

ANNUAL REPORT 2023

SAMWUM+ED
Real Heritage. Real People. Real Health Care.



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ABOUT THE SCHEME

SAMWUMED Medical Scheme is a self-administered medical aid scheme with a national footprint. It covers lives within the South African local government and associated agencies.

Beyond providing medical cover, SAMWUMED advocates for its members' interests and their right to a healthy life. Rooted in this commitment is the pledge to maintain its status as one of South Africa's most cost-effective schemes within its category.



OUR MISSION

- We commit ourselves to service excellence by providing the most affordable, member-friendly, accessible and accountable scheme and administration.



OUR VISION

- To be the leading medical scheme in the local government sector.
- To provide a holistic and progressive primary health service nationally.
- To provide guaranteed affordability by offering appropriate benefits and access to the best medical services.
- To create healthy and satisfied members through education and efficient administration in a member-friendly environment.
- Commitment to the principle of non-profit and to remain sustainable.
- To be one of the most desired organisations to work for in South Africa.
- To promote a clean, healthy and sustainable environment.



OUR VALUES

- Member centric
- Integrity
- Discipline
- Responsibility
- Accountability
- Value of Self
- Ubuntu



NOTICE OF THE ANNUAL GENERAL MEETING

20TH SEPTEMBER 2024

NOTICE TO CONVENE MEETING

Notice is hereby given that the **Annual General Meeting** (AGM) of the members of South African Municipal Workers Union National Medical Scheme (SAMWUMED) will be held on **20th September 2024**, at 09h30 via a Virtual Meeting Platform and physically at various venues, for purposes of the following business:

AGENDA

1. Opening and singing of the South African National Anthem
2. Confirmation of the meeting credentials and the reading of the notice to convene the AGM
3. Agenda
4. Minutes
 - 4.1 Adoption and correction of minutes
 - 4.2 Matters arising
5. Chairperson's Message
6. Principal Officer's Review
7. Operations Report
8. Financial Report for the year ended 31 December 2023
9. Appointment of External Auditors for the 2024 Financial Year
10. Discuss and approve the following special resolutions:
 - a. Proposed annual increase for the Board of Trustees
11. Notices of Motion
12. Closure

IMPORTANT:

- Notices of motion to be considered for placing before the AGM must reach the Principal Officer, at the registered address of the Scheme or by email to **agm2024@samwumed.org**, by **no later than noon on 30 August 2024**. These shall be vetted against the Scheme Rules and the Medical Schemes Act.
- **Identification:** members attending the Annual General Meeting (AGM) at physical venues must bring along any of the following together with their valid membership cards to secure admission and participation at the AGM:
 - A South African green bar-coded ID book or smartcard; or
 - A South African Driver's License; or
 - A Passport.

By order of the Board of Trustees.



A handwritten signature in black ink, appearing to be 'FM' followed by a long horizontal stroke.

Francina Mosoeu
Principal Officer
SAMWUMED

THE BOARD OF TRUSTEES

The Board of Trustees is appointed in terms of the Scheme Rules. Six (6) members are member elected and four (4) are Union appointed. The below sets out the composition of the SAMWUMED Board of Trustees.



L. Sibiya
Chairperson
(Member elected)



M. Marule
(Member elected)



S. Dladla
(Trade union appointed)



M. Nzuza
(Member elected)



N. Bhozo
(Member elected)



S. Dube
(Member elected
pensioner trustee)



M. I. Solomon
(Trade union appointed)



J.S. Mcanjana
(Trade union appointed)



M. Langa
(Trade union appointed)



R. Letsoalo
(Member elected)

MINUTES OF THE ANNUAL GENERAL MEETING (AGM)

OF THE SOUTH AFRICAN MUNICIPAL WORKERS UNION NATIONAL MEDICAL SCHEME (SAMWUMED)

Held virtually on **Tuesday, 08 September 2023 at 09:30 am.**
Coordinated at Braamfontein Recreation Centre, Johannesburg.

Administration

1. Opening and Singing of the South African National Anthem

- The Chairperson, Mr. Lindani Sibiya welcomed attendees to the 2023 (SAMWUMED) Annual General Meeting (AGM).
- The Chair noted that the AGM was being hosted from the main venue at the Braamfontein Recreation Centre. The Scheme had arranged multiple platforms to enable Members to participate in the AGM.
- Members were able to participate at onsite venues in Cape Town, and Nigel, Boksburg, and Alberton in Gauteng.
- Other Members connected to the AGM virtually coordinated from the SAMWUMED Head Office Main Executive Boardroom, Trematon Road, Athlone, Cape Town.
- The Chair invited all attendees to join him in singing the South African National Anthem after which he officially opened the AGM at 09:30.
- The Chair reminded attendees of the rules for the AGM:
 - Members needed to register and confirm their membership to be able to participate in the AGM.
 - The Rules were also displayed on the screens at the physical venues.
- The Chair also invited attendees to stand and observe a moment of silence for the victims of the Marshalltown, Johannesburg fire.
- The Chair then introduced the Members of the Board of Trustees (BoT) in attendance at the main venue in Braamfontein and those who connected virtually.
- The Chairperson also introduced the SAMWUMED Principal Officer (PO) Ms. Mosoeu, and the Chief Financial Officer Mr. Samsam who were both in attendance at the main venue.
- The Chairperson acknowledged the presence of other Scheme executives, the Council for Medical Schemes (CMS) and all other stakeholders who attended the AGM virtually.



2. Confirmation of the meeting credentials and the reading of the notice to convene the AGM

- The Chair confirmed that the Notice to Members advising them of the convening of the 23rd SAMWUMED AGM was sent out to all Members.
- He requested confirmation of the initial number of attendees of the AGM at the beginning of the meeting and an update was provided under Agenda Item 10.
- The convener in Cape Town, Ms. Kirsten Isaacs confirmed a total of 553 Members in attendance at all the physical venues which included Nigel, Alberton, Boksburg, Braamfontein and Cape Town.
- The moderator confirmed that 31 Members connected online or virtually.
- The Principal Officer confirmed that based on the numbers submitted, 584 Members were registered and attended the AGM.
- The Chairperson indicated that there was a quorum. He cited SAMWUMED's Scheme Rule 31.2.3: "At least 30 Members present either in person or via the virtual platform at the annual general meeting shall constitute a quorum."
- The Principal Officer read the notice of the AGM into the record. The Notice indicated the following:
 - The SAMWUMED AGM will be held on the 8th of September 2023 at 09:30 am at a physical site in Johannesburg at the Braamfontein Recreation Centre and via a virtual platform.
 - The Agenda for the day as indicated under Agenda Item 3.
 - Notices of Motion needed to be submitted to the Scheme by the 18th of August 2023.
- The Principal Officer also confirmed the following at the meeting:
 - No Notices of Motion were received by the due date of 18 August 2023.
 - The notice informing Members of the AGM was sent out via SMS on the 3rd of July 2023.
 - The Notice was also posted on the Scheme's website.
 - The Notice was also uploaded on the Scheme's Mobile App.
- The Notice, AGM Pack and the Annual Report were sent to Members via SMS on the 3rd of August 2023. This was followed by another SMS that was sent on the 8th of August 2023.
- During the week of 17 July 2023, posters announcing the AGM were distributed.
- The SMS to the Gauteng and Cape Town-based Members announcing their venues was sent out on the 1st of September 2023.
- For the Pickup Members an SMS was sent on the 6th of September 2023.
- The invitation to CMS and the Scheme's auditors (PricewaterhouseCoopers) was sent on the 10th of July 2023.
- The time off request letters were sent out on the 26th of July 2023.
- Two Members at each of the physical sites confirmed the Principal Officer's submissions.
- However, online confirmations were not received as Members were unable to unmute their device microphones.

3. Agenda

- The Agenda was shared on the screens at the different physical venues.
- The Agenda was as follows:
 1. Opening and singing of the National Anthem
 2. Confirmation of the meeting credentials and the reading of the notice to convene the AGM
 3. Agenda
 4. Minutes
 5. The Chairperson's Foreword
 6. The Principal Officer's Message
 7. The Financial Report for the year ended 31 December 2022
 8. The Appointment of External Auditors for the 2023 Financial Year
 9. Notices of Motion
 10. Closure
- The Chair proposed adding item 4.1: Matters Arising
- No objections were raised to the addition of item 4.1: Matters Arising.
- The Agenda was approved.



4. Minutes

- The Chair invited corrections and amendments to the AGM Minutes of 9 September 2022 which were included in the AGM Pack.
- The Chairperson informed attendees that the Minutes were translated into Xhosa, Afrikaans and Zulu.
- No amendments were made to the Minutes.
- The Minutes were approved by Mr Magubane in Nigel and seconded by Ms. Moreki from Alberton.

4.1 Matters Arising

- The Chair called for matters arising from the AGM Minutes of 9th September 2022.
- No matters arising were raised by any of the attendees.
- However, some Members raised concerns that transport was not arranged for Members from Marlboro, Johannesburg and the City of Cape Town to attend the AGM.
- Concerns were also raised about time off for Members working for the City of Cape Town as it was only granted on the eve of the AGM.
- Concerns were raised about the inaccessibility of the Hospital Network in Johannesburg.
- The Chair indicated that the Scheme would investigate the matters raised.

5. Chairperson's Foreword

The Chair tabled his report which was included in the AGM Pack.

Report Details:

- Since the BoT was elected 3 years ago, it prioritised its meetings and those of the Board Committees.
- The BoT ensured that the Scheme continued to fulfil its primary obligation of paying Members' claims.
- The biggest threat to SAMWUMED was its inability to attract younger and healthier Members to subsidise high-claiming older Members.
- The BoT would continue to provide strategic counsel to the Scheme Management to ensure continued service excellence, retainment of existing Members and attraction of new Members.
- The Chair expressed appreciation to his fellow Trustees, the Scheme Management and the Members for their support and commitment to the Scheme.

6. Principal Officer's Message

The Principal Officer presented her report containing 2022 highlights, the Scheme's performance and the 2023 outlook.

Report Details:

- In 2022, SAMWUMED consolidated its position as one of the top medical schemes in South Africa.
- Even though the Scheme faced some challenges, it successfully carried out its mandate of providing healthcare services to all its Members throughout South Africa.
- A major achievement for the period under review was the finalisation of the Strategy Review for the next 5 years, the outcome of which was a decision on 4 strategic pillars.
- The pillars are: **financial sustainability, operational excellence, stakeholder management, and effective governance.**
- Under **financial sustainability** - the Scheme focused on membership growth initiatives, implementation of an evidence-based benefit design model, and coordinated clinical management.
- Under **operational excellence** - the Scheme reviewed its processes and systems to integrate and automate them. It also prioritised the confidentiality, security, and integrity of its data.
- On **Stakeholder Management** and Member satisfaction - the Scheme engaged with its stakeholders including employer groups, Members and unions.
- To ensure **good governance** there was a continuous review of the governance and risk framework.
- Members remained at the centre of the Scheme's service offering. SAMWUMED improved customer services through the enhancement of the Scheme's Call Centre solution. The Call Centre was upgraded and the call waiting time was improved significantly by having separate lines for Members and service providers.
- A self-service option was included on the Contact Centre for Members to access information such as membership certificates, tax certificates and statements in real-time via their emails.
- The Mobile App was improved, and new features were added, resulting in more downloads of the App by Members. The Principal Officer encouraged all Members to download the App and take advantage of its convenience.
- The Scheme moved its claims processing to a new third party to enable it to adjudicate and process Member and service provider claims more accurately and without delay.
- The Orange Marketing Campaign saw the Sales and Marketing teams visiting different provinces and having face-to-face activations, the outcome of which was Member engagement and servicing.
- Better capacity was created by the filling of strategic vacancies including the Chief Financial Officer, Chief Operating Officer and Sales Manager.
- The Scheme reviewed its networks including the Hospital, Pharmacy and General Practitioner (GP) Networks.
- Membership grew from 35 201 in 2021 to 35 277 in 2022.
- There was an increase in healthcare spending from R1,6 billion to R1,7 billion.
- SAMWUMED remained financially healthy with a solvency ratio of 82% compared to the regulatory requirement of 25%.
- The Scheme spent R1.6 billion on Member claims, compared to the previous year's spending of R1.4 billion.
- The Scheme appointed internal auditors to assist with operational processes.
- The Scheme received an unqualified audit and renewed its accreditation with the South African Local Government Bargaining Council (SALGBC).
- The Scheme finalised its rule amendments, including the review of benefits and contributions.
- On legal matters, the Scheme continued to pursue the recovery of expenditure by the Provisional Curator. The Scheme also continued to pursue Ryan Construction for expenditure relating to incomplete and unsatisfactory renovations undertaken at the Head Office. Based on instructions received from CMS, the Scheme was able to successfully dispose of two undeveloped erven in Retreat.

Challenges:

- Challenges experienced by the Scheme during the period under review included high claims, fraud, waste and abuse by Members and service providers. The Principal Officer highlighted that several syndicates were operating in Gauteng and KwaZulu Natal where some Members were complicit in fraudulent activities that were negatively impacting the Scheme.
- Other challenges included late payment of contributions by some municipalities and slow membership growth.

Outlook:

- SAMWUMED will continue to focus on financial sustainability, reduce the high claims, prioritise interventions to combat fraud, waste and abuse and launch new networks to protect the risk pool.
- The Principal Officer thanked the BOT for their guidance, service providers, the CMS and the Members for their continued support.

Questions/Comments/Concerns:

- Following the Principal Officer's Report, Members were allowed to raise concerns and pose comments and questions.
- Members cited statements that reflected services that were not rendered, and slow Call Center responses when providers called to verify Member benefits.
- A request was made for pharmacy benefits increase and questions were raised as to whether unused benefits could be rolled over into the following benefit year.
- A complaint was raised about payment delays to doctors and other healthcare providers resulting in Members receiving letters of demand.
- A Member asked why optometry benefits restricted Members to new spectacles every two years cycle.
- A request was made for Ekurhuleni to be included in the roadshow schedule.
- A comment was made that despite the majority of SAMWUMED Members being in Cape Town, there was no Trustee from Cape Town except for the pensioner representing the Western Cape.
- A concern was raised that the Scheme overlooked coloured employees when it came to promotions. For example, Team Leaders who have been acting for more than 2 years.
- A question was asked about the appointment of Mr Langa as a Trustee.
- Additionally, a Member raised concern regarding Moso in Ekurhuleni.

Responses:

- The Chairperson responded that the process of the appointment of Trustees by SAMWU was outlined in the Scheme Rules. SAMWUMED did not control how SAMWU chose individuals nominated to the SAMWUMED Board.
- The Trustee recommendations by SAMWU were received and assessed per the SAMWUMED Scheme Rules and it was on this basis that Mr Langa was appointed.
- The Principal Officer explained that CMS did not allow unused benefits to be rolled over into the new benefit year. However, she explained that the Scheme was looking to implement a Savings Option in the future and that feedback would be provided to Members in 2024.
- The Principal Officer assured Members that benefits were reviewed annually and benchmarked against the industry.
- The Principal Officer apologised for the challenges experienced by Members when they interfaced with Call Centres. She clarified that there was a Call Centre operated by the Scheme, another operated by Medscheme on behalf of the Scheme, and another operated by Forensic Services. She committed to investigate the matter to determine where the bottleneck might lie.
- On the issue relating to Moso, the Principal Officer responded that the Scheme was appealing a court ruling in respect of the Scheme's litigation against Moso. She further cited that only Moso was allowed access to Members in that region.
- Pharmacy benefits were costed with the assistance of actuaries and benchmarked against the industry.
- On the issue of demographics and representation, the Member was advised to email the query directly to the Principal Officer as it was an operational issue.
- The limit on the optical benefit was industry practice and was not specific to SAMWUMED.
- Regarding claims for services unrendered, Members were advised to call the **Fraud Hotline on 0824509539**.

7. Financial Report for the year ended 31 December 2022

The Scheme's Chief Financial Officer, Mr Samsam presented the SAMWUMED Financial Report for the year ended 31 December 2022.

Details:

- The Annual Financial Statements (AFS) were included in the AGM Pack.
- The AFS was governed by section 37 of the Medical Schemes Act, 131 of 1998 which stated that the AFS needed to be prepared annually and should include as a minimum, the Statement of Financial Position, the Statement of Surplus and Deficits, the Statement of Changes in Funds and Reserves, and the Statement of Cashflows.
- The Scheme complied with the provisions of section 37 and the AFS were presented to the body of the AGM on this basis of compliance with section 37.
- The MSA also required that the AFS should be audited by an independent auditor registered with the Board of Auditors and to this extent, the SAMWUMED AFS were audited by PricewaterHouse Coopers (PwC) one of the top auditors in the country. PwC also expressed an Unqualified Audit Opinion.
- Ms Jacobs from PwC who was attending the AGM virtually was acknowledged.
- Statement of Financial Position - the Scheme's assets totalled R1,6 billion and total liabilities amounted to R230 million. The assets therefore exceeded the liabilities by approximately R1,45 billion.
- Statement of Surplus or Deficit - The Scheme had a contribution income of R1 727 346 576 compared to R1 618 369 168 in 2021.
- The Scheme experienced a 10% increase in claims expenditure. In 2022 the Scheme's healthcare expenditure was R1 786 369 063 compared to R1 622 621 006 in 2021.
- The Scheme had an investment income return of R98 749 517 compared to R155 470 084 in 2021. The reduction was due to market conditions.
- Statement of Changes in Funds and Reserves - Total Member funds remained positive at R1,451 million. The 5% reduction indicated in the statement was linked to the reduction in liquidity due to higher claims.
- Statement of Cashflows - There were higher cash inflows from contribution income. The higher cash outflows were linked to healthcare expenditure. Overall, the Scheme remained liquid.
- Key Financial Ratios over 5 years (2018-2022).
 - In 2022 claims were at 104% compared to 100,26% in 2021.
 - Nonhealthcare expenditure was at 6.92% in 2022 compared to 6,13% in 2021.
 - The Scheme had reserves of R1 422 667 631 in 2022 and R1 521 862 797 in 2021.
 - It had a Solvency of 82,36% in 2022 and 94.04% in 2021. This was well above the regulated solvency minimum of 25%.
- Mr Samsam assured Members that the Scheme would continue to work to reduce the high claims by addressing fraud, waste and abuse and launching new networks to protect the risk pool.
- The Chair then requested the AGM to approve the Scheme's AFS'.
- No objections were raised by Members on all platforms.
- The AGM therefore approved the Financial Report for the year ended 31 December 2022.



8. Appointment of External Auditors for the 2023 Financial Year

- The Chair proposed the re-appointment of PwC as the Scheme's independent external auditor for the year ended 31 December 2023.
- No objections were raised. Members confirmed their approval by raising their hands in all the venues. Online Members showed their approval by using the raised hand icon on the virtual platform.
- The AGM therefore resolved to reappoint PwC as the Schemes' independent external auditor for the year ended 31 December 2023.
- The Chair explained that in terms of section 36 of the Medical Schemes Act, the appointment of an auditor could only take effect once approved by the Registrar.
- The Chair indicated that the resolution to reappoint PwC would be submitted to CMS.

9. Notice of Motion

- No notices of motion were submitted to the Scheme.

10. Closure

- The Chairperson asked Ms. Isaacs in Cape Town to confirm the final number of vetted attendees.
- She confirmed that there were 394 registered Members in all physical sites at the 2023 AGM.
- The moderator confirmed that there were 43 Members on the virtual platform.
- Based on the two figures, the Chair confirmed that 437 Members attended the AGM.
- The Chair thanked all Members for their attendance and participation.
- The Chair closed the meeting at 12:50.



FOREWORD BY CHAIRPERSON OF THE BOARD

During the year under review, the Board of Trustees continued to play a crucial oversight and governance role ensuring all plans, operations and services were aligned with SAMWUMED's mission, vision, and long-term goals. As the Scheme's highest governing body, the Board of Trustees is responsible for safeguarding member interests, setting policy direction, maintaining financial stability, and ensuring compliance with the regulatory requirements.



Policy Oversight

The Board of Trustees set the strategic direction of the Scheme as guided by the Council for Medical Schemes. Fundamentally and as part of its function, the Board of Trustees continued to develop, review and approve Scheme policies, according to the Scheme's annual calendar, to further instil an effective governance framework for the Scheme. Additionally, the Board of Trustees ensured that the Scheme operated transparently, fostering trust and confidence amongst members and stakeholders. This included the formulation of the Scheme's benefits structure, premiums, collaborations and partnerships with healthcare providers and other stakeholders.



Financial Oversight

The financial health of the Scheme is of paramount importance to its sustainability and ability to provide quality healthcare services. The Board of Trustees was diligent in overseeing the scheme's financial management and solvency, including budget approvals, financial performance monitoring and ensuring the proper allocation of resources to protect the scheme.

Additionally, the Board of Trustees ensured that sufficient reserves were maintained to cover claims and other liabilities and that members' contributions were used effectively and responsibly, albeit in a very high claims period.



Risk Management

The Board of Trustees identified potential risks that could negatively impact the scheme's operations including regulatory, market, operational and reputational risks. It developed risk management frameworks and strategies to minimise these risks, ensuring the Scheme could adapt to changing circumstances and meet its obligations to members.



Performance Evaluation

To ensure that SAMWUMED delivered on its promises, the Board of Trustees continued to evaluate its management team's performance. Key performance indicators (KPIs) were established to measure progress towards goals, and regular reports were reviewed to monitor performance. Through continuous evaluation, the Board ensured that the scheme remained responsive to members' needs and delivered high-quality services.



Regulatory Compliance

Compliance with legal and regulatory requirements is essential for protecting SAMWUMED from legal and financial penalties. The Board of Trustees ensured the Scheme adhered to all relevant laws, regulations, and industry standards. It also stayed informed about changes in the regulatory environment, especially around the National Health Insurance (NHI).

Conclusion

In conclusion, I would like to thank my fellow members of the Board of Trustees and the Board Committees for their hard work and dedication to ensuring that SAMWUMED succeeded in the year under review. Their leadership and commitment throughout the year ensured that the Scheme delivered high-quality healthcare services and maintained the trust and confidence of members.

I also wish to thank the Principal Officer, Management and Staff of SAMWUMED for their dedication in ensuring we have a sustainable Scheme for years to come.



L Sibiya

SAMWUMED Board Chairperson

PRINCIPAL OFFICER'S MESSAGE

In a world where healthcare costs are soaring, medical aid serves as a vital lifeline, offering essential services that can truly mean the difference between life and death.

SAMWUMED is proud to have played a crucial role in providing access to quality and affordable healthcare to members throughout South Africa. Over the past year, we have offered peace of mind to our members by facilitating visits to healthcare facilities and practitioners for a wide range of treatments, from routine check-ups to preventive screenings, vaccinations and critical procedures.

Our efforts over the past year have included comprehensive member education initiatives, helping to reduce disease incidence and promote overall well-being.

We prioritised the expansion of our healthcare networks including hospitals, Family Practitioners (FPs), pharmacies and specialists to ensure easy access by members wherever they may be in South Africa. Additionally, our efforts were and continue to be underpinned and guided by our five (5) Year Strategic Goals which include:



Financial stability

To boost membership retention and growth, through the formulation of an evidence-based benefit design model and to achieve positive clinical outcomes, through coordination of care.



Achieve operational efficiencies

Through automation of our business processes.



Ensure stakeholder management and member satisfaction

Through effective management of third-party business partners to achieve a seamless service and member engagement through value proposition.



Promotion of effective governance for risk and compliance

By embracing a risk management culture that promotes good governance and keeping abreast of the NHI.

Furthermore, we worked tirelessly to improve customer service at all points of engagement with members.

Highlights include:

- Reducing call waiting times at our Call Centre by implementing separate lines for members and service providers.
- Upgrading our Call Centre solution to include a self-service option, enabling members to access information such as membership certificates, tax certificates, and statements in real time via email.
- Enhancing our Mobile App features to allow members to manage their membership and benefits conveniently. We are pleased that we have introduced a much more interactive Mobile App and we encourage members to download it.
- Achieving faster issue resolution through intensified face-to-face member activations.
- Outsourcing claims processing to a third party to expedite claims payments.

As we look to the future, we remain steadfast in advocating for our members' interests and their right to a healthy life. Our commitment is to continue listening to our members, enhance our healthcare benefits, and maintain our status as one of South Africa's most cost-effective schemes within the local government category.



Francina Mosoeu

Principal Officer - SAMWUMED



SCHEME COMMITTEES OVERVIEW

- AUDIT AND RISK COMMITTEE REPORT
- BENEFITS REVIEW COMMITTEE REPORT
- CLINICAL GOVERNANCE & EX-GRATIA COMMITTEE REPORT
- FINANCE AND INVESTMENT COMMITTEE REPORT
- REMUNERATION, SOCIAL AND ETHICS COMMITTEE REPORT

AUDIT AND RISK COMMITTEE REPORT

SAMWUMED's Audit and Risk Committee is a sub-committee of the Board of Trustees responsible for advising the Board and overseeing the strategic implementation of principles, policies and parameters set by the Board.

One of the significant responsibilities of the Committee is to oversee the audit process, Financial Reporting Process and ensure that it is done in an integrated manner.

Composition

The Audit and Risk Committee has three (3) Independent Members and two (2) Members who are Trustees. The Chairperson and Independent Members are specialists in the field of audit and risk management. The table below summarises the qualifications and experience of the Committee Members.

Qualifications and Experience of Members of the Audit and Risk Committee

| INDEPENDENT MEMBER | HIGHEST QUALIFICATION | EXPERIENCE |
|---|--|------------|
| Mr CM Phehlukwayo (Chairperson since November 2020) | <ul style="list-style-type: none">• B. Compt (Unisa)• PGDA (Natal) CA (SA) | 32 Years |
| Ms Fikile Mkhize (Member since November 2020) | <ul style="list-style-type: none">• B. Comm (Natal)• MBL (Unisa)• Applied Directorship Programme (Sirdar) | 29 Years |
| Mr Patrick Ganesan (Member since November 2020) | <ul style="list-style-type: none">• BSC (UKZN)• CISA• CRISC• CISM• CGEIT• CDPSE | 22 Years |
| TRUSTEE MEMBER | HIGHEST QUALIFICATION | EXPERIENCE |
| Mr Mthokozisi Nzuza (Member since September 2020) | <ul style="list-style-type: none">• B. Admin (Hons - University of Zululand Project Management Certificate (University of Pretoria)• Municipal Finance Management Program (University of Pretoria) | 22 Years |
| Mr Ishmael Solomon (Member since September 2020) | <ul style="list-style-type: none">• National Certificate: Water and Wastewater Treatment Process Operations• Former PR Councilor for Frances Baard District Municipality• Former ANC Branch Chair and SAMWU Provincial Chair | 22 Years |

The Principal Officer and Senior Management attend by way of standing invitation and the Committee operates in accordance with its written Terms of Reference approved by the Board of Trustees.

AUDIT AND RISK COMMITTEE REPORT (CONTINUED)

Roles and Responsibilities of the Audit and Risk Committee

The roles and responsibilities of the Audit and Risk Committee can be described as follows:

Internal Control

The Audit and Risk Committee is responsible for monitoring the Scheme's internal controls and their implementation by management.

Financial Reporting

The primary responsibility of the Audit and Risk Committee is overseeing the financial reporting process. It seeks reasonable assurance that financial disclosures made by management are objective, complete and timely, and reflect SAMWUMED's financial position, operations, plans and long-term commitments.

Annual Financial Statements

The Audit and Risk Committee is responsible for:

- Reviewing the Annual Financial Statements of SAMWUMED to ensure that they are complete and consistent with the information at the Committee's disposal.
- Assessing whether the statements reflect appropriate accounting principles.
- Assessing judgemental areas, such as assumptions and estimates. i.e., the valuation of assets and liabilities, warranty, product and environmental liability.
- Attending to litigation reserves, commitments and contingencies.
- Evaluating any changes made to accounting policies or practices.
- Review the Annual Report before publishing to ensure that it contains clear and accurate information consistent with members' knowledge of the Scheme and its operations.



Responsibilities Relating to Auditing

a) Internal Auditing

The Audit and Risk Committee ensures that the Internal Audit Division performs its responsibilities effectively and efficiently including delivering on the following:

- The preparation of a three-year Strategic Internal Audit Plan based on the Scheme's key risk areas.
- Development of an Annual Internal Audit Plan.
- Submitting quarterly reports to the Committee, detailing implementation progress against the Annual Internal Audit Plan to enable effective monitoring and possible intervention.
- Annual review of the Internal Audit Charter.
- Monitoring the internal audit function, including the degree of cooperation with external auditors.
- Ensuring that no restrictions or limitations are placed on the internal auditors.
- Ensuring management responds to recommendations made by the internal auditors.
- Facilitating resolution of disputes between the internal audit function and departments.
- Ensuring that a combined assurance model is applied as a coordinated approach across all assurance activities.
- Evaluating the internal auditors' performance.

b) External Audit

The Audit and Risk Committee provides oversight over external auditing including:

- Reviewing proposed audit scopes and budgets to ensure that there are no unjustified restrictions or limitations.
- Making recommendations to the SAMWUMED Board of Trustees including those relating to the appointment of external auditors.
- Ensuring timeous response and resolution of significant findings by external auditors.
- Facilitating resolution of disputes between the external auditors and SAMWUMED.
- Approving contracts for non-audit services rendered by the external auditors.
- Ensuring that a combined assurance model is applied as a coordinated approach to all assurance activities.
- Evaluating external auditors' performance.

Enterprise Risk Management

The Committee reviews and monitors the Scheme's risk management progress and maturity, effectiveness of risk management activities, key risks and risk mitigation strategies.

Integrated Reporting

The Committee fulfils the following:

- Reviews the accuracy and integrity of the Scheme's financial results.
- Assesses the evaluation of materiality by the Board of Trustees, external auditors, and any other relevant external assurance providers, for integrated reporting purposes.
- Comments on the Annual Financial Statements, including the accounting practices and internal financial controls.
- Recommends Board approval of the integrated report.
- Engages external auditors for assurance on summarised financial information.
- Comments on the effectiveness of internal controls, quality of in-year management reports and the evaluation of the Annual Financial Statements in the Annual Report.

Combined Assurance

The Committee ensures that a combined assurance model is applied to provide a coordinated approach to all assurance activities.

- It ensures that the combined assurance received is appropriate to address all significant risks faced; and
- It monitors the relationship between the external and internal assurance providers.

Other Reporting

The Committee communicates significant matters to the Board of Trustees.

It reports on the following:

- The Committee's effectiveness and impact.
- The independence of external auditors.
- The Committee's opinion on financial statements, accounting policies, internal financial controls; and
- The effectiveness of the internal controls.

The Committee has adopted formal Terms of Reference approved by the Board of Trustees and has performed its responsibilities for the year in compliance therewith.

