

**BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

**FOR THE THREE-MONTH PERIOD ENDED
31 MARCH 2024**

BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2024

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INDEPENDENT AUDITORS' REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Bupa Arabia for Cooperative Insurance Company (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 31 March 2024, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended, and other explanatory notes (collectively referred to as the "interim condensed consolidated financial statements"). Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

**for PricewaterhouseCoopers
Certified Public Accountants**

Mufaddal A. Ali
Certified Public Accountant
License No. (447)



**for Ernst & Young Professional
Services**

Hussain Saleh Asiri
Certified Public Accountant
License No. (414)



Jeddah, Kingdom of Saudi Arabia
1 Duh Al-Qi'dah 1445H
Corresponding to 9 May 2024G


BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION


As at 31 March 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)


		31 March 2024 (Unaudited)	31 December 2023 (Audited)
	Notes		
<u>Assets</u>			
Cash and cash equivalents	4	1,237,524	1,255,896
Reinsurance contract assets	5.2	83,199	74,090
Prepaid expenses and other assets		442,471	475,475
Term deposits	7	6,828,275	7,223,011
Financial assets at amortised cost – net	6	934,731	587,360
Financial assets at fair value	6	4,982,203	4,246,757
Fixtures, furniture and equipment – net		64,469	69,879
Deferred tax asset	14	39,224	38,609
Right-of-use assets – net		122,602	143,388
Intangible assets – net		73,662	67,236
Statutory deposit	8	149,960	149,960
Accrued income on statutory deposit	8	10,931	8,690
Goodwill		98,000	98,000
Total assets		15,067,251	14,438,351
<u>Liabilities</u>			
Accrued and other liabilities		721,160	734,859
Insurance contract liabilities	5.1	8,604,128	8,267,196
Lease liability		127,565	166,066
Due to related parties	13	11,398	40,935
Provision for end-of-service benefits		190,492	186,487
Provision for zakat and income tax	14	415,904	358,589
Accrued income payable to Insurance Authority	8	10,931	8,690
Total liabilities		10,081,578	9,762,822
<u>Equity</u>			
Share capital	15	1,500,000	1,500,000
Statutory reserve	16	1,352,757	1,352,757
Share based payments reserve		24,477	48,477
Shares held under employees share scheme		(31,314)	(65,115)
Retained earnings		2,213,144	1,853,721
Re-measurement reserve for end-of-service benefits		(13,698)	(13,698)
Investments fair value reserve		(59,693)	(613)
Total equity		4,985,673	4,675,529
Total liabilities and equity		15,067,251	14,438,351



 Chairman
 Loay Hisham Nazer



 Chief Financial Officer
 Hatim Tariq Jamal



 Director and Chief Executive Officer
 Tal Hisham Nazer

The accompanying notes 1 to 19 form an integral part of these interim condensed consolidated financial statements.


BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)


INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (unaudited)


For the three-month period ended 31 March 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Notes	Three-month period ended 31 March	
		2024	2023
Insurance revenue	5.1	4,374,058	3,750,413
Insurance service expense	5.1	(4,035,579)	(3,578,399)
Net expenses from reinsurance contracts held	5.2	(16,878)	(3,531)
Net Insurance service result		321,601	168,483
Investment income on financial assets at amortised cost		103,190	77,499
Investment income on financial assets at fair value		55,174	25,181
Net impairment loss on financial assets		(220)	(243)
Net insurance and investment results		479,745	270,920
Other operating expenses		(75,731)	(57,153)
Other revenue		22,462	24,295
Other cost		(10,353)	(7,926)
Income attributed to the shareholders before zakat and income tax		416,123	230,136
Zakat charge	14	(19,671)	(21,199)
Income tax charge	14	(37,029)	(20,341)
Net income attributed to the shareholders after zakat and income tax		359,423	188,596
Basic and diluted earnings per share (expressed in SAR per share)	18	2.40	1.26


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BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (unaudited)

For the three-month period ended 31 March 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Three-month period ended	
	31 March	
	2024	2023
Net income attributed to the shareholders after zakat and income tax	359,423	188,596
Other comprehensive (loss) / income		
<i>A. Items that will not be reclassified to interim condensed consolidated statement of income in subsequent periods</i>		
Net changes in fair value of investments measured at FVOCI – equity instruments	(4,640)	4,400
<i>B. Items that are or may be reclassified to interim condensed consolidated statements of income in subsequent periods</i>		
Net changes in fair value of investments measured at FVOCI – debt instruments	(54,672)	11,210
Net changes in allowance for expected credit losses of investments measured at FVOCI – debt instruments	232	45
Total other comprehensive (loss) / income	(59,080)	15,655
Total comprehensive income for the period	300,343	204,251



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BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three-month period ended 31 March 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Share capital	Statutory reserve	Share based payments reserve	Shares held under employees share scheme	Retained earnings	Re-measurement reserve for end-of-service benefits	Investments fair value reserve	Total equity
2024								
Balance at 31 December 2023 (audited)	1,500,000	1,352,757	48,477	(65,115)	1,853,721	(13,698)	(613)	4,675,529
Net income for the period attributed to the shareholders after zakat and income tax	-	-	-	-	359,423	-	-	359,423
Other comprehensive loss	-	-	-	-	-	-	(59,080)	(59,080)
Total comprehensive income / (loss) for the period	-	-	-	-	359,423	-	(59,080)	300,343
Provision for employees share scheme	-	-	9,801	-	-	-	-	9,801
Delivery of shares held under employees share scheme	-	-	(33,801)	33,801	-	-	-	-
Balance at 31 March 2024 (unaudited)	<u>1,500,000</u>	<u>1,352,757</u>	<u>24,477</u>	<u>(31,314)</u>	<u>2,213,144</u>	<u>(13,698)</u>	<u>(59,693)</u>	<u>4,985,673</u>



