medical aid society
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bp

Notice of the Annual General Meeting

TO BE HELD ON WEDNESDAY, 24 JUNE 2026

Including the annual financial statements for the year ended 31 December 2025

NOTICE IS HEREBY GIVEN THAT THE EIGHTY-SEVENTH ANNUAL GENERAL MEETING OF BP MEDICAL AID SOCIETY WILL BE HELD VIRTUALLY ON WEDNESDAY, 24 JUNE 2026, AT 10:00

To enable as many members as possible to attend the Annual General Meeting (AGM), the Society has appointed Lumi Technologies to conduct the AGM virtually, giving you the opportunity to attend and participate using a smartphone, tablet, laptop or computer. You will be able to view a live webcast of the meeting and submit your votes in real time.

To register for the meeting, visit **https://reg.lumiengage.com/bp-medical-as-2026-agm**. Enter your membership number to log in and complete the registration process. You will receive a 'Meeting Access' email from **supportza@lumiengage.com** with details on how to access the meeting platform.

To access the meeting platform, visit **https://web.lumiconnect.com/xxx** (Meeting ID xxx), as per the 'Meeting Access' email, and accept the terms and conditions. The latest version of Chrome, Safari, Edge or Firefox is required. Please ensure the web browser is compatible.

In the 'Meeting Access' email from **supportza@lumiengage.com,** look for the unique login credentials. To access the meeting, select 'I am a principal member' and enter the username and password.

When your credentials have been successfully authenticated, the home screen will be displayed. The broadcast screen will either appear on the right (laptops and computers) or at the bottom of the screen (smartphones and tablets). Once the meeting starts, the broadcast will start automatically. If the broadcast screen does not appear automatically and you require technical assistance, email the support team at **supportza@lumiengage.com.**

AGENDA

1. Opening and welcome, confirmation of proper notice given and quorum present

   (At least thirty members of the Society, physically or virtually present, shall form a quorum. If a quorum is not present after half an hour from the time fixed for the commencement of the meeting, the meeting shall be postponed by one hour and the members then physically or virtually present shall form a quorum.)

2. Attendance, apologies and proxies received
3. **Resolution 1** | Approval of the Minutes of the Annual General Meeting held on 26 June 2024
4. **Resolution 2** | Approval of the Minutes of the Annual General Meeting held on 25 June 2025
5. Presentation by the Chairperson of the Board for the year ended 31 December 2025
6. Presentation of the audited Annual Financial Statements for the year ended 31 December 2025
7. **Resolution 3** | Appointment of the External Auditors for the ensuing year
8. Disclosure of the Trustees' and Committee Members' remuneration
9. Announcement of the election of the Union Member-Elected Trustee
10. Announce the composition of the Disputes Committee
11. Other business of which notice was given to the Principal Officer by 17 June 2026

We look forward to your participation at this very important meeting for members of the Society.

By order of the Board

JANINE DANIELS
PRINCIPAL OFFICER

AFFIDAVIT

I, the undersigned,

ANDRIES STEFANUS ERASMUS

do hereby make oath and state as follows: -

1. I am an adult male attorney, practising under the name and style of Hill Erasmus Attorneys, with LPC Practitioner Number 121902.

2. The facts contained herein fall within my personal knowledge, unless the context indicates otherwise, and are, to the best of my knowledge and belief, both true and correct.

3. I have considered the Minutes of Meeting and Annual General Meeting ("AGM") provided to me by BP Medical Aid Society.

4. I was requested to review the said minutes and to confirm whether same constitute a fair and accurate reflection of the proceedings of the Annual General Meeting.

5. In considering the aforesaid minutes, I followed the procedure set out hereunder:

    5.1. I first listened to the recording of the Annual General Meeting as if I were a member in attendance, and made contemporaneous notes thereof;

    5.2. I thereafter considered the minutes and compared same against the notes taken by me; and

    5.3. I further reviewed the minutes while listening to the recording of the Annual General Meeting in order to verify the accuracy

thereof.

6. Accordingly, I confirm that the minutes of the meeting, annexed hereto marked **"AGM1",** constitute a fair and accurate reflection of the proceedings of the Annual General Meeting.

DEPONENT

I CERTIFY THAT THE DEPONENT SIGNED THIS AFFIDAVIT BEFORE ME, ON THE 25th DAY OF May 2026 IN MY PRESENCE AND AT Cape Town AND ACKNOWLEDGED THAT SHE:-

1. knew and understood the contents hereof;
2. had no objection to taking this oath; and
3. considered this oath to be binding on her conscience and uttered the following words:

"I SWEAR THAT THE CONTENTS OF THIS AFFIDAVIT ARE TRUE AND CORRECT, SO HELP ME GOD."

COMMISSIONER OF OATHS

NAME: Francois Van der Westhuizen

ADDRESS: Commissioner of Oaths (RSA)
Ex Officio: Practising Attorney
7th Floor, 38 Wale Street,
Cape Town, 8001

DESIGNATION:

"AGM1"

medical aid society
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bp

BP MEDICAL AID SOCIETY
(Hereinafter referred to as 'the Society')

MINUTES OF THE EIGHTY-FIFTH ANNUAL GENERAL MEETING HELD VIRTUALLY ON WEDNESDAY, 26 JUNE 2024 AT 10:00

PRESENT:

One hundred and four (104) members represented (virtually and by proxy), together with:

Board

• Mr Michael Wilson	Chairperson
• Ms Tasneem Connelly	Employer-appointed Trustee
• Mr Colin McClelland	Member-elected Trustee (membership number 23216)
• Mr Joe Mahlo	Vice-Chairperson (membership number 9354212)
• Mr Doug Klein	Employer-appointed Trustee (membership number 9604111)
• Mr Kutloelo Mtshazo	Trade Union Representative Trustee (membership number 162445)

Guests

• Mr Bradley Sickle	Chairperson of the BP Medical Aid Society Audit and Risk Committee
• Ms Janine Daniels	Acting Principal Officer
• Dr Shuaib Manjra	Medical Advisor
• Mr Michael Neubert	Corporate Executive, representing Momentum Health Solutions (MHS)
• Ms Roshan Andrews	Fund Manager, representing MHS
• Ms Janine Arendse	Fund Coordinator, representing MHS
• Ms Althea Groenewald	Auditor, representing Mazars
• Mr Ruanne de Wit	Actuary, representing Alexander Forbes Health
• Ms Michelle Beneke	Representing the Society Attorneys
• Ms Avril Jacobs	Representative of the Council for Medical Schemes (CMS)
• Ms Neo Mnizelwa	Representative of the CMS

APOLOGY:

No apologies were received.

1. OPENING AND WELCOME

The Chairperson opened the meeting at 10:05 and welcomed all participating in the virtual Annual General Meeting (AGM). A special welcome was extended to Ms Jacobs and Ms Mnizelwa as representatives of the CMS. He further confirmed that the virtual portal is utilised to ensure that all members are afforded access thereto, and that this approach is more cost-effective.

The Chairperson read the notice convening the AGM, which was circulated timeously to all members, and the content was taken as **read.**

2. ATTENDANCE, APOLOGIES AND PROXIES RECEIVED

No apologies were received.

Two (2) proxy was received in favour of Mr R Glass.

Seventy-one (71) proxies were received in favour of Mr P Dewey.

2. ATTENDANCE, APOLOGIES AND PROXIES RECEIVED (CONTINUED)

The Chairperson confirmed that these proxies would apply to all voting of the relevant agenda items, other than the election of Trustees, which had already been concluded prior to the AGM, the outcome of which would be announced to members later in the meeting.

There being a **quorum,** the Chairperson confirmed the meeting duly constituted in accordance with the rules of the Society.

Ms Michelle Beneke provided member training in terms of the operation of a medical scheme, covering the following aspects:

- Medical Schemes Act, 131 of 1998, relating to the rights of members;
- BP Medical Aid Society Rules relating to the rights of members;
- BP Medical Aid Society Rules relating to the governance, duties and powers of the Board of Trustees.

The Chairperson opened a poll for members to indicate their understanding of these rights as it pertained to them as members. A total of 23 members voted in the poll and the outcome reflected that nineteen (19) members (82.61%) understood the Rules and four (4) members (17.39%) did not.

3. RESOLUTION 1 (BINDING): APPROVAL OF THE MINUTES OF THE AGM HELD ON 28 JUNE 2021

The minutes of the AGM held on 28 June 2021, having been circulated, was **approved** by the members, the resolution of which was voted on as follows. The resolution was carried by majority vote:

	Votes	Percentage (%)
In favour	86	95.56%
Against	4	4.44%
Abstained	8	

The following matters arose from the previous minutes:

- **Members residing overseas**

  The Board reviewed and amended the processes relating to:

  - contributions made to the Society by these members are now collected monthly; and
  - refunds due to these members by the Society are now paid monthly.

  This matter was regarded as closed.

- **Operations Committee**

  - The Committee consists of the Acting Principal Officer, the Administrator and bpSA Payroll.
  - The meeting frequency of the Committee is monthly.
  - Operational challenges are raised, addressed and resolved at these meetings.

  This matter was regarded as closed.

4. PRESENTATION OF THE REPORT OF THE CHAIRPERSON OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2023

The Report of the Chairperson of the Board of Trustees for the year ended 31 December 2023, having been circulated in the Annual Financial Statements, was taken as read.

The Chairperson presented a Risk Report to the meeting and elaborated on the following key matters:

- The 2002 Agreement between bpSA and BP Medical Aid Society regulates important aspects of the relationship between the Employer and the Society, which includes, but are not limited to:

  - the Scheme's understanding to admit to membership (subject to the general provisions of the Rules) and retain as members persons designated by bpSA to be employees or continuation members, as defined in the Rules;

4. PRESENTATION OF THE CHAIRPERSON OF THE BOARD OF TRUSTEES REPORT FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

- the election of the Trade Union Representative to the Board of Trustees;
- the right to appoint an equal number of persons as Employer Representatives to the Board, to those elected by the members, excluding the elected Trade Union Representative;
- an extension of the period of office of Trustees appointed by the Board;
- removal of the casting vote of the Chairperson;
- agreement that the Society would amend the Rules to provide for such provisions;
- liability of bpSA for payment to the Society and undertaking by the Society in consideration of such contributions;
- payment of members' claims for the treatment of HIV; and
- payment of the salary of the Principal Officer.

The Continuing Financial Commitment (CFC) contribution to the Society amounted to R32 million in 2023 (2022: R31.7 million). **The risk being that without this continued financial contribution, member contributions would significantly increase.**

- Update on the National Health Insurance (NHI):
  - The NHI Bill was signed into law by President Cyril Ramaphosa on Wednesday, 15 May 2024.
  - The Society supports the implementation of an NHI model that sustainably, practically and affordably extends access to quality healthcare to all SA citizens.
  - At present, the Society feels that the NHI Act is not suitably geared towards delivering on this promise, as it rules out private sector collaboration and does not have access to the funding required to implement a working solution.
  - The Society commits to continue engaging with all relevant stakeholders and Government to progress towards an NHI that truly benefits all South Africans.

The risk being that the full implementation of the NHI in its current form would lead to the demise of BP Medical Aid Society.

- The operational statistics of the Society:
  - The number of principal members had steadily declined over time.
  - The average age had increased dramatically, with the associated risks thereof reflected in the chronic illnesses prevalence of the Society;

The risk being that the age profile and burden of disease and the declining membership may result in higher contribution increases.

5. RESOLUTION 2 (NON-BINDING): ADOPTION OF THE CHAIRPERSON OF THE BOARD OF TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

The Chairperson's Report for the year ended 31 December 2023 was **presented** to the members, with the majority of members indicating that they do not understand the risks mentioned in 4. above.

The resolution was carried by majority vote:

	Votes	Percentage (%)
For – I understand the risks facing the Society	11	11.83%
Against – I require more information on the risks	82	88.17%
Abstained	0	

The Chairperson advised that it was evident that a large proportion of the members require additional information relating to the risks faced by the Society and this matter would be addressed under the tenure of the newly elected Board of Trustees.

The members **noted** the Trustees and independent members appointed to the Audit and Risk Committee of the Society, as set out in the Terms of Reference, as per the Medical Schemes Act, 131 of 1998.

6. PRESENTATION OF THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

Mr Bradley Sickle, the Chairperson of the BP Medical Aid Society Audit and Risk Committee, summarised the key points of the Annual Financial Statements for the year ended 31 December 2023, a copy of which was included in the meeting pack and the content of which was taken as **read.**

7. RESOLUTION 3 (NON-BINDING) ADOPTION OF THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

The audited Annual Financial Statements for the year ended 31 December 2023 was **adopted** by the members of the Society.

The resolution was carried by majority vote:

	Votes	Percentage (%)
For	99	96.12%
Against	4	3.88%
Abstained	3	

8. RESOLUTION 4 (BINDING) APPOINTMENT OF THE EXTERNAL AUDITORS FOR THE ENSUING YEAR

The Rules of the Society require that the Auditors be appointed at each AGM to hold office from the conclusion of that meeting until the conclusion of the next AGM. The meeting **noted** the recommendation of the Board to re-appoint Mazars as the Society's external Auditors for the ensuing year.