Compliance with Laws and Regulations

- The Committee reviews and monitors compliance with laws and regulations and the outcome of management's investigations of fraudulent acts or non-compliance.
- The Committee reviews the findings of investigations undertaken by a regulatory agency.

The Committee complied with its legal, regulatory and all other responsibilities during the period under review.

Compliance with the Code of Ethics

- The Committee reviews the process for monitoring compliance with SAMWUMED's Code of Ethics.
- It stays abreast of the Scheme's ethical performance in the Integrated Report through updates from management regarding compliance and disclosure.

The Committee has a transparent and good working relationship with the Principal Officer, Chief Financial Officer, and the Compliance Manager who is in charge of the Compliance function.



Auditor Independence

The Audit and Risk Committee is satisfied that the external auditors of SAMWUMED were sufficiently independent.

Annual Financial Statements and Accounting Practices

The Audit and Risk Committee is satisfied that the Annual Financial Statements for the year ended 31 December 2023 were fairly presented and that appropriate accounting policies were applied. For that reason, the Committee recommended their approval by the Board of Trustees.

The Committee has monitored management's implementation of the new accounting standard IFRS 17 and its impact on the disclosures and results. The Committee is comfortable that the Annual Financial Statements have been prepared following the required standards.

Internal Financial Controls

The Audit and Risk Committee continually monitors that all internal control recommendations by the auditors are implemented timeously. In this regard, the Committee is satisfied that the internal financial control environment is adequate and effective and can sufficiently respond to identified weaknesses.

Enterprise-wide Risk Management

Following the appointment of an advisor in 2021, SAMWUMED established an Enterprise-wide Risk Management Function in 2022, which has continued to grow in both function and maturity, into 2023.

A Risk Management Forum was established in 2022 to discuss Operational Risks and maintain the Scheme's Operational Risk Register.

The Scheme's approved Risk Management Framework is reviewed yearly and acts as the over-arching guide for the rollout of the Scheme's Enterprise Risk Management Function. Additionally, the Scheme's Strategic Risk Register is updated quarterly upon evaluation by the Scheme's Executive Committee before presentation to the Audit and Risk Committee.

Internal Audit

SAMWUMED established an internal audit function during the latter half of 2022 to improve the internal control and governance environment. An independent firm, Nexia SAB&T was appointed to execute the function.

Additionally, a 2023 - 2025 audit plan was developed and approved by the Audit and Risk Committee.

The committee monitored the execution of the 2023 Annual Plan and was satisfied that it was adequately covered.

BENEFITS REVIEW COMMITTEE REPORT

The Committee is tasked with the responsibility of Scheme Rule amendments relative to the Annual Benefits and Contributions. The Benefit Review Committee also assisted the Board of Trustees in investigating and maintaining appropriate benefits and pricing on behalf of the Scheme.

The Committee comprises of seven (7) Members, namely the Chairperson of the Committee who is an Officer of the Scheme with Clinical Risk Management experience, the Principal Officer of the Scheme as well as other Trustees of the Board, including the Chairperson of the Board that serves on this Committee.

As a result of SAMWU recalling three of its appointed Trustees during the year, the Union Appointed Trustee, Mr. M Langa as well as Mr. S Dladla, replaced former Union Appointed Trustees, Ms. A Ntuli and Mr. S Kwanyana on the Benefit Review Committee.

Composition of the Benefits Review Committee:

| | |
|--|-----------------------------|
| Clinical Risk Executive (Chairperson) | Appointed September 2020 |
| Mr. L. Sibiya (Committee Member – Trustee) | Appointed September 2020 |
| Mr. N. Langa (Committee Member – Trustee) | Appointed May 2023 |
| Mr. S. Dladla (Committee Member – Trustee) | Appointed May 2023 |
| Ms. N. Bhozo (Committee Member – Trustee) | Appointed September 2020 |
| Ms. R. Letsoalo (Committee member – Trustee) | Appointed September 2021 |
| Ms. F. Mosoeu (Committee Member – Principal Officer) | Appointed September 2020 |

The Committee met three (3) times during 2023, on the following dates:

- 12 June 2023
- 20 July 2023
- 5 September 2023

Roles and Responsibilities of the Benefit Review Committee

Review of Scheme Benefits and Contributions

The Committee proposed underlying principles and long-term strategy as it pertains to the Scheme's financial position which included the submission of proposals in terms of benefits, contributions, Service Providers and Scheme Rules registration.

The Committee continued to consider stakeholder input, claims utilisation, financial results, economic indications, industry information, legislative matters as well as predicative models amongst others when it considered annual changes.

Third-party Arrangements

The Committee continued to make recommendations to the Board of Trustees regarding the choice and appointment of new and existing third parties in the conclusion of Service Provider Networks and capitation agreements. Due consideration was given by the Committee in the appropriateness of offerings in terms of coverage, affordability, competitive position and financial viability when third-party arrangements were recommended to the Board.

Tariff Setting

The Committee recommended appropriate increases for medical scheme rates and healthcare professional tariff level settings.

The Committee adopted a formal Charter approved by the Board of Trustees which satisfied its responsibilities for the year in compliance with the Charter.

CLINICAL GOVERNANCE & EX-GRATIA COMMITTEE REPORT

The Committee is tasked with assisting the Board of Trustees in developing a comprehensive programme of quality improvement systems including clinical audits, supporting & applying evidence-based practice, implementing clinical standards and workforce planning and ensuring that contracted Managed Care Organisations (MCO) are accredited and perform their duties following evidence-based clinical practices, the Medical Scheme Act 131 of 1998 (MSA) and the applicable service level agreements.

The Committee consists of three (3) Members. One (1) Independent Member, one (1) Board of Trustee Member and an Officer of the Scheme with Clinical Risk Management experience.

The Clinical Governance and Ex-Gratia Committee is composed of the following representatives:

| | |
|---|----------------------------|
| Dr Malebo Majatladi (Independent Member) | Appointed in November 2020 |
|---|----------------------------|

| | |
|--|-----------------------------|
| Ms Sharon Dube (Trustee Member) | Appointed in September 2020 |
|--|-----------------------------|

| | |
|--------------------------------|-----------------------|
| Clinical Risk Executive | Appointed in May 2022 |
|--------------------------------|-----------------------|

The Committee met five (5) times during 2023, on the following dates:

- 2 March 2023 (quarterly meeting)
- 8 June 2023 (quarterly meeting)
- 23 June 2023 (continuation meeting)
- 31 August 2023 (quarterly meeting)
- 2 November 2023 (quarterly meeting)

The Principal Officer and the Compliance Executive are ex officio members of the Committee. Others, such as staff members, the contracted Managed Care Organisation and the actuarial team attend by invitation.

Execution of Duties

The Committee undertook the following activities:

- Reviewed the Managed Care Organisation's performance every quarter.
- Objectively considered all ex-gratia applications made following authorised processes.
- Ensured that contracted Managed Care Organisations were accredited and performed their duties following evidence-based clinical practices, the MSA and applicable service level agreements to facilitate appropriate and cost-effective healthcare services through rules-based and clinical management-based programmes.
- Developed a comprehensive programme of quality improvement systems, including clinical audits, supporting and applying evidence-based practices, implementing clinical standards and guidelines, and workforce planning and development.
- Ensured compliance with the MSA and its regulations, the National Health Act and other relevant legislation.
- Utilised clinical trends analysis to recommend amendments to the Scheme's annual benefit design process.
- Conducted an annual review of the Clinical Governance and Ex-Gratia Charter and Policy.
- The Committee has adopted a formal Charter approved by the Board of Trustees and has met its responsibilities for the year in compliance with the Charter.

FINANCE AND INVESTMENT COMMITTEE REPORT

The SAMWUMED Board of Trustees established the Finance and Investment Committee in November 2020 to assist the Board in fulfilling its oversight responsibilities, including monitoring the Scheme's investment decisions and activities and its financial performance. The Committee's mandate is outlined in a written Charter.

Amongst others, the Committee also oversees the performance of SAMWUMED's contracted asset managers.

The Committee consists of five (5) Members, three (3) being Members of the Board of Trustees and two (2) Independent Committee Members who are not officers of the Scheme. The Chairperson of the Committee is the Board of Trustees Chairperson as per the approved Committee Charter.

The South African Municipal Workers Union (SAMWU) recalled three (3) appointed Trustees during the year. As a result, the union appointed Mr J Mcanjana to replace the former Union Appointed Trustee, Ms N Ntsuba, to the Finance and Investment Committee.

Composition of the Finance and Investment Committee:

| | |
|--|-----------------------------|
| Mr L. Sibiya (Chairperson – Trustee) | Appointed September 2020 |
| Ms M. Marule (Committee Member – Trustee) | Appointed March 2022 |
| Mr J. Mcanjana (Committee Member – Trustee) | Appointed September 2023 |
| Mr J. Mbonani (Independent Committee Member) | Appointed November 2020 |
| Mr A. Wakaba (Independent Committee Member) | Appointed November 2020 |

The Executive Team and Management were invited to all the Committee meetings. It met four (4) times during 2023 on the following dates:

- 8 February 2023 (quarterly meeting)
- 30 May 2023 (quarterly meeting)
- 21 August 2023 (quarterly meeting)
- 8 November 2023 (quarterly meeting)



Roles and responsibilities of the Finance and Investment Committee

Investment Policy Statement

As per the Terms of Reference, the Committee has reviewed the Scheme's Investment Policy Statement taking into consideration the circumstances of the Scheme, the operational environment and the investment portfolio performance during the year under review.

Below are the investment objectives as detailed in the Investment Policy Statement:

- Maintain sufficient liquidity levels to pay all benefits and operating expense commitments as they fall due.
- Investment in instruments approved by the Scheme.
- Make adequate provision for possible long-term adverse claims experience.
- Minimise the risk of capital loss or fluctuations in capital values during any 12 months.
- Achieve an annualised overall investment return above the Consumer Price Index ("CPI").
- Maintain an appropriately diversified investment strategy.
- Be compliant with the Act and the Regulations of the Act.
- Maximise investment returns through a prudent investment strategy.
- Maximise investment returns within the accepted risk profile.

According to the Committee, these objectives have been observed in the conduct of the Scheme's investment activities.

Monitoring of Investment Decisions

The Committee reviewed the investment portfolio performance and the asset managers tasked with managing the Scheme's investment assets. The review was conducted throughout the year via reports and presentations made by the Investment Advisor and the individual asset managers.

The Committee is comfortable that despite the challenging market conditions, the portfolio has performed reasonably well and that the asset managers have carried out their function with due care and professionalism within the prescribed regulatory requirements.

Review of Financial Activities/Operations

The Committee received and reviewed various financial reports, including the Annual Financial Statements. It noted that the financial results were not aligned with approved budgets. The Committee engaged Management to establish discrepancies and action plans to address them.

Notwithstanding the Committee has taken note of the strategic plans led by the Board of Trustees to improve the Scheme's financial performance and will continue to monitor its implementation by Management.

Submission of Statutory Returns

The Committee has confirmed that the Scheme has submitted all due statutory returns in compliance with the Medical Schemes Act, 131 of 1998.

REMUNERATION, SOCIAL AND ETHICS COMMITTEE REPORT

The Committee is tasked to assist the Board of Trustees to set out guidelines and have an open and transparent model of remuneration which is in line with the legislative framework and the rules of the Scheme.

The Committee leads a formal process to establish fair, reasonable, and transparent models of remuneration for employees and independent Committee members in the short, medium, and long-term interest of the Scheme.

The Committee is also mandated to assist the Board with creating value in a sustainable manner taking into consideration the triple context of the economy, society, and natural environment within which the Scheme operates.

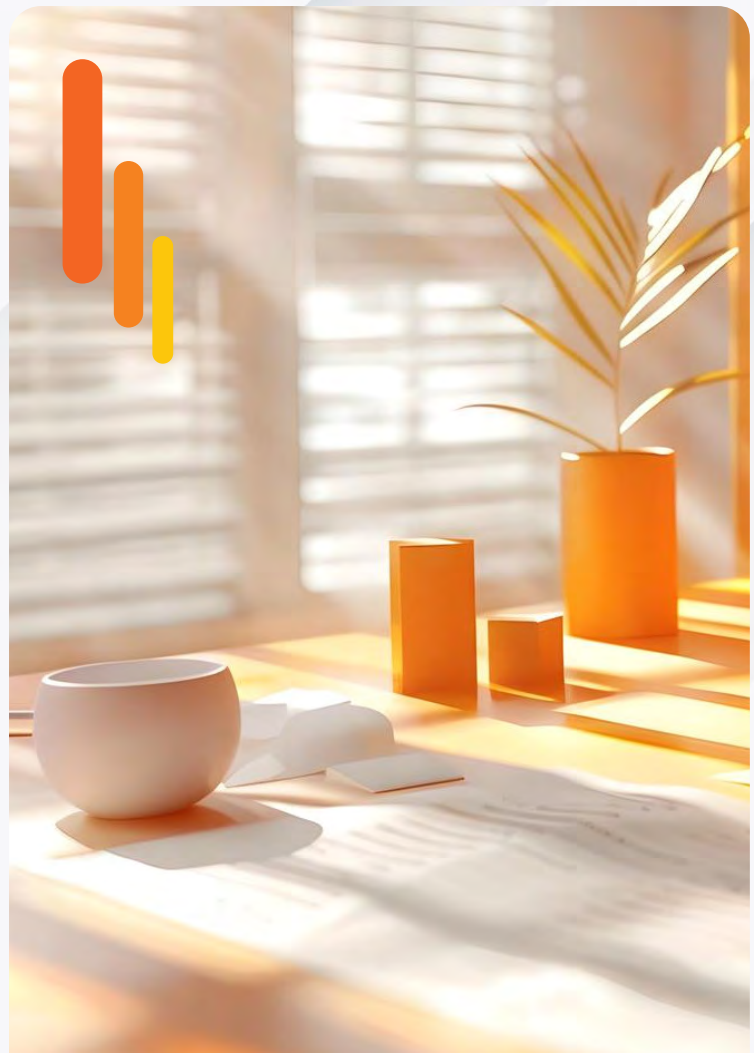
The Committee consist of three (3) members. The Chairperson of the Committee and the two other members of the Committee are independent members and not officers of the Scheme.

Composition of the Remuneration, Social and Ethics Committee:

| | |
|---|-------------------------|
| Ms L. Ndziba (Independent Member) | Appointed July 2023 |
| Ms N. Madiba (Independent Member) | Appointed November 2020 |
| Mr N. Qwabe (Independent Chairperson) | Appointed November 2020 |

The Committee met four times during 2022. All meetings were held virtually:

- 17 February 2023 (quarterly meeting)
- 09 June 2023 (quarterly meeting)
- 25 August 2023 (quarterly meeting)
- 01 November 2023 (quarterly meeting)



The Committee executed its duties by:

- Reviewed the annual work plan.
- Reviewed and recommended amendments to human resources policies.
- Recommended amendments to the Remuneration, Social and Ethics Committee Charter.
- Considered the salary negotiations for the Scheme employees.
- Considered the fee adjustment for BOT and Independent committee members.
- Conducted a board committee self-assessment.



SUMMARISED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

GENERAL INFORMATION

| | |
|--|--|
| Country of incorporation and domicile | South Africa |
| Nature of business | SAMWUMED is a self-administered medical scheme registered with the Council for Medical Schemes in Compliance with the Medical Schemes Act 131 of 1998. |
| Board of trustees | N Bhozo S Dube R Letsoalo M Marule G M Nzuza L Sibiya M I Solomon S Dladla M Langa J Mcanjana |
| Registered office | Cnr. Lascelles Road and Trematon Street Athlone 7764 |
| Postal address | P.O. Box 134 Athlone Cape Town 7760 |
| Banker | First National Bank, a division of First Rand Bank Limited |
| Auditor | PricewaterhouseCoopers Inc. Registered Auditor |
| Scheme Registration number | 394 |
| Attorney | Malatji and Co. Attorneys |
| Level of assurance | These summarised financial statements have been audited in compliance with the applicable requirements of the IFRS Accounting Standards and the Medical Scheme's Act (No.131 of 1998) of South Africa. |

REPORT OF THE BOARD OF TRUSTEES

FOR THE YEAR ENDED 31 DECEMBER 2023

The Board of Trustees hereby presents its report for the year ended 31 December 2023.

Registration number: 394

1. Description of the medical scheme

1.1. Terms of registration

SAMWUMED (the Scheme) is a non-profit restricted medical scheme registered in terms of the Medical Schemes Act 131 of 1998 (the Act), as amended.

1.2. Benefit options within SAMWUMED

The Scheme has two benefit options:

- **Option A**
- **Option B**

The risk management strategy of the scheme is to manage the scheme and the benefit options while adhering to the Medical Schemes Act of South Africa, no 131 of 1998 as amended (MSA). The Scheme's management applied their judgement and concluded that based on the risk management and how the benefit options are managed and priced, the scheme has one portfolio in terms of IFRS 17 and that it is a Mutual entity for the purposes of financial reporting.

2. Investment strategy of the medical scheme

The Scheme's investment objectives are to maximise the return on its funds on a long-term basis at minimal risk. The investment strategy takes into consideration both the requirements set by legislation and those imposed by the Board of Trustees.

All investment decisions are approved by the Board of Trustees based on the following holding true:

- The Scheme remains liquid.
- Investments are placed at a minimum risk and the best possible rate of return.
- Investments are made in compliance with the Regulations of the Act, and
- Premised on our commitment and contribution to a just and fair society.

During the year under review, the Scheme had placed a portion of its funds under asset management and in call deposits. The Scheme's investment policy is reviewed considering compliance with the Act, the risk and returns of various investment instruments and the surplus funds available.

3. Management of insurance risk

The primary insurance activity carried out by the Scheme assumes the risk of loss from members and their dependants are directly subject to the risk. This risk relates to the healthcare needs of Scheme members. As such the Scheme is exposed to the uncertainty surrounding the timing and severity of claims under the insurance contract.

The Scheme manages its insurance risk through benefit limits and sub-limits, approval procedures for transactions that involve pricing guidelines, pre-authorisation and case management, service provider profiling, centralised management of risk transfer arrangements, and the monitoring of emerging issues.

The Scheme uses several methods to assess and monitor insurance risk exposures both for individual types of risks and insured overall risks. These methods include internal risk measurement models, sensitivity analyses, scenario analyses and stress testing. The theory of probability is applied to the pricing and provisioning of a portfolio of insurance contracts. The principal risk is that the frequency and severity of claims are greater than expected.

Insurance events are, by their nature, random, and the actual number and size of events during any one year may vary from those estimated with established statistical techniques. There are no changes to assumptions used to measure insurance assets and liabilities that have a material effect on the financial statements and there are no terms and conditions of insurance contracts that have a material effect on the amount, timing and uncertainty of the Scheme's cash flows.

4. Management

4.1. Board of Trustees

The Board of Trustees are appointed in terms of the Scheme Rules. The table below sets out the changes in the composition of the Board of trustees during the year under review:

| Trustees | Designation |
|--------------|--------------------------------------|
| L Sibiya | (Chairperson - member elected) |
| M Marule | (member elected) |
| N Bhozo | (member elected) |
| S T Kwanyana | (terminated 25 May 2023) |
| S Dube | (member elected - pensioner trustee) |
| R Letsoalo | (member elected) |
| M Nzuza | (member elected) |
| N P Ntsuba | (terminated - 25 May 2023) |
| A Ntuli | (terminated - 25 May 2023) |
| M I Solomon | (trade union appointed) |
| S Dladla | (Appointed - 04 August 2023) |
| M Langa | (Appointed - 04 August 2023) |
| J Mcanjana | (Appointed - 04 August 2023) |

Governance matters

The Scheme Board of Trustees are elected as per Scheme rule number 24.1 to 24.8.

4.2. Principal Officer

M.F. Mosoeu

Cnr. Lascelles Road and
Trematon Street
Athlone
7764

4.3. Registered office address and postal address

Cnr. Lascelles Road and
Trematon Street
Athlone
7764

4.4. Actuaries

Insight Actuaries & Consultants

2nd Floor Gateway West
22 Magwa Crescent
Waterval City, Midrand
1685
2066

4.5. Auditor

PricewaterhouseCoopers Inc.

5 Silo Square
V & A Waterfront
Cape Town
8002

P.O Box 2799
Cape Town
8000

4.6. Asset managers

4.6.1. Argon Asset Management (Proprietary) Limited

1st Floor - Colinton House
The Oval
1 Oakdale Road
Newlands
7700
FSP 835

4.6.2. M & G Investments Southern Africa (Pty) Ltd

5th Floor - Protea Place
Protea Place
40 Dreyer Street
Claremont
7700
FSP 45199

4.6.3. Ninety-One Fund Managers SA (RF) (Proprietary) Limited

36 Hans Strijdom
Avenue
Cape Town
8001
FSP 587

4.6.4. Mazi Asset Management (Proprietary) Ltd

4th Floor North Wing
90 Rivonia Road
Sandton
2196
FSP 46405

4.6.5. Allan Gray Life Limited

1 Silo Square
V&A Waterfront
Cape Town
8001
FSP 6663

4.6.6. STANLIB Collective Investments (RF) (Proprietary) Ltd

17 Melrose Boulevard
Melrose Arch
2196
FSP 719

4.6.7. Aluwani Capital Partners (Proprietary) Ltd

EPPF Office Park Private Bag 9959
24 Georgian Crescent Sandton
East 2152
Bryanston East, 2152
FSP 46196

4.7. Investment Consultant

Old Mutual Wealth Trust Company (Proprietary) Limited

2 Oxbow Crescent PO Box 2444
The Estuaries Saxonwold
Century City, 7441 2132
FSP 18427

4.8. Fixed and Call Account Managers

4.8.1. Rand Merchant Bank

1 Merchant Place
Cnr. Fredman Dr & Rivonia
Sandton, 2196
FSP 624

4.8.2. Standard Bank Limited

10th Floor, The Tower
Tower North
Cape Town, 8001
FSP 11287

5. Actuarial services

During the financial year, the Scheme's actuaries were Insight Actuaries & Consultants. They were consulted in the determination of the contribution increases and the benefit levels of the Scheme. The actuarial services were secured on a retainer basis for the year under review. The work also included conducting risk assessments, claims analysis, budget reviews; and the IFRS 17 requirements for Best Estimate of Liabilities (BEL), Risk Adjustments (RA) thereon, and the Liability for Incurred Claims (LIC) and Liability for Remaining Coverage (LRC); and finally, the IAS 19 valuation of the retirement benefit obligations.

6. Guarantees received by the Scheme from a third party

There are no guarantees received by the Scheme from a third party.

7. Investment and loans to participating employers and other related parties

The Scheme holds no investment in the participating employers of the Scheme's members.



8. Review of financial results and activities

The liability for future members decreased by 31 December 2023 by R73 769 759 for the year under review. This represented a decrease of -23,80% from R96 816 978 (restated) in the prior year.

Scheme insurance revenue increased by 6,32% from R1 727 215 493 in the prior year to R1 836 522 553 for the period ending 31 December 2023.

8.1. Operational statistics per option

| 2023 | Option A | Option B | Total |
|--|----------|----------|---------|
| Number of members at year-end | 13 314 | 20 822 | 34 136 |
| Number of dependants at year-end | 12 757 | 25 842 | 38 599 |
| Number of beneficiaries at year-end | 26 071 | 46 664 | 72 735 |
| Average number of members for the year | 13 428 | 21 191 | 34 619 |
| Average number of dependants for the year | 12 834 | 26 326 | 39 160 |
| Average number of beneficiaries for the year | 26 261 | 47 517 | 73 779 |
| Number of new members | 1 956 | 3 500 | 5 456 |
| Number of members leaving the Scheme | 2 365 | 4 232 | 6 597 |
| The average age of principal members | 48 | 49 | 48 |
| The average age of dependants | 21 | 22 | 21 |
| The average age of beneficiaries | 35 | 34 | 34 |
| Risk claims as a percentage of risk contributions | 112,26% | 100,85% | 104,26% |
| Insurance service expense per average beneficiary per month* | 2 075 | 2 410 | 2 290 |
| Insurance service expense per average principal member per month* | 4 064 | 5 401 | 4 880 |
| Insurance service expense as a percentage of risk contributions | 118,23% | 104,83% | 108,84% |
| Non-healthcare expenditure per average beneficiary per month* | 47 | 41 | 43 |
| Non-healthcare expenditure per average principal member per month* | 96 | 74 | 82 |
| Non-healthcare expenditure as a percentage of risk contributions | 2,69% | 1,79% | 2,36% |
| Pensioner ratio at year-end | 4,91% | 2,83% | 4,62% |
| Dependent ratio to members at year-end | 2,04 | 1,26 | 1,15 |
| Return on investments as a percentage of investment | 8,44% | 8,44% | 8,44% |

Solvency Ratio

73.46%

* These figures are Rand denominated.

Averages are calculated using the sum of the 12 months' actual month-end membership divided by 12.

8.1. Operational statistics per option

2022

| | Option A | Option B | Total |
|--|----------|----------|---------|
| Number of members at year-end | 13 660 | 21 617 | 35 277 |
| Number of dependants at year-end | 13 250 | 27 199 | 40 449 |
| Number of beneficiaries at year-end | 26 910 | 48 816 | 75 726 |
| Average number of members for the year | 12 692 | 23 023 | 35 715 |
| Average number of dependants for the year | 14 570 | 26 431 | 41 001 |
| Average number of beneficiaries for the year | 27 262 | 49 454 | 76 716 |
| Number of new members | 1 585 | 2 144 | 3 729 |
| Number of members leaving the Scheme | 1 467 | 2 186 | 3 653 |
| The average age of principal members | 48 | 49 | 48 |
| The average age of dependants | 21 | 20 | 20 |
| The average age of beneficiaries | 34 | 34 | 34 |
| Risk claims as a percentage of risk contributions | 109.39% | 102.65% | 104.66% |
| Insurance service expense per average beneficiary per month* | 1 824 | 2 199 | 2 066 |
| Insurance service expense per average principal member per month* | 3 593 | 4 965 | 4 434 |
| Insurance service expense as a percentage of risk contributions** | 114.62% | 106.15% | 108.67% |
| Non-healthcare expenditure per average beneficiary per month* | 50 | 44 | 46 |
| Non-healthcare expenditure per average principal member per month* | 99 | 99 | 99 |
| Non-healthcare expenditure as a percentage of risk contributions** | 3.17% | 2.12% | 2.43% |
| Pensioner ratio at year-end | 1.79% | 2.83% | 4.62% |
| Dependent ratio to members at year-end | 0.97 | 1.26 | 1.15 |
| Return on investments as a percentage of investment | 5.22% | 5.22% | 5.22% |

Solvency Ratio

81.63%

* These figures are Rand denominated and have changed from the previous Summarised Financial Statements due to the adoption of IFRS 17.

** These percentages have changed from the previous Financial Statements due to the adoption of IFRS 17.

Averages are calculated using the sum of the 12 months' actual month-end membership divided by 12.

The results of operations are set out in the annual financial statements.

8.2. Solvency ratio

| | 2023 | Restated 2022 | Restated 01 January 2022 |
|---|---------------|------------------|-----------------------------|
| | R | R | R |
| Total Insurance liabilities for future members and other reserves per Statement of Financial Position | 1 366 509 701 | 1 438 723 964 | 1 535 540 942 |
| Unrealised non-distributable property revaluation reserve | (7 750 020) | (7 750 020) | (7 750 020) |
| Cumulative net gain/(loss) on re-measurement to fair value of properties and investments | 2 162 714 | (10 816 272) | 4 734 263 |
| Cumulative net gain/(loss) on re-measurement of post-retirement medical benefit | (11 806 599) | (10 251 401) | (11 710 838) |
| Accumulated funds per Regulation 29 | 1 349 115 796 | 1 409 906 271 | 1 520 814 347 |
| Insurance revenue | 1 836 522 553 | 1 727 215 493 | 1 618 369 168 |
| Solvency ratio | 73.46% | 81.63% | 93.97% |

In terms of Regulation 29(2) of the Act, the medical scheme must maintain accumulated funds expressed as a percentage of annual insurance revenue for the accounting period, which should not be less than 25%. Per Circular 13 of 2001, cumulative unrealised losses are included in the calculation of the accumulated funds ratio. Cumulative unrealised gains are deducted from members' funds in the calculation of the solvency ratio.

The Scheme's solvency ratio has decreased to 73.46% for the year ended December 2023, compared to 81.63% in December 2022; however, the ratio is significantly above the statutory compliance ratio of 25%. The Scheme's liability for future members and other has decreased by 10.01% year on year. Although the Scheme's financial position has lowered due to the increasing healthcare costs, these were considered and monitored in line with the budget. The solvency ratio was forecasted to decrease to 58.33% by the year ended 31 December 2024 even though it may be lower, it is still higher than the minimum required by MSA.

8.3. Best estimate liability for incurred claims

The basis of calculation and movements on the liability for incurred claims for current members is set out in Note 11 to the annual financial statements. There have been unusual movements that the Board of Trustees believe should be brought to the attention of the members. With the implementation of IFRS 17, there have been changes in the basis of calculation (provision) Liability for incurred claims.

9. Audit and risk committee

The Audit and Risk Committee was established in accordance with Section 36 (10) of the Act. The committee is mandated by the Board of Trustees through written terms of reference as to its membership, authority, and duties. The committee consists of five members. The Chairperson of the committee and two other independent members who are not officers of the Scheme or part of administration management. The committee met five (5) times during the year.

In accordance with provisions of the Act, the primary responsibility of the committee is to assist the Board of Trustees in carrying out its duties relating to the Scheme's accounting policies, internal control systems and financial reporting practices. The internal and external auditors formally report to the Audit & Risk Committee on critical findings arising from their audit activities.

10. Finance and investment committee

The Finance and Investment Committee is also mandated by the Board of Trustees through written terms of reference to provide recommendations regarding the financial operations of the Scheme and the investment of excess funds and due compliance to the Medical Schemes Act of 1998, as amended.

The committee consist of eight members. The Chairperson of the Committee is the Board of Trustees Chairperson as per the approved Scheme Charter, two independent members who are not officers of the Scheme and five members who are officers and part of the management of the Scheme. The Committee met five (5) times during the year under review.