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BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the three-month period ended 31 March 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

2023	Share capital	Statutory reserve	Share based payments reserve	Shares held under employees share scheme	Retained earnings	Re-measurement reserve end-of-service benefits	Investments fair value reserve	Total equity
Balance at 31 December 2022 (audited)	1,500,000	1,164,724	54,268	(78,235)	1,641,591	(7,043)	(74,416)	4,200,889
Net income for the period attributed to shareholders after zakat and income tax	-	-	-	-	188,596	-	-	188,596
Other comprehensive income	-	-	-	-	-	-	15,655	15,655
Total comprehensive income for the period	-	-	-	-	188,596	-	15,655	204,251
Provision for employees share scheme	-	-	5,668	-	-	-	-	5,668
Delivery of shares held under employees share scheme	-	-	(31,955)	31,955	-	-	-	-
Income tax refundable from non-Saudi shareholders	-	-	-	-	4,185	-	-	4,185
Balance at 31 March 2023 (unaudited)	1,500,000	1,164,724	27,981	(46,280)	1,834,372	(7,043)	(58,761)	4,414,993



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BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (unaudited)

For the three-month period ended 31 March 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Notes	Three-month period ended 31 March	
		2024	2023
Cash flows from operating activities			
Net income attributed to shareholders before zakat and income tax		416,123	230,136
<u>Adjustments for non-cash items:</u>			
Depreciation of fixtures, furniture and equipment		4,093	3,697
Amortisation of right-of-use assets		5,446	5,462
Amortisation of intangible assets		4,125	3,994
Loss on disposal of fixtures, furniture and equipment		3,171	-
Gain on termination of a lease		(10,474)	-
Provision for employees share scheme		9,801	5,668
Net impairment loss on financial assets		218	28
Investment income on financial assets at amortized cost		(103,190)	(77,499)
Investment income on financial assets at fair value		(55,174)	(25,181)
Provision for end-of-service benefits		8,334	7,340
Finance cost		1,341	1,635
<u>Changes in operating assets and liabilities:</u>			
Insurance contract liabilities		343,123	796,752
Investment held at FVTPL		28,750	-
Reinsurance contract assets		(9,109)	(22,363)
Prepaid expenses and other assets		33,004	(14,331)
Due from related parties		-	3,316
Accrued and other liabilities		(13,699)	(10,046)
Due to related parties		(29,537)	5,517
		636,346	914,125
End-of-service benefits paid		(4,329)	(1,948)
Surplus paid to policyholders		(6,191)	(8,450)
Zakat and income tax paid		-	(16,561)
Net cash generated from operating activities		625,826	887,166
Cash flows from investing activities			
Placement in term deposits	7	(1,343,220)	(1,325,316)
Proceeds from maturity of term deposits	7	1,828,901	1,449,753
Additions to investments carried at fair value	6	(751,100)	(330,188)
Additions to investments carried at amortised cost	6	(510,827)	(22)
Disposals of investments carried at fair value	6	99,658	181,313
Disposal of investments carried at amortised cost	6	-	19
Proceeds from commissions and dividends		58,823	35,841
Additions to fixtures, furniture and equipment		(1,854)	(9,602)
Additions to intangible assets		(10,551)	(8,070)
Net cash used in investing activities		(630,170)	(6,272)
Cash flows from financing activities			
Lease liability paid		(14,028)	(14,362)
Net cash used in financing activities		(14,028)	(14,362)
Net change in cash and cash equivalents		(18,372)	866,532
Cash and cash equivalents at beginning of the period		1,255,896	1,287,961
Cash and cash equivalents at end of the period		1,237,524	2,154,493
<u>Non-cash transactions</u>			
Income tax refundable from non-Saudi shareholders		-	4,185

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The accompanying notes from 1 to 19 an integral part of these interim condensed consolidated financial statements.

BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

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

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

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

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

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

The Company has the following subsidiaries:

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

These interim condensed consolidated financial statements comprise the Company and its subsidiaries (together referred to as the “Group”). Bupa Arabia For Third Party Administration commenced operations in July 2022 and prior to that subsidiary was dormant. During 2023, the Group established a subsidiary “Horizon Medical Services Company” with an authorised capital of SR 10 million.

2. BASIS OF PREPARATION

(a) Statement of compliance

The interim condensed consolidated financial statements of the Group have been prepared in accordance with ‘International Accounting Standard 34 - Interim Financial Reporting (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncement that are endorsed by Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

The interim condensed consolidated financial statements are prepared under the going concern basis and the historical cost convention, except for the measurement of investments at their fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVOCI) and liabilities for defined benefit obligations [Employees’ end of service benefits (“EOSBs”)] recorded at the present value using the projected unit credit method. The Group’s interim condensed consolidated statement of financial position is presented in order of liquidity. The current and non-current classification of the assets and liabilities has not changed since the year ended 31 December 2023.

BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

2. BASIS OF PREPARATION (continued)

(a) Statement of compliance (continued)

The interim condensed consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual consolidated financial statements as of and for the year ended 31 December 2023. The risk management policies are consistent with those as disclosed in the annual consolidated financial statements for the year ended 31 December 2023.