The members **accepted** and **endorsed** the re-appointment of Mazars as the Society's external Auditors for the ensuing year.

The resolution was carried by majority vote:

	Votes	Percentage (%)
For	90	95.74%
Against	4	4.26%
Abstained	4	

9. DISCLOSURE OF THE TRUSTEES' AND COMMITTEE MEMBERS' REMUNERATION

The Chairperson highlighted the Trustees/Committee members' remuneration and related costs, as presented on page 41, section 11, of the Annual Financial Statements.

10. TO ANNOUNCE THE MEMBER-ELECTED AND EMPLOYER-APPOINTED TRUSTEES

The Chairperson advised that, as per the Court Order issued on 27 November 2024, the amended Rule 18 of the Society reads as follows: *'The affairs of the Society shall be managed according to the Rules by a Board consisting of seven (7) persons who are fit and proper to be Trustees. Three (3) persons shall be appointed by the Employer ('Employer-nominated Trustees'), and four (4) persons must be elected from the members ('Member-elected Trustees'), at least one (1) of whom shall be from the list of nominees furnished by Members who are Trade Union members ('Trade Union Nominees')'.*

Following a nomination and election process conducted by Lumi Technologies prior to the AGM, the Chairperson announced the outcome of the 2024 Trustee election, as well as the Trustees appointed by the Employer, which were noted as follows:

Employer-appointed Trustees

- Tasneem Connelly
- Doug Klein
- Michael Wilson

Member-elected Trustees

- Richard Fienberg
- Anne Book
- Deyar Natha
- Calvin Azwifariwi Nefale (SACWU)

10. TO ANNOUNCE THE MEMBER-ELECTED AND EMPLOYER-APPOINTED TRUSTEES (CONTINUED)

Ms A Groenewald, the Society's appointed Auditor, confirmed the auditing process (an agreed-upon procedure) conducted by Mazars in relation to the 2024 Trustee elections. The Auditors found that the 2024 Trustee elections were free and fair, which places the Society in compliance with Section 57.2 of the Medical Schemes Act, 131 of 1998.

11. TO ANNOUNCE THE COMPOSITION OF THE DISPUTES COMMITTEE

The Chairperson read out the disputes process to follow, as outlined in Rule 28 of the Society's Rules.

The Chairperson advised that a Disputes Committee was established and is mandated by the Board of Trustees by means of written terms of reference as to its membership, authority and duties in line with the Medical Schemes Act, 131 of 1998: *'The Committee shall comprise of three (3) members, who may not be members of the Board of Trustees as defined in the Rules or the Principal Officer or any other Officer of the Society as defined in the Act or of the Administrator'.*

The Disputes Committee comprises:

- Ms J Mosetlhi — Appointed 1 July 2023
- Mr J Kikaya — Appointed 1 July 2023
- Adv H Loots — Appointed 1 June 2024
- Ms I Juhnke — Appointed 1 July 2023 and resigned 28 May 2024

The primary responsibility of the Disputes Committee is to assist the Board of Trustees in carrying out its duties in respect of disputes. A chairperson of the committee is elected from its members at each meeting. There were no Disputes Committee meetings held during the period under review.

12. OTHER BUSINESS OF WHICH NOTICE WAS GIVEN TO THE PRINCIPAL OFFICER BY NO LATER THAN 16 JUNE 2024

A total of two (2) motions were received, which were outlined as follows:

Motion 1 was received from Mr Peter Dewey and 88 listed members of the Concerned Members Support Group (CMSG):

It was moved that the present serving Trustees and the relevant prior Trustees during the period 2018 to present should be censured by the members for knowingly persisting in a state of non-compliance with the governance requirements of the Medical Schemes Act, 131 of 1998, and for resisting the Registrar in his attempts to regularise the governance of the Society, to the point where the Registrar had to institute court action against the Society.

Furthermore, the new Board of Trustees formed after the 2024 AGM was called upon to set it as a first order of business that a full account of the costs incurred by both the Society and its members as a consequence of this non-compliance should be disclosed to the members as soon as possible.

Motion 2 was received from Mr Glass:

- It was moved that the Acting Principal Officer of the Society be censured by the members for knowingly persisting in a state of non-compliance with the governance requirements of the Medical Schemes Act, 131 of 1998, and for resisting the Registrar in his attempts to regularise the governance of the Society, to the point that the Registrar had to institute court action against the Society in an attempt to enforce compliance.

- Furthermore, the newly appointed Board was called upon to fully investigate the Acting Principal Officer's conduct relating to the activities of the 'illegitimate' Board of the Society from July 2021 to present, during which time the Acting Principal Officer failed to safeguard the interests of members and prevailed over her own agenda and that of others in direct contravention of the Medical Schemes Act, 131 of 1998, principles of governance and Rules of the Society.

12. OTHER BUSINESS OF WHICH NOTICE WAS GIVEN TO THE PRINCIPAL OFFICER BY NO LATER THAN 16 JUNE 2024 (CONTINUED)

The Chairperson handed over to Ms Beneke, who represented the Society's appointed Attorneys, to address both motions presented. Ms Beneke highlighted the following key points:

- The Constitutional Court in *Genesis Medical Scheme vs the Registrar of Medical Schemes and Another* (2017) ZACC 16 held that the nature of the relationship that exists between a medical scheme and its members is commercial in nature, which is similar to the commercial relationship between an insurer and an insured: the scheme undertaking liability in return for the payment of a contribution. As such, the powers of members of a medical scheme are limited to those prescribed in the Medical Schemes Act, 131 of 1998, as amended, and the approved rules of a medical scheme. Likewise, neither the Medical Schemes Act nor the Rules of BP Medical Aid Society affords members the right or the power to censure the Board of Trustees or direct them in the management of the Society's affairs, or to reprimand the Principal Officer. Should members have complaints or disputes with the Society, represented by the Board of Trustees, these complaints must be formally lodged by the members in terms of Rule 28.

- The Board of Healthcare Funders (BHF), which is the industry representative body, wrote to the Chairperson of the CMS and the Minister of Health on 16 February 2024 to lodge a formal complaint regarding the over-reach of the CMS, wherein, amongst others, the BHF noted that curatorship was being used as a tool to intimidate the boards of medical schemes within the industry. By misapplying the remedy of curatorship, the Registrar and CMS were wasting public funds on expensive litigation. The chairperson reiterated that the BP Medical Aid Society Board was concerned that appointment of a curator would translate into reputational damage to the Society that would be enormous. The cost of having a Curator appointed was estimated to be between R3.6 million and R4 million and the cost of litigation to defend the Society was approximated at R1.8 million.

- The Society had addressed various governance matters and had furthermore submitted a Rule amendment addressing the composition of the Board to the Registrar. The Registrar in turn was '*functus officio*' and, as such, was unable to withdraw an administrative order despite being informed that the governance matters had subsequently been rectified and that the Rule amendment had been submitted to CMS. The Society and the Registrar reached a settlement in the High Court relating to this matter on 27 November 2023, whereby the Registrar would appoint an Investigator to consider the question of the proper composition of the Board and the degree to which an amendment of the Rules of the Society would adequately address any disputes relating to the composition of the Board.

- The court order stipulated that the Society was directed to reconstitute its Board of Trustees in accordance with the amended Rules, to appoint Lumi Technologies (Pty) Ltd to conduct the Trustee election process in accordance with the Rules, and to convene an AGM within 90 days. The current Board was to continue to discharge its functions and duties in accordance with the Society's Rules, citing the *Oudekraal* principle.

- The Investigators' Report concluded that the composition of the Board did not satisfy the requirements of the Medical Schemes Act, 131 of 1998. However, it was found that the amended Rules of the Society would not be in contravention of Section 57(2) of the Medical Schemes Act and would adequately address the existing disputes relating to the composition of the Board. Based on the outcome of the Investigators' Report and in terms of the court order, the Rule shall be deemed to have been amended on 27 November 2023.

- The Investigators' Report and court order with the amended Rules may be viewed on the member portal of the BP Medical Aid Society website.

Claims against the Employer:

Clause 4.1.3.6 of the 2002 Agreement between BP Medical Aid Society and bpSA indicated that, should any changes to the overall membership of the Society be brought about through the action of the Employer that results in financial prejudice to the membership, the parties are obliged to renegotiate the additional contribution made by the Employer to remove the prejudice.

In 2021, the Employer deviated from its standard conditions of employment and permitted the Total-Cost-of-Employment (TCOE) staff the freedom to join a medical scheme of their choosing. This resulted in the Society lodging a claim of R178 million against the Employer. This matter is currently under arbitration and must be pursued by the newly elected Board.

12. OTHER BUSINESS OF WHICH NOTICE WAS GIVEN TO THE PRINCIPAL OFFICER BY NO LATER THAN 16 JUNE 2024 (CONTINUED)

In 2024, the Employer outsourced its secondary transport function, impacting 193 members. On 30 April 2024 the Society lodged a claim of R132 million against the Employer. This claim must be pursued by the newly appointed Board.

To this end, the Society appointed a negotiation team consisting of Mr Bradley Sickle (Chairperson of the BP Medical Aid Society Audit and Risk Committee), Ms Michelle Beneke (BP Medical Aid Society Attorney of Record) and Mr Carl Yssel (3One Consulting Actuaries).

The Chairperson opened the floor for additional questions relating to the agenda, after which the following two questions were raised:

- **Why was Mr Wilson operating as Chairperson of the AGM?**
  The Chairperson responded and advised that, as the current Chairperson of the Board of Trustees, it was his responsibility to chair the AGM (Rule 18.12).

- **Why were questions not allowed during the presentation?**
  The Chairperson responded that this was due to the time constraints within which the AGM was scheduled and questions were being held until the end of the meeting and any additional questions could be directed to agmbpmas@momentum.co.za.

CLOSURE

The Chairperson thanked everyone for attending and assured the meeting that the Board of Trustees would find innovative ways to ensure the sustainability of BP Medical Aid Society in the best interests of its members.

There being no further business, the Chairperson declared the meeting closed at 11:18.

CHAIRPERSON **DATE**

BP MEDICAL AID SOCIETY
(Hereinafter referred to as 'the Society')

MINUTES OF THE EIGHTY-SIXTH ANNUAL GENERAL MEETING HELD VIRTUALLY ON WEDNESDAY, 25 JUNE 2025 AT 10:00

PRESENT:
Forty-six (46) members represented (virtually and by proxy), together with:

Board

• Mr Michael Wilson	Chairperson
• Ms Tasneem Connelly	Employer-appointed Trustee
• Mr Ian Hodgkinson	Member-elected Trustee
• Ms Irene Juhnke	Member-elected Trustee
• Mr David Kidd-Anderson	Member-elected Trustee
• Mr Lwazi Sihlobo	Employer-appointed Trustee
• Mr Calvin Azwifariwi Nefale	Vice-Chairperson/Union Member-elected Trustee

Guests

• Mr Bradley Sickle	Chairperson of the Audit and Risk Committee
• Mr Chris Bosenberg	Chairperson of the Investment Sub-Committee
• Mr Hamlet Morule	bpSA (the Employer)
• Ms Janine Daniels	Acting Principal Officer
• Dr Shuaib Manjra	Medical Advisor
• Mr Michael Neubert	Corporate Executive, representing Momentum Health (MH)
• Ms Roshan Andrews	Fund Manager, representing MH
• Ms Janine Arendse	Fund Coordinator, representing MH
• Mr Victor Saku	Management Accountant, representing MH
• Ms Althea Groenewald	Auditor, representing Forvis Mazars
• Mr Paresh Prema	Actuary, representing Alexander Forbes
• Mr Ruanne de Wit	Actuary, representing Alexander Forbes
• Ms Michelle Beneke	Representing the Society's Attorneys
• Mr Kwena Mokoatedi	Representative of the Council for Medical Schemes (CMS)

APOLOGY:
No apologies were received.

1. OPENING AND WELCOME

The Chairperson opened the meeting at 10:05 and welcomed all participating in the virtual Annual General Meeting (AGM). A special word of welcome was extended to Mr Mokoatedi, the representative of the CMS.

The Chairperson read the notice convening the AGM, which was circulated timeously to all members, and the content was taken as **read.**

2. ATTENDANCE, APOLOGIES AND PROXIES RECEIVED

No apologies were received.

Ten (10) proxies were received in favour of Ms Anne Book.

The Chairperson confirmed that these proxies would apply to all voting pertaining to the relevant agenda items.

There being a **quorum,** the Chairperson confirmed the meeting duly constituted in accordance with the rules of the Society.