11. Trustee meeting attendance

The following schedule sets out the Board of Trustees meeting attendances. Trustees' expenses are disclosed in Note 14 of the summarised financial statements.

| | Board meetings | | Special Board of Trustees meetings | | Audit & Risk Committee meetings | | Finance & Investment Committee meetings | | Clinical Governance & Ex-gratia committee meetings | | Benefit Review Committee meetings | | Remuneration Committee meetings | |
|--------------|----------------|---|------------------------------------|---|---------------------------------|---|---|---|--|---|-----------------------------------|---|---------------------------------|---|
| | A | B | A | B | A | B | A | B | A | B | A | B | A | B |
| S Dube | 6 | 6 | 3 | 3 | - | - | - | - | 4 | 4 | - | - | - | - |
| N Bhozo | 6 | 6 | 3 | 3 | - | - | - | - | - | - | 4 | 4 | - | - |
| L Sibiya | 6 | 6 | 3 | 3 | - | - | 4 | 2 | - | - | 4 | 4 | 4 | 3 |
| M Marule | 6 | 6 | 3 | 3 | - | - | 4 | 3 | - | - | - | - | - | - |
| G M Nzuzo | 6 | 6 | 3 | 3 | 5 | 4 | - | - | - | - | - | - | - | - |
| A Ntuli * | 6 | 3 | 3 | 1 | - | - | - | - | - | - | - | - | - | - |
| NP Ntsuba * | 6 | 3 | 3 | 1 | - | - | 4 | 1 | - | - | - | - | - | - |
| ST Kwanyana* | 6 | 3 | 3 | 1 | - | - | - | - | - | - | - | - | - | - |
| R Letsoalo | 6 | 5 | 3 | 3 | - | - | - | - | - | - | 4 | - | - | - |
| I Solomon | 6 | 6 | 3 | 2 | 5 | 4 | - | - | - | - | - | - | - | - |
| S Dlalda** | 2 | 2 | 2 | 2 | - | - | - | - | - | - | - | - | - | - |
| J Mcanjane** | 2 | 2 | 2 | 2 | - | - | - | - | - | - | - | - | - | - |
| M Langa** | 2 | 2 | 2 | 2 | - | - | - | - | - | - | - | - | - | - |

A = Number of meetings eligible to attend

B = Total number of meetings attended

*= Terminated on 25 May 2023

**= Appointed on 04 August 2023

12. Board of Trustee – Sub-Committee meetings

The table below sets out the meetings attended by the independent delegates to the Board Committees. The expenses paid to the Board of trustees' subcommittee members are disclosed in Note 14 of the summarised financial statements.

| Name | Committee | Number of meetings attended |
|----------------|---|-----------------------------|
| CM Phehlukwayo | Audit & Risk (Chair) | 11 |
| SF Mkhize | Audit & Risk | 5 |
| P Ganesan | Audit & Risk | 5 |
| AP Wakaba | Finance & Investment | 3 |
| JVM Mbonani | Finance & Investment | 7 |
| MK Majatladi | Clinical Governance & Ex Gratia (Chair) | 9 |
| MV Ngwenya | Remuneration | 1 |
| ND Madiba | Remuneration | 4 |
| PN Qwabe | Remuneration (Chair) | 8 |
| L Ndziba | Dispute and Complaints | 2 |
| A V Memela | Dispute and Complaints | 1 |
| J M Mathibe | Procurement (Chair) | 3 |

13. Auditor

PricewaterhouseCoopers Inc. was appointed as the Scheme's external auditors for the 2023 financial year by the Board of Trustees in compliance with the Medical Scheme Act and the Scheme Rules.

14. Issues of non-compliance

14.1. Contravention of Section 26(7) of the Medical Scheme Act

Nature and impact of non-compliance

In terms of Section 26(7) of the Medical Schemes Act 131 of 1998, as amended, all contributions shall be paid directly to a medical scheme not later than three days after payment thereof becoming due.

Cause of non-compliance

The Scheme encounters employer groups who do not make their contribution payments within the statutory prescribed time. For the employer groups identified, causes of non-compliance range from administrative to cashflow challenges. The Scheme Management continuously follows up with these employer groups until payment is received. The outstanding contributions are however received but not in compliance to the statutory prescribed time.

Corrective action

Non-compliant employer groups are continuously notified of their non-compliance and requested to make payment of the outstanding contributions. The Scheme currently enforces the debt management policy to mitigate the risk.

14.2. Contravention of Section 33(2) of the Medical Scheme Act

Nature and impact of non-compliance

In terms of Section 33(2) of the Medical Schemes Act 131 of 1998, as amended, each benefit option is required to be self-supporting in terms of membership and financial performance and be financially sound.

Cause of non-compliance

During the financial year under review, Option A and Option B of the Scheme did not comply with Section 33(2) in terms of financial performance.

| Benefit option | Net healthcare deficit | Net deficit for the year |
|----------------|------------------------|--------------------------|
| Option A | (100 122 390) | (65 583 806) |
| Option B | (62 201 456) | (8 185 953) |
| | (162 323 846) | (73 769 759) |

Corrective action

The financial performance, risk profile and claims experience of all benefit options are monitored and evaluated continuously, through risk management, monitoring of fraud and waste outcomes from Claims Experience analysis. Strategies are formulated to address loss-making benefit options through benefits and contributions increases, and review processes whereby affordability, chronic prevalence, and ageing are considered.

A Benefits and Contribution review was completed for 2024, and the Pricing Report was submitted to the Council for Medical Schemes (CMS). An average 10.99% contribution increase was proposed and approved. The Scheme proposed minimal benefit enhancements for 2024 to allow the Scheme to return to a sustainable level of financial performance.

14.3. Contravention of Section 35(8) of the Medical Scheme Act

Nature and impact of non-compliance

Section 35 (8) of the Act states: "A medical scheme shall not invest any of its assets in the business of or grant loans to:

- a. an employer who participates in the medical scheme or an administrator or any arrangement with the medical scheme
- b. any other medical scheme
- c. any administrator; and
- d. any person associated with any of the above mentioned".

At 31 December 2023, the Scheme indirectly holds investments in the holding company of an Administrator, including Discovery Limited and Momentum Metropolitan Health Ltd. This is in contravention of section 35(8)(c) of the Act.

Cause of non-compliance

The Funds in this specific portfolio are structured at the sole discretion of the asset manager in a manner that maximises returns. Therefore, the Scheme does not make inputs into the structuring of the portfolio.

Corrective action

The Scheme has been granted exemption by the Council for Medical Schemes in terms of Section 35(8) and is therefore allowed to hold these shares. The exemption is valid for three years, effective 1 December 2022 until 30 November 2025, subject to renewal.

15. Going concern

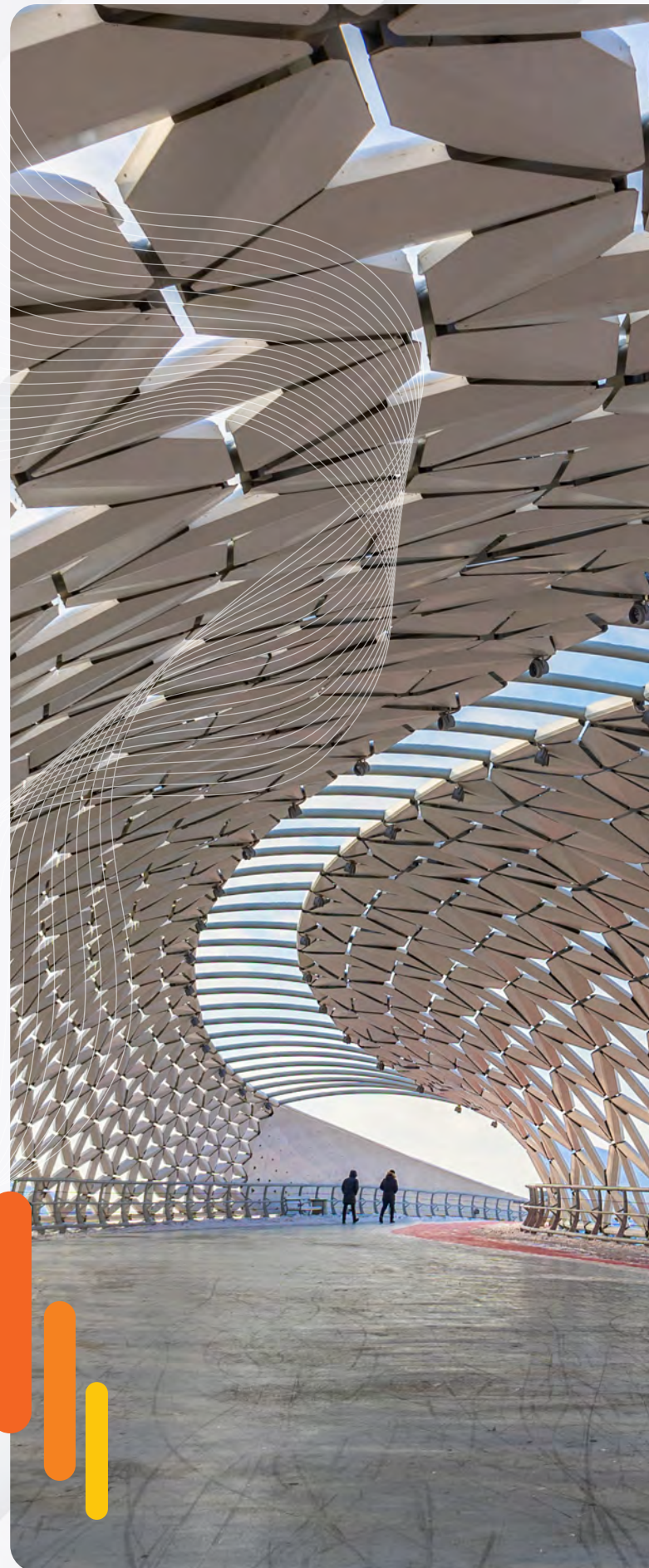
We draw attention to the fact that on 31 December 2023, the Scheme's liability for future members is R1 346 953 082. The Scheme is solvent and stable with a solid business strategy to improve.

The financial statements have been prepared based on accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the Scheme to continue as a going concern for the next 12 months is dependent on several factors. The most significant is the growth of its membership base, collection of contributions, and yield investment returns to pay for claims and other obligations as they fall due.

16. Events after the reporting period

On 15 May 2024, the President signed the National Health Insurance Bill into law, which is expected to reshape the Medical Scheme industry significantly in the coming years, but does already face several constitutional and legal challenges, and therefore no material impact is expected before 2026.



STATEMENT OF RESPONSIBILITY BY THE BOARD OF TRUSTEES

The Board of Trustees of the Scheme is responsible for the preparation, integrity, and fair presentation of the summarised financial statements of SAMWUMED. The summarised financial statements, accounting policies and notes to the summarised financial statements presented on pages 44 to 106 have been prepared in accordance with IFRS® Accounting Standards, in the manner required by the Medical Schemes Act and Regulations thereto and include amounts based on estimates and judgments made by management.

The Board of Trustees considers that in preparing the summarised financial statements they have used the most appropriate accounting policies, consistently applied, and supported by reasonable and prudent judgments and estimates.

The Board of Trustees is satisfied that the information contained in the financial statements fairly presents the results of operations for the year and the financial position of the Scheme at year-end. The Board of Trustees also prepared the other information included in the annual report and is responsible for both its accuracy and its consistency with the summarised financial statements.

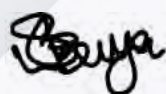
The Board of Trustees has the responsibility for ensuring that appropriate accounting records are maintained. The accounting records disclose with reasonable accuracy the financial position of the Scheme which enables the Board of Trustees to ensure that the summarised financial statements comply with the relevant legislation.

The Scheme operates in a well-established control environment, which is well documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and the risks facing the Scheme are being well controlled.

The going concern basis has been adopted in preparing the summarised financial statements. Based on forecasts and available cash resources the Trustees have no reason to believe that the Scheme will not be a going concern in the foreseeable future. These summarised financial statements support the viability and sustainability of the Scheme.

The Scheme's external auditor is responsible for independently auditing and reporting on the Scheme's summarised financial statements in terms of International Standards on Auditing and their report is presented on pages 42 to 43.

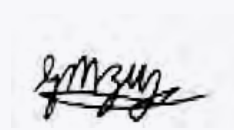
The summarised financial statements and notes to the summarised financial statements set out on pages 44 to 106, were adopted, and signed by the Board of Trustees on 16 August 2024.



L. Sibiya
Chairperson



M. F Mosoeu
Principal Officer



G.M. Nzuza
Trustee

Cape Town
16 August 2024

SUMMARISED STATEMENT OF CORPORATE GOVERNANCE BY THE BOARD OF TRUSTEES

FOR THE YEAR ENDED 31 DECEMBER 2023

SAMWUMED is committed to the principles and practice of fairness, transparency, integrity, and accountability in all dealings with its stakeholders.



1. Board of Trustees

The Board of Trustees has full control of the management of operations and financial affairs of the Scheme. It meets regularly to monitor the administration of the Scheme. The Board of Trustees met with management to address a range of key issues and ensure that policies, strategy, and performance is critical, informed, and constructive. The Board of Trustees also consult with the Council of Medical Schemes from time to time.

The Board of Trustees have access to the advice and services of the Principal Officer and where appropriate, may seek independent professional advice at the expense of the Scheme. The Board of Trustees meet regularly and monitors the performance of the Scheme and other service providers.

A handwritten signature in black ink, appearing to read 'L. Sibiya'.

L. Sibiya
Chairperson

2. Risk management and internal control

The administration of the Scheme is maintained under internal controls and systems designed to provide reasonable assurance as to the integrity and reliability of the summarised financial statements and to safeguard, verify and maintain accountability for its assets adequately. Such controls are based on established duties and are implemented by trained personnel with the appropriate segregation of duties.

No event or item has come to the attention of the Board of Trustees that indicates any material breakdown in the functioning of the key internal controls and systems during the year under review.

Cape Town
16 August 2024



INDEPENDENT AUDITOR'S REPORT ON THE SUMMARISED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT ON THE SUMMARISED FINANCIAL STATEMENTS



To the members of SAMWUMED

Opinion

The summarised financial statements of SAMWUMED (the Scheme), set out on pages 44 to 106, which comprise the summarised statement of financial position as at 31 December 2023, the summarised statements of surplus or deficit and other comprehensive income, changes in funds and reserves and cash flows for the year then ended, and related notes, are derived from the audited financial statements of SAMWUMED for the year ended 31 December 2023.

In our opinion, the accompanying summarised financial statements are consistent, in all material respects, with the audited financial statements, in accordance with the content and disclosure requirements of Circular 6 of 2013 issued by the Council for Medical Schemes as applicable to summarised financial statements.

Summarised financial statements

The summarised financial statements do not contain all the disclosures required by IFRS Accounting Standards and the requirements of the Medical Schemes Act of South Africa as applicable to annual financial statements. Reading the summarised financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon. The summarised financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

The audited financial statements and our report thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 4 July 2024. That report also includes communication of 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 period.

Trustees' responsibility for the summarised financial statements

The trustees are responsible for the preparation of the summarised financial statements in accordance with the content and disclosure requirements of Circular 6 of 2013 issued by the Council for Medical Schemes as applicable to summarised financial statements.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summarised financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.

Director: NA Jacobs
Registered Auditor
Cape Town,
South Africa
19-08-2024 | 21:14 SAST

SUMMARISED STATEMENT OF FINANCIAL POSITION

as at 31 December 2023

| | Notes | 2023 R | Restated 2022 R | Restated 01 January 2022* R |
|---|-------|----------------------|-----------------------|-----------------------------------|
| ASSETS | | | | |
| Non-Current Assets | | | | |
| Property, plant, and equipment | 2 | 25 408 125 | 24 382 314 | 25 364 182 |
| Intangible assets | 3 | 19 576 | 18 197 | 107 780 |
| Financial assets at fair value through profit or loss | 4 | 570 563 926 | 602 058 897 | 919 878 162 |
| | | 595 991 627 | 626 459 408 | 945 350 124 |
| Current Assets | | | | |
| Cash and cash equivalents | 5 | 66 325 313 | 61 975 620 | 71 437 560 |
| Financial assets at fair value through profit or loss | 4 | 841 302 711 | 884 230 453 | 582 990 475 |
| Trade and other receivables | 6 | 11 289 795 | 9 950 385 | 7 594 258 |
| | | 918 917 819 | 956 156 458 | 662 022 293 |
| Assets classified as held for sale | 7 | - | 5 777 000 | 5 680 000 |
| TOTAL ASSETS | | 1 514 909 446 | 1 588 392 866 | 1 613 052 417 |
| EQUITY | | | | |
| Other reserves | 8 | 19 556 619 | 18 001 421 | 19 460 858 |
| | | 19 556 619 | 18 001 421 | 19 460 858 |
| LIABILITIES | | | | |
| Non-Current Liabilities | | | | |
| Post retirement medical aid benefit | 10 | 4 660 108 | 5 420 736 | 3 468 515 |
| Lease liability | 9 | 771 144 | 1 373 611 | 2 506 811 |
| Insurance contract liabilities to future members | 11 | 1 177 441 856 | 1 276 427 505 | 1 514 083 526 |
| | | 1 182 873 108 | 1 283 221 852 | 1 520 058 852 |
| Current liabilities | | | | |
| Insurance contract liabilities to current members | 11 | 132 629 726 | 134 199 327 | 60 221 074 |
| Insurance contract liabilities to future members | 11 | 169 511 226 | 144 295 035 | 3 455 992 |
| Trade and other payables | 12 | 9 665 004 | 8 303 234 | 9 562 440 |
| Lease liability | 9 | 673 763 | 371 997 | 293 201 |
| | | 312 479 719 | 287 169 593 | 73 532 707 |
| Total Liabilities | | 1 495 352 827 | 1 570 391 445 | 1 593 591 559 |
| TOTAL EQUITY AND LIABILITIES | | 1 514 909 446 | 1 588 392 866 | 1 613 052 417 |

*2022 comparatives have been restated as a result of changes in material accounting policies due to the adoption of IFRS17 – Insurance contracts accounting standards. Refer to Note 25 on the transition detailed changes on this material accounting policy

SUMMARISED STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME for the year ended 31 December 2023

| | Notes | 2023 R | Restated 2022* R |
|---|-------|------------------------|------------------------|
| Insurance revenue (risk pool) | 13 | 1 836 522 553 | 1 727 215 493 |
| Insurance service expenses | 13 | (1 925 076 639) | (1 780 180 327) |
| Incurred claims and other directly attributable expenses | | (2 019 961 114) | (1 875 883 965) |
| Changes that relate to past service | | 22 325 879 | 1 884 598 |
| Insurance acquisition cash flows | | (1 211 163) | (2 997 938) |
| Amounts attributable to future members | | 73 769 759 | 96 816 978 |
| Insurance service result | | (88 554 086) | (52 964 834) |
| Investment income | | 131 261 440 | 98 749 517 |
| Interest and dividend revenue from financial assets | | 109 188 352 | 89 802 499 |
| Other realised gain on financial assets | | 22 073 088 | 8 947 018 |
| Net healthcare result | | 42 707 354 | 45 784 683 |
| Sundry income | | 293 796 | 31 065 |
| Other realised gain on property, plant and equipment | | 256 580 | 1 317 282 |
| Investment management fees | | (4 885 117) | (4 834 217) |
| Interest paid | | (227 086) | (278 929) |
| Other operating expenses | 14 | (37 858 027) | (42 019 884) |
| Expenses paid on sale of property | | (287 500) | - |
| Net loss for the year | | - | - |
| Other comprehensive income | | | |
| Gain/ (loss) on remeasurements of net post-retirement liability | 8 | 1 555 198 | (1 459 437) |
| Total comprehensive income for the period | | 1 555 198 | (1 459 437) |

* 2022 comparatives have been restated as a result of changes in material accounting policies due to the adoption of IFRS17 – Insurance contracts accounting standards. Refer to Note 25 on the transition detailed changes on this material accounting policy.

**Under IFRS 17 the net loss for the year is included as part of insurance service expenses.

SUMMARISED STATEMENT OF CHANGES IN FUNDS AND RESERVES

for the year ended 31 December 2023

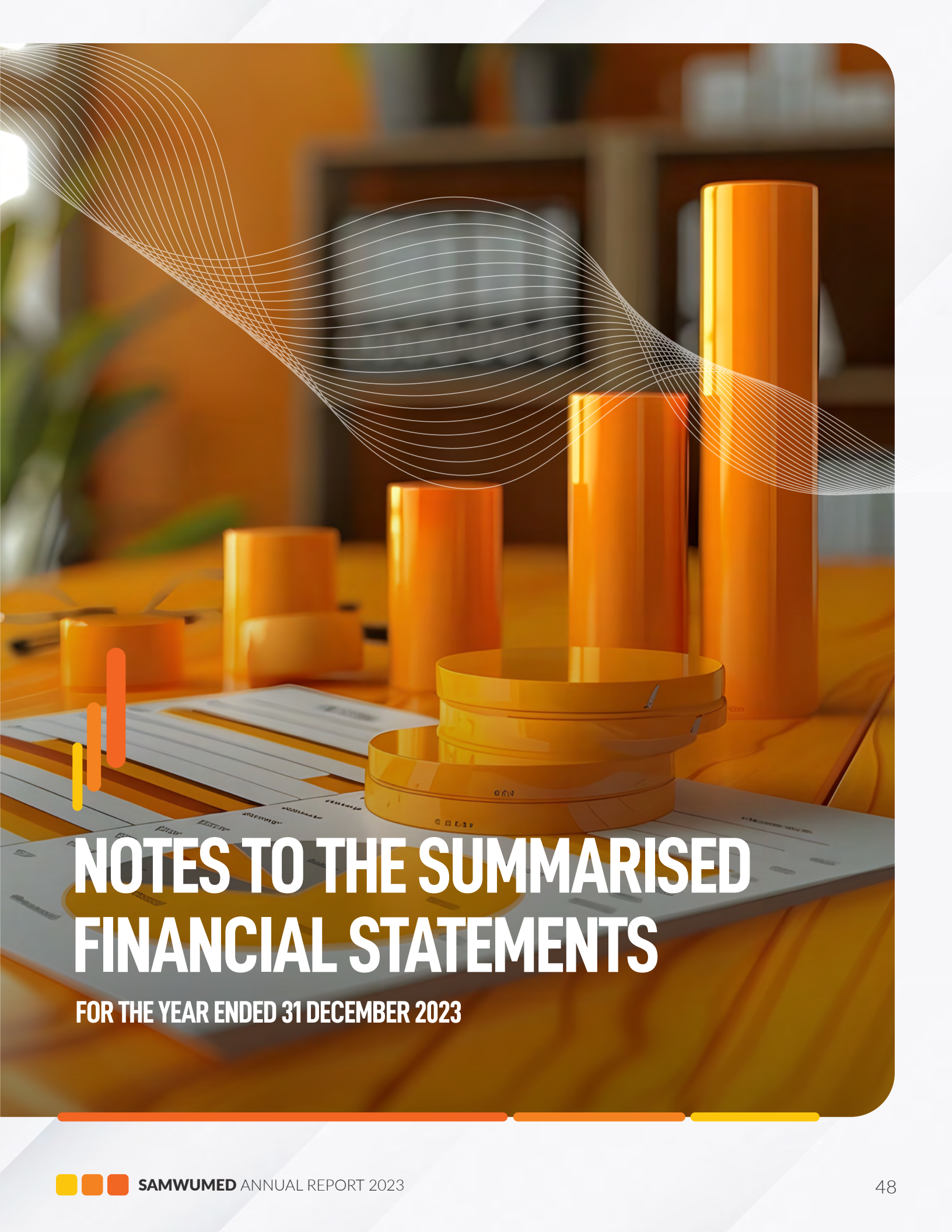
| | Notes | Accumulated Funds R | Reserve from Revaluation of Property R | Reserve for Valuation of Liabilities R | Total other Reserves R |
|--|-------|---------------------------|---|---|------------------------------|
| Balance- 01 January 2022 (as previously reported) | | 1 517 128 532 | 7 750 020 | 11 710 838 | 1 536 589 390 |
| Transition Restatement* | | (1 517 128 532) | - | - | (1 517 128 532) |
| Balance as at 1 January 2022 (restated) | | - | 7 750 020 | 11 710 838 | 19 460 858 |
| Re-measurement of post-retirement medical aid liability | 8 | | - | (1 459 437) | (1 459 437) |
| Balance as at December 2022 (restated) | | | 7 750 020 | 10 251 401 | 18 001 421 |
| Re-measurement of post-retirement medical aid liability | | - | - | 1 555 198 | 1 555 198 |
| Balance as at December 2023 | | - | 7 750 020 | 11 806 599 | 19 556 619 |

*Refer to Note 11 describing the impact of the adoption of IFRS 17.

SUMMARISED STATEMENT OF CASH FLOWS

for the year ended 31 December 2023

| | Notes | 2023 R | 2022 R |
|---|-------|------------------------|-----------------|
| Cash flow from operating activities | | | |
| Cash receipts from members – contribution | | 1 825 722 726 | 1 723 801 703 |
| Cash (paid)/receipts from members and providers – other | | (3 941 904) | (1 591 706) |
| Cash paid to providers and members - claims | | (1 892 174 675) | (1 729 380 279) |
| Cash paid to providers and employees - non healthcare expenditure | | (126 965 225) | (108 119 011) |
| Cash used in operations | | (197 359 078) | (115 289 293) |
| Interest received | | 4 255 010 | 3 280 201 |
| Net cash used in operating activities | | (193 104 068) | (112 009 092) |
| Cash flow from investing activities | | | |
| Purchase of property, plant and equipment | 2 | (1 010 176) | (376 310) |
| Proceeds on sale of property, plant and equipment | 2 | 79 950 | 97 001 |
| Purchase of other intangible assets | 3 | (20 217) | 25 202 |
| Proceeds on sale of assets classified as held for sale | 7 | 4 712 500 | - |
| Purchase of financial assets | | (140 000 000) | - |
| Sale of financial assets | | 335 000 000 | 105 000 000 |
| Net cash from investing activities | | 198 762 057 | 104 745 893 |
| Cash flow from financing activities | | | |
| Lease payments | | (1 054 404) | (1 907 944) |
| Interest paid | | (253 892) | (290 797) |
| Net cash used in financing activities | | (1 308 296) | (2 198 741) |
| Net increase/(decrease) in cash and cash equivalents | | 4 349 693 | (9 461 940) |
| Cash and cash equivalents at the beginning of the year | | 61 975 620 | 71 437 560 |
| Cash and cash equivalents at the end of the year | 5 | 66 325 313 | 61 975 620 |



NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS for the year ended 31 December 2023

ACCOUNTING POLICIES

1. Basis of preparation

a. Compliance with IFRS® Accounting Standards

The principal accounting policies applied in the presentation of these summarised financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

The summarised financial statements have been prepared in accordance with IFRS® Accounting Standards and IFRC® Interpretations applicable to Schemes reporting under IFRS Accounting Standards. The summarised financial statements comply with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB). The financial statements are also prepared in accordance with the Medical Schemes Act 131 of 1998 (the Act), which requires additional disclosures for registered medical schemes.

The preparation of summarised financial statements in accordance with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the accounting policies. The notes to the summarised financial statements set out those areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the Scheme's financial statements.

a. Historical cost

The summarised financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities (including derivative instruments) - measured at fair value.
- Insurance assets and liabilities - measured in terms of IFRS 17 current estimates.
- Land and buildings – measured in terms of IAS 16 (revaluation method used).

b. New and amended standards adopted by the Scheme.

- IFRS 17: Please refer to note 11, 13 and 25.
- IFRS 9: Please refer to note 20 and 24.

These financial statements are presented in Rands, which is the Scheme's functional currency.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

for the year ended 31 December 2023

1.1 Material accounting judgments, estimates and assumptions

Consistent with other IFRS Accounting Standards, financial reporting under IFRS 17 is, to a larger extent, based on estimates, judgements, and models rather than exact depictions. The IFRS Conceptual Framework establishes the concept that underlie those estimates, judgements and models. Where an application of a particular standard requires judgements or provides options, it is expected that the preparers of financial information will choose among the alternatives in a way that achieves the objectives of financial reporting: to provide financial information about the reporting entity that is useful to the trustees, Council for Medical Schemes, and members.

In addition to the existing requirements in IFRS Accounting Standards to disclose critical judgements made in applying accounting policies (IAS 1(122)) and major sources of estimation uncertainties (IAS 1(125)), IFRS 17 requires the following specific disclosures with respect to contracts in the scope of the standard:

- The methods used to measure insurance contracts and the processes used for estimating inputs to those methods, including quantitative information about those inputs when practicable, and especially approaches used to determine the risk adjustment for non-financial risk,
- Any changes in the above method and process, together with an explanation of the reason for each change and the type of contracts affected.

If an entity uses a technique other than the confidence-level technique for determining the risk adjustment, it is required to disclose a transition of the result of that technique into a confidence level to allow users of financial statements to see how the entity's own assessment of its risk aversion compares to that of other entities.

SAMWUMED used the confidence level to determine the risk adjustment.

1.1.1. Assessment as to whether the Scheme is a mutual entity

A medical scheme is not legally defined as a mutual entity and the assessment as to whether a medical scheme is a mutual entity was done based on the principles set out in IFRS Accounting Standards.

IFRS 3 defines a "mutual entity" as "An entity, other than an investor-owned entity, that provides dividends, lower costs, or other economic benefits directly to its owners, members or participants. For example, a mutual insurance company, a credit union and a co-operative entity are all mutual entities."

IFRS 17 does not define a "mutual entity" however it provides a key characteristic of a mutual entity in the basis of conclusion to the standard. IFRS 17 paragraph BC265 explains that "a defining feature of an insurer that is a mutual entity is that the most residual interest of the entity is due to a policyholder and not a shareholder." The MSA is not explicit that members (i.e. policyholders) hold a residual interest or are entitled to the residual interest upon the liquidation of the medical scheme. Section 64 of the MSA requires the medical scheme rules to be followed in the event of liquidation.

The rules of the Scheme do not contain specific guidance on how the assets of the scheme should be distributed on liquidation. The MSA prohibits the disposal of assets of a medical scheme except in limited, listed circumstances, one of them being the liquidation of the scheme. Members can opt for voluntary liquidation and can distribute the scheme's remaining assets amongst themselves. As SAMWUMED does not have shareholders, the current members will access the reserves through economic benefits such as funding reductions in contributions or deferral of contribution increases.

Although the rules do not specify how the assets should be distributed on liquidation, IFRS 17 states that "contracts can be written, oral or implied by an entity's customary business practices. Contractual terms include all terms in a contract, explicit or implied, but an entity shall disregard terms that have no commercial substance (i.e. no discernible effect on the economics of the contract). Implied terms in a contract include those imposed by law or regulation" (IFRS 17.2). Therefore, based on customary business practices, the

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

for the year ended 31 December 2023

remaining assets of SAMWUMED should be distributed to the members on liquidation if there are any and if the scheme does not amalgamate with another scheme. Even if the assets are distributed by a regulator or by the policyholders to an independent third party e.g. another medical scheme, an administrator or a charity, the important aspect is that the choice resides with the members or the regulator acting on behalf of the members, not with an equity holder.

The substance of the legal framework issued regarding insurance contracts and observed practice is that once a contribution is paid to the medical scheme, the contribution is used to provide benefits to members. The benefits are provided by the medical scheme (or amalgamated schemes) through insurance coverage, reduced contributions, or payment to members on liquidation (based on votes taken by members).