The interim condensed consolidated financial statements may not be considered indicative of the expected results for the full year.

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

(b) Critical accounting judgments, estimates and assumptions

The preparation of interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses and the accompanying notes disclosures including disclosure of contingent liabilities. Actual results may differ from these estimates. In preparing these interim condensed consolidated financial statements, the significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements as at and for the year ended December 31, 2023.

Insurance Contracts

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

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

(c) Basis of consolidation

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

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

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

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

BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

2. BASIS OF PREPARATION (continued)

(d) Seasonality of operations

Due to the seasonality of operations, operating profits are expected to fluctuate from one period to another.

3. MATERIAL ACCOUNTING POLICIES

The accounting policies, estimates and assumptions used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2023:

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

- Amendment to IFRS 16 – Leases on sale and leaseback;
- Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements;
- Amendment to IAS 1 – Non-current liabilities with covenants; and

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

b) Accounting standards issued but not yet effective

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2024, but do not have a material impact on the condensed interim financial statements of the Company.

- Amendment to IFRS 21 – Lack of exchangeability;
- Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture; and
- IFRS 18, ‘Presentation and Disclosure in Financial Statements’;

Other standards

- IFRS S1, ‘General requirements for disclosure of sustainability-related financial information; and
- IFRS S2, ‘Climate-related disclosures’

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	31 March 2024 (unaudited)		
	Insurance operations	Shareholders' operations	Total
Bank balances	1,009,839	228,067	1,237,906
Less: Impairment allowance	(338)	(44)	(382)
	<u>1,009,501</u>	<u>228,023</u>	<u>1,237,524</u>
	31 December 2023 (audited)		
	Insurance operations	Shareholders' operations	Total
Bank balances	897,625	358,651	1,256,276
Less: Impairment allowance	(300)	(80)	(380)
	<u>897,325</u>	<u>358,571</u>	<u>1,255,896</u>

The amount payable to/receivable from shareholders' operations is settled by transfer of cash at each reporting date. During the three-month period ended 31 March 2024, the insurance operations transferred cash of SR 341 million to the shareholders' operations (31 December 2023: SR 261 million).

BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

5. INSURANCE AND REINSURANCE CONTRACTS

	Note	31 March 2024	31 December 2023
<u>Insurance contract liabilities</u>			
Corporate	5.1 a	7,490,524	7,097,020
SMEs and others	5.1 b	1,113,604	1,170,176
		8,604,128	8,267,196
<u>Reinsurance contract assets</u>	5.2	83,199	74,090

5.1 Analysis by remaining coverage and incurred claims for insurance contracts

a. Corporate

	Period ended 31 March 2024 (unaudited)				
	Liability for remaining coverage (LRC)		Liability for incurred claims (LIC)		Total
	Excluding loss component	Loss component	Estimate of present value of cash flows	RA for non-financial risk	
Insurance contracts issued:					
Opening insurance contract liabilities	3,793,448	-	3,182,948	120,624	7,097,020
Insurance revenue	(3,858,576)	-	-	-	(3,858,576)
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	-	3,742,629	91,640	3,834,269
Losses on onerous contracts	-	-	-	-	-
Changes that relate to past service - adjustments to the LIC	-	-	(314,500)	(85,389)	(399,889)
Reversal of onerous contract	-	-	-	-	-
Insurance acquisition cash flows amortization	173,077	-	-	-	173,077
Insurance service expenses	173,077	-	3,428,129	6,251	3,607,457
Net insurance service result	(3,685,499)	-	3,428,129	6,251	(251,119)
Cash flows					
Premiums received	4,047,727	-	-	-	4,047,727
Claims and other directly attributable expenses paid	-	-	(3,333,946)	-	(3,333,946)
Insurance acquisition cash flows paid	(69,158)	-	-	-	(69,158)
Total cash flows	3,978,569	-	(3,333,946)	-	644,623
Closing insurance contract liabilities	4,086,518	-	3,277,131	126,875	7,490,524

BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

5. INSURANCE AND REINSURANCE CONTRACTS (continued)

5.1 Analysis by remaining coverage and incurred claims for insurance contracts (continued)

b. SMEs and others

	Period ended 31 March 2024 (unaudited)				
	Liability for remaining coverage (LRC)		Liability for incurred claims (LIC)		Total
	Excluding loss component	Loss component	Estimate of present value of cash flows	RA for non-financial risk	
Insurance contracts issued:					
Opening insurance contract liabilities	718,782	-	437,251	14,143	1,170,176
Insurance revenue	(515,482)	-	-	-	(515,482)
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	-	440,331	10,164	450,495
Losses on onerous contracts	-	-	-	-	-
Changes that relate to past service - adjustments to the LIC	-	-	(39,892)	(10,107)	(49,999)
Reversal of onerous contract	-	-	-	-	-
Insurance acquisition cash flows amortization	27,626	-	-	-	27,626
Insurance service expenses	27,626	-	400,439	57	428,122
Net insurance service result	(487,856)	-	400,439	57	(87,360)
Cash flows					
Premiums received	448,402	-	-	-	448,402
Claims and other directly attributable expenses paid	-	-	(409,845)	-	(409,845)
Insurance acquisition cash flows paid	(7,769)	-	-	-	(7,769)
Total cash flows	440,633	-	(409,845)	-	30,788
Closing insurance contract liabilities	671,559	-	427,845	14,200	1,113,604

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5. INSURANCE AND REINSURANCE CONTRACTS (continued)