3. RESOLUTION 1 (BINDING): APPROVAL OF THE MINUTES OF THE AGM HELD ON 26 JUNE 2024

The minutes of the AGM held on 26 June 2024, having been circulated, was **not approved** by the members, the resolution of which was voted on as follows. The resolution was not carried by majority vote:

	Votes	**Percentage (%)**
In favour	10	37.04%
Against	17	62.96%
Abstained	9	

The Chairperson informed the meeting that, as the minutes had not been approved, it would stand over and be tabled at the next AGM. The Chairperson urged members to verify the minutes against the recording uploaded to the Society's website, and to inform the Acting Principal Officer of any concerns pertaining to the accuracy of the minutes.

4. PRESENTATION OF THE REPORT OF THE CHAIRPERSON OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2024

The Report of the Chairperson of the Board of Trustees for the year ended 31 December 2024, having been circulated together with the Annual Financial Statements, was taken as **read**. The Chairperson elaborated on the following key matters:

- **Update on South African medical aid industry**

  - As at 2023, medical schemes covered approximately 14.7% of the population, including nine million beneficiaries.
  - The total value of healthcare expenditure in relation to benefits paid amounted to R239 billion.
  - Open schemes reported solvency levels of 33.75%, while restricted schemes ended the year at 56.64%. There was a concerning trend of younger members opting out of medical schemes due to cost pressures, leading to an ageing membership base and increased prevalence of chronic disease.
  - In May 2024, the National Health Insurance (NHI) Act was signed into law by the President of the country. The NHI aims to provide universal, quality healthcare services cover to South African citizens by establishing a single public fund to purchase healthcare services, potentially phasing out much of the role of private insurers or medical aids. However, the NHI faces significant challenges, including legal disputes and concerns raised over funding and scepticism over the government's capacity to implement such a comprehensive scheme.
  - The reduction in USAID led to the loss of over 8,000 health worker positions.
  - The medical industry stood at a crossroads, balancing affordability, comprehensive coverage and sustainability, which were more critical than ever.

4. PRESENTATION OF THE REPORT OF THE CHAIRPERSON OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

- **Key Society trends for 2024**

  - The total number of beneficiaries declined by 27.7%, which was mainly due to the sale of the transport division by the Employer.
  - The total number of principal members for 2024 equalled 996, which reflected a decrease of 19.8%;
  - The solvency ratio increased by 12.5% to 177%. The solvency ratio formula was determined by the number of members comparative to the Society's reserves held.
  - Managed care fees as a percentage equalled 1.7% and administration fees as a percentage equalled 6.7%, totalling 8.4%. This was well within the guideline of 10% on managed care and administration fees provided by the Regulator. A decrease of 16.4% was noted in the total administration fees for 2024, which amounted to R4.342 million.
  - The Society's investments increased by 11.0% during 2024 to R218 million.
  - The Continuing Financial Commitment (CFC) contribution to the Society amounted to R30.5 million in 2024. Without this continued financial contribution, member contributions would significantly increase.

- **Membership trends of the Society**

  - The number of principal members steadily declined over time.
  - The average age increased dramatically, with the associated risks thereof reflected in the chronic illnesses prevalence of the Society – the risk having been that the age profile and burden of disease and the declining membership may result in higher contribution increases.

- **2002 Agreement**

  The 2002 Agreement regulated some important aspects of the relationship between the Society and the Employer, including but not limited to:

  - the Society's undertaking to admit to membership (subject to the general provisions of the rules) and retain as members, persons designated by bpSA to be employees or continuation members, as defined in the rules;
  - the election of a Trade Union Representative to the Board of Trustees;
  - the right to appoint an equal number of persons as Employer Representatives to the Board, to those elected by the members, excluding the elected Trade Union Representative;
  - an extension of the period of office of Trustees elected to the Board;
  - removal of the casting vote of the Chairperson of the Board;
  - agreement that the Society would amend the rules to provide for such provisions;
  - liability of bpSA for payment to the Society, and undertakings by the Society in consideration of such liability;
  - continuation member subsidy and additional contribution/subsidy of employee members' contributions;
  - payment of members' claims for the treatment of HIV; and
  - payment of the salary of the Principal Officer.

- **2024 AGM**

  The court order issued on 27 November 2023 approved the amendment of rule 18 of the Society, which stated: *'The affairs of the Society shall be managed according to the Rules by a Board consisting of seven (7) persons who are fit and proper to be Trustees. Three (3) persons shall be appointed by the Employer ('Employer-nominated Trustees') and four (4) persons shall be elected from the Members ('Member-elected Trustees'), at least one (1) of whom shall be from the list of nominees furnished by Members who are Trade Union members ('Trade Union Nominees')'*.

4. PRESENTATION OF THE REPORT OF THE CHAIRPERSON OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

- **Auditors' Report on the 2024 Trustee elections**

  - Mr Richard Feinberg, Ms Anne Book and Mr Deyar Natha were elected by the members and Mr Azwifariwi Nefale was elected by the Trade Union members, as nominated by the Trade Union.
  - The Auditors declared the election to be free and fair, and conducted in accordance with the laid-down procedures.

- **Disciplinary hearing**

  - The Society conducted member elections, in compliance with the order of the High Court, which culminated in the announcement of the names of four (4) Member-elected Trustees at the AGM held on 24 June 2024, thereby duly constituting the Board of Trustees.
  - A breach of confidential information and failure to adhere to the Trustees' Code of Conduct (as enshrined in the rules of the Society) by a Member-elected Trustee, led to his suspension on 23 July 2024. After an intensive independent external investigation following a rigorous process by the legal firm Edward Nathan Sonnenberg Inc. (ENS), a recommendation was made to the Board to remove the first Member-elected Trustee.
  - Two (2) additional Member-elected Trustees were implicated in the same breach of confidential information, based on sworn affidavits submitted by them to the ENS independent investigation, resulting in their suspension on 18 November 2024.
  - The Board considered the recommendation of ENS in relation to the first Member-elected Trustee. The other two Member-elected Trustees were given an opportunity to defend themselves at the Board meeting; however, they failed to appear. The Board resolved to remove the three (3) Member-elected Trustees on 4 December 2024.
  - In terms of rule 18.8.2, the Board filled casual vacancies from the list of previous candidates. The members on the ballot list with the next highest number of votes had taken up these seats from 1 March 2025.
  - Any casual vacancy that arises on the Board shall be filled for the remainder of the terms as follows:
    - by the Employer, in the case of Employer-appointed Trustees;
    - by the Board, in the case of Member-elected Trustees, and from the list of previous candidates who are willing to serve as Trustees, failing which, by way of a special election following the procedure laid down in rule 18.6, provided that where such a vacancy arises within three (3) months of the end of the terms of office of any such Trustee, the Board shall not be obliged to fill such vacancy; and
    - provided that such vacancy in rules 18.8.1, 18.8.2 and 18.8.3 exists, shall not be filled by any person who refuses to sign and/or adhere to the Code of Conduct.
  - The Member-elected Trustee vacancies were filled by Mr David Kidd-Anderson, Ms Irene Juhnke and Mr Ian Hodgkinson.

- **Audit and Risk Committee**

  The following Trustees of the Society and independent members were appointed to the Audit and Risk Committee of the Society, as set out in the 'Terms of Reference' and in accordance with the Medical Schemes Act (MSA):

Mr B Sickle	Independent member/Chairperson	Appointed 26 August 2021
Mr M Tshuma	Independent member	Appointed 7 November 2018
Mr C McClelland	Trustee member	Appointed 10 May 2022; and Term ended 26 June 2024
Ms T Connelly	Trustee member	Appointed 26 August 2021

4. PRESENTATION OF THE REPORT OF THE CHAIRPERSON OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

- **Audit and Risk Committee (continued)**

Mr D Klein	Trustee member	Appointed 1 June 2023; and Resigned 10 July 2024
Mr C Bosenberg	Independent member	Appointed 26 August 2021
Mr L Mlomo	Trustee member	Appointed 10 May 2022; and Resigned 31 January 2024
Mr M van Est	Independent member	Appointed 28 October 2022
Mr L Sihlobo	Trustee member	Appointed 26 June 2024

5. PRESENTATION OF THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

Mr Bradley Sickle, the Chairperson of the Audit and Risk Committee, summarised the key points of the Annual Financial Statements for the year ended 31 December 2024, a copy of which was included in the AGM meeting pack, and the content of which was taken as **read.**

6. RESOLUTION 2 (BINDING) APPOINTMENT OF THE EXTERNAL AUDITORS FOR THE ENSUING YEAR

The rules of the Society require that the Auditors be appointed at each AGM to hold office from the conclusion of that meeting until the conclusion of the next AGM. The meeting **noted** the recommendation of the Board to reappoint Forvis Mazars as the Society's External Auditors for the ensuing year.

The members **accepted** and **endorsed** the reappointment of Forvis Mazars as the Society's External Auditors for the ensuing year.

The resolution was carried by majority vote:

	Votes	**Percentage (%)**
For	35	97.22%
Against	1	2.78%
Abstained	4	

7. DISCLOSURE OF THE TRUSTEES' AND COMMITTEE MEMBERS' REMUNERATION

The Chairperson highlighted the remuneration of the Trustees/Committee members and related costs, as outlined on page 39, section 11, of the Annual Financial Statements.

8. TO ANNOUNCE THE COMPOSITION OF THE DISPUTES COMMITTEE

The Chairperson read out the disputes process, as outlined in rule 28 of the Society's rules.

The Chairperson advised that a Disputes Committee was established and is mandated by the Board of Trustees by means of written terms of reference as to its membership, authority and duties in line with the Medical Schemes Act, 131 of 1998: *'The Committee shall comprise of three (3) members, who may not be members of the Board of Trustees as defined in the Rules or the Principal Officer or any other Officer of the Society as defined in the Act or of the Administrator'.*

8. TO ANNOUNCE THE COMPOSITION OF THE DISPUTES COMMITTEE (CONTINUED)

The composition of the Disputes Committee was as follows:

- Ms J Mosetlhi — Appointed 1 July 2023
- Mr J Kikaya — Appointed 1 July 2023
- Adv H Loots — Appointed 1 June 2024

The primary responsibility of the Disputes Committee is to assist the Board of Trustees in carrying out its duties in respect of disputes. A chairperson of the committee is elected from its members at each meeting. There were no Disputes Committee meetings held during the period under review.

9. OTHER BUSINESS OF WHICH NOTICE WAS GIVEN TO THE PRINCIPAL OFFICER BY NO LATER THAN 13 JUNE 2025

No motions were received from members by the stipulated deadline of 13 June 2025.

Claims against the Employer:

Clause 4.1.3.6 of the 2002 Agreement between BP Medical Aid Society and bpSA indicated that, should any changes to the overall membership of the Society be brought about through the action of the Employer that results in financial prejudice to the membership, the parties are obliged to renegotiate the additional contribution made by the Employer to remove the prejudice.

Freedom of association:
In 2021, the Employer deviated from its standard conditions of employment and permitted the Total-Cost-of-Employment (TCOE) staff the freedom to join a medical scheme of their choosing. This resulted in the Society lodging a claim of R178 million against the Employer. This matter was under arbitration.

Sale of the transport division:
In 2024, the Employer outsourced the secondary transport function, affecting 193 members of the Society. On 30 April 2024, the Society lodged a claim of R132 million against the Employer. This claim was being progressed by the Board.

10. CLOSURE

The Chairperson thanked everyone for attending and assured the meeting that the Board of Trustees would find innovative ways to ensure the sustainability of BP Medical Aid Society in the best interests of its members.

There being no further business, the Chairperson declared the meeting closed at 10:35.

CHAIRPERSON **DATE**

Parc du Cap, 7 Mispel Road, Bellville 7530
PO Box 5324 Cape Town 8000
Enquiries: Tel 021 480 4610 or 0800 001 607 Fax 021 480 4969
Email: enquiries@bpmas.co.za
www.bpmas.co.za

medical aid society
there when you need us.

bp

BP MEDICAL AID SOCIETY
CHAIRPERSON'S REPORT: GOVERNANCE, PERFORMANCE AND OUTLOOK
FOR THE YEAR ENDED 31 DECEMBER 2025

The Board remains committed to disciplined, ethical and effective leadership, recognising that sound governance is not an end in itself, but a means to ensuring the long-term sustainability of the Society and the protection of member interests.

During the year under review, the Society continued operating in a constrained and uncertain environment. Ongoing economic pressure, healthcare cost escalation and policy uncertainty within the South African healthcare landscape continue to place structural strain on medical scheme funding models. These realities require deliberate oversight and a clear focus on sustainability.

Against this backdrop, the Society materially strengthened its financial resilience. Accumulated member funds increased to R182.5 million, the solvency ratio settled at 162%, and a net surplus of R31.8 million was recorded, largely driven by favourable investment market performance. This outcome has reinforced the Society's capital position and its capacity to meet member obligations.

Focused management intervention on sustainability fundamentals has also yielded tangible results. The completion of the income verification process has improved the alignment between member contributions and underlying risk, while continued actions to address the structural mismatch between contribution income and claims expenditure have supported reserve strengthening.