It is therefore expected that the remaining assets of the scheme will be used to pay current and future members. Based on the above, SAMWUMED meets the definition of a mutual entity in IFRS Accounting Standards.

SAMWUMED has therefore developed an accounting policy in terms of the IFRS 17 guidance for mutual entities and the educational material as issued by the IASB and the Scheme recognises any cumulative profit or losses as part of the insurance liability attributable to future members (which forms part of the insurance contract liabilities on the face of the Statement of Financial Position).

Consequently, the Statement of Profit or Loss and Other Comprehensive Income reflects no total comprehensive income for the year. The movement in the insurance liability attributable to future members are included in the insurance service expenses line.

Due to the Scheme being a mutual entity, the assessment of onerous contracts are also affected.

1.1.2. Unit of Account

Judgement has been applied to how SAMWUMED determined the unit of account for the measurement of its insurance contracts. Management has assessed their portfolio as the scheme as a whole due to the holistic pricing methodologies and risk management strategy that manages the risk on a scheme level.

The above is demonstrated by the following:

- Hospital claims are managed on a scheme level.
- Chronic conditions are managed on a scheme level, i.e. no matter the option the member will have access to the chronic condition management benefit.
- Pricing and benefit option changes are determined at a scheme level to manage member migration between different benefit options to ensure each option is suitable.
- Risk (utilisation and concentration) is managed holistically.

1.1.3. Risk adjustment – liability for incurred claims (LIC)

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows and reflects the compensation SAMWUMED requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as SAMWUMED fulfils insurance contracts. Because the risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favourable and unfavourable outcomes in a way that reflects SAMWUMED's degree of risk aversion. SAMWUMED estimates an adjustment for non-financial risk separately from all other estimates.

The risk adjustment was calculated at the portfolio level. The confidence level method was used to derive the overall risk adjustment for non-financial risk. In the confidence level method, the risk adjustment is determined by applying a confidence level to run-off triangles used to calculate the LIC. The confidence level is set to 75%.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

for the year ended 31 December 2023

The methods and assumptions used to determine the risk adjustment for non-financial risk were not changed in 2022 and 2023. SAMWUMED decided to apply the exemption to grouping as allowed by paragraph 20: law or regulation specifically constrains the entity's practical ability to set different prices or levels of benefits for members with different characteristics. The MSA prohibits the scheme to set different prices for its members. As such, SAMWUMED does not group contracts in various profitability groupings.

1.1.4. Initial recognition of onerous contracts

SAMWUMED considers that sufficient information is available each year immediately after the freedom of choice period in relation to the next year. Therefore, when the group is considered onerous, the loss component for the cohort is recognised at this date.

For initial measurement of the loss component, refer to note 1.3.6.

1.2 Significant estimates

The preparation of financial statements requires the use of accounting estimates, which, by definition, will seldom equal the actual results. This note provides an overview of items that are more likely to be materially adjusted due to changes in estimates and assumption in subsequent periods. Detailed information about each of these estimates is included in the notes below, together with information about the basis of calculation for each affected line item in the financial statements.

In applying IFRS 17 measurement requirements, the following inputs and methods were used that include significant estimates. The present value of future cash flows is estimated using deterministic scenarios.

For the sensitivities regarding the assumptions made that have the most significant impact on measurement under IFRS 17, refer to note 20.

1.2.1. Estimates of future cash flows to fulfil insurance contracts

Included in the measurement of the portfolio are all the cash flows within the boundary of each group of contracts. The estimates of these future cash flows are based on probability weighted expected future cash flows. The Scheme estimates which cash flows are expected and the probability that they will occur as at the measurement date. In making these expectations, the Scheme uses information about past events, current conditions, and forecasts of future conditions. The Scheme's estimate of future cash flows is the mean of a range of scenarios that reflect the full range of possible outcomes. Each scenario specifies the amount, timing, and probability of cash flows. The probability weighted average of the future cash flows is calculated using a deterministic scenario representing the probability weighted mean of a range of scenarios.

The uncertainty in the insurance contracts lies in the number, severity, and timing of claims.

Assumptions used to develop estimates about future cash flows are re-assessed at each reporting date and adjusted where required.

1.2.2. Methods used to measure the insurance contracts

The scheme estimates insurance liabilities in relation to claims incurred for healthcare contracts.

Judgement is involved in assessing the most appropriate technique to estimate insurance liabilities for the claims incurred. The generally accepted actuarial methodology used in assessing the estimated claims outcome of insurance liabilities is the combination of the Chain ladder and the Bornhuetter - Ferguson methods.

The chain ladder method involves an analysis of historical claims development factors and the selection of estimated development factors based on this historical pattern. The selected development factors are then applied to cumulative claims data for each period (in the scheme's case, for the four months post year-end) that is not yet fully developed to produce an estimated ultimate claims cost for each healthcare year. The chain ladder method is the most appropriate for this claim pattern.

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The Bornhuetter-Ferguson method is a hybrid method which incorporates the outstanding proportion of claims predicted by the chain ladder method with the total claims for a month to be paid as estimated using the Health Monitor model to arrive at an estimate for total outstanding claims to be paid.

Run-off triangles are used in situations where it takes time after the treatment date for the full extent of the claims to become known. It is assumed that payments will emerge in a similar way in each service month. The proportional increase in known cumulative payments from one development month to the next can then be used to calculate payments for future development months.

The following was considered when estimating the LIC:

- The homogeneity of the data;
- Changes in pattern of claims;
- Changes in the composition of members and their beneficiaries;
- Changes in benefit limits; and
- Changes in the prescribed minimum benefits.

1.2.3. Property, plant, and equipment

Judgment and estimates are used in determining the useful life, revaluation and residual values of property, plant and equipment as set out in Note 1.4 and Note 2.

The carrying amounts of the Scheme's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

1.2.4. Post-retirement medical aid benefit

The Scheme provides post-retirement healthcare benefits to retired employees. An independent qualified actuary carries out valuations of the obligations every three years. Refer to Note 10 for detailed disclosure.

1.3 Insurance contracts

1.3.1. Insurance contracts

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



1.3.2. Unit of account

SAMWUMED has assessed their portfolio to be at a scheme level.

Please refer to note 1.1. 2 for the assessment.

Before the Scheme accounts for an insurance contract based on the guidance in IFRS 17, it analyses whether the contract contains components that should be separated. IFRS 17 distinguishes three categories of components that must be accounted for separately:

- cash flows relating to embedded derivatives that are required to be separated;
- cash flows relating to distinct investment components; and
- promises to transfer distinct goods or distinct non-insurance services.

SAMWUMED does not have any contracts that require separation or combination of insurance contracts.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

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1.3.3. Contract Boundary

SAMWUMED uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts. This assessment is reviewed every reporting period.

Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the member is obligated to pay contributions or SAMWUMED has a substantive obligation to provide the member with insurance coverage or other services.

A substantive obligation ends when both of the following criteria are satisfied:

- SAMWUMED has the practical ability to reprice the group of contracts so that the price fully reflects the reassessed risk of that portfolio; and
- the pricing of contributions related to coverage to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

In assessing the practical ability to reprice, risks transferred from the member to SAMWUMED are considered; other risks, such as lapse or surrender and expense risk, are not included.

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

SAMWUMED has assessed all its contracts and determined all contracts have a boundary of one year.



1.3.4. Recognition and derecognition

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

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

An insurance contract is derecognised when it is:

- extinguished (i.e., when the obligation specified in the insurance contract expires or is discharged or cancelled); or
- if the terms are modified due to an agreement between the Scheme and its member or by regulation and the modification terms meet the requirement in IFRS 17.72.

If the modification does not comply with all the requirements of IFRS 17.72 the Scheme shall treat the changes in cash flow as changes in estimates of fulfilment cash flows (FCF).



NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

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1.3.5. Initial and subsequent measurement

For insurance contracts issued, on initial recognition, SAMWUMED measures the Liability for remaining coverage (LRC) at the amount of contributions received, less any acquisition cash flows paid and any amounts arising from the derecognition of the prepaid acquisition cash flows asset.

Liability for incurred claims (LIC) is an entity's obligation to:

- a. investigate and pay valid claims for insured events that have already occurred, including events that have occurred but for which claims have not been reported, and other incurred insurance expenses; and
- b. pay amounts that are not included in (a) and that relate to:
 - (i) insurance contract services that have already been provided; or
 - (ii) any investment components or other amounts that are not related to the provision of insurance contract services and that are not in the liability for remaining coverage.

Liability for remaining coverage (LRC) is an entity's obligation to:

- a. investigate and pay valid claims under existing insurance contracts for insured events that have not yet occurred (i.e., the obligation that relates to the unexpired portion of the insurance coverage) and
- b. pay amounts under existing insurance contracts that are not included in (a) and that relate to:
 - (i) insurance contract services not yet provided (i.e., the obligations that relate to future provision of insurance contract services); or
 - (ii) any investment components or other amounts that are not related to the provision of insurance contract services and that have not been transferred to the liability for incurred claims.

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

- a. the LRC; and
- b. the LIC, comprising the FCF related to past service allocated to the group at the reporting date.

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

- a. increased for contributions received in the period;
- b. decreased for insurance acquisition cash flows paid in the period; and
- c. decreased for the amounts of expected contributions received recognised as insurance revenue for the services provided in the period.

The insurance contract liabilities consist of two components:

- a. the insurance liability attributable to current members; and
- b. the insurance liability attributable to future members.

SAMWUMED has elected to include premium debtors in the LIC. For insurance contracts issued at each of the subsequent reporting dates the LIC is:

- a. best estimate of fulfilment cash; and
- b. risk adjustment.

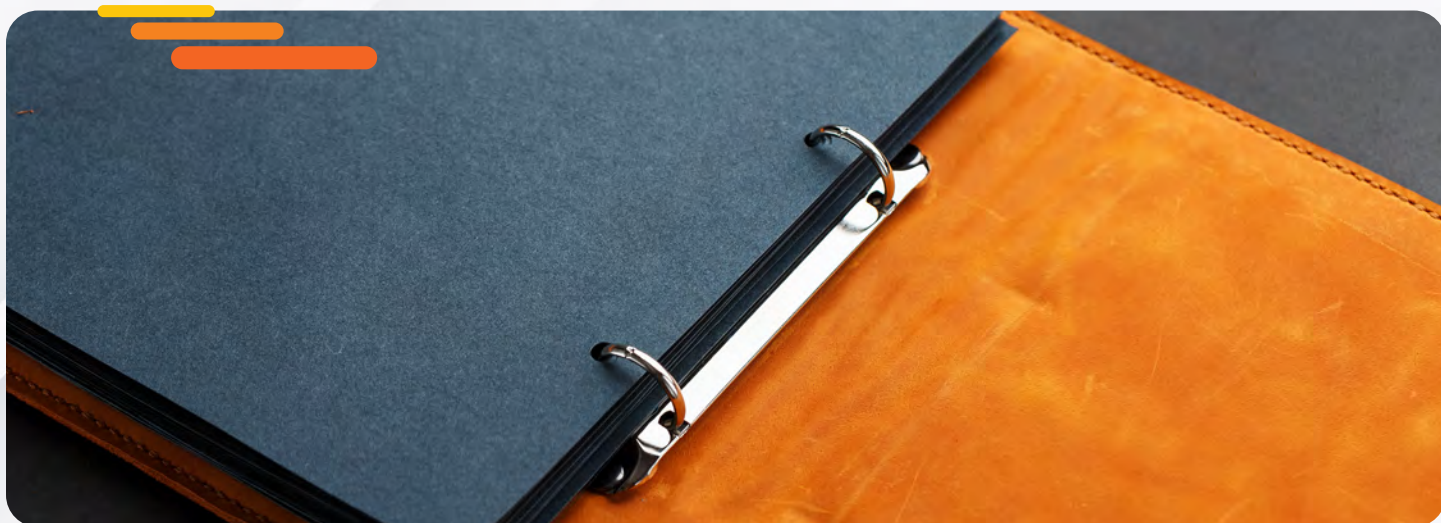
Refer to notes 1.1 and 1.2 for the significant judgements and estimates used to determine the LIC and the estimates to determine the fulfilment cash flow.

The insurance liability attributable to future members consists of accumulated profits or losses of the Scheme and it is:

- a. increased by net surpluses for the period; and
- b. decreased by the net deficits for the period.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

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1.3.6. Onerous contract assessment

In the consideration of whether facts and circumstances indicate that a group of insurance contracts is onerous, SAMWUMED considers whether the expected deficit of the following year exceeds the insurance liability attributable to future members. In the rare scenario where the following year's deficit exceeds the insurance liability attributable to future members – the contracts written would be onerous and an onerous contract liability raised. Where the amounts attributable to future members exceed the following year's deficit the contracts would not be determined as onerous, and no provision raised as a liability is already recognised.

1.3.7. Insurance revenue

As the Scheme provides services under the group of insurance contracts, it reduces the LRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration the Scheme expects to be entitled to in exchange for those services.

For the group of insurance contracts measured under the PAA, the Scheme recognises insurance revenue based on the expected pattern of release of risk over the coverage period of the group of contracts.

1.3.8. Insurance service expenses

Insurance service expenses include:

- a. incurred claims and benefits excluding investment components;
- b. other incurred directly attributable insurance service expenses;
- c. changes that relate to past service (i.e., changes in the FCF relating to the LIC); and
- d. changes that relate to future service (i.e., losses / reversals on onerous groups of contracts from changes in the loss components).

Cash flows that are not directly attributable to a group of insurance contracts, such as some product development and training costs, are recognised in other operating expenses as incurred.

The Scheme includes the following acquisition cash flows within the insurance contract boundary that arise from selling, underwriting and starting a group of insurance contracts and that are:

- a. costs directly attributable to individual contracts; and
- b. costs directly attributable to the group of insurance contracts, which are allocated on a consistent basis.

Insurance acquisition costs are expensed by the Scheme when it incurs the cost.

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1.3.9. IFRS 9: Financial instruments

IFRS 9 has been implemented by the Scheme in the current financial year and replaces IAS 39 Financial Instruments: Recognition and Measurement. The effective date of IFRS 9 is for annual period beginning on or after 1 January 2018, however, entities whose predominant business is the issuing of insurance contracts within the scope of IFRS 4 Insurance Contracts (IFRS 4) were afforded the option to defer the implementation of IFRS 9 until the adoption of IFRS 17 Insurance Contracts, which has been implemented by the Scheme during the current year.

IFRS 9 introduces a new classification approach for financial assets which is based on the cash flow characteristics of the financial assets and the entity's business model for managing the financial assets. Under IFRS 9 financial assets are classified and measured at amortised cost, fair value through profit or loss and fair value through other comprehensive income. In addition, IFRS 9 replaces the "incurred loss" model in IAS 39 with an "expected credit loss model", which means that a loss event will no longer need to occur before an impairment allowance is recognised. Financial assets at amortised cost and debt instruments at fair value through other comprehensive income are subject to the impairment requirements of IFRS 9.

The requirements for financial liabilities are consistent with IAS 39. A change was made to the fair value through profit or loss option that requires the entity to account for changes in fair value that result from their own credit risk in other comprehensive income. The Scheme does not designate financial liabilities at fair value through profit or loss and this change does not impact the Scheme. IFRS 9 introduced changes to hedge accounting, however, the Scheme does not apply hedge accounting and any such changes introduced by IFRS 9 have no impact on the Scheme.

The Scheme previously classified its financial assets at "fair value through profit or loss" or "amortised cost". The changes introduced by this standard have had no impact on the Scheme's financial assets at fair value through profit or loss. For financial assets measured at amortised cost, the majority of these assets are Insurance Receivables accounted for in terms of accounting policies adopted under IFRS 17, which are scoped out of IFRS 9. As part of the IFRS 9 implementation, the Scheme assessed the classification between Insurance Receivables and Loans and Receivables.

| Financial instrument | IAS 39 classification | IAS 39 measurement | IFRS 9 classification and measurement |
|--|---|---|---|
| Equity instruments (includes property) | Financial assets at fair value through profit or loss | Financial assets at fair value through profit or loss | Financial assets at fair value through profit or loss |
| Debt instruments (bonds) | Financial assets at fair value through profit or loss | Financial assets at fair value through profit or loss | Financial assets at fair value through profit or loss |
| Pooled funds | Financial assets at fair value through profit or loss | Financial assets at fair value through profit or loss | Financial assets at fair value through profit or loss |
| Cash and cash equivalents | Held to maturity | Amortised cost | Financial assets at amortised cost |
| Non-insurance trade receivables | Loans and receivables | Amortised cost | Financial assets at amortised cost |

The introduction of the expected credit loss model has not had a significant impact on the Scheme as the majority of the financial assets are at fair value through profit or loss. Financial assets at amortised cost consists of cash and cash equivalents for which the credit risk is considered to be very low, and the remaining insurance receivables are accounted for within the scope of IFRS 17 and are not subject to the IFRS 9 expected credit loss model.

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1.4 Property, plant and equipment

Property, plant and equipment are tangible assets which the scheme holds for its own use which are expected to be used for more than one year.

Plant and equipment are reflected at cost less accumulated depreciation and accumulated impairments. Depreciation is charged on the straight-line basis over the estimated useful lives of the assets after taking into account the assets' residual values except for land and building which is reflected at revalued amount.

The carrying amount of land and buildings is revalued every three years by a qualified appraiser and appropriate adjustments are reflected accordingly in the revaluation reserve and Statement of Surplus or Deficit and Other Comprehensive Income, as other comprehensive income.

Any revaluation increase is recognised in Other Comprehensive Income, and accumulated in insurance liabilities for future members, except to the extent that it reverses a revaluation decrease previously recognised in profit and loss.

The estimated maximum useful lives are:

| Item | Useful life minimum | Useful life maximum | Residual value |
|---------------------------------|---------------------|---------------------|----------------|
| Land | not depreciated | not depreciated | 0% |
| Buildings | 50 years | 50 years | 0% |
| Computer equipment and software | 3 years | 3 years | 0% |
| Furniture and fittings | 10 years | 15 years | 0% |
| Motor vehicles | 3 years | 5 years | 20% |
| Office equipment | 5 years | 10 years | 10% |
| Canteen equipment | 6 years | 10 years | 10% |
| Right of use of assets | 3 years | 5 years | 0% |

The useful lives and residual values are assessed annually and adjusted appropriately. Maintenance and repairs, which neither materially add to the value of assets nor appreciably prolong their useful lives, are recognised in the statement of comprehensive income. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use. Any gain or loss arising from the disposal is determined as the difference between sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

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Carrying amounts of all items of property and equipment are reduced to their recoverable amount, where this is lower than the carrying amount. Where components of an item of property and equipment have different useful lives, they are accounted for as separate items.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is measurable, and it is probable that future economic benefits associated with the property plant and equipment will flow to the Scheme. Expenditure incurred to replace a component of an item of equipment is capitalised to the cost of the item of equipment and the part that is derecognised.

Leased assets

Per IFRS 16(47) a lessee shall either present in the statement of financial position, or disclose in other notes:

- a. Right-of-use assets separately from other assets. If a lessee does not present the right-of-use assets separately in the statement of financial position, the lessee shall:
 - (i) Include right of use assets within the same line item as that within which the corresponding underlying assets would be presented if they were owned; and
 - (ii) Disclose which line items in the statement of financial position include those right-of-use assets.
- b. Lease liabilities separately from other liabilities, if the lessee does not present lease liabilities separately in the statement of financial position, the lessee shall disclose which line items in the statement of financial position include those liabilities.



NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

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1.5 Intangible assets

Costs associated with maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Scheme are recognised as intangible assets when the following criteria are met as per IAS 38:

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial, and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Directly attributable costs that are capitalised as part of the software include the software development employee costs and an appropriate portion of relevant overheads. Research and development costs are recognised as an expense in the Statement of Surplus or Loss during the period they are incurred.

Other development expenditures that do not meet these criteria are recognised as an expense when incurred. Development costs previously recognised as expenses are not recognised as assets in a subsequent period.

Intangible assets that have an indefinite useful life or that are not ready for use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Amortisation is provided to write down the intangible assets, on a straight-line basis, as follows:

| Item | Useful life |
|----------------------------------|-------------|
| Warranties and computer software | 3 years |

Impairment losses

The carrying amounts of the Schemes assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.



NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

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1.6 Financial instruments

1.6.1. Financial instruments – IAS 39

Financial assets under IAS 39 (comparative figures from 2022 were not restated to IFRS 9 on adoption). The scheme initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets are initially recognised on the trade date when the entity becomes a party to the contractual provisions. The scheme derecognises a financial asset when the contractual rights to the cash flows from the asset expire. Or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains control over the transferred asset.

Any interest in such derecognised financial asset that is created or retained by the scheme is recognized as a separate asset or liability.

Initial measurement

Financial assets are initially measured at fair value plus any directly attributable transaction costs except for financial asset through profit and loss where the directly attributable transaction costs are recognised in profit or loss as incurred.

Classification and subsequent measurement

The scheme classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

Financial assets at fair value are measured at fair value and changes therein, including any interest and dividend income are recognised in profit or loss.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within 'investment income' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of investment income when the scheme's right to receive payments is established.

b. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method. The interest earned on these investments is disclosed as accrued interest at year end until the funds are reinvested with the capital portion.

c. Available for sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, interest income and foreign currency differences on debt instruments are recognised in Other Comprehensive Income and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Interest on available-for-sale securities calculated using the effective interest method is recognised as part of investment income. Dividends on available-for-sale equity instruments are recognised as part of investment income when the scheme's right to receive payments is established (IAS 39).

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d. Held to maturity financial assets

These assets are initially measured at fair value plus any directly attributable transaction costs. After initial recognition, they are measured at amortised cost using the effective interest rate method.

Impairment of financial assets

a. Assets carried at amortised cost

The scheme assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment because of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income. Where the carrying amount of the asset is reduced through the use of an allowance account, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited as other income or against operating expenses in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

b. Assets classified as available for sale

The scheme assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, if any such evidence exists the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in profit or loss.

1.6.1. Financial instruments – IAS 39

If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss the impairment

loss is reversed through profit or loss. For members' funds' investments, a significant or prolonged decline in the fair value of the equity securities below its cost is also evidence that the assets are impaired. If any such evidence exists, the cumulative loss is measured as the difference between the acquisition cost and the current fair value, less any impairment loss.

1.6.2. Financial instruments – IFRS 9

Financial instruments are recognised when the Scheme becomes a party to the contractual provisions of the instrument. Financial assets are classified based on the cash flow characteristics of the financial asset and the Scheme's business model for managing the financial assets. Purchases and sales of financial instruments are recognised on the trade date, which is the date on which the Scheme commits to purchase the financial asset or assume financial liability.

The Scheme discloses accrued investment income as a separate asset rather than including it in the fair value of the asset.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

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I. A financial asset is measured at fair value through profit or loss

A financial asset is measured at fair value through profit or loss if:

- a. Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or it is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- b. At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.
- c. At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at fair value through profit or loss are initially recognised at fair value and the transaction costs are expensed in the statement of surplus or deficit and other comprehensive income. Gains or losses arising from subsequent changes in fair value are recognised in other income in the Statement of Comprehensive Income within the period in which they arise.

II. Financial assets measured at amortised cost

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets classified at amortised cost are initially measured at fair value, plus transaction costs and are subsequently measured at amortised cost using the effective interest method, less impairments.

Cash and cash equivalents

Cash and cash equivalents are short-term, highly liquid instruments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Included in this balance is cash on hand, deposits held in call and current accounts with banks and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are subsequently measured at amortised cost.

Impairment of the financial assets

For other receivables, the Scheme applies the IFR 9 simplified approach to measuring ECLs which uses a lifetime ECL allowance. To measure the ECLs the trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Scheme makes use of a provision matrix based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Financial liabilities consist of trade and other payables. Trade and other payables are initially recognised at fair value, net of transaction costs and are subsequently measured at amortised cost, using the effective interest rate method. The Scheme does not have any long-term borrowings or other long-term financial liabilities.

Derecognition of financial instruments

The Scheme derecognises a financial asset or part of a financial asset when: the contractual right to the cash flows from the asset expires.

- The Scheme retains the contractual right to receive cash flows of the asset but assumes the obligation to pay one or more third parties the cash flow without material delay.

The Scheme derecognises a financial liability when the obligation under the liability is discharged, cancelled or expires.

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1.7 Interest in other entities (IFRS 12)

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes:

- a. restricted activities.
- b. a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors.
- c. insufficient equity to permit the structured entity to finance its activities without subordinated financial support; and
- d. financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The scheme has determined that some of its investments in pooled funds and collective investment schemes ("funds") are investments in unconsolidated structured entities. The scheme invests in these funds, whose objectives range from achieving medium- to long-term capital growth and whose investment strategy do not include the use of leverage. The funds are managed by unrelated asset managers and apply various investment strategies to accomplish their respective investment objectives. The change in fair value of each fund is included in the statement of comprehensive income in Net gains/ (losses) on financial instruments held at fair value through profit or loss.

1.8 Fair value measurement

Fair value is a market-based measurement and for some assets and liabilities observable market transactions or information might be available. The objective of a fair value measurement is to estimate one price at which an orderly transaction to sell the assets or to transfer the liability would take place between market participants at the measurement date.

1.9 Assets classified as held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (or disposal groups) held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

1.10 Leases

IFRS 16

IFRS 16 defines a lease as a contract, or part of a contract, which conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

Right of use by lessees

At the commencement date of the lease the Scheme recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by the lessee. After lease commencement, the Scheme shall measure the right-of-use asset using a cost model. Under the cost model a right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment. The right-of-use asset is subsequently measured on the cost model at cost less accumulated depreciation and impairment and adjusted for any re-measurement of the lease liability.

Right of Use Assets are reflected at cost less accumulated depreciation and accumulated impairments. Depreciation is charged on the straight-line basis over the term of the lease (useful life of the asset). The lease liability takes into consideration, where appropriate, fixed, and variable lease payments residual value guarantee to be made by the lessee; exercise price of purchase options; and payments of penalties for terminating the lease. The lease liability is subsequently increased by interest, reduced by lease payments, and re-measured for reassessments or modifications.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

for the year ended 31 December 2023

Re-measurements of lease liabilities are affected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss. The lease liability is re-measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset. The lease liability is re-measured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments.

The lease payments are discounted using the interest rate implicit in the lease, if that rate cannot be readily determined, which is generally the case for leases, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with the similar terms, security, and conditions.

Recognition exemption

Instead of applying the recognition requirements of IFRS 16 for all leases, the Scheme elected to account for some lease payments as an expense where the lease term is less than 12 months or less and contain no purchase option.



1.11 Unallocated funds

Unallocated funds arise on receipt of unidentified deposits and unallocated receipts to members' accounts at year end into the Scheme's bank accounts. Unallocated funds older than three years of which the prescription period has legally lapsed are written back to the Statement of Profit or Loss and Other Comprehensive Income.

1.12 Provisions and liabilities

Contingent liability is:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- a present obligation that arises from past events but is not recognised because:
 - (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle
 - (ii) the amount of the obligation cannot be measured with sufficient reliability

Contingent asset is:

- a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

The Scheme does not recognise a contingent asset. However, when the realisation of income is virtually certain, the related asset is recognised as it is not a contingent asset. Contingencies are disclosed in Note 23.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

for the year ended 31 December 2023

1.13 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

Post retirement benefit plans

The Scheme provides for post-retirement medical aid benefits to its retired employees. The entitlement to post-retirement medical aid benefits is based on the employees remaining in service up to retirement age and having a minimum of five years continued service. This benefit has been limited to full time staff appointed prior to 2014.

The present value of the obligation is actuarially determined using the projected unit credit method and any deficit or surplus is immediately recognised in the Statement of Profit or Loss and Other Comprehensive Income. It is the Scheme's policy

to perform this valuation once every three years. A valuation will also be performed prior to the prescribed three when any significant events that are deemed to have a material impact on post-retirement medical aid benefit have occurred. These obligations are not funded.

- Members who retire prior to the retirement age of 60 will not be eligible for a subsidy of medical scheme contributions.
- Members with at least five years' service prior to retirement qualify for a 70% subsidy of contributions.
- Dependants of eligible continuation members receive a subsidy before and after the death of the principal member.

If a member eligible for a retirement subsidy dies in service, their dependants are eligible for a subsidy of medical scheme contributions as described above.

The risks faced by the Scheme as a result of the post-employment healthcare obligation can be summarised as follows:

- **Inflation:** The risk that future CPI inflation and healthcare cost inflation are higher than expected and uncontrolled.
- **Longevity:** The risk that pensioners live longer than expected and thus their healthcare benefit is payable for longer than expected.
- **Open-ended, long-term liability:** The risk that the liability may be volatile in the future and uncertain.
- **Future changes in legislation:** The risk that changes to legislation with respect to the post-employment healthcare liability may increase the liability for the Scheme.
- **Future changes in the tax environment:** The risk that changes in the tax legislation governing employee benefits may increase the liability for the Scheme.
- **Perceived inequality by non-eligible employees:** The risk of dissatisfaction of employees who are not eligible for a post-employment healthcare subsidy.
- **Administration:** Administration of this liability poses a burden to the Scheme.
- **Enforcement of eligibility criteria and rules:** The risk that eligibility criteria and rules are not strictly or consistently enforced.
- **National Health Insurance Bill:** The National Health Insurance Bill is out for comment. The contents of the Bill are not detailed enough at this stage for any adjustments to be made to the liability. However, this will be monitored. The NHI may change the role and operations of the Scheme.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

for the year ended 31 December 2023

1.14 Investment income

Investment income comprises of interest income and dividend income. Interest income is recognised on a time proportion basis, considering the principal amount invested and the effective rate over the period to maturity, when it is certain that such income will accrue to the Scheme. Dividend income is recognised when the right to receive payment is established.

Gains and losses on financial assets held at fair value include realised and unrealised gains and losses on disposal of assets and revaluation to fair values. These gains and losses are recognised through the Statement of Profit or Loss and Other Comprehensive Income.

1.15 Road Accident Fund (RAF) recoveries

The recoveries are only accounted for when an amount is virtually certain to be received from the RAF and the quantum of the amount is determinable.

1.16 Allocation of income and expenditure to benefit options

The following income and expenditure items are directly allocated to benefit options:

- Net contributions.
- Claims incurred.
- Managed care fees; and
- Broker fees.

The remaining items are apportioned based on the number of members on each option (or other suitable basis)

- Administration expenditure.
- Investment income.
- Other income.

1.17 The liabilities and related assets under liability adequacy test

The liability for insurance contracts is tested for adequacy by discounting current estimates of all future contractual cash flows, including related cash flows such as claims handling costs, and comparing this amount to the carrying value of the insurance liabilities (given the nature of the contracts and the Scheme rules in terms of which claims submitted after four months from treatment date are considered stale, the effect of discounting is not considered material).

