIP	-	-	-	-	(32,744)	(32,744)
Net cash used in financing activities	-	(14,218)	(14,218)	-	(239,734)	(239,734)
Net change in cash and cash equivalents	(251,710)	219,252	(32,458)	174,415	200,881	375,296
Cash and cash equivalents at beginning of the year	446,942	218,767	665,709	272,527	17,886	290,413
Cash and cash equivalents at end of the year	195,232	438,019	633,251	446,942	218,767	665,709

37 Comparative Figures

Certain comparative figures have been reclassified and regrouped to conform with the current year's presentation to these Financial Statements.

38 Impact of COVID-19 Compensation for Government Providers

As many world economies grapple with a coronavirus ("COVID-19") surge, Bupa Arabia continues to monitor the situation closely and refresh its business continuity and risk management plans to ensure sustainability of its current service levels and operational activities under different scenarios while preserving the safety and health of its employees. COVID-19 is having a profound impact on many facets of the health insurance sector, including medical claim patterns as explained below. Given the many uncertainties surrounding the duration and severity of the pandemic, management continues reassessing and updating its estimates and judgements on a regular basis. Actual outcomes may differ from those projected. The liquidity and solvency positions of the Company remain strong as at the date of issuing these interim condensed Financial Statements.

After Saudi Arabia easing COVID-19 lockdown and curfew measures towards the end of second quarter of 2020, demand for healthcare services gradually recovered during the second half of the year after the substantial drop in the second quarter earlier in the year. This resulted in a noticeable increase in incurred claims from June through December, with current levels exceeding those that existed pre-Covid. The Company expects this pattern to persist over the next few months as more untreated and deferred medical conditions find their way through the provider network. The propensity of a particular type of claim to be deferred depends on the nature of the medical condition and the types of diagnostic investigations and treatments associated with it.

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Compensation for Government Providers

The Council of Cooperative Health Insurance (“CCHI”) recently issued Circular 895, dated 17 December 2020, regarding the enforcement of Article 11 of the Cooperative Health Insurance Law, requesting medical insurance companies, effective 1 January 2021, to include all accredited government healthcare providers in their medical network while complying with the approved financial compensation structure. The circular is expected to have a material impact on future medical claims considering the mandated prices and protocols regulating the relationship between government health facilities and insurance companies. Given the many uncertainties surrounding the actual rollout and application of Circular 895, Management continues monitoring the situation closely, while reassessing and updating its estimates and judgements on a regular basis.

SAMA’s Circular 173

SAMA’s Circular 173, dated 16 January 2019, requires insurance companies to hold a Premium Deficiency Reserve (“PDR”) in case the relevant Unearned Premium Reserve (“UPR”) is insufficient to cover related projected claims and expenses. When a premium deficiency exists, the amount of the deficiency must first be offset against any Deferred Acquisition Costs (“DAC”). Any remaining deficiency not absorbed by DAC is accrued for as a separate premium deficiency reserve. To adequately meet the future insurance liabilities of the unexpired risk after considering the impact of COVID-19 and Circular 895, the Company recognized a PDR of SR 263.75 million as at 31 December 2020 (2019: Nil).

39 Approval of the Financial Statements

The Financial Statements have been approved by the Board of Directors, on 23 Rajab 1442H corresponding to 7 March 2021.

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