Notwithstanding this progress, the structural imbalance between contribution income and claims expenditure remains a key strategic risk and an ongoing priority for the Board.

The Board's strategic agenda continues to centre on maintaining financial sustainability while balancing affordability and benefit adequacy. Particular attention has been given to the impact of an ageing and declining active membership profile, ongoing healthcare inflation and the potential implications of the National Health Insurance framework. These pressures require consistent and proactive management.

From a governance perspective, the Board operates within a structured framework supported by clearly defined policies, delegation of authority and committee oversight. Responsibility for day-to-day operations is appropriately delegated to the Principal Officer, while the Board retains accountability for strategy, oversight and stewardship.

Governance is not treated as a compliance exercise, but as an integrated discipline underpinning decision-making. Ethical leadership remains a core tenet, supported by established policies on conflicts of interest and standards of conduct. The Board is satisfied that the Society continues to promote a culture of integrity, accountability and responsible decision-making.

The effectiveness of the Board and its committees was formally assessed during the year, confirming that governance structures remain appropriate and effective. The scope of this assessment will be expanded in 2026 to include individual Board and committee member evaluations. In parallel, Trustee capability continues to be strengthened through participation in formal training, workshops and seminars, ensuring the Board remains well-positioned to discharge its responsibilities effectively.

The Board's oversight responsibilities are primarily discharged through its committees, with the Audit and Risk Committee playing a central role in monitoring financial reporting, internal controls and risk management. Key risks continue to include the structural underwriting deficit, ageing and active member demographic pressures, affordability constraints and regulatory uncertainty. These risks are actively monitored within a structured risk management framework.

A combined assurance approach is applied to ensure coordinated oversight across various providers, which include management, the Administrator, internal audit, independent external audit and the Audit and Risk Committee. This layered model provides the Board with confidence in the integrity of the Society's control environment and the reliability of its reporting.

Stakeholder considerations remain integral to Board deliberations. In particular, the need to balance contribution increases with member affordability, while maintaining appropriate benefit levels, continues to require careful judgement in an uncertain economic environment.

While the Society remains financially strong, the reliance on investment income to offset underwriting deficits is not sustainable over the long term. The Board remains focused on addressing this imbalance through appropriate contribution strategies, including reviewing contribution and benefit design.

Having considered the Society's financial position, risks, solvency levels and projected performance, including actuarial stress scenarios, the Board is satisfied that the Society remains a going concern and is well positioned to meet its obligations to members.

Looking ahead, the operating environment is expected to remain both uncertain and challenging. The Board will continue to manage risks, prioritise financial sustainability, monitor regulatory developments, strengthen governance capability and ensure that the Society remains resilient in the face of ongoing structural pressures.

The Board extends its appreciation to members for their continued support, and to fellow Trustees, the Principal Officer, the Administrator and all service providers for their commitment to the effective and responsible management of the Society.

……..
MIKE WILSON
CHAIRPERSON

JUNE 2026

BP MEDICAL AID SOCIETY

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2025

BP MEDICAL AID SOCIETY

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2025

The reports and statements set out below comprise the Annual Financial Statements and Trustees Report presented to the members:

Contents **Page**

BP MEDICAL AID SOCIETY

STATEMENT OF RESPONSIBILITY BY THE BOARD OF TRUSTEES
for the year ended 31 December 2025

The Board of Trustees is responsible for the preparation, integrity and fair presentation of the Annual Financial Statements of the BP Medical Aid Society (BPMAS). The Annual Financial Statements have been prepared in accordance with IFRS® Accounting Standards ("Accounting Standards"), IFRIC® interpretations and the Medical Scheme's Act of South Africa and include amounts based on judgements and estimates made by management under the guidance and oversight of the Trustees.

The Board of Trustees consider that in preparing the Annual Financial Statements they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates.

The Board of Trustees is satisfied that the information contained in the Annual Financial Statements fairly present the results of operations for the year, the cash flow and the financial position of the Society at year-end. The Trustees are also responsible for the preparation of the other information included in the annual report and are responsible for both its accuracy and its consistency with the Annual Financial Statements.

The Board of Trustees have the responsibility for ensuring that accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position of the Society which enables the Trustees to ensure that the Annual Financial Statements comply with the relevant legislation.

No significant events have occurred subsequent to the financial year end that the Board believes should be brought to the attention of the members of the Society.

The Trustees have made an assessment of the ability of the Society to continue as a going concern based on an actuarial analysis. The Trustees believe the Society will be a going concern in the year ahead.

The Society's external auditors, Forvis Mazars, audited the Annual Financial Statements in terms of International Standards on Auditing.

The Annual Financial Statements were approved by the Board of Trustees on 30 April 2026 and are signed on its behalf by:

.....	.....	JDaniels .....
CHAIRMAN	TRUSTEE	PRINCIPAL OFFICER

30 April 2026

BP MEDICAL AID SOCIETY

STATEMENT OF CORPORATE GOVERNANCE BY THE BOARD OF TRUSTEES
for the year ended 31 December 2025

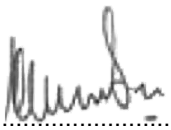
The BP Medical Aid Society (the Society) is committed to the principles and practice of fairness, openness, integrity and accountability in all dealings with its stakeholders. The Society conducts its affairs according to ethical values. The Trustees of the Society are appointed or elected by the participating employers or the members of the Society or elected by Trade Union(s) recognised by the participating employer. The Trustees recognise the need to conduct the business of the Society in accordance with the principles of the King IV™ Report™ on Corporate Governance ('King code'), as applicable.

BOARD OF TRUSTEES
The Board of Trustees monitor the performance of the administrator. They address a range of key issues and ensure that discussion of items of policy, strategy and performance is critical, informed and constructive.

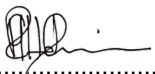
All Trustees have access to the advice and services of the Principal Officer and, where appropriate, the Board may seek independent professional advice at the expense of the Society.

INTERNAL CONTROLS
The administrator of the Society maintains internal controls and systems designed to provide reasonable assurance as to the integrity, adequacy and reliability of the Annual Financial Statements and to safeguard, verify and maintain accountability for the Society's assets. Such controls are based on established policies and procedures and are implemented by trained personnel with the appropriate segregation of duties.

The Society operates in a well-established control environment, which is well documented and 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 Society are being controlled.



..... CHAIRMAN



..... TRUSTEE

JDaniels

..... PRINCIPAL OFFICER

30 April 2026

Forvis Mazars, Rialto Road
Grand Moorings Precinct Century City, 7441
PO Box 134, Century City, 7446

Tel: +27 21 818 5000
Fax: +27 21 818 5001
Email: office.za.cpt@forvismazars.com
forvismazars.com/za

Independent Auditor's Report

31 December 2025

To the Members of BP Medical Aid Society

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of BP Medical Aid Society (the Society) set out on pages 19 to 53 which comprise statement of financial position as at 31 December 2025, and the statement of comprehensive income and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of BP Medical Aid Society (the Society) as at 31 December 2025, and its financial performance and cash flows for the year then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Medical Schemes Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Society in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Matter	Audit response
Valuation of the Insurance Contract Liability: Liability for Incurred Claims (LIC) (Note 5) The LIC provision of R10 318 218 (2024: R324 050) forms part of the insurance contract liabilities which is disclosed under note 5 in the financial statements as at 31 December 2025 and includes the Liability for Incurred Claims (LIC) and the Risk Adjustment factor for non-financial risk (RA). The Society is required to provide for and report on the LIC. The LIC is measured at the fulfilment cash flows related to past service for cash flows within the contract boundary (best estimate of fulfilment cash flows) and adjusted to reflect the compensation that the Society requires for bearing the uncertainty about the amount and timing of the cash flows arising from non-financial risk as the Society fulfils its insurance contracts (risk adjustment). The Society estimates which cash flows are expected and the probability that they will occur as at the measurement date. The uncertainty in the insurance contracts lies in the number, severity, and timing of claims. The estimation is based on historical information, current conditions, and forecasts of future conditions. To the extent that the historical claims development method is used, it is assumed that the historical pattern will occur again in the future. The risk adjustment for non-financial risk is calculated at portfolio level as the Act limits the Society's ability to set a price that reflects the risk at member level.	Our procedures to address the key audit matter included the following audit procedures: • We have assessed whether the policies adopted by the Society for the valuation of the LIC were appropriate and consistent with IFRS Accounting Standards and that the assumptions made were reasonable; • We have assessed the Society's estimate of the LIC by performing various audit procedures, which includes the following: - assessing the competence, capabilities and objectivity of the Society's actuary performing the calculation of the liability; - obtaining the actuarial reports from the Society and administrators documenting their findings and assumptions used in the calculation of the LIC and risk adjustment (RA); - utilised our internal actuary expertise to test the basis of the Society's calculation and assumptions made in the determination of the LIC and RA; - assessing and evaluating the completeness of the claims data used in the Society's actuarial model by obtaining an understanding of the controls in place and testing the reconciliation between the claims data per the member administration system and the claims data per the actuarial model; - substantively testing a sample of claims received by the Society for the year, from the member administration system and testing the accuracy of the risk claims by testing the service date, receipt date and payment dates against the Society rules; - testing the risk adjustment by obtaining an understanding of the Society's RA

Matter	Audit response
At year-end, the LIC is calculated by the Society's actuaries, using run off triangles and bootstrapping to determine the LIC and RA respectively. The Confidence Interval to determine the Risk Adjustment has been set at 75% by the Society. We considered this a key audit matter due to the materiality thereof, the degree of estimation uncertainty and the significant judgement required in the selection of the risk adjustment for non-financial risk factors and calculation of the RA.	methodology and performing independent calculations using the Society's risk claims data. • We have recalculated the total incurred claims using our internal claims runoff triangles to assess the reasonability of the model used by the Society's Actuaries. • We assessed the accuracy of the Liability for incurred Claims by reviewing claims received subsequent to year end relating to the financial year of the Society. • We assessed and evaluated the presentation and disclosure of the LIC in the Society's Financial Statements.

Other Information

The trustees are responsible for the other information. The other information comprises the information included in the document titled BP Medical Aid Society Annual Financial Statements for the year ended 31 December 2025, which includes the Statement of Responsibility of the Board of Trustees and the Statement of Corporate Governance by the Board of Trustees required by the Medical Schemes Act of South Africa, which we obtained prior to the date of this report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Trustees for the Financial Statements

The trustees are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards and the requirements of the Medical Schemes Act of South Africa, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.

- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Society to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Society audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

Non-compliance with the Medical Schemes Act of South Africa:

As required by the Council for Medical Schemes, we report the following material instance of non-compliance with the requirements of the Medical Schemes Act of South Africa, as amended, that have come to our attention during the course of our audit:

- Contravention of Section 26(7) of the Medical Schemes Act
  As at 31 December 2025, there were contribution debtors outstanding for more than 30 days in the amount of R153 982 (2024: R141 810), the majority of which relates to debit order pensioners and pensioner employer groups in Portugal.

- Contravention of Section 35(8)(c) of the Medical Schemes Act
  The Society had exposure to shares, bonds and money market investments of which the Society is in breach of Section 35(8)(c).

- Contravention of Section 59(2) of the Medical Schemes Act
  Instances were identified during the year where settlements of claims made to the Society exceeded the required 30 days settlement period from date of claims submission.

Audit Tenure

As required by the Council for Medical Schemes' Circular 38 of 2018, Audit Tenure, we report that this is the fifth year Forvis Mazars has been the auditor of BP Medical Aid Society.

The engagement partner, Fazlin Esterhuizen, is responsible for BP Medical Aid Society's engagement for 2nd year.

Forvis Mazars

Forvis Mazars
Partner: Fazlin Esterhuizen
Registered Auditor
Cape Town
30 April 2026

BP MEDICAL AID SOCIETY

REPORT OF THE BOARD OF TRUSTEES
for the year ended 31 December 2025

The Board of Trustees hereby presents its report for the year ended 31 December 2025.