1.18 Income tax

In terms of Section 10(1)(d) of the Income Tax Act, No. 58 of 1962, as amended, receipts and accruals of a benefit fund are exempt from normal tax. A medical scheme is included in the definition of a benefit fund and consequently the Scheme is exempt from income tax.



NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

for the year ended 31 December 2023

2. Property, plant and equipment

| | 2023 | | | 2022 | | |
|------------------------|-------------------|---------------------------------------|-----------------|-------------------|---------------------------------------|-----------------|
| | Cost or valuation | Accumulated depreciation & impairment | Carrying amount | Cost or valuation | Accumulated depreciation & impairment | Carrying amount |
| | R | R | R | R | R | R |
| Buildings* | 44 743 194 | (27 928 616) | 16 814 578 | 44 536 709 | (28 238 009) | 16 298 700 |
| Land* | 6 793 282 | (3 056 582) | 3 736 700 | 6 793 282 | (3 193 282) | 3 600 000 |
| Canteen equipment | 376 874 | (310 291) | 66 583 | 376 874 | (306 564) | 70 309 |
| Furniture and fittings | 3 806 189 | (2 617 890) | 1 188 299 | 3 806 189 | (2 458 724) | 1 347 466 |
| Motor vehicles | 6 822 867 | (5 245 520) | 1 577 347 | 6 659 560 | (4 960 727) | 1 698 833 |
| Office equipment | 5 987 853 | (4 548 323) | 1 439 530 | 5 437 101 | (4 313 371) | 1 123 729 |
| Computer equipment | 2 857 213 | (2 272 125) | 585 088 | 2 337 718 | (2 094 442) | 243 277 |
| Total | 71 387 472 | (45 979 347) | 25 408 125 | 69 947 433 | (45 565 119) | 24 382 314 |

Reconciliation of carrying value of property, plant and equipment - 2023

| | Opening carrying amount* | Additions | Disposals | Other adjustments | Impairment loss reversal | Depreciation | Closing carrying amount* |
|------------------------|--------------------------|-----------|-----------|-------------------|--------------------------|--------------|--------------------------|
| | R | R | R | R | R | R | R |
| Buildings* | 16 298 700 | 206 486 | - | - | 1 019 304 | (709 912) | 16 814 578 |
| Land* | 3 600 000 | - | - | - | 136 700 | - | 3 736 700 |
| Canteen equipment | 70 309 | - | - | - | - | (3 726) | 66 583 |
| Furniture and fittings | 1 347 466 | - | - | - | - | (159 166) | 1 188 300 |
| Motor vehicles | 1 698 833 | 752 926 | (189 301) | 458 169 | - | (1 143 280) | 1 577 347 |
| Office equipment | 1 123 729 | 446 408 | (2 123) | 125 573 | - | (254 057) | 1 439 530 |
| Computer equipment | 243 277 | 563 768 | - | - | - | (221 958) | 585 087 |
| Total | 24 382 314 | 1 969 588 | (191 424) | 583 742 | 1 156 004 | (2 492 099) | 25 408 125 |

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

for the year ended 31 December 2023

2. Property, plant, and equipment (continued)

The Scheme's property is stated at the revalued amounts as per valuation performed by an independent qualified appraiser, Siyakhula Property Valuers. Refer to Note 8.

Reconciliation of carrying value of property, plant and equipment – 2022

| | Opening carrying amount* | Additions | Disposals | Other adjustments | Impairment Reversal/(loss) | Depreciation | Closing carrying amount* |
|------------------------|--------------------------|-----------|-----------|-------------------|----------------------------|--------------|--------------------------|
| | R | R | R | R | R | R | R |
| Buildings* | 15 544 000 | 494 989 | - | - | 931 509 | (671 798) | 16 298 700 |
| Land* | 3 246 000 | - | - | - | 354 000 | - | 3 600 000 |
| Canteen equipment | 38 208 | 35 473 | - | - | - | (3 372) | 70 309 |
| Furniture and fittings | 1 574 675 | - | (65 228) | - | - | (161 981) | 1 347 466 |
| Motor vehicles | 3 299 119 | - | (81 424) | (17 218) | - | (1 501 644) | 1 698 833 |
| Office equipment | 813 725 | 135 584 | (208 041) | 935 627 | - | (553 166) | 1 123 729 |
| Computer equipment | 848 455 | 78 644 | (5 103) | (426 736) | - | (251 983) | 243 277 |
| Total | 25 364 182 | 744 690 | (359 796) | 491 673 | 1 285 509 | (3 143 944) | 24 382 314 |

The Scheme's property is stated at the revalued amounts as per valuation performed by an independent qualified appraiser, Siyakhula Property Valuers. Refer to Note 8. The other adjustments referred to above were for the transfers between computer equipment and office equipment because of a review of useful lives for each asset category and the allocation of items of assets within the two categories.

Land and buildings comprise the following:

Registers with details of land and buildings are available for inspection by members or their duly authorised representatives at the registered office of the Scheme.

- Erf 43717, Crawford, Cape Town, measuring 1128 square meters; and
- Erf 33081, Athlone, Cape Town, measuring 495 square meters.

The land and buildings were valued externally on 31 December 2023 (level 3) by the Siyakhula Property Valuers in accordance with the policy to revalue property every three years. For valuation purposes, the income method was applied, this considered the vacancy percentages, existing lease agreements and subsequent expected rentals to determine the fair value of the building. The capitalisation rate used on 31 December 2023 was 10% (2022:10%).

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

for the year ended 31 December 2023

2. Property, plant, and equipment (continued)

Leased assets

| | 2023 R | 2022 R |
|--|------------------|------------------|
| Right of use assets | | |
| Office equipment | 60 787 | 30 243 |
| Motor vehicles | 989 656 | 1,053 142 |
| Offices | 211 278 | 198 700 |
| | 1 261 721 | 1 282 085 |
| Lease liability | | |
| Current | 673 763 | 1 373 611 |
| Non-current | 771 144 | 371 997 |
| | 1 444 907 | 1 745 608 |
| The Statement of profit or loss shows the following amounts relating to leases: | | |
| Depreciation charge of right-of-uses assets – office equipment | 93 029 | 432 934 |
| Depreciation charge of right-of-uses assets – motor vehicles | 516 792 | 1 224 108 |
| Depreciation charge of right-of-uses assets - offices | 193 908 | 169 679 |
| | 803 729 | 1 826 721 |
| Interest expense included in finance costs | 253 892 | 290 797 |
| Total cash outflow for leases | 1 054 404 | 1 907 944 |

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

for the year ended 31 December 2023

3. Intangible assets

| | 2003 | | | 2022 | | |
|-------------------|-------------------|--------------------------|-----------------|-------------------|--------------------------|-----------------|
| | Cost or valuation | Accumulated depreciation | Carrying amount | Cost or valuation | Accumulated depreciation | Carrying amount |
| | R | R | R | R | R | R |
| Warranties | 469 739 | (456 261) | 13 478 | 449 522 | (445 897) | 3 625 |
| Computer software | 659 914 | (653 816) | 6 098 | 659 914 | (645 342) | 14 572 |
| | 1 129 653 | (1 110 077) | 19 576 | 1 109 436 | (1 091 239) | 18 197 |

Reconciliation of Intangible assets - 2023:

| | Opening Balance | Additions | Amortisation | Total |
|-------------------|-----------------|---------------|-----------------|---------------|
| | R | R | R | R |
| Warranties | 3 625 | 20 217 | (10 364) | 13 478 |
| Computer software | 14 572 | - | (8 474) | 6 098 |
| | 18 197 | 20 217 | (18 838) | 19 576 |

Reconciliation of Intangible assets - 2022:

| | Opening Balance | Additions | Amortisation | Total |
|-------------------|-----------------|-----------|--------------|--------|
| | R | R | R | R |
| Warranties | 53 761 | 10 874 | (61 010) | 3 625 |
| Computer software | 54 019 | 14 328 | (53 775) | 14 572 |
| | 107 780 | 25 202 | (114 785) | 18 197 |

Other information

The intangible assets represent the payment of warranties on electronic equipment and software. These warranties are paid for when acquiring the electronic equipment and software. The warranties are amortised on a straight-line basis over the warranty period and computer software is amortised over the useful life of the software. The remaining useful life of these intangible assets are four months for warranties and 2,3 years for computer software.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

for the year ended 31 December 2023

4. Financial assets at fair value

| | 2023 R | 2022 R |
|---|----------------------|---------------|
| At fair value through profit or loss | | |
| Investment | 1 411 866 637 | 1 486 289 350 |
| Non-current assets | | |
| At fair value through profit or loss | 570 563 926 | 602 058 897 |
| Current assets | | |
| At fair value through profit or loss | 841 302 711 | 884 230 453 |

Measurement of financial assets

The Scheme's business model is to manage these financial assets on a fair value basis and are classified as financial assets at fair value through profit or loss. Decisions are made based on the financial assets' fair values and the financial assets are managed to realise those fair values.

Fair value information

| | | |
|---------------|----------------------|---------------|
| Listed equity | 304 010 172 | 293 462 006 |
| Listed bonds | 780 221 251 | 880 944 323 |
| Cash | 262 262 099 | 251 790 501 |
| Property | 65 373 115 | 60 092 520 |
| | 1 411 866 637 | 1 486 289 350 |

| | 2023 R | 2022 R |
|---|----------------------|---------------|
| Investments in asset management | | |
| Argon Asset Managers | 321 779 507 | 372 775 037 |
| Mazi Asset Management | 135 900 155 | 132 273 587 |
| Aluwani Capital Partners | 135 803 242 | 127 400 269 |
| M & G Investments Southern Africa (Pty) Ltd | 151 541 289 | 206 941 554 |
| Ninety-One Fund Managers | 95 004 264 | 52 627 214 |
| STANLIB Unit Trust | 424 518 940 | 458 828 202 |
| Allan Gray Life Limited | 147 319 240 | 135 443 487 |
| | 1 411 866 637 | 1 486 289 350 |

The Scheme has invested some of its funds in various Asset Managers and with Banks that have suitable credit ratings, with a focus on minimizing credit risk, as per Note 20. The investments earned interest income for the year at an average interest rate of 8.44% (2022: 5.22%).

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

for the year ended 31 December 2023

5. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits held at call with banks, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to significant risk of changes on value.

| Cash and cash equivalents consist of: | 2023 R | 2022 R |
|---------------------------------------|-------------------|------------|
| Cash on hand | 585 | 2 613 |
| Call accounts | 61 682 507 | 55 169 625 |
| Current accounts | 4 642 221 | 6 803 382 |
| | 66 325 313 | 61 975 620 |

Balances on current and call accounts constitute amounts available on demand. These balances earned interest income at an average interest rate of 6.42% (2022:5.29%) for the year. The carrying amount of cash and cash equivalents approximate their fair values due to the short-term nature of these assets.

6. Trade and other receivables

| | 2023 R | 2022 R |
|---|-------------------|-----------|
| Other prepayments and sundry receivables | 906 753 | 923 464 |
| Accrued investment income | 10 383 042 | 9 026 921 |
| Total trade and other receivables | 11 289 795 | 9 950 385 |
| Split between non-current and current portions | | |
| Current assets | 11 289 795 | 9 950 385 |

The carrying amount of trade and other receivables approximate their fair values due to the short-term nature of these assets. The scheme does not impose interest charges on the receivable amounts. The estimated cash flow receipts have not been discounted as the effect would be immaterial.

Included in the other receivables is an accrued investment income R10 383 042 (2022: R9 026 921), this represents income on investment accrued but not yet capitalised to the total investment as of 31 December 2023. Further, this relates to Investments at fair value through profit and loss, refer to Note 4.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

for the year ended 31 December 2023

7. Assets classified as held for sale

The Scheme had invested in fixed in property which is prohibited by the Council of Medical Schemes and the Medical Schemes Act 131, of 1998 as amended.

The Board of Trustees of the Scheme decided during the 2018 financial year to sell the two properties. The Scheme had appointed the services of property agents to actively market the property in Retreat and Mitchells Plain to the public for the Scheme to evaluate the appropriate option in the best interest of SAMWUMED.

The Scheme management decided to dispose of the properties at market related prices and reinvest the funds to the Scheme for the benefit of the Scheme members.

The assets of the disposal group are set out below.

| | 2023 R | 2022 R |
|---|-----------|-----------|
| Non-current assets held for sale | | |
| Property, plant and equipment | - | 5 777 000 |

On the 02 January 2023 the Scheme received and accepted an offer to purchase the two properties for R5 million with cost to sell amounting to R287 500. The sale was finalised, and the properties were transferred to the purchaser on 20 June 2023.

8. Revaluation reserve

| | 2023 R | 2022 R |
|---|-----------|-----------|
| Reserve on revaluation of property | | |
| Balance at the end of the year | 7 750 020 | 7 750 020 |

The Scheme property is stated at the revalued amounts as per valuation performed by an independent qualified appraiser, Siyakhula Property Valuers, the revaluation resulted in a gain which was treated as a reversal of previous impairments in the Statement of Surplus or Deficit.

| | | |
|---|-------------------|-------------|
| Reserve on revaluation of a liability | | |
| Balance at the beginning of the year | 10 251 401 | 11 710 838 |
| (Loss)/gain on measurement of post-retirement medical aid liability | 1 555 198 | (1 459 437) |
| Balance at the end of the year | 11 806 599 | 10 251 401 |

The Scheme's post-retirement obligation was remeasured as at 31 December 2023 by insight Actuaries and Consultants. This resulted in actuarial gain on measurement. Refer to Note 10.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

for the year ended 31 December 2023

9. Lease liabilities

| | 2023 R | 2022 R |
|--|------------------|-----------|
| Minimum lease payments due | | |
| Within one year | 1 140 459 | 607 272 |
| Years 2-5 | 435 363 | 1 240 172 |
| | 1 575 822 | 1 847 444 |
| Less: Future finance charges | (130 915) | (101 836) |
| Present value of minimum lease payments | 1 444 907 | 1 745 608 |
| Present value of minimum lease payments due | | |
| Within one year | 673 763 | 371 997 |
| Years 2-5 | 771 144 | 1 373 611 |
| | 1 444 907 | 1 745 608 |
| Non-current liability portion | 771 144 | 1 373 611 |
| Current liability | 673 763 | 371 997 |
| | 1 444 907 | 1 745 608 |

The total lease liabilities comprise of leases for printers, motor vehicles and office buildings. The Scheme entered into a three-year non-cancellable lease arrangement ending in June 2023 for printers and instalments are payable monthly. The non-cancellable lease term was 3 years and an extension option of 1 year was exercised thus now ending June 2023 (initially would have ended June 2022). The lease is linked to prime rate and therefore the rentals will increase or decrease as the Prime rate changes. The present value of the lease has been calculated on the assumption that there will not be great fluctuations in the prime interest rate for the next 12 months.

The Scheme entered into a three -year non-cancellable lease arrangement ending in November 2023 for motor vehicles and instalments are payable monthly. The lease is linked to prime rate and therefore the rentals will increase or decrease as the Prime rate changes. The present value of the lease has been calculated on the assumption that there will not be great fluctuations in the prime interest rate for the next 12 months.

The Scheme entered a two-year non-cancellable lease arrangement ending in October 2023 and April 2024 for regional offices and instalments are payable monthly. The lease is linked to prime rate and therefore the rentals will increase or decrease as the Prime rate changes. The present value of the lease has been calculated on the assumption that there will not be great fluctuations in the prime interest rate for the next 12 months.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

for the year ended 31 December 2023

10. Retirement benefit obligation

| | 2023 R | 2022 R |
|---|------------------|--------------------|
| Carrying value | | |
| Non-current liability portion | 4 660 108 | 5 420 736 |
| Current liability | 138 247 | 110 631 |
| | 4 798 355 | 5 531 367 |
| Movement for the year | | |
| Opening balance | 5 531 367 | 3 570 861 |
| Current service cost | 289 704 | 159 462 |
| Interest cost | 693 847 | 442 799 |
| Expected employer benefits | (161 365) | (101 192) |
| Actuarial (loss)/ (gain on remeasurement of liability) | (1 555 198) | 1 459 437 |
| Closing balance at the end of the year | 4 798 355 | 5 531 367 |
| Reconciliation of the re-measurement of the benefit liability: | | |
| Change in real discount rate | 392 864 | 179 755 |
| (Higher)/lower than expected healthcare costs | (69 470) | (167 748) |
| No of changes in membership | 1 231 804 | - |
| Change in demographic assumptions | - | (1 401 542) |
| Methodology changes as well as no changes in data | - | (69 902) |
| Total remeasurements – gain/(loss) | 1 555 198 | (1 459 437) |

| Key assumptions used | 2023 | 2022 |
|---|----------|------------|
| Assumptions used for the current year projection are as follows | | |
| Expected retirement age | 60 years | 60 years |
| Discount rates used | 14.4% | 12.4% |
| Duration used to set assumptions | - | 23.5 years |
| Expected increase in salaries | 9.90% | - |
| Healthcare cost inflation | 11.00% | 9.50% |
| No allowance for early retirement. | | |

The benefit is unfunded and therefore there are no planned assets as per the requirements of IAS 19. The actuarial valuation was performed by Insight Actuaries and Consultants using the Projected Unit Credit Method as prescribed by the IAS19 as of 31 December 2023 and this resulted in an actuarial loss. The next valuation will be performed in two years as at 31 December 2025.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

for the year ended 31 December 2023

Scheme subsidy policy:

- Members who retire prior to the retirement age of 60 will not be eligible for a subsidy of medical scheme contributions.
- Members with at least five years' service prior to retirement qualify for a 70% subsidy of contributions.
- Dependants of eligible continuation members receive a subsidy before and after the death of principal member.

If a member eligible for a retirement subsidy dies in service, their dependants are eligible for a subsidy of medical scheme contributions as described above.

The liability of the Scheme is calculated to show the effect of:

- A one percentage point decrease or increase in the rate of healthcare cost inflation.
- A one percentage point decrease or increase in the discount rate.
- A one-year decrease or increased in the expected retirement age.

The table below shows the results of the sensitivity analysis to the projected liability:

31 December 2023

| Discount rate | Central Assumption 14.40% | -1% | +1% |
|--|----------------------------------|------------|------------|
| Projected Accrued liability 31 December 2023 (R'million) | 4 798 | 4 128 | 5 636 |
| %Change | | 13,9% | -17,5% |

Healthcare Cost Inflation

| Healthcare Cost Inflation | Central Assumption 11.00% | -1% | +1% |
|--|----------------------------------|------------|------------|
| Projected Accrued liability 31 December 2023 (R'million) | 4 798 | 4 128 | 5 636 |
| %Change | | 13,9% | -17,5% |

31 December 2022

| Healthcare Cost Utilisation | Central Assumption 12.40% | -1% | +1% |
|--|----------------------------------|------------|------------|
| Projected Accrued liability 31 December 2022 (R'million) | 5 531 | 4 744 | 6 519 |
| %Change | | -14,2% | +17,9% |

Healthcare Cost Inflation

| Healthcare Cost Inflation | Central Assumption 9.60% | -1% | +1% |
|--|---------------------------------|------------|------------|
| Projected Accrued liability 31 December 2022 (R'million) | 5 531 | 4 744 | 6 519 |
| %Change | | -14,2% | +17,9% |

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

for the year ended 31 December 2023

11. Insurance contract liability

11.1 Insurance contract liability for future members

| | 2023 R | 2022 R |
|---|----------------------|---------------|
| Total insurance liability for future members per SoFP | 1 346 952 782 | 1 420 722 540 |
| Non-current portion of liability | 1 177 441 556 | 1 276 427 505 |
| Current portion of liability | 169 511 226 | 144 295 035 |

11.2 Insurance contract liability for current members

Reconciliation of the liability for remaining coverage and the liability for incurred claims - 2023

| | LRFC (Excluding loss component) | LIC BEL | RA | TOTAL |
|---|---------------------------------------|----------------------|------------------|------------------------|
| Insurance contracts issued | | | | |
| Contribution debtors reclassified to LIC | - | (94 073 843) | - | (94 073 843) |
| Other insurance payables (claims accruals) | - | 108 917 070 | - | 108 917 070 |
| Insurance liability - BEL actuarial calculation | - | 114 251 660 | 5 104 440 | 119 356 100 |
| Opening insurance contract liabilities | - | 129 094 887 | 5 104 440 | 134 199 327 |
| Net balance as at 1 January 2023 | - | 129 094 887 | 5 104 440 | 134 199 327 |
| Insurance revenue | | | | |
| New contracts and contracts measured under the full retrospective approach at transition | (1 836 522 553) | - | - | (1 836 522 553) |
| Total insurance revenue | (1 836 522 553) | - | - | (1 836 522 553) |
| Insurance service expenses | | | | |
| Incurred claims and other directly attributable expenses | - | 2 019 961 114 | 5 363 232 | 2 025 324 346 |
| Changes that relate to past service – adjustments to the LIC | - | (22 584 671) | (5 104 440) | (27 689 111) |
| Insurance acquisition cash flows | - | 1 211 163 | - | 1 211 163 |
| Total insurance service expenses | - | 1 998 587 606 | 258 792 | 1 998 846 398 |
| Total Insurance service result | (1 836 522 553) | 1 998 587 606 | 258 792 | 162 323 845 |
| Other changes: Other claims accruals (2023 balance sheet movements) transferred to LIC | - | (793 948) | - | (793 948) |
| Other changes: Transfer of contribution receivable to LIC | 10 799 826 | (10 799 826) | | - |

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

for the year ended 31 December 2023

11.2 Insurance contract liability for current members (continued).

Reconciliation of the liability for remaining coverage and the liability for incurred claims - 2023 (continued)

| | LRFC (Excluding loss component) | LIC BEL | RA | TOTAL |
|--|---------------------------------------|------------------------|------------------|----------------------|
| Cash flows | | | | |
| Contributions received | 1 825 722 727 | - | - | 1 825 722 727 |
| Claims and other directly attributable expenses paid | - | (1 987 611 062) | - | (1 987 611 062) |
| Insurance acquisition cash flows paid | - | (1 211 163) | - | (1 211 163) |
| Total cash flows | 1 825 722 727 | (1 988 822 225) | - | (163 099 498) |
| Net change at 31 December 2023 | - | (1 828 393) | 258 792 | (1 569 601) |
| Net balance as at 31 December 2023 | | | | |
| Contribution debtors reclassified to LIC | - | (104 873 669) | - | (104 873 669) |
| Other insurance payables (claims accruals) | - | 109 573 436 | - | 109 573 436 |
| Insurance liability - BEL actuarial calculation | - | 122 566 727 | 5 363 232 | 127 929 959 |
| Closing current insurance contract liabilities for current members | - | 127 266 494 | 5 363 232 | 132 629 726 |
| Net balance as at 31 December 2023 | - | 127 266 494 | 5 363 232 | 132 629 726 |

Reconciliation of the liability for remaining coverage and the liability for incurred claims - 2022

| | LRFC (Excluding loss component) | LIC BEL | RA | TOTAL |
|---|---------------------------------------|----------------------|------------------|------------------------|
| Insurance contracts issued | | | | |
| Contribution debtors reclassified to LIC | - | (89 475 270) | - | (89 475 270) |
| Other insurance payables (claims accruals) | - | 24 067 500 | - | 24 067 500 |
| Insurance liability - BEL actuarial calculation | - | 122 300 000 | 3 328 844 | 125 628 844 |
| Opening insurance contract liabilities | - | 56 892 230 | 3 328 844 | 60 221 074 |
| Net balance as at 1 January 2022 | - | 56 892 230 | 3 328 844 | 60 221 074 |
| Insurance revenue | | | | |
| New contracts and contracts measured under the full retrospective approach at transition | (1 727 215 493) | - | - | (1 727 215 493) |
| Total insurance revenue | (1 727 215 493) | - | - | (1 727 215 493) |
| Insurance service expenses | | | | |
| Incurred claims and other directly attributable expenses | - | 1 875 883 965 | 5 104 440 | 1 880 988 405 |
| Changes that relate to past service – adjustments to the LIC | - | (3 660 194) | (3 328 844) | (6 939 038) |
| Insurance acquisition cash flows | - | 2 997 938 | - | 2 997 938 |
| Total insurance service expenses | - | 1 875 221 709 | 1 775 596 | 1 876 997 305 |
| Insurance service result | (1 727 215 493) | 1 875 221 709 | 1 775 596 | 149 781 812 |
| Other changes: Other claims accruals (2022 balance sheet movements) transferred to LIC | - | 92 739 | | 92 739 |
| Other changes: Premium control accounts reallocated to LIC | 3 413 790 | (3 413 790) | - | - |

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

for the year ended 31 December 2023

Reconciliation of the liability for remaining coverage and the liability for incurred claims – 2022 (continued)

| | LRFC (Excluding loss component) | LIC BEL | RA | TOTAL |
|--|---------------------------------------|------------------------|------------------|---------------------|
| Cash flows | | | | |
| Contributions received | 1 723 801 703 | | - | 1 723 801 703 |
| Claims and other directly attributable expenses paid | - (1 796 700 062) | | - | (1 796 700 062) |
| Insurance acquisition cash flows paid | - (2 997 938) | | - | (2 997 938) |
| Total cash flows | 1 723 801 703 | (1 799 698 000) | - | (75 896 297) |
| Net change as at December 2022 | - | 72 202 657 | 1 775 596 | 73 978 253 |
| Net balance as at 31 December 2022 | | | | |
| Contribution debtors reclassified to LIC | - | (94 073 843) | - | (94 073 843) |
| Other insurance payables (claims accruals) | - | 108 917 070 | - | 108 917 070 |
| Insurance liability - BEL actuarial calculation | - | 114 251 660 | 5 104 440 | 119 356 100 |
| Closing insurance contract liabilities | - | 129 094 887 | 5 104 440 | 134 199 327 |
| Net balance as at 31 December 2022 | - | 129 094 887 | 5 104 440 | 134 199 327 |

All contributions debtors that relate to insurance services already rendered have been reclassified in LIC at year end. The Scheme had no debtors that paid in advance for 2023 or 2022.

12. Trade and other payables

| | 2023 R | Restated 2022 R |
|---|------------------|-----------------------|
| Unknown deposits | 57 277 | 110 631 |
| Accrued leave pay | 4 175 904 | 3 678 953 |
| Accrued bonus | 868 208 | 655 429 |
| Employees' tax and pension payable | 1 561 368 | 1 380 379 |
| Other payables and accrued expenses | 2 864 000 | 2 367 211 |
| Current portion of post-retirement medical aid subsidy benefits | 138 247 | 110 631 |
| | 9 665 004 | 8 303 234 |

Fair value of trade and other payables

The carrying amounts of trade and other payables approximates their fair values due to the short-term nature of these liabilities (i.e. the effect of discounting is not considered material). For an analysis of ageing, refer to Note 20. No interest charges have been levied against the Scheme on any of the payable amounts.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

for the year ended 31 December 2023

13. Breakdown of Insurance revenue and services expenses:

| | 2023 R | Restated 2022 R |
|---|------------------------|------------------------|
| Insurance revenue | | |
| Insurance revenue (risk pool) | 1 836 522 553 | 1 727 215 493 |
| Total insurance revenue | 1 836 522 553 | 1 727 215 493 |
| Insurance service expenses | | |
| Claims incurred | (1 918 786 670) | (1 788 993 967) |
| MVA and Forensic recoveries | 6 652 154 | 4 104 040 |
| Managed care services | (24 971 322) | (24 668 109) |
| Benefit management services - 100% insurance | (84 903) | (597 852) |
| Attributable expenses | (82 770 373) | (65 728 077) |
| Amounts attributed to future members | 73 769 759 | 96 816 978 |
| Sub-total | (1 946 191 355) | (1 779 066 987) |
| Over provision in insurance liability | 22 584 671 | 3 660 194 |
| Risk adjustment to LIC | (258 792) | (1 775 596) |
| Changes that relate to past service – adjustments to the LIC | 22 325 879 | 1 884 598 |
| Insurance acquisition cash flows | (1 211 163) | (2 997 938) |
| Total insurance service expenses | (1 925 076 639) | (1 780 180 327) |
| Total insurance service results | (88 554 086) | (52 964 834) |

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

for the year ended 31 December 2023

14. Net healthcare results include the following:

| | 2023 R | Restated 2022 R |
|---|-------------------|-----------------------|
| Administration expenditure | | |
| Board of trustee's fees and expenses | 1 776 699 | 1 843 246 |
| Remuneration paid to Principal Officer | 3 018 336 | 2 738 299 |
| Depreciation | 2 492 152 | 3 143 944 |
| Amortisation | 18 838 | 114 785 |
| Audit fees: current year | (646 935) | 938 763 |
| Commercial comprehensive insurances | 770 565 | 722 376 |
| Staff fidelity guarantee insurance | 50 000 | 50 000 |
| Employee costs | - | - |
| Administration system | - | - |
| Advertising and public relations | 3 984 445 | 4 594 845 |
| Travelling expenses | 2 259 598 | 2 827 027 |
| Member communication | 1 375 429 | 1 211 684 |
| Other expenses | 7 414 090 | 8 018 404 |
| Computer support and licences | - | - |
| Forensic and MVA recovery services | 1 846 208 | 2 016 309 |
| Telephone costs | 3 504 845 | 4 459 751 |
| Legal fees | 1 312 847 | 1 898 396 |
| Annual General Meeting expenses | 736 160 | 483 389 |
| Board of Healthcare Funders fees | 559 140 | 533 647 |
| Council for Medical Scheme levies | 1 657 250 | 1 549 497 |
| Actuarial fees | - | - |
| Short term rentals | 381 622 | 640 873 |
| Security | 1 000 602 | 811 031 |
| Bank charges | 1 026 168 | 897 997 |
| Cleaning costs | 324 961 | 234 201 |
| Recruitment costs | - | - |
| Repairs and maintenance | 1 921 285 | 1 354 676 |
| Board of trustees' committee fees and expenses* | 1 073 721 | 936 745 |
| | 37 858 026 | 42 019 885 |
| Principal officer remuneration | | |
| Salary and bonus | 2 148 537 | 1 954 527 |
| Leave provision | 298 598 | 239 948 |
| Other short-term benefits | 217 747 | 215 377 |
| Long-term benefits | 353 454 | 328 447 |
| | 3 018 336 | 2 738 299 |

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

for the year ended 31 December 2023

14. Net healthcare results include the following: (continued).

Board of trustees' committee fees and expenses

| Name | Committee | Fees and expenses 2023 (R) | Fees and expenses 2022 (R) |
|----------------|---|-------------------------------|-------------------------------|
| CM Phehlukwayo | Audit & Risk (Chair) | 197 160 | 150 660 |
| SF Mkhize | Audit & Risk | 63 960 | 60 000 |
| P Ganesan | Audit & Risk | 76 620 | 60 000 |
| AP Wakaba | Finance & Investment | 38 640 | 51 616 |
| JVM Mbonani | Finance & Investment | 108 600 | 78 660 |
| MK Majatladi | Clinical Governance & Ex-Gratia (Chair) | 158 464 | 144 660 |
| MV Ngwenya | Remuneration | 13 320 | 48 000 |
| ND Madiba | Remuneration | 62 370 | 48 000 |
| PN Qwabe | Remuneration (Chair) | 184 560 | 168 981 |
| L Ndziba | Dispute and Complaints | 37 980 | - |
| A V Memela | Dispute and Complaints | 18 990 | 24 000 |
| J M Mathibe | Procurement (Chair) | 56 970 | 78 000 |
| C Mavundla | Dispute and Complaints | - | 12 168 |
| T Potelwa | Dispute and Complaints | - | 12 000 |
| | | 1 017 634 | 936 745 |