5.1 Analysis by remaining coverage and incurred claims for insurance contracts

a. Corporate

	Year ended 31 December 2023 (audited)				
	Liability for remaining coverage (LRC)		Liability for incurred claims (LIC)		Total
	Excluding loss component	Loss component	Estimate of present value of cash flows	RA for non-financial risk	
Insurance contracts issued:					
Opening insurance contract liabilities	3,083,652	61,561	2,486,425	97,512	5,729,150
Insurance revenue	(13,917,361)	-	-	-	(13,917,361)
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	-	13,001,338	111,151	13,112,489
Losses on onerous contracts	-	-	-	-	-
Changes that relate to past service - adjustments to the LIC	-	-	(268,952)	(88,039)	(356,991)
Reversal of onerous contract	-	(61,561)	-	-	(61,561)
Insurance acquisition cash flows amortization	638,054	-	-	-	638,054
Insurance service expenses	638,054	(61,561)	12,732,386	23,112	13,331,991
Net insurance service result	(13,279,307)	(61,561)	12,732,386	23,112	(585,370)
Cash flows					
Premiums received	14,710,090	-	-	-	14,710,090
Claims and other directly attributable expenses paid	-	-	(12,035,863)	-	(12,035,863)
Insurance acquisition cash flows paid	(720,987)	-	-	-	(720,987)
Total cash flows	13,989,103	-	(12,035,863)	-	1,953,240
Closing insurance contract liabilities	3,793,448	-	3,182,948	120,624	7,097,020

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5. INSURANCE AND REINSURANCE CONTRACTS (continued)

5.1 Analysis by remaining coverage and incurred claims for insurance contracts

b. SMEs and others

	Year ended 31 December 2023 (audited)				
	Liability for remaining coverage (LRC)		Liability for incurred claims (LIC)		Total
	Excluding loss component	Loss component	Estimate of present value of cash flows	RA for non-financial risk	
Insurance contracts issued:					
Opening insurance contract liabilities	602,662	-	354,862	12,511	970,035
Insurance revenue	(1,970,354)	-	-	-	(1,970,354)
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	-	1,612,229	13,111	1,625,340
Losses on onerous contracts	-	-	-	-	-
Changes that relate to past service - adjustments to the LIC	-	-	(60,042)	(11,479)	(71,521)
Reversal of onerous contract	-	-	-	-	-
Insurance acquisition cash flows amortization	108,622	-	-	-	108,622
Insurance service expenses	108,622	-	1,552,187	1,632	1,662,441
Net insurance service result	(1,861,732)	-	1,552,187	1,632	(307,913)
Cash flows					
Premiums received	2,103,653	-	-	-	2,103,653
Claims and other directly attributable expenses paid	-	-	(1,469,798)	-	(1,469,798)
Insurance acquisition cash flows paid	(125,801)	-	-	-	(125,801)
Total cash flows	1,977,852	-	(1,469,798)	-	508,054
Closing insurance contract liabilities	718,782	-	437,251	14,143	1,170,176

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5. INSURANCE AND REINSURANCE CONTRACTS (continued)

5.2 Analysis by remaining coverage and incurred claims for reinsurance contracts

	Period ended 31 March 2024 (unaudited)				
	Asset for remaining coverage		Asset for incurred claims		
	Excluding loss component	Loss recovery component	Estimate of present value of cash flows	RA for non-financial risk	Total
Reinsurance contracts held:					
Opening reinsurance contract assets	(21,385)	-	(50,484)	(2,221)	(74,090)
Reinsurance expense	51,292	-	-	-	51,292
Claims recovered and other directly attributable expenses	-	-	(59,264)	(983)	(60,247)
Changes that relate to past service - adjustments to the asset for incurred claims	-	-	24,745	1,088	25,833
Net expense from reinsurance contracts held	51,292	-	(34,519)	105	16,878
Cash flows					
Premiums ceded	(62,882)	-	-	-	(62,882)
Recoveries from reinsurance	-	-	36,895	-	36,895
Total cash flows	(62,882)	-	36,895	-	(25,987)
Closing reinsurance contract assets	(32,975)	-	(48,108)	(2,116)	(83,199)

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5. INSURANCE AND REINSURANCE CONTRACTS (continued)

5.2 Analysis by remaining coverage and incurred claims for reinsurance contracts (continued)

	Year ended 31 December 2023 (audited)				
	Asset for remaining coverage		Asset for incurred claims		
	Excluding loss component	Loss recovery component	Estimate of present value of cash flows	RA for non-financial risk	Total
Reinsurance contracts held:					
Opening reinsurance contract assets	(2,669)	-	(24,585)	(901)	(28,155)
Opening reinsurance contract liabilities	2,605	-	-	-	2,605
Net opening balance	(64)	-	(24,585)	(901)	(25,550)
Reinsurance expense	151,740	-	-	-	151,740
Claims recovered and other directly attributable expenses	-	-	(131,077)	(1,740)	(132,817)
Changes that relate to past service - adjustments to the asset for incurred claims	-	-	8,903	420	9,323
Net expense from reinsurance contracts held	151,740	-	(122,174)	(1,320)	28,246
Cash flows					
Premiums ceded	(173,061)	-	-	-	(173,061)
Recoveries from reinsurance	-	-	96,275	-	96,275
Total cash flows	(173,061)	-	96,275	-	(76,786)
Closing reinsurance contract assets	(21,385)	-	(50,484)	(2,221)	(74,090)