Registration number: 1237

1. MANAGEMENT

1.1 BOARD OF TRUSTEES

The following persons served on the Board of Trustees during the year under review:

Employer Appointed		
M Wilson	Chairperson	Appointed 23 February 2021 and re-elected as Chairperson 26 June 2025 (after AGM 2025)
T Connelly		Appointed 28 June 2021
L Sihlobo		Appointed 10 July 2024
Member Elected		
I Hodgkinson	Vice-Chairperson	Appointed 13 March 2025
I Juhnke		Appointed 1 March 2025
D Kidd-Anderson		Appointed 7 March 2025
Union Member Elected		
C Nefale	Ex Vice-Chairperson	Appointed 26 June 2024 and resigned 30 June 2025
C Phetlhe		Appointed 20 October 2025

1.2 PRINCIPAL OFFICER

J Daniels

BP Waterfront	P O Box 6006
Dock Road	Roggebaai
Portswood Ridge	8012
V & A Waterfront	
8002	

1.3 REGISTERED OFFICE ADDRESS AND POSTAL ADDRESS

BP Waterfront	P O Box 6006
Dock Road	Roggebaai
Portswood Ridge	8012
V & A Waterfront	
8002	
Country of registration and domicile	South Africa

BP MEDICAL AID SOCIETY

REPORT OF THE BOARD OF TRUSTEES (continued)
for the year ended 31 December 2025

1.4 MEDICAL SCHEME ADMINISTRATOR AND MINUTE TAKING

Momentum Health (Pty) Ltd
268 West Avenue
Centurion
0157

PO Box 7400
Centurion
0046

Accreditation number: 13

1.5 MANAGED CARE

Momentum Health (Pty) Ltd
268 West Avenue
Centurion
0157

PO Box 7400
Centurion
0046

Accreditation number: MCO: 59

1.6 INVESTMENT MANAGERS

1.6.1 Alexander Forbes Financial Services (Pty) Ltd

115 West Street
Sandown
2146

PO Box 787240
Sandton
2146

Accreditation number: FAIS 711

1.6.2 Coronation Fund Managers

7th Floor, MontClare Place
Cnr Campground and Main Roads
Claremont
7708

PO Box 44684
Claremont
7735

Investor Code: 23636

1.6.3 Old Mutual Investment Group (Pty) Ltd

51 Gogosoa Street
Observatory
Cape Town
7925

PO Box 878
Cape Town
7405

FSP no: 604

1.6.4 Ninety One Limited

36 Hans Strijdom Ave
Foreshore
Cape Town
South Africa
8001

PO Box 1655
Cape Town
8001

FSP no: 587

1.6.5 ABAX Investments (Pty) Ltd

2nd Floor Colinton House
The Oval
1 Oakdale Road
Newlands
7700

POSTNET Suite #255
Private Bag X1005
Claremont
7735

FSB no: 856

BP MEDICAL AID SOCIETY

REPORT OF THE BOARD OF TRUSTEES (continued)
for the year ended 31 December 2025

1.7 INVESTMENT CONSULTANT

Willis Towers Watson Actuaries and Consultants (PTY) Ltd

Level 4 MontClare Place
23 Main Road
Claremont
7708

Private Bag X30
Rondebosch
Cape Town
7701

FSP no: 2545

1.8 AUDITORS

Forvis Mazars
Forvis Mazars House
Rialto Road
Grand Moorings Precinct
Century City
7441

PO Box 134
Century City
7446

1.9 ACTUARIAL CONSULTANTS

Alexander Forbes Health (Pty) Ltd
40 Dorp Street
Stellenbosch
7600

P O Box 700
Stellenbosch
7599

2. DESCRIPTION OF THE MEDICAL SCHEME

The Society is a not-for-profit restricted membership scheme registered in terms of the Medical Schemes Act. Membership of the Society is open to all employees of BP Southern Africa (Pty) Ltd (bpSA), former employees subject to qualifying conditions, employees of any other associated employer to whom membership has been extended and to the dependants of such employees.

2.1 BENEFIT OPTIONS WITHIN THE SOCIETY

The Society offers a single comprehensive benefit plan.

2.2 SAVINGS PLAN

There is no medical savings plan.

2.3 RISK TRANSFER ARRANGEMENTS

The Society entered into a capitation agreement with Iso Leso Optics Ltd (Iso Leso), whereby Iso Leso facilitates optometric services through a network of contracted providers to the beneficiaries on behalf of the Society.

The Society entered into a capitation agreement with Netcare Hospitals (Pty) Ltd (Netcare 911), whereby Netcare 911 (Pty) Ltd facilitates emergency transport for beneficiaries on behalf of the Society.

2.4 OPERATING ENVIRONMENT

There have been no other significant changes apart from those disclosed in note 8 of this report.

2.5 Freedom of Association: Total Cost of Employment (TCOE) option of Choice

All TCOE employees have the option to review and exercise their option of choice once annually. This change became effective 1 January 2021. bpSA reminds employees of the “open window to change medical aid schemes” annually in October/November should they wish to exercise their option of choice.

In recognition of the impact of the decisions of BP in respect of its employees on BPMAS, BP and BPMAS concluded an agreement on 22 October 2002 to regulate the relationship between the parties ("2002 Agreement"). In particular, clause 4.1.3.6 of the Agreement required BP to give BPMAS reasonable prior written notice of such a decision; with the parties then renegotiating any additional contributions payable by BP to remove the prejudice associated with such decision. The impact of the decision on BPMAS is R178 million. The matter is subject to ongoing arbitration.

2.6 bpSA Outsourcing of Transport Function

Notification from the employer, bpSA dated 1 November 2023, confirmed that following a review of the bpSA organizational structure, the company has concluded the outsourcing of its secondary transport function effective 31 January 2024. The termination of impacted employees was concluded as stipulated in section 197(6) of the Labour Relations Act, 1995. A total of 226 bpSA employees were impacted by this change (“Impacted Employees”). Of the 226 impacted employees, 193 were active members of the BP Medical Aid Society.

In terms of section 9(6)(2(i)of the agreement concluded between bpSA and BPMAS on 22 October 2002 ("**2002 Agreement**") the decision by bpSA to outsource the secondary transport function constituted a change in the overall membership profile of BPMAS to the financial prejudice of its members. The impact of the decision on BPMAS is R132,1 million. The matter is subject to ongoing arbitration.

BP MEDICAL AID SOCIETY

REPORT OF THE BOARD OF TRUSTEES (continued)
for the year ended 31 December 2025

3. INVESTMENT STRATEGY

The Board of Trustees have a statutory and fiduciary duty to invest the Society's assets in line with the requirements of the Medical Scheme Act 131 of 1998 (as amended) and in a responsible manner in order to protect the Society's reserves.

Willis Towers Watson (Pty) Ltd was appointed as the Society's Investment Consultant, effective 1 October 2023.

For the purposes of the Society's investment strategy, the Board of Trustees has categorised the Society's assets as follows:

Type of Asset	Purpose	Allocation	Target Return
Cash: Current account, call accounts and fixed deposits	Ensure sufficient cash is available to pay claims and other operational expenses as well as comply with Circular 23 of 2012 from the Council for Medical Schemes.	The greater of: 25% of annual contributions excluding the Continuing Financial • Commitment (CFC). • 25% of total assets	SteFI Call Rate p.a. during any rolling 1 year period
Solvency Reserve:	Ensure that the solvency ratio target is met and that the minimum required assets in terms of the Act is invested in accordance with Annexure B of the Act.	50% of annual contributions including the CFC	CPI + 3% p.a. over rolling 3-year periods
Excess assets	Enhance the return on the Society's investments	Assets in excess of annual contributions allocated to the Cash and Solvency Reserve	CPI + 5% p.a. over rolling 7-year periods

The Fund's strategy is 25% of the scheme's total assets must be held in cash.
The Act requires 20% of scheme's total assets must be held directly in cash or deposits with a bank

4. MANAGEMENT OF INSURANCE RISK

The primary insurance activity carried out by the Society assumes the risk of loss from members and their dependants who are directly subject to the risk. This risk relates to the health of the Society's members. As such the Society is exposed to the uncertainty surrounding the timing and severity of claims under the contract between the Society and its members. The Society also has exposure to market risk through its insurance and investment activities.

The Society manages its insurance risk through benefit limits and sub-limits, approval procedures for transactions that involve pricing guidelines, pre-authorisation and case management, as well as the monitoring of emerging issues, and network arrangements through the appointment of designated and preferred service providers.

The Society uses several methods to assess and monitor insurance risk exposures both for individual types of risks insured and overall risks. The theory of probability is applied to the pricing and provisioning for a portfolio of insurance contracts. The principal risk is that the frequency and severity of claims is 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 using established statistical techniques.

5. REVIEW OF THE ACCOUNTING PERIOD'S ACTIVITIES

5.1 OPERATIONAL STATISTICS

	2025	2024
Number of members at year-end	932	996
Average number of principal members for the year	961	1 082
Average number of beneficiaries for the year	1 627	1 787
Number of beneficiaries at year-end	1 561	1 702
Average dependants per principal member	0.40	0.41
Average age of beneficiaries	61.25	59.94
Pensioner ratio (i.e. the proportion of beneficiaries who are 65 years of age and older)	56.1%	54.0%
Continuation member ratio (i.e. all principal members not actively employed by the employer)	83.5%	79.3%
Average Continuing Financial Commitment per member (R)	108	97
Average Continuing Financial Commitment per beneficiary (R)	64	58
Average insurance revenue per member per month (R)	8 869	8 117
Average insurance revenue per beneficiary per month (R)	5 238	4 915
Relevant healthcare service expenses as a percentage of contributions	107.9%	102.5%
Relevant healthcare service expenses per beneficiary per month (R)	5 652	5 038
Directly Attributable insurance service as a percentage of contributions	2%	2%
Directly Attributable insurance services expenses per average beneficiary per month	129	119
Average total administration costs per member per month (R)	186	148
Average managed care: Management Services per member per month (R)	152	138
Average liability for future benefit per member at 31 December (R)	260 781	202 270
Managed care: Management Services as a percentage of contributions	1.7%	1.7%
Total administration expenses as a percentage of contributions	7.0%	6.7%
Amounts paid to administrator (R)	4 249 153	4 342 248
- Administration fees (Refer note 11) (R)	2 501 464	2 556 327
- Managed care fees (Refer note 10) (R)	1 747 689	1 785 921
Non-healthcare expenditure per beneficiary per month (R)	284	253
Return on investments	5.5%	9.3%

BP MEDICAL AID SOCIETY

REPORT OF THE BOARD OF TRUSTEES (continued)
for the year ended 31 December 2025

5.2 RESULTS OF OPERATIONS

The results of the Society's operations for the year under review and financial position at 31 December 2025 are set out in the Annual Financial Statements. The Trustees believe that no further clarification is required.

5.3 SOLVENCY RATIO

	2025 R	2024 R
The solvency ratio is calculated on the following basis:		
Liability to members for future benefits	250 610 924	218 856 292
Less: Cumulative unrealised gains on financial assets at fair value through profit or loss	(68 131 521)	(31 762 413)
Accumulated funds per Regulation 29	182 479 403	187 093 879
Gross annual contributions	112 818 131	105 393 984
Solvency ratios:		
Accumulated funds per Regulation 29/Gross annual contributions X 100 %	161.75%	177.52%

5.4 LIABILITY ADEQUACY TEST

Liability adequacy tests are performed to ensure the adequacy of insurance payables as at the reporting date. In performing these tests, current estimates of future cash flows under the Society's insurance payables are used and any deficiency is recognised in the surplus or deficit.

5.5 INSURANCE CONTRACT LIABILITIES

Movements on the insurance contract liabilities are set out in note 5 to the Annual Financial Statements. There have been no unusual movements that the Trustees believe should be brought to the attention of the members of the Society.

6. CONTINUING FINANCIAL COMMITMENT FROM EMPLOYER

In terms of the agreement concluded between BPMAS and bpSA on 22 October 2002, bpSA and its associates are liable to at agreed times make payments of defined subsidies, allowances, reimbursements and an additional contribution in respect of continuation members of BPMAS, the total of which is reflected in the accounts as Continuing Financial Commitment, which includes the reimbursement of defined HIV/AIDS related costs and Principal Officer fees.

7. FIDELITY COVER

The Board of Trustees policy and cover on 31 December 2025 was R 25 000 000. The policy is underwritten by AIG UK Limited.

BP MEDICAL AID SOCIETY

REPORT OF THE BOARD OF TRUSTEES (continued)
for the year ended 31 December 2025

8. EVENTS POST THE REPORTING DATE

At the date of finalisation of the Annual Financial Statements there were no material events that occurred subsequent to the reporting date that required adjustments to the amounts recognised in the Annual Financial Statements.

9. ACTUARIAL SERVICES

The Society's actuaries, Alexander Forbes Health (Pty) Ltd, have been consulted in the determination of the contribution and benefit levels.

10. INVESTMENTS IN AND LOANS TO EMPLOYERS OF MEMBERS OF THE SOCIETY AND OTHER RELATED PARTIES

The Society holds no investments in, and has made no loans to any participating employers of the Society's members. Refer to note 18 of the Annual Financial Statements for other related party transactions.

11. AUDIT COMMITTEE

A representative Audit Committee was appointed, which should have at least 5 members, of which 2 shall be members of the Board of Trustees.

During the year the Audit Committee comprised of:

B Sickle	Independent member Chairperson	Appointed 26 August 2021
M Tshuma	Independent member	Appointed 7 November 2018 term expired 25 June 2025
C Bosenberg	Independent member	Appointed 26 August 2021
M Van Est	Independent member	Appointed 28 October 2022
T Connelly	Trustee-member	Appointed 26 August 2021
L Sihlobo	Trustee-member	Appointed 26 June 2024

Mr Michael Wilson, the Society Chairperson and Employer Appointed Trustee attends the meetings in an Ex-Officio capacity. He is not entitled to a vote.