Board of trustees' remuneration - 2023

| | Retainer and meeting fees | Meeting costs | Travelling & accommodation | Telephone expenses | Total |
|-------------|------------------------------|------------------|-------------------------------|-----------------------|------------------|
| | R | R | R | R | R |
| S Dube | 89 880 | 5 000 | 35 010 | 26 180 | 156 070 |
| N Bhozo | 93 695 | 4 500 | 6 481 | 30 750 | 135 426 |
| L Sibiya | 192 761 | 5 750 | 67 493 | 30 750 | 296 754 |
| M Marule | 109 426 | 4 250 | 97 842 | 30 750 | 242 268 |
| GM Nzuza | 82 390 | 4 000 | 47 948 | 30 750 | 165 088 |
| A Ntuli | 41 195 | 1 500 | 22 762 | 30 550 | 96 007 |
| MI Solomon | 95 669 | 3 000 | 48 383 | 22 995 | 170 047 |
| NP Ntsuba | 62 421 | 1 250 | 16 285 | 30 550 | 110 506 |
| ST Kwanyana | 42 965 | 1 250 | 3 622 | 31 249 | 79 086 |
| MR Letsoalo | 84 906 | 4 500 | 68 604 | 30 750 | 188 760 |
| S Dladla | 22 470 | 750 | 20 072 | - | 43 292 |
| M Langa | 33 705 | 500 | 209 | - | 34 414 |
| J Mcanjana | 26 215 | 1 000 | 31 766 | - | 58 981 |
| | 977 698 | 37 250 | 466 477 | 295 274 | 1 776 699 |

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

for the year ended 31 December 2023

14. Net healthcare results include the following (continued)

Board of trustees' remuneration - 2022

| | Retainer and meeting fees | Meeting costs | Travelling and accommodation | Telephone expenses | Travel claims | Total |
|-------------|------------------------------|------------------|---------------------------------|-----------------------|------------------|------------------|
| | R | R | R | R | R | R |
| S Dube | 86 758 | 4 849 | 40 133 | 47 344 | - | 179 084 |
| N Bhozo | 86 758 | 2 898 | 29 361 | 31 796 | 890 | 151 703 |
| L Sibiya | 189 278 | 5 530 | 44 542 | 33 982 | 2 372 | 275 704 |
| M Marule | 86 758 | 3 774 | 77 948 | 32 410 | 252 | 201 142 |
| GM Nzuza | 79 628 | 4 385 | 56 503 | 29 671 | - | 170 187 |
| A Ntuli | 86 951 | 3 148 | 44 713 | 30 485 | - | 165 297 |
| MI Solomon | 86 758 | 2 648 | 55 913 | 27 715 | 579 | 173 613 |
| NP Ntsuba | 131 456 | 3 649 | 35 616 | 36 971 | - | 207 692 |
| ST Kwanyana | 79 658 | 4 385 | - | 31 183 | 3 216 | 118 443 |
| MR Letsoalo | 88 538 | 3 938 | 75 030 | 30 160 | 1 716 | 199 382 |
| | <u>1 002 540</u> | <u>39 204</u> | <u>459 760</u> | <u>331 716</u> | <u>10 025</u> | <u>1 843 246</u> |

15. Solvency ratio

| | 2023 R | Restated 2022 R |
|--|----------------------|-----------------------|
| Total Insurance liabilities for future members and other reserves per Statement of Financial Position. | 1 366 509 701 | 1 438 723 961 |
| Unrealised non-distributable reserve. | (7 750 020) | (7 750 020) |
| Cumulative net gain on re-measurement to fair value of investments included in accumulated funds. | 2 162 714 | (10 816 272) |
| Cumulative net gain on re-measurement of post-retirement medical aid benefit. | (11 806 599) | (10 251 401) |
| Accumulated funds per Regulation 29 | 1 349 115 796 | 1 409 906 268 |
| Insurance revenue | 1 836 522 553 | 1 727 215 493 |
| Solvency ratio | 73.46% | 81.63% |

The Scheme's solvency ratio has decreased to 73.46%, compared to 81.63% in December 2022, however, the ratio is significantly above the statutory compliance ratio of 25%. The Scheme's liability for future members has decreased by 10.01 % year on year. Although the Scheme financial position has lowered, due to the increasing healthcare costs, these were considered and monitored in line with the budget. The solvency ratio was forecasted to decrease to 58.33% by the year ended 31 December 2024 even though it may be lower, it is still higher than the minimum required by MSA.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

for the year ended 31 December 2023

16. Issues of non-compliance

Contravention of Section 26(7) of Medical Schemes Act

Nature and impact of non-compliance

In terms of Section 26(7) of the Medical Schemes Act 131 of 1998, as amended, all contributions shall be paid directly to a medical scheme not later than three days after payment thereof becoming due.

Cause of non-compliance

The Scheme encounters employer groups who do not make their contribution payments within the statutory prescribed time. For the employer groups identified, causes of non-compliance range from administrative to cashflow challenges. The Scheme management continuously follow up with these employer groups until payment is received. The outstanding contributions are however received but not in compliance to the statutory prescribed time.

Corrective action

Non-compliant employer groups are continuously notified of the non-compliance and requested to make payment of the outstanding contributions. The Scheme currently enforces the debt management policy to mitigate the risk.

Contravention of Section 33 (2) of the Medical Schemes Act

Nature and impact of non-compliance

In terms of Section 33(2) of the Medical Schemes Act 131 of 1998, as amended, each benefit option is required to be self-supporting in terms of membership and financial performance and be financially sound.

Cause of non-compliance

During the financial year under review, Option A and Option B of the Scheme did not comply with Section 33(2) in terms of financial performance.

| Benefit option | Net healthcare deficit | Net deficit for the year |
|----------------|------------------------|--------------------------|
| Option A | (100 122 390) | (65 583 806) |
| Option B | (62 201 456) | (8 185 953) |
| | (162 323 846) | (73 769 759) |

Corrective action

The financial performance, risk profile and claims experience of all benefit options is monitored and evaluated on a continuous basis, through risk management, monitoring of fraud and waste outcomes from Claims Experience analysis. Strategies are formulated to address loss making benefit option through benefits and contributions increase review process whereby affordability and chronic prevalence, and aging are considered.

Benefits and Contribution review was completed for 2024, and Pricing Report submitted to CMS. An average 10.99% contribution increase was proposed and approved. The Scheme proposed minimal benefit enhancements for the 2024 year due to high claims experience because of previous benefit enhancements made that members are starting to understand and utilise.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

for the year ended 31 December 2023

Contravention of Section 35 (8) of the Medical Scheme Act

Nature and impact of non-compliance

Section 35 (8) of the Act states that: "A medical scheme shall not invest any of its assets in the business of or grant loans:

- a. an employer who participates in the medical scheme or an administrator or any arrangement with the medical scheme;
- b. any other medical scheme;
- c. any administrator; and
- d. any person associated with any of the abovementioned.

At 31 December 2023 the Scheme indirectly holds investments in the holding company of the Administrator or any other Administrator. The companies include Discovery Limited and Momentum Metropolitan Health Ltd. This is in contravention of section 35(8)(c) of the Act.

Cause of non-compliance

The Funds in this specific portfolio are structured at the sole discretion of the asset manager in a manner that maximises returns. Therefore, the Scheme does not make inputs into the structuring of the portfolio.

Corrective action

The Scheme has been granted exemption by the Council for Medical Schemes in terms of Section 35(8) and is therefore allowed to hold these shares. The exemption is valid for a period of three years, effective 1 December 2022 until 30 November 2025, subject to renewal.

17. Guarantees and commitments

Authorised capital expenditure

The Scheme has not committed to any capital expenditure nor provided any guarantees for the year under review.

| Finance lease - as lessee (expense) | 2023 | 2022 |
|--|----------------|-------------|
| | R | R |
| Minimum lease payments due | | |
| Within one year | 673 763 | 433 758 |

These payments represent rentals payable by the scheme for certain rentals of regional office space. These leases are negotiated for 12 months and due for review and renewal every year.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

for the year ended 31 December 2023

18. Contingencies

| Matter: Mokoka & Ramoba vs SAMWUMED | 2023 R | 2022 R |
|--|-------------------|-------------------|
| Possible liability | 200 000 | 200 000 |

There are three Civil claims with the High Court Civil that were brought by pharmacists for services allegedly rendered to Scheme members. The action is being defended and the Scheme is awaiting a trial date. This matter has been set aside for an unspecified period of time (sine die). The Scheme is waiting for the Plaintiff to resume with the legal proceedings.

| Matter: CayiCayi and another vs SAMWUMED | 2023 R | 2022 R |
|---|-------------------|-------------------|
| Possible liability | 100 000 | 100 000 |

High Court claim for services allegedly rendered to Scheme members. The action is being defended and the Scheme is awaiting a trial date. This matter has been set aside for an unspecified period of time (sine die). The Scheme is waiting for the Plaintiff to resume with the legal proceedings.

| Matter: Ryan Construction vs SAMWUMED | 2023 R | 2022 R |
|--|-------------------|-------------------|
| Possible liability | 5 113 975 | 5 113 975 |

The SAMWUMED Head Office in Athlone has been retained although the renovations seem to have been over-capitalised for the location of these offices. The building, after millions of member's monies spent an estimated R29 million, is still not certified for occupation since 2015 and there were more latent defects discovered. The application to obtain the required Occupancy Certificate from the City Council is in progress. A forensic investigation was carried out with a view to establish the legitimacy of Ryan Construction's claim and any irregularities which arose as a result of the maintenance agreement between SAMWUMED and Ryan Construction. The investigation established that there were overbillings by Ryan Construction for services carried out. The former Principal Officer was implicated in Ryan Construction's dealings with SAMWUMED. The billing discrepancies pertaining to the construction works were conducted by an Independent Quantity Surveyor.

Ryan Construction refused to provide SAMWUMED with bills of materials used in the renovations and instead issued summons to the SAMWUMED for outstanding payments of R417 800 and the scheme is defending the matter. SAMWUMED has in turn issued summons to recover an amount of R5 113 975 based on the findings of the forensic investigations. Both cases have been consolidated into the High Court, with discovery underway and a trial date in 2024.

| Matter: MOSO Consulting Brokers vs SAMWUMED | 2023 R | 2022 R |
|--|-------------------|-------------------|
| Possible liability | 9 297 818 | 9 297 818 |

SAMWUMED's sales consultants have been hindered by City of Ekurhuleni ("CoE") from marketing SAMWUMED. CoE has written to SAMWUMED advising that only MOSO Brokers is accredited by CoE to market medical schemes in CoE. SAMWUMED required our opinion on whether it is lawfully permissible for CoE to impose Moso on SAMWUMED members as a broker appointed by CoE and what remedies does the scheme have. Moso has issued summons for alleged outstanding commissions totalling R 9 297 818 which were served on the Scheme on 14 September 2021. The Scheme has applied for leave to appeal and argued the case before the Supreme Court of Appeal in December 2023. Judgement and next steps are awaited.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

for the year ended 31 December 2023

19. Related parties

| Related persons | Relationships |
|--|--------------------------|
| Board of Trustees | Control |
| South African Municipal Workers Union (SAMWU) | Significant influence |
| Insight Actuaries & Consultants (Pty) Ltd | Significant influence |
| Netcare 911 (Proprietary) Limited | Significant influence |
| Brokers | Significant influence |
| Management Information Planning (MIP) Holdings (Proprietary) Limited | Significant influence |
| Medscheme Holdings (Proprietary) Limited | Significant influence |
| Qhubeka Forensic Services | Significant influence |
| Principal Officer | Key Management personnel |
| Audit & Risk Committee | Key Management personnel |
| Finance and Investment Committee | Key Management personnel |
| Independent members of Committees | Key Management personnel |

Aid for Aids Management Proprietary Limited

Aid for Aids HIV Management (A4A) is a managed care service provider. A4A has significant influence over the Scheme since A4A provides operational information on which policy decisions were based but does not control the Scheme. A4A provides custom made, integrated health risk management services to the Scheme and has built considerable capacity in the provision of wellness, HIV and AIDS, disease, medicine, hospital, and clinical risk management services. The agreement was for an initial period of one year, commencing on 1 January 2017 and terminating on 31 December 2017 and automatically renewed for a successive period on one year. The Scheme has the right to terminate the contract on 180 days' notice. The contract was reviewed and renewed for the 2021 year; however, the provider was given 6 months' notice to 31 December 2021. The fees due are reviewed annually before 30 November and is payable within 30 days. Interest charges may apply to late payments.

After the tender process for the provision of integrated health risk management services, the Scheme appointed Aid for Aids to offer these services to the Scheme effectively from 01 January 2022 to 31 December 2024.

South African Municipal Workers' Union (SAMWU)

The Union is responsible for appointing four members of the Board of Trustees in compliance with Rule 24.1.2.3 of the Scheme's Rules and thus has significant influence over the Scheme but does not control the Scheme.

Brokers

The Scheme has contracted brokers to service existing members of the Medical Scheme and recruit new members. The broker fees are paid in accordance with the requirements of the Act. The fees are paid 30 days in arrears and outstanding balances bear no interest. The Scheme has the right to terminate the contract on 30 days' notice. The brokers have significant influence over the Scheme due to the interaction with Scheme members but do not control the Scheme.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

for the year ended 31 December 2023

Management Information Planning (MIP) Holdings Proprietary Limited

The Scheme has entered into an agreement with MIP to provide an administration system to the Scheme and, in turn, the operational information on which policy decisions will be based. MIP has significant influence over the Scheme but does not control the Scheme. The agreement was for an initial period of 3 years commencing on 1 January 2015. The Scheme has the right to terminate the contract on 180 days' notice. The fees due are reviewed annually and are payable within thirty days from the billing date. Interest charges may apply to late payments. The contract expired as of 31 December 2021; however, the Scheme and MIP signed an agreement with an extended period of and additional six months, effectively from 01 January 2022 till 30 June 2022 on the same terms and conditions as per the Agreement. The Scheme further extended the contract for another year and a half until 31 December 2023.

Managed Care Services

The Scheme entered into an agreement with Medscheme to provide Managed care services that include Medicine Risk Management, Disease Risk Management, HIV Risk Management, PMB Management and Hospital Benefit Management.

Medscheme has significant influence over the Scheme but does not control the Scheme. The agreement is for an initial period of 3 years commencing on 01 August 2015 and terminating on 31 July 2018. The contract is renewed automatically for successive periods of one year. The Scheme has the right to terminate the contract on 180 days' notice. The fees due are reviewed annually and are payable within 30 days. Interest charges may apply to late payments.

After the tender process for the provision of managed care services, the Scheme appointed Medscheme Holdings to offer these services to the Scheme effectively from 01 January 2022 to 31 December 2024.

| | 2023 R | Restated 2022 R |
|--|-------------------|-----------------------|
| Related party transactions for services rendered: | | |
| Aid for Aids Management (Proprietary) Limited | 6 178 200 | 6 115 044 |
| Brokers | 1 579 592 | 2 997 938 |
| Management Information Planning (MIP) | 10 545 400 | 9 709 688 |
| Medscheme Holdings (Proprietary) Limited | 22 865 972 | 18 553 065 |
| Insight Actuaries & Consultants (Pty) Ltd | 610 323 | 662 519 |
| Qhubeka Forensic Services (Pty) Ltd | 1 656 600 | 1 539 008 |
| | 43 436 087 | 39 577 262 |

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

for the year ended 31 December 2023

19. Related parties (continued).

| Related party transactions for services rendered | 2023 R | Restated 2022 R |
|--|-------------------|--------------------------------|
| Board of Trustees | | |
| Contributions/premiums paid by Board of Trustees | (728 262) | (632 428) |
| Claims paid on behalf of Board of Trustees | 336 403 | 811 966 |
| Expenses and other considerations | 1 776 699 | 1 843 246 |
| | 1 384 840 | 2 022 786 |
| Independent members of sub-committees | | |
| Meeting expenses | 1 073 721 | 936 745 |
| Principal Officer | | |
| Short-term benefits - salary and bonus | 2 148 537 | 1 954 527 |
| Other short-term benefits | 298 598 | 215 377 |
| Leave provision | 217 747 | 239 948 |
| Long-term benefits - defined contribution plan (pension) | 353 454 | 328 447 |
| | 3 018 336 | 2 738 299 |
| Management | | |
| Contributions/premiums paid by Board of Trustees | (750 020) | (588 096) |
| Claims paid on behalf of Board of Trustees | 980 365 | 751 078 |
| | 230 345 | 162 982 |

All other related party transactions were at an arm's length and occurred in the normal course of business.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

for the year ended 31 December 2023

20. Financial instruments and risk management

Risk management framework

The Scheme Board of Trustees has overall responsibility for the establishment and the oversight of the Scheme's risk management framework. The Scheme's risk management policies are established to identify and analyse the risk faced by the Scheme to set appropriate risk limits (tolerance levels) and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Scheme's activities.

Financial risk management

The Scheme's activities expose it to a variety of financial risks, including the effects of changes in interest rates. The Scheme's overall risk management program seeks to minimise potentially adverse effects on the financial performance of the investments, which the Scheme holds to meet its obligations to its members.

Risk management and investment decisions are carried out by Scheme management under the guidance and approval by the Board of Trustees. The Scheme management provides investment recommendations to the Board of Trustees based on the assessment of prevailing interest rates and percentage holding of the Scheme's investments per financial institution. Investments are made on approval of the Board of Trustees.

The Scheme performs annual risk assessments. Through a risk matrix the various risks are rated based on probability of the event occurring and the severity of its impact on the Scheme. The intervention methodologies and business processes are also reviewed and improved to mitigate the various risks identified.

The scheme uses its operational forum meetings with its business partners to continuously assess the impact of the risk management strategies embarked upon. The risks identified have not changed from the prior year.

The Scheme has exposure to the following risks from financial instruments:

Credit risk;
Liquidity risk; and
Market risk.

| 2023 | Credit Risk | Liquidity Risk | Equity Price | Market Interest rate | Currency |
|---------------------------------|-------------|----------------|--------------|----------------------|----------|
| Investments: | | | | | |
| - Bonds and debentures (listed) | x | | | x | |
| - Equity investments | | | x | | |
| Cash and cash equivalents | x | | | x | |
| Trade and other receivables | x | | | | |
| Trade and other payables | | x | | | |
| Liability for incurred claims | | x | | | |
| Borrowings | | x | | x | |

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

for the year ended 31 December 2023

Currency risk

The Scheme operates in South Africa and therefore its cash flows are dominated in South African Rands (ZAR). The Scheme has no offshore investments, and no foreign bank balances; hence no currency risk is present for SAMWUMED.

Interest rate risk

A significant amount of the Scheme's investments is held in interest bearing instruments and therefore are exposed to changes in market interest rates. The Scheme reviewed the investment strategy to counter the returns that are provided by the low interest rates on fixed deposits. The average returns on the interest-bearing instruments have increased due to the implementation of the strategy.

The Scheme's investments consist of cash in call accounts, money market accounts, bonds, and in interest bearing accounts held at Aa1 rated banks. The primary risk for the Scheme is that an BB+ rated bank defaults. The sensitivity analysis below indicates the Scheme's exposure to changes in the interest rates.

Included in the table are the Scheme's investments at carrying amounts, categorised by earlier of contractual repricing or maturity dates and the sensitivity to a change in the interest rates. The table is based on the average interest rate applicable to the money market, bonds and the funds on call.

Interest Rate Risk

| Financial Instrument - 2023 | Average interest rate | Up to 1 months | 1 - 3 months | Total | Interest received | + or - 2% deviation | + or - 4% deviation |
|---|-----------------------|-------------------|----------------------|----------------------|--------------------|---------------------|---------------------|
| | | R | R | R | R | R | R |
| Cash and cash equivalents | 6,42% | 66 325 313 | - | 66 325 313 | 4 255 010 | 1 326 506 | 2 653 013 |
| Financial Assets at fair value through profit or loss | | | | | | | |
| Cash | 8,03% | | 262 262 099 | 262 262 099 | 19 489 378 | 2 427 727 | 4 855 454 |
| Listed Bonds | 9,70% | | 780 221 251 | 780 221 251 | 68 984 791 | 7 112 365 | 14 224 729 |
| Property | 10,15% | | 65 373 115 | 65 373 115 | 5 535 636 | 1 091 138 | 2 182 275 |
| Listed Equities | 9,25% | | 304 010 172 | 304 010 172 | 25 748 636 | 5 565 231 | 11 130 461 |
| Total | 8,44% | 66 325 313 | 1 411 866 637 | 1 478 191 950 | 124 013 451 | 17 522 967 | 35 045 932 |

Interest Rate Risk

| Financial Instrument - 2022 | Average interest rate | Up to 1 months | 1 - 3 months | Total | Interest received | + or - 2% deviation | + or - 4% deviation |
|---|-----------------------|-------------------|----------------------|----------------------|-------------------|---------------------|---------------------|
| | | R | R | R | R | R | R |
| Cash and cash equivalents | 5,29% | 61 975 620 | - | 61 975 620 | 3 280 201 | 619 756 | 1 239 512 |
| Financial Assets at fair value through profit or loss | | | | | | | |
| Cash | 5,19% | | 251 790 501 | 251 790 501 | 24 275 565 | 4 674 561 | 9 349 123 |
| Listed Bonds | 4,26% | | 880 944 323 | 880 944 323 | 29 422 240 | 6 907 606 | 13 815 212 |
| Property | 36,94% | | 60 092 520 | 60 092 520 | 15 832 601 | 428 653 | 857 306 |
| Listed Equities | 3,58% | | 293 462 006 | 293 462 006 | 7 973 900 | 2 227 996 | 4 455 991 |
| Total | 5,22% | 61 975 620 | 1 486 289 350 | 1 548 264 970 | 80 784 507 | 14 858 572 | 29 771 144 |

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

for the year ended 31 December 2023

Insurance risk Management

The scheme issues healthcare contracts. These contracts compensate members and their beneficiaries in the event of a healthcare event. The scheme is therefore exposed to the uncertainty of the severity and timing of the healthcare event. Based on the risk the scheme undertakes to compensate the members and their beneficiaries the scheme has insurance risk.

The board of trustees (Trustees/BOT) appointed a risk management committee. The Benefits review and Clinical risk management committee has developed and documented a policy to manage insurance risk. Included in this policy are:

- the scheme rules;
- acceptance and management of the risk the scheme is exposed to.

The risk committee monitors the adequate application of the policy and reviews the trends in pricing, loss ratios and insurance risks on a regular basis to ensure that the trends fall within the limits of the policy. Furthermore, the risk committee reports to the BOT on a quarterly basis regarding the changes. Included in the risk management committee responsibility is the monitoring of benefit options and the recommendations to change the benefit options in consultation with the actuaries. Also included in the responsibilities of the risk management committee is the research on entering into risk transfer arrangements and the effectiveness of these arrangements. This is then presented to the BOT who has the ultimate decision to enter into the risk transfer arrangements.

Insurance risk is managed by benefit limits and sub-limits, following the Scheme rules, pre-authorisation, case management and pricing guidelines. The risk is further managed via monitoring emerging legislative, actuarial and environmental issues. The principal risk is that the frequency and the severity of the claims are greater than expected. This risk can be aggravated by unexpected epidemics, price increases and new technologies/research/medicine.

There are several methods the Scheme utilises to assess and monitor insurance risk. These risks are analysed on:

- average age of the member;
- category of claims;
- composition of age per benefit option;
- geographical area of members;
- number of beneficiaries per member.

Probability is applied to the group of insurance contracts. History shows that a highly diversified group is less likely to be affected by a change in the underlying group. However, the inverse is also true: a group that is not diversified is affected by the change in the underlying group. Experience has ensured that underwriting decisions adequately address the risk and the diversification in the group.

Expense risk

Expense risk is the risk of unexpected increases in policy maintenance, claim handling and other costs relating to fulfilment of insurance contracts. The risk is managed through budgeting and periodic cost evaluations.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

for the year ended 31 December 2023

Claims development and Liquidity risk table

Claims development tables have not been presented as the uncertainty regarding the amounts and timing of claims payments is typically resolved within a year as members of the scheme are required to submit their claims within 4 months of the service date. Therefore, the liability attributable to current members is expected to be settled within 12 months. SAMWUMED expects to achieve a net deficit (before considering amounts attributable to future members) for the period ending 31 December 2024, and therefore is expected to utilise the liability attributable to current members within the next 12 months.

Concentration of insurance risks

Insurance risk concentration by age and type of risk benefits are included in the tables below.

| Claims - 2023 | Auxiliary | Dentistry | GP | Hospital | Medication | Optometry | Pathology | Radiology | Specialists | Total |
|---------------|--------------------|-------------------|--------------------|--------------------|--------------------|-------------------|--------------------|-------------------|--------------------|----------------------|
| 0-25 | 23 440 437 | 14 730 048 | 32 501 416 | 88 818 083 | 26 803 837 | 10 760 505 | 12 880 786 | 9 386 862 | 31 487 125 | 250 809 099 |
| 26-35 | 25 316 407 | 5 672 051 | 14 793 513 | 43 468 049 | 14 757 483 | 4 672 535 | 8 574 481 | 5 108 536 | 20 864 238 | 143 227 293 |
| 36-50 | 95 970 145 | 16 775 148 | 53 868 779 | 163 430 388 | 70 990 384 | 19 592 637 | 37 909 313 | 23 539 088 | 72 508 106 | 554 583 988 |
| 51-65 | 83 636 839 | 10 855 492 | 36 128 256 | 199 557 558 | 68 381 941 | 15 301 253 | 35 593 841 | 25 997 828 | 99 876 739 | 575 329 747 |
| 66+ | 28 665 035 | 1 539 992 | 6 353 890 | 123 463 576 | 18 462 098 | 2 508 663 | 16 154 276 | 10 454 987 | 54 629 530 | 262 232 047 |
| Total | 257 028 863 | 49 572 731 | 143 645 854 | 618 737 654 | 199 395 743 | 52 835 593 | 111 112 697 | 74 487 301 | 279 365 738 | 1 786 182 174 |

| Claims - 2022 | Other | Dentistry | GP | Hospital | Medication | Optometry | Radiology & Pathology | Specialists | Total |
|---------------|--------------------|-------------------|--------------------|--------------------|--------------------|-------------------|-----------------------|--------------------|----------------------|
| 0-25 | 19 303 075 | 14 003 950 | 32 756 544 | 88 471 664 | 26 875 510 | 10 002 543 | 21 578 092 | 30 565 166 | 243 556 544 |
| 26-35 | 19 785 204 | 5 081 990 | 14 019 031 | 37 991 434 | 13 196 034 | 4 488 803 | 12 085 639 | 18 379 398 | 125 027 533 |
| 36-50 | 76 693 106 | 16 967 206 | 50 912 684 | 160 451 493 | 68 904 520 | 17 333 262 | 57 135 965 | 67 699 143 | 516 097 379 |
| 51-65 | 68 614 598 | 11 589 742 | 36 626 036 | 197 172 517 | 69 955 552 | 14 200 882 | 60 025 663 | 97 500 234 | 555 685 224 |
| 66+ | 21 871 668 | 1 905 887 | 6 195 590 | 106 722 217 | 19 002 612 | 2 590 527 | 25 414 656 | 50 672 470 | 234 375 627 |
| Total | 206 267 651 | 49 548 775 | 140 509 885 | 590 809 325 | 197 934 228 | 48 616 017 | 176 240 015 | 264 816 411 | 1 674 742 307 |

Concentration of insurance risks



General practitioners

The general practitioner benefits cover the cost of visits by members to general practitioners and of the procedures performed by them, in compliance with Scheme Rules.



Specialist benefits

The specialist benefits cover the cost of visits by members to specialists and of the out of hospital procedures performed by specialists, in compliance with Scheme Rules.



Optometry

The optometry benefit covers the cost of visits by members to optometrists, the cost of prescribed glasses and contact lenses and the cost of procedures performed by optometrists, up to a prescribed annual limit per member in compliance with Scheme Rules.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

for the year ended 31 December 2023



Medicine Benefits

The medicine benefit covers the cost of medicines prescribed to members, in compliance with Scheme Rules.



Dentistry benefits

The dentistry benefit covers the cost of visits by members to dental practitioners and the procedures performed by them, up to a prescribed annual limit per member, in compliance with Scheme Rules.



Other relevant health conditions

Other relevant health conditions incurred by members not listed above, are covered as per the Scheme Rules. All the contracts are annual in nature and the scheme has the right to change the terms and conditions of the contract at renewal. Management information including contribution income and claims ratios by option, target market and demographic split, is reviewed monthly.



Changes from the previous period

There were no significant changes in the Scheme's objectives, policies and processes for managing risk and the methods used to measure risk.



Sensitivity disclosure

The following table provides a sensitivity on the insurance contract liabilities. The table provides the sensitivity before and after the impact of the scheme being a mutual entity. As the scheme is a mutual entity, the impact of any changes in the insurance liability to current members would impact the insurance liability to future members. The table presents information on how reasonably possible changes in risk confidence level made by SAMWUMED will impact the risk adjustment.

| | 2023 R'000 | | | 2022 R'000 | | |
|---|------------------|---------------|----------------|------------------|---------------|----------------|
| | LIC as at 31-Dec | Impact on LIC | Impact on SOCI | LIC as at 31-Dec | Impact on LIC | Impact on SOCI |
| Insurance contract liabilities | 132 629 726 | - | - | 134 199 327 | - | - |
| Net Insurance contract liabilities | 132 629 726 | - | - | 134 199 327 | - | - |
| Unpaid claims and expenses - 5% increase | | | | | | |
| Insurance contract liabilities (before mutualisation) | | | | | | |
| Insurance contract liabilities (after mutualisation) | | | | | | |
| Expenses - 5% increase | | | | | | |
| Insurance service expense (before insurance service expense relating to future members) | (2 011 511 784) | - | - | (1 893 388 639) | - | - |
| Insurance service expenses (before mutualisation) | | | | | | |
| Insurance service expenses (after mutualisation) | | | | | | |

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

for the year ended 31 December 2023

20. Financial instruments and risk management (continued).

Concentration of insurance risks

Risk adjustment sensitivities

Any change in the risk adjustment will impact the incurred claims and other directly attributable expenses in insurance service expenses with an equal and opposite impact on the amounts attributable to future members in insurance services expenses. The net impact on profit or loss for any change in the risk adjustment would therefore be nil.

| Liability for Incurred Claims | 2023 | 2022 |
|---|-----------|-----------|
| | R'000 | R'000 |
| Risk adjustment with a 75% confidence level - as reported | 5 363 232 | 5 104 440 |
| Risk adjustment with an 80% confidence level | 7 167 811 | 7 200 323 |

The analysis is based on a change in an assumption while holding all the assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. No changes were made by SAMWUMED in the methods and assumptions used in preparing the above analysis. To further demonstrate the sensitivity to insurance risk, the risk adjustment at an **80%** confidence level has also been disclosed.