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6. INVESTMENTS

	31 March 2024 (unaudited)			31 December 2023 (audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Financial assets at amortised cost - net	609,260	325,471	934,731	294,764	292,596	587,360
Financial assets at fair value	2,516,205	2,465,998	4,982,203	1,947,087	2,299,670	4,246,757
	3,125,465	2,791,469	5,916,934	2,241,851	2,592,266	4,834,117

Details of investments classified as financial assets at fair value are as follows:

	31 March 2024 (unaudited)			31 December 2023 (audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Investments at FVTPL	39,112	395,400	434,512	46,361	422,328	468,689
Investments at FVOCI – Debt	2,477,093	1,513,055	3,990,148	1,900,726	1,354,937	3,255,663
Investments at FVOCI – Equity	-	557,543	557,543	-	522,405	522,405
	2,516,205	2,465,998	4,982,203	1,947,087	2,299,670	4,246,757

(i) Investments measured at FVTPL comprise of the following:

	31 March 2024 (unaudited)			31 December 2023 (audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Sukuks	4,000	14,000	18,000	11,014	36,044	47,058
Funds	35,112	372,172	407,284	35,347	376,298	411,645
Equity	-	9,228	9,228	-	9,986	9,986
	39,112	395,400	434,512	46,361	422,328	468,689

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6. INVESTMENTS (continued)

(ii) Investments measured at FVOCI – Debt comprise of the following:

	31 March 2024 (unaudited)			31 December 2023 (audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Sukuks	2,477,093	1,513,055	3,990,148	1,900,726	1,354,937	3,255,663
	<u>2,477,093</u>	<u>1,513,055</u>	<u>3,990,148</u>	<u>1,900,726</u>	<u>1,354,937</u>	<u>3,255,663</u>

(iii) Investments measured at FVOCI – Equity comprise of the following:

	31 March 2024 (unaudited)			31 December 2023 (audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Equity	-	56,011	56,011	-	58,774	58,774
Sukus	-	450,243	450,243	-	410,444	410,444
Investments in discretionary portfolios	-	51,289	51,289	-	53,187	53,187
	<u>-</u>	<u>557,543</u>	<u>557,543</u>	<u>-</u>	<u>522,405</u>	<u>522,405</u>

(iv) Investments measured at amortized cost – net comprise of the following:

	31 March 2024 (unaudited)			31 December 2023 (audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Sukuks	609,424	325,562	934,986	294,843	292,678	587,521
Less: Impairment allowance on investments at amortised cost	(164)	(91)	(255)	(79)	(82)	(161)
	<u>609,260</u>	<u>325,471</u>	<u>934,731</u>	<u>294,764</u>	<u>292,596</u>	<u>587,360</u>

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6. INVESTMENTS (continued)

The movements in the investments balance, excluding loss allowance, are as follows:

	31 March 2024 (unaudited)			31 December 2023 (audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Balance at the beginning of the period / year	2,241,930	2,592,348	4,834,278	1,285,445	2,093,115	3,378,560
Purchased during the period / year	981,474	280,453	1,261,927	1,669,634	753,008	2,422,642
Disposed during the period / year	(73,620)	(54,788)	(128,408)	(765,380)	(295,242)	(1,060,622)
Unrealized gains / (losses) during the period / year, net	(28,547)	(30,754)	(59,301)	49,361	39,303	88,664
Accrued interest	4,392	4,301	8,693	2,870	2,164	5,034
	3,125,629	2,791,560	5,917,189	2,241,930	2,592,348	4,834,278

Movement in loss allowance for investments at amortised cost and FVOCI debt instruments for the period is as follows:

	31 March 2024 (unaudited)			
	Stage 1 12-month ECL	Stage 2 ECL not Credit impaired	Stage 3 Lifetime ECL credit impaired	Total
Balance at the beginning of the period	(161)	-	-	(161)
Charge for the period	(94)	-	-	(94)
Balance at the ending of the period	(255)	-	-	(255)

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7. TERM DEPOSITS

The term deposits are held with reputable commercial banks and financial institutions. These deposits are predominately in Murabaha structure with a small allocation in Mudaraba structure. They are mostly denominated in Saudi Arabian Riyals and have an original maturity from more than three-months to more than one year and yield financial income at rates ranging from 1.55% to 6.40% per annum (2023: 1.55% to 6.40% per annum). The movements in term deposits during the period ended 31 March 2024 as follows:

	31 March 2024 (unaudited)		
	Insurance operations	Shareholders' operations	Total
Balance at the beginning of the period before loss allowance	5,358,428	1,866,544	7,224,972
Placed during the period	508,220	835,000	1,343,220
Matured during the period	(1,224,920)	(603,981)	(1,828,901)
Commission income earned during the period	63,858	26,979	90,837
Less: loss allowance	(1,282)	(571)	(1,853)
	<u>4,704,304</u>	<u>2,123,971</u>	<u>6,828,275</u>
	31 December 2023 (audited)		
	Insurance operations	Shareholders' operations	Total
Balance at the beginning of the year before loss allowance	4,753,100	1,655,389	6,408,489
Placed during the year	3,534,871	800,000	4,334,871
Matured during the year	(3,127,255)	(677,545)	(3,804,800)
Commission income earned during the year	197,712	88,700	286,412
Less: loss allowance	(1,460)	(501)	(1,961)
	<u>5,356,968</u>	<u>1,866,043</u>	<u>7,223,011</u>

Movement in loss allowance for term deposits for the period is as follows:

	31 March 2024 (unaudited)		
	Insurance operations	Shareholders' operations	Total
Balance at the beginning of the period	1,460	501	1,961
Provision made during the period	(178)	70	(108)
Balance at end of the period	<u>1,282</u>	<u>571</u>	<u>1,853</u>
	31 December 2023 (unaudited)		
	Insurance operations	Shareholders' operations	Total
Balance at the beginning of the year	1,217	424	1,641
Provision made during the year	243	77	320
Balance at end of the year	<u>1,460</u>	<u>501</u>	<u>1,961</u>

8. STATUTORY DEPOSIT

As required by SAMA Insurance Regulations, the Group deposited an amount equivalent to 10% of its paid-up share capital, amounting to SR 150 million, in a bank designated by SAMA. Accrued income on this deposit is payable to Insurance Authority amounting to SR 10.93 million (31 December 2023: SR 8.69 million) and this deposit cannot be withdrawn without approval from Insurance Authority. As requested by SAMA during 2023, the Group has released the accrued income on statutory deposit to SAMA up to 31 December 2022 amounting to SR 16.24 million. The statutory deposit is shown on the statement of financial position net of impairment allowance.

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9. FIDUCIARY ASSETS

During the year ended 31 December 2018, after obtaining SAMA's approvals, the Group entered into a Third-Party Administration agreement (TPA) with a customer under which the Group facilitates healthcare services to Customer's employees with specific terms and conditions. The agreement is effective from 1 March 2018. The services are remunerated against administration fees.

In order to fulfil the commitment relating to this agreement, the Group receives funds in advance from the customer to settle anticipated claims from medical service providers. As the Group acts as an agent, the relevant bank balance and related payables at the reporting date, are excluded from the condensed interim consolidated statement of financial position. The assets and liabilities held in fiduciary capacity amounted to SR 408 million as of 31 March 2024 (31 December 2023: SR 424 million).

10. COMMITMENTS AND CONTINGENCIES

The Group's commitments and contingencies are as follows:

- i) The Group is subject to legal proceedings in the ordinary course of business. There was no material change in the status of legal proceedings as at 31 March 2024.
- ii) As of 31 March 2024, total letters of guarantee issued by banks amounted to SR 200 million (31 December 2023: SR 161 million).

11. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction takes place either:

- in the accessible principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous accessible market for the asset or liability.

a) Determination of fair value and fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: quoted prices in active markets for the same or identical instrument that an entity can access at the measurement date.

Level 2: quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data; and

Level 3: valuation techniques for which any significant input is not based on observable market data.

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11. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

b) Carrying amounts and fair value

The following table shows the carrying amount and fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value as the carrying amount is a reasonable approximation to fair value.

	Fair value				Carrying value
	Level 1	Level 2	Level 3	Total	
31 March 2024 (unaudited)					
Financial assets measured at fair value:					
- Investment at FVTPL	15,480	360,175	58,857	434,512	434,512
- Investment at FVOCI – Debt	3,721,715	268,433	-	3,990,148	3,990,148
- Investment at FVOCI – Equity	309,719	247,824	-	557,543	557,543
	<u>4,046,914</u>	<u>876,432</u>	<u>58,857</u>	<u>4,982,203</u>	<u>4,982,203</u>
	Fair value				Carrying value
	Level 1	Level 2	Level 3	Total	
31 December 2023 (audited)					
Financial assets measured at fair value:					
- Investment at FVTPL	17,194	392,780	58,715	468,689	468,689
- Investment at FVOCI – Debt	2,733,619	522,044	-	3,255,663	3,255,663
- Investment at FVOCI – Equity	274,405	248,000	-	522,405	522,405
	<u>3,025,218</u>	<u>1,162,824</u>	<u>58,715</u>	<u>4,246,757</u>	<u>4,246,757</u>

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11. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

c) Measurement of fair value

Valuation technique and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 3 fair value at 31 March 2024 and 31 December 2023, as well as the significant unobservable inputs used. The fair value used for valuation of Level 2 Sukuks and mutual funds are based on prices quoted on reliable third-party sources. Management believes that the fair values of the Group's financial assets and liabilities as at 31 March 2024 are not materially different from their carrying values since the financial instruments are short term in nature, carry profit rates which are based on prevailing market profit rates and are expected to be realized at their current carrying values within twelve months from the date of the statement of financial position.

<u>Type</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Mutual funds	Mutual funds classified as Level 3 are fair valued based on the latest available NAV adjusted for the fair value which are not observable.	Fair value of underlying assets	The estimated fair value will increase / decrease directly in line with the change in fair value of underlying assets.

Sensitivity analysis:

The impact of change in net assets value reported in level 3 on net income and total equity is as follows:

	<u>Period-ended 31 March 2024 (unaudited)</u>	<u>Year-ended 31 December 2023 (audited)</u>
+/- 5% change in net assets value	+/- 2,943	+/- 2,936

12. OPERATING SEGMENTS

The Group only issues short-term insurance contracts for providing health care services ('medical insurance'). The Group operates as a mono-line insurer, operating in the Private Medical Insurance (PMI) business. All the insurance operations of the Group are carried out in the Kingdom of Saudi Arabia. For management reporting purposes, the operations are monitored in two groups that are Corporate and Small and Medium Enterprises & Others (SME & Others). Corporate segment/customer represents members of large corporations, and all others are considered as SME & Others. Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker, who is responsible for allocating resources and assessing the performance of operating segments in line with the strategic decisions.