The Principal Officer attends the meetings as required of the office.

The Committee met on three occasions during the course of the year as follows:

10 April 2025
19 August 2025
23 October 2025

The administrator and the external auditors are invited to all Committee meetings and have unrestricted access to the Chairperson of the Committee and to the members of the Board of Trustees.

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

BP MEDICAL AID SOCIETY

REPORT OF THE BOARD OF TRUSTEES (continued)
for the year ended 31 December 2025

12. INVESTMENT SUB-COMMITTEE

An Investment Sub-Committee was established and is mandated by the Board of Trustees by means of written terms of reference as to its membership, authority and duties. The Sub-Committee should consist of at least 3 members, of whom 2 shall be Trustees of the Society.

During the year the Investment Sub-Committee comprised of:

C Bosenberg	Independent member Chairperson	Appointed 26 August 2021
B Sickle	Independent member	Appointed 26 August 2021
M Wilson	Trustee-member	Appointed 28 August 2021
I Hodgkinson	Trustee-member	Appointed 25 March 2025
T Connelly	Trustee-member	Appointed 17 May 2022

The Sub-Committee met on four occasions during the course of the year as follows:

20 February 2025
15 May 2025
19 August 2025
24 October 2025

The primary responsibility of the Sub-Committee is to assist the Board of Trustees in carrying out its duties relating to the investment strategy of the Society.

13. COMMUNICATIONS SUB-COMMITTEE

A Communications Sub-Committee was established and is mandated by the Board of Trustees by means of written terms of reference as to its membership, authority and duties. The Sub-Committee should consist of at least 2 members, of whom at least 2 shall be Trustees of the Society.

During the year the Communications Sub-Committee comprised of:

M Wilson	Trustee-member Chairperson	Appointed 15 March 2021
T Connelly	Trustee-member	Appointed 6 February 2024
I Juhnke	Trustee-member	Appointed 24 October 2025
C Nefale	Union member elected	Appointed 10 October 2024 and resigned 30 June 2025

The Principal Officer attended the meetings as required of the office.

The Sub-Committee met on two occasions during the course of the year as follows:

20 February 2025
24 October 2025

The primary responsibility of the Sub-Committee is to assist the Board of Trustees in carrying out its duties relating to the communication to members of the Society.

BP MEDICAL AID SOCIETY

REPORT OF THE BOARD OF TRUSTEES (continued)
for the year ended 31 December 2025

14. CLINICAL SUB-COMMITTEE

A Clinical Sub-Committee was established and is mandated by the Board of Trustees by means of written terms of reference as to its membership, authority and duties. The Sub-Committee should consist of at least 3 members of whom 2 shall be Trustees of the Society and the Society's Medical Advisor.

During the year the Clinical Sub-Committee comprised of:

S Manjra	Chairperson and Medical advisor	Appointed 1994
M Wilson	Trustee-member	Appointed 1 March 2021
T Connelly	Trustee-member	Appointed 26 August 2021
I Juhnke	Trustee-member	Appointed 10 July 2025

The Principal Officer attended the meetings as required of the office.

The Sub-Committee met on two occasions during the course of the year as follows:

10 July 2025
7 August 2025

The primary responsibility of the Sub-Committee is to assist the Board of Trustees in carrying out its duties relating to clinical matters.

15. DISPUTES COMMITTEE

A Disputes Sub-Committee was established and is mandated by the Board of Trustees by means of written terms of reference as to its membership, authority and duties. The Committee shall consist of at least 3 members, who may not be members of the Board of Trustees as defined in the rules or the Principal Officer or any other officer of the Society as defined in the act or of the Administrator.

During the year the Disputes Committee comprised of:

J Mosetlhi	Appointed 27 May 2025
J Kikaya	Appointed 27 May 2025
Adv Hanri Loots	Appointed 27 May 2025

The Sub-Committee met on two occasions during the course of the year as follows:

14 March 2025
21 August 2025

The primary responsibility of the Sub-Committee is to assist the Board of Trustees in carrying out its duties in respect of disputes. A chairperson is elected at each meeting.

16. NOMINATIONS COMMITTEE

A Nominations Sub-Committee is a committee of the Board of Trustees of the Society. The Committee is responsible for providing oversight in respect of the process of nominating, electing, and appointing Trustees, independent members and the appointment of the Principal Officer. The Committee shall comprise of the Chairperson of the BOT and at least two independent members.

During the year the Nominations Sub-Committee comprised of:

M Wilson	Appointed 26 February 2025
M Beneke	Appointed 26 February 2025
B Sickle	Appointed 26 February 2025

The Sub-Committee met on one occasion during the course of the year as follows:

5 August 2025

The primary responsibility of the Sub-Committee is to assist the Board of Trustees in carrying out its duties in terms of the proceedings of the meeting containing recommendations.

BP MEDICAL AID SOCIETY

REPORT OF THE BOARD OF TRUSTEES (continued)
for the year ended 31 December 2025

17. SOCIETY'S MEETING ATTENDANCE

Principal Officer/Trustees	Board Meetings		Special Board Meetings		Audit Committee		Investment Sub-Committee		Dispute Sub-Committee		Nomination Sub-Committee		Communications Sub-Committee		Clinical Sub-Committee (Ben	
	A	**B**	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**
M Wilson (Chairperson)	4	4	6	6	3	3	4	4	0	0	1	1	2	2	2	2
I Hodgkinson (Vice-Chairperson) - Member-elected casual vacancy appointed 13/03/2025	3	3	6	5	0	0	3	3	0	0	0	0	0	0	0	0
C Nefale (ex-Vice-Chairperson) - Resigned 30/06/2025	2	1	3	2	0	0	0	0	0	0	0	0	1	1	0	0
T Connelly	4	4	6	6	3	3	4	3	0	0	0	0	2	1	2	2
L Sihlobo	4	4	6	6	3	3	0	0	0	0	0	0	0	0	0	0
I Juhnke -Member-elected casual vacancy appointed 01/03/2025	3	2	6	5	0	0	0	0	0	0	0	0	1	1	2	2
D Kidd-Anderson - Member-elected casual vacancy appointed 07/03/2025	3	3	6	6	0	0	0	0	0	0	0	0	0	0	0	0
C Phetlhe - Union Member-elected Trustee appointed 20/10/2025	1	1	2	2	0	0	0	0	0	0	0	0	0	0	0	0
J Daniels (Principal Officer)	4	4	6	6	3	3	4	4	0	0	0	0	2	2	2	2
C Bosenberg*	0	0	0	0	3	3	4	4	0	0	0	0	0	0	0	0
M van Est*	0	0	0	0	3	3	0	0	0	0	0	0	0	0	0	0
B Sickle*	0	0	3	3	3	3	4	4	0	0	1	1	0	0	0	0
M Tshuma* (term expired 25 June 2025)	0	0	0	0	2	1	0	0	0	0	0	0	0	0	0	0
J Kikaya*	0	0	0	0	0	0	0	0	2	2	0	0	0	0	0	0
J Mosetlhi*	0	0	0	0	0	0	0	0	2	2	0	0	0	0	0	0
M Beneke*	0	0	0	0	0	0	0	0	0	0	1	1	0	0	0	0
H Loots*	0	0	0	0	0	0	0	0	2	2	0	0	0	0	0	0
S Manjra* (Medical Advisor)	4	4	1	1	0	0	0	0	0	0	0	0	0	0	2	2

A - total possible number of meetings could have attended
B - actual number of meetings attended
* - independent members

BP MEDICAL AID SOCIETY

REPORT OF THE BOARD OF TRUSTEES
for the year ended 31 December 2025

18. NON-COMPLIANCE MATTERS

18.1 Contravention of Section 35(8)(c) of the Medical Schemes Act

Nature and Impact

In terms of Section 35(8) of the Act, a medical scheme shall not invest any of its assets in the business of or grant loans to an employer who participates in the medical scheme or any administrator or any arrangement associated with the medical scheme.

The Society holds shares in Momentum Group Limited, Sanlam Limited, Liberty Holdings and Discovery Group Ltd. This is in contravention of this requirement of the Act.

Causes for the failure
The Society invests in a pooled portfolio and an index fund and does not have control over the selection of the underlying assets.

Corrective action
The Council for Medical Schemes granted the Society an exemption for a period of three years until 31 December 2028.

18.2 Contravention of Section 26(7) of the Medical Schemes Act

Nature and Impact

In terms of Section 26(7) of the Act, contributions should be received in accordance with the rules of the Society. The rules indicate that contributions should be received no later than three days after they become due. As at 31 December 2025, there were contribution debtors outstanding for more than 30 days to the amount of R153 982 (2024: R141 810) the majority of which relates to debit order pensioners as well as pensioner employer groups in Portugal. This amount represents 0.15% of the total contributions received during the year, the delay in receipt is in contravention of Section 26(7) of the Act.

Causes for the failure
Delays were experienced in respect of receipt of payment from some of the group codes.

Corrective action
This non-compliance is a result of the following:
Management continues to communicate to all concerned parties to emphasise the importance of prompt payment.

18.3 Non-compliance with regulation 30 - Equity

Nature and Impact
In terms of Regulation 30 of the Act, a scheme is prohibited from investing more than 40% of its investments in equity instruments. The Society holds 51.5% of its investments in equity instruments.

Causes for the failure
The Society has equities invested in managed portfolios above the 40% limit specified in category 4(a) of Annexure B to the Medical Scheme Regulations. The Society invested in a pooled fund and does not have control of the investment decisions relating to the underlying assets.

Corrective action
The Society sent a motivation letter to the Council for Medical Schemes on 5 July 2024. The Registrar acknowledged the motivation letter on 18 September 2024 and noted the certificate which allows the Scheme to deviate from the 40% limitation imposed on category 4(a) to Annexure B up to a maximum of 60% of the Scheme's Regulation 30 assets.

18.4 Contravention of section 59(2) of the Medical Schemes Act

Nature and Impact
In terms of section 59(2) of the Act a member or provider claim should be settled within 30 days of submission. Instances were noted during the year where settlements took more than 30 days.

Causes for the failure
The reason for the delay was that it is a foreign claim, and there are additional steps applicable to these claims which extend the adjudication process. The foreign currency needs to be converted to South African Rand and the charges need to be reviewed by different departments to ensure the correct nappi item and procedure codes are used to process the claim. Only when all feedback is received from the various departments can the claim be processed. This interaction may cause a delay in the process.

Corrective action
Management will reiterate to the various departments the required timelines to respond in order to comply with the MSA 30 day processing requirement.

BP MEDICAL AID SOCIETY

STATEMENT OF FINANCIAL POSITION
As at 31 December 2025

ASSETS	Notes	2025 R	2024 R
Non-current assets		189 543 381	149 568 994
Financial assets at fair value through profit or loss	3	189 543 381	149 568 994
Current assets		71 422 994	69 691 681
Financial assets at fair value through profit or loss	3	18 604 685	13 716 847
Cash and cash equivalents	4	52 564 438	55 481 359
Risk transfer contract asset	6	51 659	95 091
Other receivables	7	202 212	398 384
Total assets		260 966 375	219 260 675
FUNDS AND LIABILITIES			
Non-current liabilities			
Liability to members for future benefits	5.1	250 610 924	218 856 292
Current liabilities		10 355 451	404 383
Insurance contract liability	5	10 318 218	324 050
Other payables	8	37 233	80 333
Total funds and liabilities		260 966 375	219 260 675

BP MEDICAL AID SOCIETY

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2025

	Notes	2025 R	2024 R
Insurance revenue **	9.1	102 271 960	105 393 984
Insurance service expenses **		(116 268 233)	(107 841 239)
Claims incurred *	9.2	(111 984 729)	(103 517 680)
Third party claims recoveries *		-	34 041
Accredited managed healthcare services*	10	(1 757 655)	(1 796 218)
Directly attributable expenses	11.3	(2 525 849)	(2 561 382)
Net risk transfer arrangements result*	7	126 985	187 722
Risk transfer arrangements premiums paid		(1 736 933)	(1 797 170)
Recoveries from risk transfer arrangements		1 863 918	1 984 892
Insurance service result		(13 869 288)	(2 259 533)
Other income		50 946 904	25 693 636
Investment income :Interest received	13	6 888 570	8 552 547
:Dividends received	13	2 432 351	2 596 415
Continuing financial commitment from employer	14	1 242 899	1 253 316
Sundry income	14	4 594	-
Realised gains	3	4 009 382	625 722
Unrealised gains on financial assets at fair value through profit or loss	3	36 369 108	12 665 636
Other expenditure		(5 322 984)	(5 157 983)
Administration fees and other operating expenses	11.4	(4 665 115)	(4 483 075)
Asset management fees	3	(657 869)	(674 908)
Surplus for the year		31 754 632	18 276 120
Transfer to amounts attributable to members for future benefits		(31 754 632)	(18 276 120)
Total comprehensive income for the year		-	-

* Relevant healthcare expenditure consists of claims incurred, third party claims recoveries, accredited managed healthcare services (no transfer risk) and net risk transfer result.