Capital adequacy risk

The Scheme is exposed to the risk of loss of capital value of asset classes. The risk of loss of the asset value is mitigated by the quarterly review of the performance of the investment strategy, asset allocations and asset manager performance by the Scheme Management and recommendations of any changes are submitted to the Finance and Investment Committee which then recommends them to the Board of Trustees for approval.

The actuaries were appointed to ensure that the risks around capital adequacy and Scheme sustainability are measured and mitigated.

Price risk

The Scheme is exposed to equity securities price risk due to equity investments held by the Scheme that are classified at fair value through profit and loss. The Scheme is directly exposed to equity risk through its investments in listed equities and listed bonds held through various asset managers. The value of the equity investments was **R 304 010 172 (2022: R293 462 006)** and the value of bonds was **R780 221 251 (2022: R880 944 323)**.

The Scheme manages the price risk arising from investments in equity securities, through the diversification of its investment portfolios.

Diversification of the portfolios is performed by asset managers in accordance with the mandate set by the Scheme.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

for the year ended 31 December 2023

Sensitivity analysis of cash

The sensitivity analysis determines different levels of the closing market value as compared to the actual closing market value based on different levels of investment performance (see table below). The closing market value of cash as at 31 December is **R328 587 412** (2022: **R484 838 814**). A one percentage increase in the investment return at the reporting date would have increased cash by **R3 041 692** (2022 an increase of **R4 670 323**). An equal change in the opposite direction would have decreased cash by **R3 041 692** (2022 a decrease of **R4 670 323**).

Sensitivity analysis of bonds

The sensitivity analysis determines different levels of the closing market value as compared to the actual closing market value based on different levels of investment performance (see table below). i.e. +1% suggests the closing market value could have been **R788 023 464** if the investment performance had been higher by 1% during 2023 as compared to the market investment performance. A one percent increase in the investment return at the reporting date would have increased bonds by **R7 112 365** (2022 an increase of **R6 907 606**). An equal change in the opposite direction would have decreased bonds by **R7 112 365** (2022 a decrease of **R6 907 606**).

Sensitivity analysis of property

The sensitivity analysis determines different levels of the closing market value as compared to the actual closing market value based on different levels of investment performance (see table below). i.e. +2% suggests the closing market value could have been **R66 680 577** if the investment performance had been higher by 2% during 2023 as compared to the market investment performance.

All property investments are listed on the SAPY. A two percent increase in the investment return at the reporting date would have increased non-current insurance contract liabilities for future members by **R1 091 138** (2022 an increase of **R1 131 423**); an equal change in the opposite direction would have decreased non-current insurance contract liabilities for future members by **R1 091 138** (2022 a decrease of **R1 131 423**).

Sensitivity analysis of equity

The sensitivity analysis determines different levels of the closing market value as compared to the actual closing market value based on different levels of investment performance (see table below). i.e. +2% suggests the closing market value could have been **R310 090 375** if the investment performance had been higher by 2% during 2022 as compared to the market investment performance.

All equity investments are listed on the JSE. A two percent increase in the investment return at the reporting date would have increased equity by **R5 565 231** (2022 an increase of **R4 455 991**); an equal change in the opposite direction would have decreased equity by **R5 565 231** (2022 a decrease of **R4 455 991**).

The change will have an impact on the revaluation reserve and/or the profit/loss depending on the investment type.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

for the year ended 31 December 2023

Fraud risk

The Scheme's approach to fraud risk is very stringent. It has internal controls which are key to the business procedures followed in its administration system. The Scheme has a Fraud Hotline to report any fraudulent activity which then escalates into an investigation. The Scheme is also a member of the Board of Healthcare Funders (BHF) Forensics Unit. For the year under review the Scheme has contracted the services of Qhubeka Forensic Investigative services to review claiming patterns and trends to identify potential fraud, waste and abuse on the part of service providers and members.

Liquidity risk management

Liquidity risk is the risk that the Scheme will encounter difficulty in meeting the obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The ultimate responsibility for liquidity risk management rests with the Board of Trustees, which has built an appropriate liquidity risk management framework for the management of the Scheme's short term and long-term funding and liquidity management requirements.

Prudent liquidity risk management implies maintaining sufficient cash. The availability of funding through liquid cash holding position with various financial institutions ensures that the Scheme can fund its day-to-day operations. The Scheme manages liquidity risk always holding sufficient cash / liquid assets buffer to meet operational expenses for six (6) weeks. The Scheme also manages the liquidity risk through actively daily cash flow management, by tracking the projected contribution collections and daily claims and other operating expenses. The table below indicates the Scheme's ability to disburse of its current liabilities as they become due and payable.

2023

| Current liabilities | Less than 1 month | 1 – 3 months | 3 - 12 months | Total |
|---|--------------------------|---------------------|----------------------|-------------------|
| | R | R | R | R |
| Trade creditors and other payables | 2 822 664 | | - | 2 822 664 |
| Unknown deposits | - | 57 277 | - | 57 277 |
| Current portion of non-current borrowings | 120 409 | 361 227 | 963 271 | 1 444 907 |
| Subtotal | 2 943 073 | 418 504 | 963 271 | 4 324 848 |
| Cash and cash equivalents | | | | 66 325 313 |
| Net liquidity position at 31 December 2023 | | | | 62 000 465 |

2022

| Current liabilities | Less than 1 month | 1 – 3 months | 3 - 12 months | Total |
|---|--------------------------|---------------------|----------------------|-------------------|
| | R | R | R | R |
| Trade creditors and other payables | 2 426 909 | | - | 2 426 909 |
| Unknown deposits | - | 50 932 | - | 50 932 |
| Current portion of non-current borrowings | 145 419 | 436 257 | 1 163 351 | 1 745 027 |
| Subtotal | 2 572 328 | 487 189 | 1 163 351 | 4 222 868 |
| Cash and cash equivalents | | | | 61 975 620 |
| Net liquidity position at 31 December 2022 | | | | 57 752 752 |

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

for the year ended 31 December 2023

Credit risk

Credit risk is the risk of financial loss to the Scheme if a member or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Scheme's receivables and investments in debt securities.

The Scheme's credit is primarily attributable to accounts receivable. The amounts presented in the statement of financial position are net of allowances for losses at each reporting date, estimated by the Scheme's management based on the approved policy. The Scheme manages the credit risk by actively following up with the Employer groups on all contributions not received within three days of becoming due and apply the mandated actions required per the Scheme's debt management policy where appropriate.

The Scheme management undertakes a sensitivity analysis based on prior year experience, as well as sample testing of the debt book. The greater portion of the Scheme's accounts receivable is fully performing.

Credit risk Management and exposures for insurance liabilities

Credit risk is the risk of financial loss resulting from a counterparty's failure to meet their contractual obligations. Exposures to individual members are managed by adhering to the requirements of Section 26(7) of the MSA, i.e. actively pursuing all contributions not received within three days of becoming due, suspending benefits for all members where contributions have not been received for 30 days and terminating benefits for all members where contributions have not been received for 60 days. The credit risk is considered when the expected contribution is calculated.

Credit risk

| 31 December 2023 | Fully performing R | Past due R | Impaired R | Total carrying amount R |
|---------------------------|-----------------------|---------------|---------------|----------------------------|
| Accrued investment income | 10 383 042 | - | - | 10 383 042 |

Credit risk

| 31 December 2023 | Fully performing R | Past due R | Impaired R | Total carrying amount R |
|---------------------------|-----------------------|---------------|---------------|----------------------------|
| Accrued investment income | 9 026 921 | - | - | 9 026 921 |

Credit risk is the risk of financial loss to the Scheme, if a counterparty to a financial instrument fails to meet its contractual obligations. Key areas where the Scheme is exposed to credit risk are:

- Financial assets at fair value through profit or loss;
- Cash and cash equivalents; and
- Trade and other receivables.

The Scheme only deposits cash with registered banks per the South African Reserve Bank's Supervision Unit with high quality credit standing and limits the exposure to any one financial institution.

Financial assets valued at fair value through profit or loss comprise money market, listed shares, unlisted debentures, immovable property, cash and bond instruments entered to fund the obligations arising from its insurance contracts and to invest surplus funds to maintain the statutory solvency requirement. The Scheme is exposed to the issuer's credit standing on these instruments, and therefore exposure to credit risk across the diversified portfolio is monitored, and minimum credit ratings for these investments are set. Further, only reputable and appropriate asset managers have been appointed to manage these instruments.

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for the year ended 31 December 2023

Credit quality of other financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

| | 2023 | 2022 |
|--|----------------------|----------------------|
| | R | R |
| Ratings of Banks that the Scheme is invested with | | |
| First National Bank | BB+ | AA(zaf) |
| Standard Bank | BB+ | AA(zaf) |
| Investec Bank | BB+ | A+(zaf) |
| Nedbank | BB+ | AA(zaf) |
| ABSA Bank | BB- | AA+(zaf) |
| Financial instrument | | |
| Cash | 328 587 412 | 313 766 120 |
| Listed bonds | 780 221 251 | 880 944 323 |
| | 1 108 808 663 | 1 194 710 443 |

Market risk

Market risk is the inherent risk associated with the underlying counterparty or asset class. These inherent risks will influence the levels of income and/or capital valuation achieved over time and therefore affect the Scheme income and reserve levels. The investment management process employed seeks to manage the market risk with a view of optimising the risk and reward profile of the scheme, whilst being compliant to Annexure B of the Medical Scheme Act.

The table summarises the Scheme's financial instrument exposure to market risk as at 31 December 2023 and excludes trade and other receivables and trade and other payables as they are not exposed to currency risk, price risk and interest rate risk.

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for the year ended 31 December 2023

Diversification and concentration

The asset class diversifications and concentrations are shown below. The sensitivity of the market risks shows the illustrated impact of the profit and loss of the various asset classes.

Allocation as at 31 December 2023

| Manager | Mandate | |
|--|------------------------------------|------------|
| SAMWUMED Cash | Liquidity / Cash | Segregated |
| Ninety-One | Corporate Money Market Fund | Pooled |
| STANLIB Investments | Corporate Money Market Fund | Pooled |
| Argon Asset Managers | Flexible Income | Direct |
| Allan Gray | Life Domestic Stable Medical Find | Policy |
| M &G Investments Southern Africa (Pty) Ltd | Inflation Plus 5% Medical Aid Fund | Policy |
| Aluwani Capital | Aluwani Capital | Segregated |
| Mazi | Equity Fund | Segregated |

As at 31 December 2023

| | Price risk R | Interest rate risk R | Total R |
|---------------|----------------------|-------------------------|----------------------|
| Cash | - | 328 587 412 | 328 587 412 |
| Listed equity | 304 010 172 | | 304 010 172 |
| Listed bonds | 780 221 251 | 780 221 251 | 780 221 251 |
| Property | 65 373 115 | - | 65 373 115 |
| | 1 149 604 538 | 1 108 808 663 | 1 478 191 950 |

Allocation as at 31 December 2022

| Manager | Mandate | |
|--|------------------------------------|------------|
| SAMWUMED Cash | Liquidity / Cash | Segregated |
| Ninety-One | Corporate Money Market Fund | Pooled |
| STANLIB Investments | Corporate Money Market Fund | Pooled |
| Argon Asset Managers | Flexible Income | Direct |
| Allan Gray | Life Domestic Stable Medical Find | Policy |
| M &G Investments Southern Africa (Pty) Ltd | Inflation Plus 5% Medical Aid Fund | Policy |
| Aluwani Capital | Aluwani Capital | Segregated |
| Mazi | Equity Fund | Segregated |

As at 31 December 2022

| | Price risk R | Interest rate risk R | Total R |
|---------------|----------------------|-------------------------|----------------------|
| Cash | - | 313 766 120 | 313 766 120 |
| Listed equity | 293 462 006 | | 293 462 006 |
| Listed bonds | 880 944 323 | 880 944 323 | 880 944 323 |
| Property | 60 092 520 | - | 60 092 520 |
| | 1 234 498 849 | 1 194 710 443 | 1 548 264 969 |

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS for the year ended 31 December 2023

21. IFRS 12 – Interest in other Entities

Unconsolidated structured entities

Pooled Funds - Unit trusts

"The Scheme's investments in Investee Funds are subject to the terms and conditions of the respective Investee Fund's offering documentation and are susceptible to market price risk arising from uncertainties about future values of those Investee Funds. The investment manager makes investment decisions after extensive due diligence of the underlying fund, its strategy, and the overall quality of the underlying fund's manager. All of the Investee Funds in the investment portfolio are managed by portfolio managers who are compensated by the respective Investee Funds for their services. Such compensation generally consists of an asset-based fee and is reflected in the valuation of the Scheme's investment in each of the Investee Funds.

The right of the Scheme to request redemption of its investments in Investee Funds ranges in frequency from weekly to semi-annually. The exposure to investments in Investee Funds at fair value, by strategy employed, is disclosed in the following table. These investments are included in the investments at fair value through profit or loss.

2023 Strategy

| | Number of investee funds | Net asset value of investee fund (range and weighted average) Rand | Fair value of scheme's assets of investment (Rand)* | % of net assets attributable to holders of redeemable shares** | Credit rating |
|---------------------|--------------------------|--|---|--|---------------|
| Stanlib Income Fund | 1 | 52 980 000 000 | 425 518 939 | 0.80% | A+(zaf) |
| Ninety-One | 1 | 22 400 000 000 | 95 004 264 | 0.42% | A+(zaf) |
| | - | 75 380 000 000 | 520 523 203 | - | - |

2022 Strategy

| | Number of investee funds | Net asset value of investee fund (range and weighted average) Rand | Fair value of scheme's assets of investment (Rand)* | % of net assets attributable to holders of redeemable shares** | Credit rating |
|---------------------|--------------------------|--|---|--|---------------|
| Stanlib Income Fund | 1 | 52 980 000 000 | 458 828 201 | 0.87% | Aa1.za |
| Ninety-One | 1 | 24 300 000 000 | 52 627 214 | 0.22% | Aa1.za |
| | - | 77 280 000 000 | 511 455 415 | - | - |

"*The fair value of financial assets **R520 523 203** (2022: R511 455 415) is included in the statement of financial position.

**This represents the entity's percentage interest in the total net assets of the Investee Funds

The Scheme's maximum exposure to loss from its interests in Investee Funds is equal to the total fair value of its investments in Investee Funds. Once the Scheme has disposed of its shares in an Investee Fund, it ceases to be exposed to any risk from that Investee Fund.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

for the year ended 31 December 2023

22. Going concern

We draw attention to the fact that on 31 December 2023, the Scheme's liability for future members is R1 346 953 082. The Scheme is solvent and stable, with a solid strategy to improve.

The financial statements have been prepared based on accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the Scheme to continue as a going concern for the next 12 months is dependent on several factors. The most significant of these is the Scheme's ability to grow its membership base, collect contributions and yield investment returns to pay for claims and other obligations as they fall due.

23. Events after the reporting period

On 15 May 2024, the President of South Africa, Mr. Cyril Ramaphosa signed the National Health Insurance Bill into law. This bill is aimed at ensuring Universal coverage for health services to all the citizens of the country. The implementation date of the Bill is not known yet; however, it will have an impact on the business of the Medical Schemes and the insurance services that they can provide.

24. Transition to IFRS 9

SAMWUMED has determined that reasonable and supportable information was available for all contracts in force at the transition date that were issued within three years prior to the transition.

The Scheme adopted IFRS 9 for year December 2023 and has applied the requirements of IFRS 9 for the classification, measurement and impairment of its financial assets and liabilities. On implementation of IFRS 9 the Scheme classified its financial assets and liabilities at fair value through profit and loss and at amortised cost based on its business model. This was in line with the classification under IAS 39 except for insurance liabilities that are accounted for as per the requirements of IFRS 17. The comparative figures for all financial instruments are accounted for as per the requirements of IAS 39, as IFRS 9 is not adjusted retrospectively.

IFRS 9 has been implemented by the Scheme in the current financial year and replaces IAS 39 Financial Instruments: Recognition and Measurement. The effective date of IFRS 9 is for annual period beginning on or after 1 January 2018, however, entities whose predominant business is the issuing of insurance contracts within the scope of IFRS 4 Insurance Contracts (IFRS 4) were afforded the option to defer the implementation of IFRS 9 until the adoption of IFRS 17 Insurance Contracts, which has been implemented by the Scheme during the current year.

IFRS 9 introduces a new classification approach for financial assets which is based on the cash flow characteristics of the financial assets and the entity's business model for managing the financial assets. Under IFRS 9 financial assets are classified and measured at amortised cost, fair value through profit or loss and fair value through other comprehensive income. In addition, IFRS 9 replaces the "incurred loss" model in IAS 39 with an "expected credit loss model", which means that a loss event will no longer need to occur before an impairment allowance is recognised. Financial assets at amortised cost and debt instruments at fair value through other comprehensive income are subject to the impairment requirements of IFRS 9.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

for the year ended 31 December 2023

24. Transition to IFRS 9 (continued)

The requirements for financial liabilities are consistent with IAS 39. A change was made to the fair value through profit or loss option that requires the entity to account for changes in fair value that result from their own credit risk in other comprehensive income. The Scheme does not designate financial liabilities at fair value through profit or loss and this change does not impact the Scheme. IFRS 9 introduced changes to hedge accounting, however, the Scheme does not apply hedge accounting and any such changes introduced by IFRS 9 have no impact on the Scheme.

The Scheme previously classified its financial assets at “fair value through profit or loss” or “amortised cost”. The changes introduced by this standard have had no impact on the Scheme’s financial assets at fair value through profit or loss. For financial assets measured at amortised cost, the majority of these assets are Insurance Receivables accounted for in terms of accounting policies adopted under IFRS 4: Insurance Contracts which are scoped out of IFRS 9. As part of the IFRS 9 implementation, the Scheme assessed the classification between Insurance Receivables and Loans and Receivables.

The table below illustrates the classification and measurement under IAS 39 and IFRS 9;

| Financial instrument | IAS 39 classification | IAS 39 measurement | IFRS 9 classification and measurement |
|--|---|---|---|
| Equity instruments (includes property) | Financial assets at fair value through profit or loss | Financial assets at fair value through profit or loss | Financial assets at fair value through profit or loss |
| Debt instruments (bonds) | Financial assets at fair value through profit or loss | Financial assets at fair value through profit or loss | Financial assets at fair value through profit or loss |
| Pooled funds | Financial assets at fair value through profit or loss | Financial assets at fair value through profit or loss | Financial assets at fair value through profit or loss |
| Cash and cash equivalents | Held to maturity | Amortised cost | Financial assets at amortised cost |
| Non-insurance trade receivables | Loans and receivables | Amortised cost | Financial assets at amortised cost |

The introduction of the expected credit loss model has not had a significant impact on the Scheme as the majority of the financial assets are at fair value through profit or loss. Financial assets at amortised cost consists of cash and cash equivalents for which the credit risk is considered to be very low, and the remaining insurance receivables are accounted for within the scope of IFRS 17 and are not subject to the IFRS 9 expected credit loss model.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

for the year ended 31 December 2023

25. Transition to IFRS 17

SAMWUMED has determined that reasonable and supportable information was available for all contracts in force at the transition date that were issued within three years prior to the transition.

Accordingly, the Scheme has recognised and measured the group of insurance contracts as if IFRS 17 had always applied; derecognising any existing balances that would have not exist had IFRS 17 always applied; and recognised any resulting net difference in equity.

SAMWUMED applied the transition provision in IFRS 17 and has not disclosed the impact of the adoption of IFRS 17 on each financial statement line item.

The Scheme has further identified that there are facts and circumstances to indicate that the group was onerous at inception date for the 2022 annual cohort. Given the initial recognition rule followed by the Scheme, the Scheme did not recognise the loss component in the prior year due to the excess accumulated reserves **73.46%** (2022:81.63%). The calculated loss component of **11,8%** (2022: 7,7%) is less than the remaining assets of the Scheme.

26. Deficit from operations per benefit option

| 2023 | Option A R | Option B R | Total Scheme R |
|--|----------------------|---------------------|----------------------|
| Insurance revenue | 549 100 646 | 1 287 421 907 | 1 836 522 553 |
| Less: Insurance service expense | (649 223 036) | (1 349 623 363) | (1 998 846 399) |
| Claims incurred | (612 415 394) | (1 306 009 695) | (1 918 425 089) |
| Ex-gratia grants | 104 836 | (466 419) | (361 583) |
| Change in best estimate LIC | 3 121 724 | 19 462 947 | 22 584 671 |
| Risk adjustment on LIC | (100 936) | (157 856) | (258 792) |
| Attributable expenses | (32 282 773) | (50 487 600) | (82 770 373) |
| Accredited managed care: Management Services | (9 739 518) | (15 231 804) | (24 971 322) |
| Forensic and MVA Recoveries | 2 594 527 | 4 057 627 | 6 652 154 |
| Acquisition costs | (472 388) | (738 775) | (1 211 163) |
| Benefit management expenses | (33 114) | (51 788) | (84 902) |
| Insurance service results | (100 122 390) | (62 201 456) | (162 323 846) |
| Administration expenses | (14 765 695) | (23 092 331) | (37 858 026) |
| Net deficit from operations | (114 888 085) | (85 293 787) | (200 181 872) |
| Membership as of 31 December 2023 | | | |
| Membership (Main members) | 13 314 | 20 822 | 34 136 |
| Dependant members | 12 757 | 25 842 | 38 599 |
| Total beneficiaries | 26 071 | 46 664 | 72 735 |

As per Circular 12 of 2024 for the Council for Medical Schemes the amount attributable to future members should not be included in the Statement of deficit per benefit option.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

for the year ended 31 December 2023

26. Deficit from operations per benefit option (continued)

| 2022 | Option A | Option B | Total Scheme |
|--|---------------------|----------------------|----------------------|
| | R | R | R |
| Insurance revenue | 513 836 079 | 1 213 379 414 | 1 727 215 493 |
| Less: Insurance service expense | (588 942 642) | (1 288 054 663) | (1 876 997 304) |
| Claims incurred | (556 332 837) | (1 232 597 461) | (1 788 930 298) |
| Ex-gratia grants | - | (63 669) | (63 669) |
| Change in best estimate LIC | 775 942 | 2 884 252 | 3 660 194 |
| Risk adjustment on LIC | (687 548) | (1 088 048) | (1 775 596) |
| Attributable expenses | (25 451 300) | (40 276 776) | (65 728 077) |
| Accredited managed care: Management Services | (9 552 013) | (15 116 096) | (24 668 109) |
| Forensic and MVA Recoveries | 1 589 171 | 2 514 869 | 4 104 040 |
| Acquisition costs | (1 160 865) | (1 837 073) | (2 997 938) |
| Benefit management expenses | (231 501) | (366 351) | (597 852) |
| Insurance service results | (75 106 563) | (74 675 248) | (149 781 811) |
| Administration expenses | (16 270 988) | (25 748 897) | (42 019 885) |
| Net deficit from operations | (91 377 550) | (100 424 146) | (191 801 696) |
| Membership as of 31 December 2022 | | | |
| Membership (Main members) | 13 660 | 21 617 | 35 277 |
| Dependant members | 13 250 | 27 199 | 40 449 |
| Total beneficiaries | 26 910 | 48 816 | 75 726 |

As per Circular 12 of 2024 for the Council for Medical Schemes the amount attributable to future members should not be included in the Statement of deficit per benefit option.



TRANSLATIONS

AFRIKAANS | SESOTHO | ZULU

AFRIKAANS TRANSLATIONS

VOORWOORD DEUR VOORSITTER VAN DIE RAAD

Gedurende die jaar onder oorsig het die raad van trustees voortdurend 'n deurslaggewende toesig- en bestuursrol binne SAMWUMED gespeel deur te verseker dat alle planne, bedrywighede en dienste in ooreenstemming was met SAMWUMED se missie, visie, en langtermyn doelwitte. As die Skema se hoofbestuursliggaam is die raad van trustees verantwoordelik om ledebelange te beskerm, beleidsrigtings te bepaal, finansiële stabiliteit te handhaaf en te verseker dat daar aan regulatoriese vereistes voldoen word.



Beleids toesig

Die raad van trustees bepaal die strategiese rigting van die skema onder leiding van die raad op mediese skemas. Die raad het voortgegaan om skemabeleide volgens die skema se jaarlikse kalender te ontwikkel, hersien en goed te keur om doeltreffende bestuur te bewerkstellig. Daarbenewens het die raad verseker dat die skema deursigtig funksioneer, wat vertroue onder lede en belanghebbendes bevorder het. Dit het die formulering van die skema se voordelestruktuur, premies, samewerking en vennootskappe met gesondheidsorgverskaffers en ander belanghebbendes ingesluit.



Finansiële toesig

Die raad van trustees was toegewyd in hul toesighouding van die skema se finansiële bestuur en solvensie, waaronder begrotingsgoedkeurings, finansiële prestasie monitoring en die versekering van die behoorlike toewysing van hulpbronne om die skema te beskerm. Daarbenewens het die raad van trustees verseker dat voldoende reserwes gehandhaaf word om eise en ander aanspreeklikhede te dek en dat lede se bydraes doeltreffend en verantwoordelik aangewend is, al was dit in 'n baie hoë eistydperk.



Risikobestuur

Die raad van trustees het potensiële risiko's, waaronder regulatoriese, mark-, bedryfs- en reputasierisiko's geïdentifiseer wat die skema se bedrywighede negatief kon beïnvloed. Die raad het risikobestuursraamwerke en -strategieë ontwikkel om hierdie risiko's te minimaliseer, om te verseker dat die skema by veranderende omstandighede kan aanpas en sy verpligtinge teenoor lede kan nakom.



Prestasie-evaluering

Die raad van trustees het volgehou om sy bestuursplan se prestasie te evalueer. Sleutelprestasie-aanwysers (key performance indicators, "KPI's") is daargestel om vordering in die rigting van doelwitte te meet, en gereelde verslae is hersien om prestasie te monitor. Deur deurlopende evaluering het die raad verseker dat die skema op lede se behoeftes gereageer het en dienste van hoë gehalte gelewer het.



Wetlike voldoening

Die raad van trustees het verseker dat die skema voldoen het aan alle toepaslike wette, regulasies en bedryfstandaarde. Die raad het ook ingelig gebly oor veranderinge in die wetlike omgewing, veral rakende die nasionale gesondheidsversekering (NHV).

Slotsom

Ek wil my mede-lede van die raad van trustees en die raadskomitees bedank vir hul harde werk en toewyding en dat hulle verseker het dat SAMWUMED suksesvol was. Hulle leierskap en toewyding het verseker dat die skema gesondheidsorgdienste van hoë gehalte gelewer het en die vertroue van lede gestand gedoen het. Ek wil ook die hoofbeampte, bestuur en personeel van SAMWUMED bedank vir hul toewyding om te verseker dat ons 'n volhoubare skema het vir die jare wat kom.



L Sibiya

Voorsitter van die raad,
SAMWUMED

AFRIKAANS TRANSLATIONS

VIR VERTALING – 29 JULIE 2024 | BOODSKAP VAN DIE HOOFBEAMPTTE

In 'n wêreld waar gesondheidsorgkoste die hoogte in skiet, dien mediese fondse as 'n noodsaaklike lewenslyn, wat noodsaaklike dienste bied wat werklik die verskil tussen lewe en dood kan beteken.

SAMWUMED is trots daarop om 'n deurslaggewende rol te kon speel om toegang te verskaf tot gehalte en terselfdertyd bekostigbare gesondheidsorg aan lede regoor Suid-Afrika. Oor die afgelope jaar het ons gemoedsrus aan ons lede gebied deur besoeke aan gesondheidsorgfasiliteite en praktisyns te fasiliteer vir 'n wye reeks behandelings, van roetine-ondersoeke tot voorkomende skanderings, inentings en noodsaaklike prosedures.

Ons pogings oor die afgelope jaar het omvattende opvoedingsinisiatiewe vir lede ingesluit, wat help om die voorkoms van siektes te verminder en algehele welstand te bevorder.

Ons het die uitbreiding van ons gesondheidsorgnetwerke, insluitend hospitale, gesinspraktisyns (FP's), apteke en spesialiste geprioritiseer, om maklike toegang deur lede te verseker, ongeag waar hulle ook al in Suid-Afrika is.

Boonop is en word ons pogings ondersteun en gelei deur ons vyfjaar-strategiese doelwitte, insluitend:



Finansiële stabiliteit – om lidmaatskapbehoud en groei 'n hupstoot te gee deur die formulering van 'n bewysgegronde voordeelontwerpmodel en om positiewe kliniese uitkomst deur sorgkoördinerende te bereik.



Bereiking van bedryfsdoeltreffendheid – deur outomatisering van ons besigheidsprosesse.



Versekering van belanghebbende bestuur en ledetevredenheid – deur doeltreffende bestuur van derdeparty-sakevennote om 'n naatlose diens en ledebetrokkenheid deur waardeproposisie te bereik.



Bevordering van doeltreffende risiko- en voldoeningsbestuur – deur 'n risikobestuurskultuur te aanvaar wat goeie bestuur bevorder en op hoogte bly van die NVG (NHI)

Daarbenewens het ons onvermoeid gewerk om kliëntediens by alle skakelpunte met lede te verbeter.

Hoogtepunte sluit in:

- Verminder oproepwagtye by ons oproepsentrum deur afsonderlike lyne vir lede en diensverskaffers te implementeer.
- Opgradering van ons oproepsentrumoplossing om 'n selfdiensopsie in te sluit, wat lede in staat stel om toegang tot inligting soos lidmaatskapsertifikate, belastingsertifikate en state intyds per e-pos te kry.
- Die verbetering van ons mobiele app-kenmerke sodat lede hul lidmaatskap en voordele gerieflik kan bestuur. Ons is bly dat ons 'n baie meer interaktiewe mobiele app bekendgestel het wat in Augustus 2024 in werking gestel word en ons moedig lede aan om hierdie nuttige platform af te laai.
- Vinniger probleemoplossing deur verskerpte aangesig-tot-aangesig lidaktivering.
- Uitkontraktering van eiseverwerking aan 'n derde party om betalings van eise te bespoedig.