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12. OPERATING SEGMENTS (continued)

Operating segments do not include shareholders' operations of the Group. Segment results do not include investment, other operating expenses, other revenues and other costs. Segment assets and liabilities only include the insurance and reinsurance contract liabilities and assets while the other accounts are not allocated. Consistent with the Group's internal reporting, operating segments have been approved by the management in respect of the Group's activities, assets and liabilities as stated below:

Operating segments	31 March 2024 (unaudited)		
	Corporate	SME & Others	Total
<u>Assets</u>			
Asset of Incurred Claims	50,224	-	50,224
Asset of Remaining Coverage	32,975	-	32,975
Reinsurance contract assets	83,199	-	83,199
Unallocated assets			14,984,052
Total assets			15,067,251
<u>Liabilities</u>			
Liability of Incurred Claims	3,404,006	442,045	3,846,051
Liability of Remaining Coverage	4,086,518	671,559	4,758,077
Insurance contract liabilities	7,490,524	1,113,604	8,604,128
Reinsurance contract liabilities			-
Unallocated liabilities			1,477,450
Total liabilities			10,081,578
Operating segments	31 December 2023 (audited)		
	Corporate	SME & Others	Total
<u>Assets</u>			
Asset of Incurred Claims	52,705	-	52,705
Asset of Remaining Coverage	21,385	-	21,385
Reinsurance contract assets	74,090	-	74,090
Unallocated assets			14,364,261
Total assets			14,438,351
<u>Liabilities</u>			
Liability of Incurred Claims	3,303,572	451,394	3,754,966
Liability of Remaining Coverage	3,793,448	718,782	4,512,230
Insurance contract liabilities	7,097,020	1,170,176	8,267,196
Reinsurance contract liabilities			-
Unallocated liabilities			1,495,626
Total liabilities			9,762,822

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12. OPERATING SEGMENTS (continued)

	Three-month period ended 31 March 2024 (unaudited)			Three-month period ended 31 March 2023 (unaudited)		
	Corporate	SME & Others	Total	Corporate	SME & Others	Total
Insurance revenue	3,858,576	515,482	4,374,058	3,285,460	464,953	3,750,413
Insurance service expense	(3,607,457)	(428,122)	(4,035,579)	(3,151,090)	(427,309)	(3,578,399)
Net expenses from reinsurance contracts held	(16,878)	-	(16,878)	(3,531)	-	(3,531)
Net insurance service result	234,241	87,360	321,601	130,839	37,644	168,483
Investment income on financial assets at amortised cost			103,190			77,499
Investment income on financial assets at fair value			55,174			25,181
Net impairment loss on financial assets			(220)			(243)
Net insurance and investment results			479,745			270,920
Other operating expenses			(75,731)			(57,153)
Other revenue			22,462			24,295
Other cost			(10,353)			(7,926)
Income attributed to the shareholders before zakat and income tax			416,123			230,136
Zakat charge			(19,671)			(21,199)
Income tax charge			(37,029)			(20,341)
Net income attributed to the shareholders after zakat and income tax			359,423			188,596

The details of gross written premium are as follows:

	Three-month period ended 31 March 2024 (unaudited)	Three-month period ended 31 March 2023 (unaudited)
Corporates	5,842,466	4,064,228
Medium enterprises	1,027,152	1,004,614
Small enterprises	326,556	297,644
Micro enterprises	41,071	30,971
Individuals	12,197	12,003
	7,249,442	5,409,460

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(All amounts in Saudi Riyals thousands unless otherwise stated)

13. RELATED PARTIES TRANSACTIONS AND BALANCES

Related parties represent major shareholders, Board members and key management personnel of the Group, and companies of which they are principal owners and any other entities controlled, jointly controlled or significantly influenced by them. Contract pricing policies and terms are conducted on an arm's length basis and transactions are approved by the Group's management or where required and applicable the Group's Board of Directors. The following are the details of the major related party transactions during the period and their related balances:

Related party	Nature of transaction	Amount of transactions		Receivable/(pavable)	
		during the period ended		balance as at	
		income / (expense)			
		31 March 2024 (unaudited)	31 March 2023 (unaudited)	31 March 2024 (unaudited)	31 December 2023 (audited)
Balances included in insurance contract liabilities					
Shareholders and affiliates*	Premium issued	349,226	286,745	6,220	13,882
Shareholders and affiliates*	Claims incurred	(135,193)	(101,937)	(11,995)	(21,055)
Shareholders	Medical costs charged by providers	(60,333)	(58,494)	(12,096)	(20,418)
				(17,870)	(27,591)
Balances included in reinsurance contract assets					
Shareholders	Reinsurance Premium ceded	(113,245)	(64,170)	(101,037)	(50,674)
Balances included in due (to)/from Related Parties					
Shareholders	Expenses recharged from a related party-net	(1,017)	(38)	(366)	(788)
Shareholders	Tax equalization – net	-	4,185	-	-
Shareholders	Board and committee member remuneration fees	(225)	(218)	(225)	(920)
Bupa Middle East Holdings Two W.L.L. (Affiliate)	Trademark fee	(10,806)	(9,169)	(10,806)	(39,227)
				(11,398)	(40,935)

*During the period ended 31 March 2024, premium issued related to shareholders amounts to SR 0.58 million (2023: SR 0.3 million) and claims paid related to shareholders amounts to SR 0.10 million (2023: SR 0.13 million). The remuneration of the key management personnel during the period ended 31 March is as follows:

	31 March 2024 (unaudited)	31 March 2023 (unaudited)
Short-term benefits	6,267	7,620
Long-term benefits	584	593
Share based payment transactions	7,606	4,040
	14,457	12,253

Short-term benefits include salaries, allowances, annual bonuses and incentives whilst long-term benefits include employees' end of service benefits.

BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

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14. ZAKAT AND INCOME TAX

Breakup of zakat and income tax charge for the Three-month period ended 31 March 2024 and 2023 are as follows:

	Three-month period ended 31 March 2024 (unaudited)	Three-month period ended 31 March 2023 (unaudited)
Current zakat charge	19,671	21,199
Current tax charge	37,644	14,508
Deferred tax charge (note 14)	(615)	5,833
	37,029	20,341
	56,700	41,540

a) The reconciliation of deferred tax assets is as follows:

	31 March 2024 (unaudited)	31 December 2023 (audited)	31 March 2023 (unaudited)
Opening deferred tax asset	38,609	40,511	40,511
Deferred tax (charge) / income	615	(1,902)	(5,833)
	39,224	38,609	34,678

Movements in the Zakat and income tax accrued during the period ended 31 March 2024 and year ended 31 December 2023 respectively are as follows:

	Zakat payable	Income tax Payable	Total 31 March 2024 (unaudited)	Total 31 December 2023 (audited)
Balance at beginning of the period/year	329,078	29,511	358,589	326,566
Provided during the period/year	19,671	37,644	57,315	174,614
Payments during the period/year	-	-	-	(142,591)
Balance at end of the period/year	348,749	67,155	415,904	358,589

Status of assessments

Bupa Arabia For Cooperative Insurance Company

The Company has filed its zakat and income tax returns for the financial years up to and including the year 2022 with Zakat, Tax and Customs Authority ("ZATCA").

The Company has finalized its zakat and income tax returns with ZATCA for the fiscal periods 2008 through 2016 and 2018. For the year 2017, the Company received an assessment amounting to SR 35.8 million in as additional zakat and tax liability, the Company has escalated the matter to the General Secretariat of Tax Committees ("GSTC") with the Appeal Committee for Tax Violations and Disputes and awaits for the decision. Also, the Company has received the final assessment for the years 2019 and 2020 amounting to SR 36.7 million and SR 41 million, respectively. The Company has filed an appeal to the GSTC with the Resolution Committee for Tax Violations and Disputes and their review and the outcome of the appeal is awaited. The management believes that these assessments are appropriately provisioned.

The Company is yet to receive the final assessment for the years ended 31 December 2021 and 2022.

Bupa Arabia For Third Party Administration

The Company has filed its zakat and income tax returns for the financial years up to and including the year 2023 with ZATCA. The due zakat and tax under these years and these returns are still under ZATCA's review.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

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15. SHARE CAPITAL

The authorised, issued and paid-up capital of the Group is SAR 1,500 million at 31 March 2024 (31 December 2023: SAR 1,500 million) consisting of 150 million shares (31 December 2023: 150 million shares) of SAR 10 each. Shareholding structure of the Group is as below:

	31 March 2024 (unaudited)		31 December 2023 (audited)	
	Holding percentage	Amount	Holding percentage	Amount
Major shareholders	48.3%	723,825	48.3%	723,825
General Public	51.7%	776,175	51.7%	776,175
	100%	1,500,000	100%	1,500,000

The total shareholders' equity as of 31 March 2024 for Saudi shareholders is SR 2,862 million (31 December 2023: SR 2,663 million) and foreign shareholder is SR 2,124 million (31 December 2023: SR 1,994 million) after incorporating their respective shareholding percentage and impact of zakat, income tax, reimbursement and other adjustments. The above shareholders' equity is arrived after allocating the net income after zakat of SR 216 million and net income after income tax of SR 143 million to Saudi and foreign shareholders, respectively. Retained earnings as of 31 March 2024 for Saudi shareholders is SR 1,288 million (2023: SR 1,072 million) and foreign shareholder is SR 925 million (2023: SR 782 million). Statutory reserve as of 31 March 2024 for Saudi shareholders is SR 768 million (2023: SR 768 million) and foreign shareholder is SR 585 million (2023: SR 585 million).

16. STATUTORY RESERVE

As required by the Saudi Arabian Insurance Regulations, 20% of the shareholders' income shall be set aside as a statutory reserve until this reserve amounts to 100% of the paid-up share capital. The Group carries out this transfer on an annual basis at 31 December. As at 31 March 2024, SR 1,353 million (31 December 2023: SR 1,353 million) had been set aside as a statutory reserve, representing 90.2% (31 December 2023: 90.2%) of the paid-up share capital.

17. CAPITAL MANAGEMENT

Objectives are set by the Board of Directors of the Group to maintain healthy capital ratios to support its business objectives and maximise shareholders' value.

The Group manages its capital requirements by assessing shortfalls between reported and required capital levels on a regular basis. Adjustments to current capital levels are made in light of changes in market conditions and the risk characteristics of the Group's activities. To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue shares. In the opinion of the Board of Directors, the Group has fully complied with the regulatory capital requirements during the reported financial period.

18. EARNINGS PER SHARE

The basic and diluted earnings per share have been calculated by dividing 'net income attributed to the shareholders after zakat and income tax' amounting to SR 359,423 thousand (31 March 2023: SR 188,596 thousand) for the period by the weighted average number of ordinary shares issued and outstanding shares amounting to 150 million shares (31 March 2023: 150 million shares) and treasury shares amounting to 207 thousand (31 March 2023: 495 thousand shares) at period end.

19. APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements have been approved by the Board of Directors, on 05 May 2024G.