**Net Impairment loss on healthcare receivables disclosed under other expenditure in the prior year has been reclassified from Other expenditure under Insurance revenue and under insurance service expenses in claims incurred, refer to note 23.

BP MEDICAL AID SOCIETY
STATEMENT OF CASH FLOWS
for the year ended 31 December 2025

	Notes	2025 R	2024 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from members and providers		111 239 910	99 711 290
Cash receipts from members - contributions		111 109 790	99 479 784
Cash receipts from members and providers - other		130 120	231 506
Cash paid to providers, employees and members		(119 536 275)	(108 475 351)
Cash paid to providers, employees and members - insurance service expenditure		(114 989 946)	(105 948 008)
Cash paid to providers, employees and members - non-healthcare expenditure		(4 546 329)	(2 527 343)
Net cash used in operating activities		(8 296 365)	(8 764 061)
Other:		1 242 899	1 253 316
Continuing financial commitment from employer		1 242 899	1 253 316
Net cash used in operating activities		(7 053 466)	(7 510 745)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	3	-	(68 343 525)
Disposal of investments	3	-	80 643 525
Interest received		4 136 545	5 214 262
Net cash from investing activities		4 136 545	17 514 262
NET INCREASE IN CASH AND CASH EQUIVALENTS		(2 916 921)	10 003 517
Cash and cash equivalents at the beginning of the year		55 481 359	45 477 842
Cash and cash equivalents at the end of the year	4	52 564 438	55 481 359

BP MEDICAL AID SOCIETY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2025

1. MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the BP Medical Aid Society (the Society) Annual Financial Statements as set out below are in accordance with IFRS® Accounting Standards, and interpretations issued by the IFRIC® interpretations and in the manner required by the Medical Schemes Act. In addition the statement of comprehensive income is prepared in accordance with Circular 41 of 2012 issued by the Council for Medical Schemes that set out their interpretation of IFRS Accounting Standards as it relates to the statement of comprehensive income in the Medical Schemes Act in South Africa (MSA).

The accounting policies adopted are consistent with those of the previous financial year.

Refer to note 2 for new standards and amendments to standards.

IAS 1(116) a. Compliance with IFRS Accounting Standards
The financial statements of the Society have been prepared in accordance with IFRS® Accounting Standards and IFRIC interpretations applicable to schemes reporting under IFRS accounting standards. The 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 MSA, which requires additional disclosures for registered medical schemes.

IAS 1(117a) b. Historical cost
The 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 and reinsurance assets and liabilities – measured in terms of IFRS 17 estimates.
• Defined benefit pension plans – plan assets measured at fair value.

Functional and presentation currency
Items included in the Annual Financial Statements are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity (“the functional currency”). The Annual Financial Statements are presented in South African Rand (“the presentation currency”), which is the functional currency of the Society.

1.2 Financial instruments

Initial recognition and subsequent measurements

Financial assets
Initial recognition and measurement

Financial assets are classified, at fair value, as subsequently measured at amortised cost or fair value through profit or loss. The Society classifies its financial instruments at fair value through profit or loss (FVTPL) and financial instruments at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Society’s business model for managing them. With the exception of non-insurance receivables that do not contain a significant financing component or for which the Society has applied the practical expedient, the Society may initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Non-insurance receivables that do not contain a significant financing component or for which the Society has applied the practical expedient are measured at the transaction price.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Society commits to purchase or sell the asset.

Subsequent measurement
Financial assets are amortised costs

Financial assets are measured at amortised cost due to the objective of the financial assets held within the business model, is to collect contractual cash flows.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Society’s financial assets at amortised cost includes non insurance receivables and cash and cash equivalents in the statement of financial position.

Cash and cash equivalents consists of call accounts and current account, which forms an integral part of the Society's cash management.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Investment income comprising interest, dividends, realised and unrealised gains / losses are recognised as investment income in the statement of profit and loss when the right to receive the income has been established.
The Society's financial instruments at fair value through profit or loss consists of investments in the statement of financial position.

BP MEDICAL AID SOCIETY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2025

1. PRINCIPAL ACCOUNTING POLICIES (continued)
1.2 Financial instruments (continued)

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Society's statement of financial position) when:

- The rights to receive cash flows from the asset have expired or
- The Society has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Society has transferred substantially all the risks and rewards of the asset, (b) has transferred control of the asset.

When the Society has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Society continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Society also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Society has retained.

Impairment
For insurance receivables, the Society assesses at each reporting date whether there is any objective evidence that a financial asset carried at amortised cost or a group of financial assets, excluding financial assets at fair value through profit or loss, is impaired. The Society applies a simplified approach in calculating expected credit losses (ECLs) for non-insurance receivables. Therefore, the Society does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Society has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables as appropriate.
All financial liabilities are recognised initially at fair value and net of directly attributable transactions costs.
Insurance contract liabilities are measured at best estimates in terms of IFRS 17.
The Society's financial liabilities consist of other payables and the insurance contract liabilities.

Financial liabilities at amortised cost
This is the category most relevant to the Society. These are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.
The Society's financial liabilities at amortised cost include other payables, and the insurance contract liabilities.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

1.3 Significant judgements
The Society used the confidence level to determine the risk adjustment.

1.3.1 Mutual entity assessment
The Society has aligned itself with and adopted the reporting requirements of a mutual entity for the purpose of applying IFRS17. It is therefore expected that the remaining assets of the Society will be used to pay the claims of current and future members. The Society recognised a liability in its statement of financial position to provide coverage to future members.

BP MEDICAL AID SOCIETY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2025

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.3 Significant judgements (continued)

1.3.2 Unit of account (Level of aggregation)

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

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows and reflects the compensation the Society requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Society 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 the Society's degree of risk aversion. The Society estimates an adjustment for non-financial risk separately from all other estimates.

The risk adjustment was calculated at the portfolio level as the Society doesn't have groups due to laws that constrain the Society's ability to set a price for different members. 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%.

1.4 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 assumptions 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 with regard to the assumptions made that have the most significant impact on measurement under IFRS 17, refer to note 22.1

1.4.1 Estimates of future cash flows to fulfil insurance contracts

Included in the measurement of the group of contracts are all the future cash flows within the boundary of the 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 scenarios representing the probability weighted mean of a full 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 reassessed at each reporting date and adjusted where required.

1.4.2 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 chain ladder method.

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.

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 taken into account 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.
- Changes in the prescribed minimum benefits.

1.5 Insurance contracts

1.5.1 **IFRS 17 and mutual entity considerations**

The Society has aligned and adopted the reporting requirements of a mutual entity for the purposes of applying IFRS17 which is different to the accounting under IFRS 4. While the legal construct of a medical scheme and a mutual entity differ, there are certain similarities between the two which allow for the same accounting treatment and principles to be applied for the purposes of IFRS 17. One such similarity lies in their purpose to satisfy a common need while not making profits or providing a return on capital.

It is expected that the remaining assets of the Society will be used to pay current and future policyholders. As the Society is in a surplus position, it recognised a liability in its statement of financial position to provide coverage to future members.

This liability is in essence incurred because the Society is obliged to:

- provide coverage to that member;
- pay incurred claims of that member; or
- provide coverage to members for future benefits.

On measurement of the liability to members for future benefits, the fulfilment cash flows of this liability are measured incorporating information about the fair value of the other assets and liabilities of the Society. As a consequence of recognising this liability, the Society's Accumulated Funds as previously reported were transferred to the insurance contract liability for future members on the transition date. As a result of the recognition of the liability to members for future benefits, an additional onerous contract liability was not recognised.

BP MEDICAL AID SOCIETY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2025

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.5 Insurance contracts (continued)

1.5.2.1 **Identification of insurance contracts**

The contracts issued by the Society (the issuer) indemnify covered members (the policyholder) and their registered dependants against the risk of loss arising from the occurrence of a health event (insured event). The timing, frequency and severity of the health event covered is uncertain. These contracts fall under the scope of IFRS 17.

Whilst the timing, frequency, severity and type of health events are uncertain, the ultimate insurance risk covered by a medical scheme can be defined as a single risk – that of providing cover for a health event that the member may incur. The risk under the insurance contracts issued by medical schemes can be expressed as the probability that an insured event ("health event") occurs, multiplied by the expected amount of the resulting claim.

1.5.2.2 **Level of aggregation**

IFRS 17 requires the Society to identify portfolios of insurance contracts. Such identification impacts the identification of groups of insurance contracts and the unit of account to which the requirements of IFRS 17 are applied. A portfolio comprises contracts subject to similar risks that are managed together.

The Society has applied the exemption under IFRS 17 to include all insurance contracts issued by the Society within the same group given that the Act prevents the Society from assessing the risks of an individual member and setting contributions or levels of benefits that fully reflect the risk of that member. As such, the Society does not group contracts into various profitability groupings.

The contracts issued by the Society are subject to similar risks and managed together and fall into the same portfolio with no further disaggregation into groups. The level of aggregation is set at the overall Society level for the Society.

1.5.2.3 **Recognition and derecognition**

IFRS 17 requires the Society to recognise a group of insurance contracts it issues from the earliest of the following:

(a) The beginning of the coverage period;
(b) The date when the first payment from a member becomes due; and
(c) For onerous contracts, when the contracts become onerous.

The Society is required to derecognise an insurance contract:
(a) When the obligation specified in the insurance contract expires or is discharged or cancelled; or
(b) If the terms are modified due to an agreement between the Society and its member or by Regulation.

The Society's coverage period aligns to the financial reporting year and its benefit cycle as both begin on 1 January each year and conclude on 31 December of the same year.

1.5.2.4 **Onerous contracts**

The Scheme assumes no contract in the portfolio is onerous at initial recognition unless fact indicate otherwise.

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

1.5.2.5 **Contract boundary**

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

The contract boundary and the coverage period for the Society is one year or less. This is supported by the setting of contribution levels annually with the benefit cycle commencing on 1 January and ending on 31 December of each year.

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 the Society has a substantive obligation to provide the member with insurance coverage or other services.

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

The insurance contracts issued by the Society to its members have a contract boundary of one year or less.

1.5.2.6 **Measurement model - Premium allocation approach (PAA)**

IFRS 17 introduces a default measurement model for insurance contract liabilities referred to as the General Measurement Model (GMM). An optional simplified approach referred to as the Premium Allocation Approach (PAA) is available to entities where their contracts have a coverage period of one year or less, or where the entity reasonably expects that applying the PAA would not produce a measurement of the Liability for Remaining Coverage (LRC) (a component of the insurance contract liability) that would differ materially from that under the GMM.

The Society meets the eligibility criteria above to apply the PAA as its contracts have a coverage period of one year or less.

The contract boundary for contracts issued to its members does not exceed 12 months and consequently the Society elected to apply the PAA. In applying the PAA, the Society chose to recognise any insurance acquisition cash flows as expenses when it incurs those costs.

The classification of the Society as mutual entities does not impact the extent of insurance contract services to be provided by the Society in terms of the member contracts and therefore the PAA is still applicable.

The Society measures the Liability for incurred claims (LIC) as the fulfilment cash flows relating to incurred claims. The future cash flows are not adjusted for the time value of money and the effect of financial risk as these cash flows are expected to be paid in one year or less from the date the claims are incurred.

BP MEDICAL AID SOCIETY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2025

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.5 Insurance contracts (continued)

1.5.2.7 **Liability for Remaining Coverage (LRC)**

The LRC refers to the Society'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 relate to:
- insurance contract services not yet provided (i.e., the obligations that relate to future provision of insurance contract services); 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.

As the coverage period of the Society's insurance contracts does not extend beyond the financial year, the Society would have no obligation to pay for claims for insured events that have not occurred as there would be no unexpired portion of insurance coverage at the year-end reporting date.

No LRC is recognised for contributions received in advance at the year-end reporting date, as these contributions fall outside of the coverage period and result from a voluntary payment by the member in respect of a new contract effective from the following year and for which the Society has no obligation to provide future insurance contract services as at the preceding year end reporting date.

As the coverage period and the financial year of the Society are the same, there would be no LRC at the year-end reporting date.

1.5.2.8 **Liability for Incurred Claims (LIC)**

The LIC refers to the Society'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 relate to:
- insurance contract services that have already been provided, or
- Other amounts that are not related to the provision of insurance contract services and that are not in the LRC.

The Society's Rules require claims to be submitted within four months following the date on which the service was rendered. Therefore, at the year-end reporting date, the Society is required to provide a LIC comprising the fulfilment cash flows related to the past service.

The LIC is measured at the fulfilment cash flows related to past service for cash flows within the contract boundary (best estimate of fulfilment cash flows) and adjusted to reflect the compensation that the Society requires for bearing the uncertainty about the amount and timing of the cash flows arising from non-financial risk as the Society fulfils its insurance contracts (risk adjustment).