Met 'n blik op die toekoms, bly ons onwrikbaar in die bepleiting van ons lede se belange en hul reg op 'n gesonde lewe. Ons verbind ons daartoe om voortdurend na ons lede te luister, ons gesondheidsorgvoordele te verbeter, en ons status as een van Suid-Afrika se mees kostedoeltreffende skemas binne die plaaslike regeringskategorie te behou.



Francina Mosoeu

Hoofbeampte - SAMWUMED

SESOTHO TRANSLATIONS

MOLAETSA HO TSWA HO MODULA SETULO WA BOTO

Nakong ya selemo se ntseng se hlahlojwa, Ditho tsa Boto di ile tsa tswela pele ho phetha karolo ya bohlokwa tabeng ya ho okamela SAMWUMED, ka ho bona hore, mesebetsi le ditshebeletso di dumellana le moralo le tjhebello pele ya SAMWUMED. Jwaloka litho tse ka hodimodimo tsa Sekimi, ditho tsa Boto di sireletsa dithahasello tsa ditho, ho tiisa tataiso ya pholisi, ho boloka ditaba tsa ditjhelete di le boemong bo botle, le ho tiisa hore ho ikamahanywa le melawana ya tsamaiso.



Tsamaiso ya Pholisi

Ditho tsa Boto di fane ka tataiso ya tshebetso ya Sekimi e tataiswang ke Council for Medical Scheme (CMS). Boto e ile ya tswela pele ho ntlafatsa, ho hlahlobisisa, le ho dumella dipholisi tsa SAMWUMED ho latela selemo sa khalendara sa Sekimi. Ho phaella moo, e entse bonnete ba hore Sekimi se sebetsa ka botshepehi, ho tiisa hore ditho le bohle ba amehang baa se tshepa. Sena se akarelletse ho qalwa ha moralo wa kamoo melemo ya Sekimi e tla sebetsa kateng, ho tla lefshwa kgwedi le kgwedi, le kamoo ho tla sebedisanwa kateng le ditsi tse fanang ka ditshebeletso tsa bophelo bo botle haesitana le ba bang ba amehang.



Tsamaiso ya tsa Ditjhelete

Ditho tsa Boto di entse bonnete ba hore di tsamaisa ditaba tsa ditjhelete tsa sekimi le ho lefa dikoloto tsohle tse amanang le sona, ho akarelletsa le ho fana ka tumello ya budgete, ho kenya leihlo taba ya tjhelete e kenang le ho tswa, le ho tiisa hore tjhelete e etsa mesebetsi yohle eo e e abetsweng ho sireletsa sekimi. Ho ekelletsa moo, Ditho tsa Boto di entse bonnete ba hore ho behellwa tjhelete e lekaneng bakeng sa ho lefa ditleleimi le dikoloto tse ding le hore tjhelete ya ditho e sebediswa hantle le ka tsela e nang le boikarabello.



Ho Laola Tahlehelo

Ditho tsa Boto di entse bonnete ba hore ho na le maneho a ho tshireletsa SAMWUMED tahlehong e fe kapa efe ho akarelletsa le tsamaiso, mmara, ho se kgone ho sebetsa.



Tlhahlobo ya Tshebetso

Ditho tsa Boto di ile tsa tswela pele ho hlahloba tshebetso ya bookamedi. Ho ile ha etswa tokomane e bontshang tshebetso ya basebetsi (Key performance indicators KPIs) ho bontsha boitekoko ba ho finyeletsa sepheo sa Sekimi, mme ha dula ho hlahlojwa ditlaleho kgafetsa ho hlahloba tshebetso. Ka ho tswela pele ka tlhahlobo ya yona, Boto e entse bonnete ba hore sekimi se finyella ditlhoko tsa ditho le ho fana ka ditshebeletso tsa boemo bo phahameng.



Ho Iphaphatha le Tsamaiso

Ditho tsa Boto di entse bonnete ba hore Sekimi se ikamahanya le melao yohle e amehang, tsamaiso, le maemo a indasteri. Mme di boetse tsa dula di theheleditse tsebe mabapi le diphetoho tse etswang ditabeng tsa tsamaiso, haholo holo ho ipapisitswe le Ishorensa ya tsa Bophelo bo Botle (National Health Insurance NHI).

Qetello

Ke lakatsa ho leboha Ditho mmoho le nna tsa Boto le Dikomiti tsa Boto ka ho sebetsa ka thata le boikemisetso ba bona bakeng sa ho tiisa hore SAMWUMED e ea atleha. Ketello pele ya bona le boitlamo ba bona di entse bonnete ba hore Sekimi se fana ka ditshebeletso tse tswang pele ho tsa bophelo bo botle le ho boloka tshepo ya ditho e le matla. Ke boetse ke lakatsa ho leboha mookamedi ya ka sehloohong, bookamedi le basebetsi ba SAMWUMED ka boikemisetso ba bona ba ho etsa bonnete ba hore Sekimi se kgona ho sebetsa hantle.



L Sibiya

Voorsitter van die raad,
SAMWUMED

SESOTHO TRANSLATIONS

BAKENG SA PHETOLELO - LA 29 PHUPU 2024 | MOLAETSA WA MOOKAMEDI YA KA SEHLOOHONG

Lefatsheng leo ho lona ditshenyehelo tse amanang le bophelo bo botle di ntseng di nyoloha, medical aid e sebetsa e le sesebediswa sa bohlokwa se thusang ho boloka bophelo, mme e fana ka ditshebeletso tsa mantlha tse ka tlisang phetoho e kgolo pakeng tsa lefu le bophelo.

SAMWUMED e motlotlo hore e phethile karolo ya bohlokwa bakeng sa ho fana ka monyetla wa ho fumana ditshebeletso tsa maemo a hodimo tse bileng di sa bitseng theko e phahameng bakeng sa bophelo bo botle ho ditho Afrika Borwa. Selemong se fetileng re thusitse ditho tsa rona hore di dule di kgobile matshwafo ka hore re ba lokisetse menyetla ea ho etela ditsi tse fanang ka ditshebeletso tsa bophelo bo botle le dingakeng bakeng sa diphekolo tse fapaneng, ho qala ka ditlahlobo tsa nako le nako ho ya ho ditlahlobo tse thusang ho thibela mafu a itseng, dientle le diophereishene tse kgolo.

Boiteko ba rona selemong se fetileng bo akarelletitse mananeo a kenyelletseng a thuto bakeng sa ditho, ho thusa ho fokotsa malwetse le ho khotaletsa bophelo bo botle.

Re ile ra eketsa ditsi tsa rona tse fanang ka ditshebeletso tsa bophelo bo botle ho akarelletsa le dipetlele, dingaka tsa malapa (Family Practitioners FPs), di-pharmacy le dingaka tsa ditsebi tsa mafu a itseng ho etsa hore ho be bonolo ho ditho ho fumana ditshebeletso hohle moo ba leng teng ka hara Afrika Borwa. Boiteko ba rona bo ne bo tataiswa ke morero oa Tshebetso sa Dilemo tse hlano (5) tse akarelletsang:



Ho tsitsa ditjheleteng - bakeng sa ho tiisa hore ditho tsa rona ha di re siee. moho le kgolo ea SAMWUMED ka ho bonahatsa bopaki ba kamoo ditshebeletso tsa rona di tswileng matsoho kateng.



Ho finyella mosebetsi o tswileng matsoho - ka ho iketsetsa ditshebeletso tsa kgwebo ya rona.



Ho tiisa hore bohle ba amehang le ditho ba kgotsofetse - ka ho ba le bookamedi bo sebeletsang boohle ka thata, ho fana ka ditshebeletso tse tswileng matsoho, le ho buisana le ditho ka boemo ba tshebetso ya rona.



Tshebetso e hantle ea bolaodi le ho ikamahanya le tsamaiso - ka hore re hatelle taba ya ho ba le bolaodi bo botle le ho dula re le sehlohlolong mabapi le NHI.

Ho feta moo, re sebeditse ka thata ho ntlafatsa ditshebeletso tsa ditho tsa rona.

Dintlha tsa sehlooho di akarelletsa:

- Ho fokotsa nako eo ditho tsa rona di e qetang di emetse ho thuswa mohaleng, re kentse mehala e fapaneng ho ditho le bafani ba ditshebeletso.
- Ho ntlafatsa lefapha leo ho founelwang ho lona ka ho kenya karolo eo motho a ka ithusang, ho nolofalletsa ditho ho fumana tlhahisoleseding e kang mangolo a ho ba setho, mangolo a lekgetho, le di-teitimente ka imeile.
- Ho ntlafatsa App ea Phono bakeng sa ho dumella ditho ho fetola maemo a tsona le melemo habonolo. Re thabela ho le tsebisa hore re entse diphetoho tse ncha ho eona App ena ea Phono mme re kgothalletsa ditho ho e sebedisa ka bongata.
- Ho finyella tharollo ea mathata kapele kamoo ho ka kgonehang re ile ra etsa merero ea ho etela ditho tsa rona ho buisana le tsona.
- Ho kopa thuso ho ditsibi tsa ditshebeletso tsa ditleimi, bakeng sa ho potlakisa ho lefshwa ha ditleleimi.

Ha re shebela pele, re ikemiseditse ho shebana le dithahasello tsa ditho tsa rona le tokelo ya tsona ya ho fumana bophelo bo botle. Boitlamo ba rona ke ho tswela pele ho mamela ditho tsa rona, ho ntlafatsa melemo ya tsa bophelo bo botle, le ho boloka boemo ba rona ba ho ba e nngwe ya dikhamphani tse nang le sekimi sa theko e tlase Afrika Borwa, mokgahlelong wa ditshebeletso tsa mmuso.



Francina Mosoeu

Mookamedi ya ka Sehloohong - SAMWUMED

ZULU TRANSLATIONS

AMAZWI OKUVULA KASIHLOLO WEBHODI

Phakathi nonyaka ohlulwayo, iBhodi Labaphathiswa laqhubeka lidlala indima ebaluleke kakhulu yokuqondisa neyobuholi kwa-SAMWUMED ngokuqinisekisa ukuthi zonke izinhlelo, ukufezwa komsebenzi kanye nezinsiza ziyahambisana nenjongo, umgomo, nalokho i-SAMWUMED efisa ukukufezwa esikhathini eside esizayo. Njengesigungu esiphezulu se-Scheme, iBhodi Labaphathiswa linomthwalo wokuvikela izintshisekelo zamalungu, ukubeka iziqondiso zezinqubomgomo, ukulondoloza ukuzinza kwezezimali, kanye nokuqinisekisa ukuthi izimfuneko zemithethonqubo ziyathotshelwa.



Ukwengamelwa Kwenqubomgomo

IBhodi Labaphathiswa lamisa izinkombandlela ze-Scheme ngobuhlakani lilawulwa i-Council for Medical Schemes. IBhodi laqhubeka lisungula, libuyekeza futhi ligunyaza zezinqubomgomo ze-Scheme, ngokuvumelana nekhalela lonyaka lwe-Scheme ukuze kugxilise ubuholi obuphumelelayo. Ngaphezu kwalokho, laqinisekisa ukuthi i-Scheme sasisebenza ngendlela esobala, ligugquzela ukwethembana nokuqiniseka phakathi kwamalungu nababambiqhaza. Lokhu kwakuhlanganisa nokwakha uhlelo lwezinzuzo ze-Scheme, okuzokhokhwa amalungu, ukusebenzisana kanye nokubambisana nabahlinzeki bosizo lwezokwelashwa nabanye ababambiqhaza.



Ukwengamelwa Kwezezimali

IBhodi Labaphathiswa lalikelela ekwengameleni ukuphathwa kwezezimali ze-Scheme nasekuqikeleleni ukuthi asiphelelwa imali, okuhlanganisa nokugunyazwa kwezabelo-zimali, ukulandelelwa kwendlela izimali ezazisetshenziswa ngayo kanye nasekuqinisekiseni ukuthi izinsiza zazabiwa ngendlela efanele ukuze kuvikelwe i-Scheme. Ngaphezu kwalokho, iBhodi Labaphathiswa laqinisekisa ukuthi kwakulondolozwa izimali ezigciniwe ezanele ukuze kukhokheleke abahlinzeki nezinye izindleko eziyisibopho nokuthi imali eyayikhokhwa amalungu yayisetshenziswa kahle nangokucophelela, ngisho nangenkathi yokwanda kwezicelo zokukhokhelwa kwezindleko zokwelashwa.



Ukulawulwa Kobungozi

IBhodi Labaphathiswa laphawula ubungozi obungase bube khona obungaphazamisa ukusebenza kwe-scheme okuhlanganisa ubungozi obuthinta imithethonqubo, imakethe, ukusebenza kanye nedumela. Lasungula izinhlelo zokulawula ubungozi kanye namasu okunciphisa lobo bungozi, liqinisekisa ukuthi i-Scheme sasizokwazi ukuvumelana nezimo ezishintshayo futhi sihlangebezane nezibopho zaso kumalungu aso.



Ukuhlaziywa Kokusebenza

IBhodi Labaphathiswa laqhubeka lihlaziya izinga lokusebenza lethimba lalo labaphathi. Kwasungulwa izinkomba zokusebenza eziyinhloko (ama-KPI) ukuze kukalwe intuthuko ngokuqondene nemigomo, futhi kwabuyekwezwa imibiko yazikhathi zonke ukuze kuhlolwe izinga lokusebenza. Ngokuhlaziya okuqhubekayo, iBhodi laqinisekisa ukuthi i-scheme sasiqhubeka sisabela ezidingweni zamalungu aso nokuthi sasinikeza izinsiza ezisezingeni eliphakeme.



Ukuthotshelwa Kwemithethonqubo

IBhodi Labaphathiswa laqinisekisa ukuthi i-Scheme sasithobela yonke imithetho esebenzayo, imithethonqubo, kanye namazinga abekelwe umkhakha. Laqhubeka linolwazi lwakamuva mayelana nezinguquko endabeni yemithethonqubo, ikakhulukazi ngokuphathelene noMshwalense Wezempilo Kazwelonke (NHI).

Isiphetho

Ngifisa ukubonga ozakwethu abangamalungu eBhodi Labaphathiswa kanye namaKomiti eBhodi ngomsebenzi wawo wokuzikhandla nokuzinikela nangokuqikelela ukuthi i-SAMWUMED iyaphumelela. Ubuholi nokuzinikela kwawo kuqinisekise ukuthi i-Scheme sinikeza amalungu izinsiza zezokwelashwa zezinga eliphakeme kakhulu futhi kwalandoloza ukusethemba nokuqiniseka kwamalungu. Ngifisa nokubonga Umphathi Oyisikhulu, Abaphathi naBasebenzi base-SAMWUMED ngokuzinikela kwabo ekuqikeleleni ukuthi sine-Scheme esizinile kule minyaka ezayo.



L Sibiya

Voorsitter van die raad,
SAMWUMED

ZULU TRANSLATIONS

OKOKUHUMUSHA - 29 JULAYI 2024 | UMYALEZO WOMPATHI OYISIKHULU

Emhlabeni onezindleko zokunakekelwa kwezempilo eziqhubeka zikhula, usizo lwezokwelashwa luba usizo olusindisa ukuphila, olunikeza izinsiza ezibaluleke kakhulu ezingaba nomehluko ngempela phakathi kokuphila nokufa.

I-SAMWUMED iyaziqhenya ngendima ebaluleke kakhulu eyidlalile ekunikezeni amalungu ukunakekelwa kwezempilo kwezinga eliphakeme kakhulu kodwa futhi okungabizi kuyo yonke iNingizimu Afrika. Onyakeni odlule, sinikeze amalungu ethu ukuthula kwengqondo ngokudlala indima eyinhloko ekuhambeleni izikhungo zezokwelashwa nabasebenza kwezokwelashwa ukuze sithole izindlela ezihlukahlukene zokwelashwa, kusukela ekuxilongweni okuvamile kuya ekuhlolweni okuvimbela izifo, ukugonywa kanye nezinqubo zokwelashwa ezibucayi.

Imizamo yethu esiyenze onyakeni odlule ihlanganise nezinyathelo zokufundisa kabanzi amalungu ethu, siwasiza ekunciphiseni iziganeko zezifo nasekugqugquzeneni inhlalakahle enhle.

Sabeka phambili ukunwetshwa kohlu lwabahlinzeki bezokwelashwa esisebenzelana nabo okuhlanganisa izibhedlela, oDokotela Beminden (ama-FP), izindawo ezihlizeka ngemithi kanye nochwepheshe emkhakheni ukuze siqinisekise ukuthi amalungu ayakwazi ukubafinyelela kalula noma ngabe akuphi nendawo eNingizimu Afrika. Ngaphezu kwalokho, imizamo yethu ibilokhu futhi isaqhubeka isekelwa futhi iqondiswa yimigomo yethu emihlanu Imigomo Yezinyathelo Zobuhlakani Yeminyaka Engu-(5) ehlanganisa:



Ukuzinza kwezezimali - ukuthuthukisa ukugcinwa nokwanda kwamalungu, ngokwenziwa kwemodeli yohlelo lwezinzuzo esekelwe ebufakazini bemiphumela kanye nokufinyelela imiphumela yokwelashwa emihle, ngokuhlanganiswa kosizo.



Ukufinyelela indlela yokusebenza ephumelelayo - ngokusebenzisa ezobuchwepheshe ezinqubweni zethu zenkampani.



Ukuqinisekisa ukuphatha kwababambiqhaza kanye nokwaneliseka kwamalungu - ngokulawula okuphumelelayo kozakwethu abavela ezinkampanini zangaphandle ukuze kufinyelelwe izinsiza ngaphandle kwezingqinamba nokubamba iqhaza kwamalungu ngokuqhakambisa izinzuzo.



Ukuthuthukiswa kobuholi obuphumelelayo bokugwema ubungozi nobuthobela imithetho - ngokwamukela isiko lokulawula ubungozi elithuthukisa ubuholi obuhle nangokuhambisana nokwakamuva kwe-NHI.

Phezu kwalokho, sisebenze kanzima ukuze sithuthukise usizo lwamakhasimende kuzo zonke izindawo esixhumana kuzo namalungu.

Okuvelele kuhlanganisa:

- Ukunciphisa izikhathi zokulinda lapho kushayelwa Isikhungo Sosizo ngokusungula ulayini ohlukile wamalungu nowabahlinzeki bezinsiza.
- Ukuthuthukisa isixazululo esinikezwa Isikhungo Sosizo ngokufaka indlela yokuzisiza, okwenza ukuthi amalungu akwazi ukuthola iminingwane efana nezitifiketi zamalungu, izitifiketi zentela, kanye nezitatimende nge-imeyili ngaso lesi sikhathi.
- Ukuthuthukisa izici ze-Mobile App yethu ukuze amalungu akwazi ukulawula ubulungu bawo kanye nezinzuzo ngendlela evumelana nawo. Siyababala ngokuthi sethule i-mobile app esebenziseka nakangcono kusukela ngo-Agasti 2024 futhi sikhuthaza amalungu ukuba ayidawunilode le nkundla ewusizo.
- Ukufeza ukuxazululwa kwezinkinga ngokushesha kunangaphambili ngokusebenzisa ukubhaliswa kwamalungu ubuso-nobuso okuvikelekile.
- Ukusebenzisa izinkampani zangaphandle ekuhlaziyweni kwezicelo zokukhokhelwa kwabahlinzeki ukuze ukukhokhelwa kwazo kusheshe.

Njengoba sibheke ikusasa, siyaqhubeka simi siqinile ekumeleleni izintshisekelo zamalungu ethu namalungelo awo okuphila okunempilo. Sizimisele ukuqhubeka silalela amalungu ethu, sithuthukisa izinzuzo zokunakekelwa kwezokwelashwa, nokulondoloza ukuma kwethu njenge-scheme esiphakathi kwalezo ezingabizi eNingizimu Afrika esigabeni sikahulumeni wendawo.



Francina Mosoeu
Umphathi Oyisikhulu -
SAMWUMED



ABRIDGED ANNUAL FINANCIAL PERFORMANCE 2023 TRANSLATIONS

AFRIKAANS | SESOTHO | ZULU

AFRIKAANS TRANSLATIONS

VERKORTE JAARLIKSE FINANSIËLE PRESTASIE VIR DIE JAAR 2023

Dit is die sleutelemente van die finansiële jaarstate vir die betrokke jaar

Finansiële prestasie

| | R 2023 | R 2022 |
|--|------------------|------------------|
| 1. Versekeringsinkomste | 1,837bn | 1,727bn |
| Dit verwys na alle gekombineerde inkomste ontvang as premies van lede sowel as die ledesubsidie van die werkgewers ontvang. | | |
| 2. Versekeringsdiensuitgawes | (1,999bn) | (1,876bn) |
| Dit verwys na al die kostes betaal aan verskeie hospitale, dokters en apteke om die mediese koste te dek wat deur lede aangegaan is. | | |
| 3. Versekeringsdiensresultate | (162,3m) | (149,8m) |
| Dit verwys na die netto uitkoms oor nadat alle bydraes geneem is minus gesondheidsorgkoste en administrasie. | | |
| 4. Nie-gesondheidsorgkoste | (42,7m) | (45,8m) |
| ingesluit onder kostes verwant aan die bestuur van die skema, uitsluitende kostes direk toegeskryf aan die versekeringsdiens. | | |
| 5. Netto bedryfstekort | (205,0m) | (195,6m) |
| Dit verwys na die netto uitkoms oor nadat alle uitgawes aangegaan vir die bestuur van die skema afgetrek is, voor beleggingsinkomste. | | |
| 6. Beleggingsinkomste | 131,3m | 98,75m |
| Dit is inkomste ontvang van beleggings gemaak in vorige jare en bestaan uit rente, dividende en verhoging in waarde van aandeelhoudings. | | |
| 7. Netto gesondheidsorgresultate – bedrae toegeskryf aan toekomstige lede van die skema | (73,8m) | (96,8m) |
| Dit verwys na die netto uitkoms oor nadat alle bydraes geneem is minus gesondheidsorgkoste en administrasie. | | |

Finansiële posisie

| | | |
|---|----------------|----------------|
| 8. Beleggingsbalans | 1,412bn | 1,486bn |
| Dit is die waarde van bedrae wat oor die jare opsy gesit is om vir groeiegeleenthede in die skema te voorsien. | | |
| 9. Sleutelverhoudings om na op te let | | |
| • Invorderingsverhouding: bedrag ingevorder van premies vs bedrae gefaktureer. | 98,14% | 96,96% |
| • Eiseverhouding: meet die bedrag wat ons aan eise betaal vs bedrae as 'n bydrae ontvang. | 104,26% | 104,66% |
| • Likwiditeitsverhouding meet die bedrag wat die skema beskikbaar het om aan korttermynverpligtinge te betaal soos wat dit voorkom (eise en uitgawes). | 3.76:1 | 3.96:1 |
| • Solvensieverhouding: Dit meet die vermoë van die skema om in die toekoms as 'n lopende saak bedryf te word, terwyl alle verpligtinge nagekom word. | 73,46% | 81,63% |

SESO THO TRANSLATIONS

TLALEHO E KGUTSUFADITSWENG YA TSHEBETSO YA SELEMO YA TSA DITJHELETE SA 2023

Tsena ke dintho tse ka sehloohong bakeng sa Disetatamente tsa Selema tsa Ditjhelete bakeng sa selema se hlalojwang

| Tshebetso ya tsa ditjhelete | R 2023 | R 2022 |
|--|-----------|-----------|
| 1. Tjhelete e kenang ya inshoreense Sena se bolela tjhelete yohle e keneng e le tjhelete e lefshwang kgwedi le kgwedi e tswang ho ditho hammoho le tjhelete ya diphallelo bakeng sa ditho e lefshwang ke bahiri. | 1,837bn | 1,727bn |
| 2. Ditshenyehelo tsa ditshebeletso tsa inshoreense Tsena di amana le tjhelete yohle e lefuweng dipetlele, dingakeng le ho di-pharmacy bakeng sa ho kwahela ditshenyehelo tsa pheko tse ditho di keneng ho tsona. | (1,999bn) | (1,876bn) |
| 3. Sephetho sa ditshebeletso tsa inshoreense Sena se amana le tjhelete e tswang kamora ho amohela ditjhelete kaofela re tlosa tjhelete ya tsa bophelo bo botle le ditshebeletso. | (162,3m) | (149,8m) |
| 4. Ditshenyehelo tse sa amanang le tsa bophelo bo botle E kenyelletswa tlasa tjhelete e amanang le ho tsamaisa Sekimi, re ntsha ditshenyehelo tse amanang le ditshebeletso tsa inshoreense ka kotloloho. | (42,7m) | (45,8m) |
| 5. Tahlehelo e bileng teng kamora ho fana ka ditshebeletso Sena se amana le tjhelete e tswang e setseng kamora ho tlosa tjhelete ya ditshenyehelo kaofela tse entsweng taolong ya Sekimi pele ho lekeno la tjhelete e bolokwang. | (205,0m) | (195,6m) |
| 6. Lekeno le Tjhelete e Bolokwang Ena ke tjhelete e amohetsweng ho tswa tjheleteng e bolokwang e patetsweng dilemong tse fetileng e seng e na le phaello, ditsiane mme le tjhelete e se e eketsehile ya dishere. | 131,3m | 98,75m |
| 7. Sephetho sa tjhelete e amanang le tsa Bophelo bo botle – e ka lefshwa bakeng sa ditho tsa nakong e tlang ya Sekimi Sena se amana le tjhelete e tswang e setseng kamora ho amohela ditjhelete tsohle re tlosa tjhelete ya tsa bophelo bo botle le ditshebeletso. | (73,8m) | (96,8m) |

Boemo ba tsa Ditjhelete

| | | |
|--|---------|---------|
| 8. Tjhelete e Setseng e Bolokilweng Ena ke tjhelete eo esale e ntse e behellwa ka thoko ka dilemo bakeng sa ho thusa ho bula menyetla ya ho hodiisa Sekimi. | 1,412bn | 1,486bn |
| 9. Dipalopalo tse ka sehloohong tseo re lokelang ho di ela hloko | | |
| • Rashiyo ya pokello: tjhelete e bokelletsweng ho tswa lekenong la kgwedi le kgwedi papisong le tjhelete e lefilweng. | 98,14% | 96,96% |
| • Rashiyo ya Ditleleimi: ke tekanyo ya tjhelete yo re e lefileng ya ditleleimi papisong le eo re e fumaneng ho tswa ho ditho. | 104,26% | 104,66% |
| • Rashiyo ya Likhwidithi ke ho hakanya tjhelete eo Sekimi se nang le yona bakeng sa ho lefa ditshepiso tsa nako e kgutshwane ha di hlaha (ditleleimi le ditshenyehelo). | 3.76:1 | 3.96:1 |
| • Rashiyo ya ho lefa dikoloto: Ke bakeng sa ho hakanya bokgoni ba Sekimi ba ho sebetisa kamoso le ho finyella boitlamo ba sona. | 73,46% | 81,63% |

ZULU TRANSLATIONS

UMBIKO OFUSHANISIWE WAMINYAKA YONKE WOKUSEBENZA KWEZIZIMALI WANGONYAKA KA-2023

Lezi izakhi eziyinhloko zeSitatimende Sezezimali Saminyaka Yonke sangonyaka obuyekwezwayo.

Ukusebenza kwezezimali

| | R 2023 | R 2022 |
|--|------------------|------------------|
| 1. Imali yomshwalense engenile | 1,837bn | 1,727bn |
| Lokhu kubhekisela kuyo yonke imali engenile ekhokhwa amalungu zinyanga zonke kanye nezimali zamalungu eziwuxhaso oluvela kubaqashi. | | |
| 2. Izindleko zezinsiza zomshwalense | (1,999bn) | (1,876bn) |
| Lokhu kubhekisela kuzo zonke izindleko ezikhokhelwe izibhedlela, odokotela kanye nezindawo ezidayisa imithi ukuze kukhokhelwe izindleko zokwelashwa kwamalungu. | | |
| 3. Imiphumela yezinsiza zomshwalense | (162,3m) | (149,8m) |
| Lokhu kubhekisela kokusalayo uma sekuthathwe yonke imali ekhokhwe amalungu kwasuswa kuyo izindleko zezokwelashwa nomsebenzi wasehhovisi. | | |
| 4. Izindleko ezingezona ezokwelashwa | (42,7m) | (45,8m) |
| Kufakwe ngaphansi kwezindleko ezihlobene nokunakekela i-Scheme, ngaphandle kwezindleko ezihlobene ngokuqondile nezinsiza zomshwalense. | | |
| 5. Okushodayo ngemva kokusebenza | (205,0m) | (195,6m) |
| Lokhu kubhekisela kokusalayo uma sekukhishwe zonke izindleko ezibe khona njengengxenywe yokulawulwa kwe-Scheme ngaphambi kokungena kwenzuzo yemali etshaliwe. | | |
| 6. Inzuzo Yemali Etshaliwe | 131,3m | 98,75m |
| Le mali ivela ezimalini ezitshalwe eminyakeni yangaphambili futhi ihlanganisa inzalo, ingxenywe yezabelo kanye nokunyuka kwamanani ezimali ezigcinwe abaphathiswa. | | |
| 7. Imiphumela Esalayo Yokunakekelwa Kwezokwelashwa – amanani ahlotshaniswa namalungu angesikhathi esizayo e-Scheme | (73,8m) | (96,8m) |
| Lokhu kubhekisela kokusalayo uma sekuthathwe yonke imali ekhokhwe amalungu kwasuswa kuyo izindleko zezokwelashwa nomsebenzi wasehhovisi. | | |

Ukuma Kwezimali

| | | |
|--|----------------|----------------|
| 8. Ibhalansi Yezimali Ezitshaliwe | 1,412bn | 1,486bn |
| Leli inani lezimali ezabekelwa eceleni eminyakeni eyedlule ukuze zivule amathuba okukhula kwe-Scheme. | | |
| 9. Izilinganiso eziyinhloko okumele ziphawulwe | | |
| <ul style="list-style-type: none"> Izilinganiso zokuqoqiwe: imali eqoqwe ezimalini ezikhokhwa amalungu eziqhathaniswa namanani. | 98,14% | 96.96% |
| <ul style="list-style-type: none"> Isilinganiso sokumele kukhokhelwe abahlinzeki: sikala inani esilikhokhile uma liqhathaniswa namanani atholiwe akhokhwa amalungu. | 104,26% | 104.66% |
| <ul style="list-style-type: none"> Isilinganiso samandla okukhokha sikala inani lemali i-Scheme esinayo ukuze sikwazi ukukhokhela izibopho zaso zesikhathi esifushane uma ziqhamuka (izicelo zokukhokhela abahlinzeki nezindleko). | 3.76:1 | 3.96:1 |
| <ul style="list-style-type: none"> Isilinganiso sokuzinza kwezezimali: Lesi sikala amandla e-Scheme okukwazi ukuqhubeka sisebenza njengesimo esikhathazayo esikhathini esizayo njengoba sibhekana nezibopho zaso. | 73,46% | 81,63% |

[illegible]

CONTACT INFORMATION



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