The Society estimates which cash flows are expected and the probability that they will occur as at the measurement date. The uncertainty in the insurance contracts lies in the number, severity, and timing of claims. The estimation is based on historical information, current conditions, and forecasts of future conditions. To the extent that the historical claims development method is used, it is assumed that the historical pattern will occur again in the future. There are reasons why this may not be the case, which, insofar as they can be identified, have been allowed for by modifying the methods. Such reasons may include:

- Changes in processes that affect the development or recording of claims paid and incurred (such as changes in claims submission mechanisms);
- Changes in composition of members and their dependants;
- Variations in the nature and average cost incurred per claim;
- Legislative changes (e.g., expansion of the definition of a Prescribed Minimum Benefit (PMB) / Chronic Disease List (CDL) condition); and
- Random fluctuations.

The risk adjustment for non-financial risk is calculated at portfolio level as the Act limits the Society's ability to set a price that reflects the risk at member level.
As the Society is applying the PAA and the coverage period of each contract does not exceed one year, no discounting is applied.

Insurance contract liabilities

Insurance contract liabilities comprise provisions for the Society's estimate of the ultimate cost of settling all claims incurred but not yet reported at the reporting date. Claims outstanding are determined as accurately as possible based on a number of factors, which include previous experience in claims patterns, claims settlement patterns, changes in the nature and number of members according to gender and age, trends in claims frequency, changes in the claims processing cycle, and variations in the nature and average cost incurred per claim.

The Society does not discount its insurance contract liabilities on the basis that claims must be submitted within four months of the medical event.

BP MEDICAL AID SOCIETY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2025

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.5.2.9 **Risk transfer arrangements**

IFRS 17 requires the Society to apply the standard to the risk transfer contracts that it holds. A risk transfer contract is defined under IFRS 17 as an insurance contract issued by one entity to compensate another entity for claims arising from one or more insurance contracts issued by that other entity.

Whilst the capitation providers of the Society's Risk Transfer Arrangements (RTAs) are not reinsurers as defined in the Act, these RTAs meet the definition of a reinsurance contract under IFRS 17 and therefore are required to be accounted for as such.

IFRS 17 requires the Society to present income or expenses from risk transfer contracts held, separately from the expenses or income from the underlying insurance contracts issued by the Society.

Risk transfer arrangements are contractual arrangements entered into by the Society with providers. The providers are paid a fixed fee per member to cover the risk of the number of incidents that occur during a specified period and the cost of providing the service. Risk transfer arrangements do not reduce the Society's primary obligations to its members and their dependents.

Contracts entered into by the Society with third party service providers under which the Society is compensated for losses/claims (through the provision of services to members) on one or more contracts issued by the Society and that meet the classification requirements of insurance contracts are classified as risk transfer arrangements (risk transfer contracts). Only contracts that give rise to a significant transfer of insurance risk are accounted for as risk transfer arrangements. Risk transfer premiums/fees are recognised as an expense over the indemnity period.

The Society’s RTA’s are grouped together as the contracts are subject to similar risks and are managed together. The unit of account does not differ from the unit of account of the underlying insurance contracts which have been assessed at Society level.

The contract boundary and/or coverage period of the Society's RTAs do not differ from the contract boundary and/or coverage period of the underlying insurance contracts. As these contracts have a boundary of one year or less, they are accounted for using the PAA.

Risk transfer premiums are recognised as an expense over the indemnity period.

The Society does not adjust the asset for the remaining coverage for reinsurance contracts held for the effect of the time value of money as the reinsurance contributions are due within the coverage period which are one year or less.

Risk transfer claims and benefits reimbursed are presented in the statement of profit or loss and other comprehensive income and statement of financial position on a gross basis.

Amounts recoverable under risk transfer arrangements are estimated in a manner consistent with the insurance contracts and are assessed for non-performance at each reporting date.

BP MEDICAL AID SOCIETY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2025

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.5.2.10 **Insurance revenue**

When an entity applies the PAA, insurance revenue for the period is the amount of expected premium receipts adjusted to reflect the time value of money and the effect of financial risk, if applicable, allocated to the period.

The entity shall allocate the expected premium receipts to each period of insurance contract services on the basis of the passage of time; but if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then on the basis of the expected timing of incurred insurance service expenses.

Insurance revenue for the period is the amount of expected premium receipts allocated to the period. The Society allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time and does not have a savings option.

1.5.2.11 **Insurance service expenses**

The Society presents insurance service expense in profit or loss in insurance service expenses comprising incurred claims and other incurred insurance service expenses.

In applying the PAA, an entity may choose to recognise any insurance acquisition cash flows as expenses when it incurs those costs, provided that the coverage period of each contract in the group at initial recognition is no more than one year.

The Society presents in profit or loss insurance service expenses comprising:

- Incurred claims;
- Changes that relate to past service - changes in fulfilment cash flows relating to the LIC;
- Third party claims recoveries;
- Accredited managed healthcare services (no risk transfer) - comprises amounts paid or payable to third parties for managing the utilisation, costs and quality of healthcare services to the members and their registered dependants;
- Other incurred directly attributable insurance service expenses – expenses that are directly attributable to the fulfilment of the obligations of the insurance contract. Expenses that are not directly attributable are classified as other operating expenses.

1.6 Taxation

The Society is registered under the Medical Schemes Act. It therefore falls within the definition of a benefit fund as defined in the Income Tax Act. The receipts and accruals of the Society are exempt from taxation under Section 10(1)(d) of the Income Tax Act.

1.7 Continuing financial commitment

bpSA agreed to pay additional amounts to assist in funding the shortfall arising from the ageing membership, as well as the costs for the Principal Officer and HIV and AIDS. This amount is disclosed under Insurance revenue and other income in the Statement of Comprehensive Income.

BP MEDICAL AID SOCIETY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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2. NEW STANDARDS AND AMENDMENTS TO STANDARDS

New standards, amendments and interpretations issued and not yet effective in 2025 and relevant to the Scheme

Standard	Summary of requirements	Effective date
Amendment to IFRS 9, "Financial Instruments" and IFRS 7, "Financial Instruments: Disclosures" - Classification and Measurement of Financial Instruments	*These amendments:* ● clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; ● clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; ● add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and ● make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).	Annual periods commencing on or after 1 January 2026
IFRS 18 Presentation and Disclosure in Financial Statements	IFRS 18 Presentation and Disclosure in Financial Statements: IAS 1 Presentation of Financial Statements did not have detailed requirements on: • classification of income and expenses in the statement of profit or loss. • presentation of subtotals above 'profit or loss' in the statement of profit or loss; or • aggregation and disaggregation of information presented in the primary financial statements or disclosed in the notes. This lack of detailed requirements led to diversity in practice as entities defined their own subtotals and performance measures. Investors found it difficult to analyse and compare companies' financial performance. IFRS 18 Presentation and Disclosure in Financial Statements, issued by the IASB on 9 April 2024, will improve the quality of financial reporting by: • requiring defined subtotals in the statement of profit or loss; • requiring disclosure about management-defined performance measures; and • adding new principles for aggregation and disaggregation of information. The IASB expects these improvements will enable investors to make more informed decisions leading to better allocations of capital that will contribute to long-term financial stability.	Annual periods commencing on or after 1 January 2027

BP MEDICAL AID SOCIETY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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3. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 R	2024 R
Fair value at the beginning of the year	163 285 841	143 177 741
Capitalised interest and dividends	5 184 375	5 791 650
Asset management fees	(657 869)	(674 908)
Unrealised gain at fair value through profit or loss	36 326 337	12 665 636
Realised gains	4 009 382	625 722
Purchase of investments	-	68 343 525
Disposal of investments	-	(66 643 525)
Fair value at the end of the year	208 148 066	163 285 841
Non-current assets	189 543 381	149 568 994
Current assets	18 604 685	13 716 847
	208 148 066	163 285 841

The investments are unitised and are part of a pooled portfolio through a pooled investment product.

Bonds and debentures	49 647 885	49 171 661
Listed property	8 361 718	4 446 783
Equities with primary listing on the JSE	131 533 778	95 950 550
Local cash	17 583 981	12 105 380
Foreign cash	1 020 704	1 611 467
	208 148 066	163 285 841

The investments have no fixed maturity. The fair value of the investments is based on the market value as at 31 December 2025.

A register of investments is available for inspection at the registered office of the Society.

4. CASH AND CASH EQUIVALENTS

	2025 R	2024 R
Call accounts	52 159 193	54 981 145
Current accounts	405 245	500 214
Cash and cash equivalents per cash flow statement	52 564 438	55 481 359

BP MEDICAL AID SOCIETY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2025

5. INSURANCE CONTRACT LIABILITY

Reconciliation of the liability for remaining coverage and the liability for incurred claims - 2025

	Liability for Remaining Coverage	Liability for Incurred Claims	Total R
Opening balance as at 1 January 2025	-	324 050	324 050
Insurance revenue	(102 271 960)	-	(102 271 960)
Total insurance revenue	(102 271 960)	-	(102 271 960)
Insurance service expenses			
Incurred claims and other directly attributable expenses	-	116 146 284	116 146 284
Insurance service result	(102 271 960)	116 146 284	13 874 324
Other changes: Premium debtors to LIC	(8 837 830)	8 837 830	-
Cash flows			
Contributions received	111 109 790	-	111 109 790
Claims and other directly attributable expenses paid	-	(114 989 946)	(114 989 946)
Total cash flows	111 109 790	(114 989 946)	(3 880 156)
Closing insurance contract liabilities	-	10 318 218	10 318 218
Closing balance as at 31 December 2025	-	10 318 218	10 318 218

Comprising of:

Insurance contract receivables	
Contribution receivables	153 982
Accounts receivable: Providers/Members	204 483
Less Provision for impairment losses on contribution receivables	(205 531)
	152 934
Insurance contract payables	(5 045 977)
Liability for claims claims incurred but not reported	(4 998 082)
Risk adjustment	(427 093)
	(10 318 218)

BP MEDICAL AID SOCIETY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2025

5. INSURANCE CONTRACT LIABILITY (continued)

Reconciliation of the liability for remaining coverage and the liability for incurred claims - 2024

	Liability for Remaining Coverage	Liability for Incurred Claims	Total R
Opening balance as at 1 January 2024	-	4 229 234	4 229 234
Insurance revenue	(105 420 714)	-	(105 420 714)
Total insurance revenue	(105 420 714)	-	(105 420 714)
Insurance service expenses			
Incurred claims and other directly attributable expenses	-	107 684 970	107 684 970
Insurance service result	(105 420 714)	107 684 970	2 264 256
Other changes: Premium debtors to LIC	5 940 930	(5 940 930)	-
Cash flows			
Contributions received	99 479 784	-	99 479 784
Claims and other directly attributable expenses paid	-	(105 649 224)	(105 649 224)
Total cash flows	99 479 784	(105 649 224)	(6 169 440)
Balance as at 31 December 2024	-	324 050	324 050
Closing balance as at 31 December 2024	-	324 050	324 050

Comprising of:

Insurance contract receivables	
Contribution receivables	7 674 944
Accounts receivable: Providers/Members	143 645
Less Provision for impairment losses on contribution	(188 692)
	7 629 897
Insurance contract payables	(3 680 074)
Liability for claims incurred but not reported	(4 001 515)
Risk adjustment factor for non-financial risk	(272 358)
	(324 050)

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5. LIABILITY TO MEMBERS (continued)

LIABILITY FOR INCURRED CLAIMS	2025 R	2024 R
Not covered by risk transfer arrangements		
Liability for incurred claims	4 946 423	4 001 515
Analysis of movements in outstanding claims		
Balance at beginning of year	4 001 515	3 585 088
Payments in respect of prior year	(2 892 622)	(3 600 821)
Over/(under) provision in the prior year	1 108 893	(15 733)
(Over)/under provision in respect of prior year written back	(1 108 893)	15 733
Adjustment for current year	4 946 423	4 001 515
Liability at end of year (note 10)	4 946 423	4 001 515
Risk adjustment on claims		
Balance at the beginning of the year	177 267	299 151
Payments in respect of the prior year	(177 267)	(299 151)
Over/(under) provision in the prior year	-	-
Adjustment for the current year	427 093	177 267
Balance at the end of the year	427 093	177 267
Covered by risk transfer arrangements		
Liability for incurred claims for Iso Leso and Netcare 911	51 659	95 091
Analysis of movements in outstanding claims		
Balance at beginning of year	95 091	168 424
Payments in respect of prior year	(95 091)	(168 424)
Over/(under) provision in the prior year	-	-
Adjustment for current year	51 659	95 091
Provision at end of year (note 10)	51 659	95 091
Total liability for incurred claims	5 425 175	4 273 873

Process used to determine the assumptions

The process used to determine the assumptions is intended to result in neutral estimates of the most likely or expected outcome. The sources of data used as inputs for the assumptions are internal, using detailed studies that are carried out monthly. There is more emphasis on current trends, and where in earlier years there was insufficient information to make a reliable best estimate of claims development, prudent assumptions are used.

Each notified claim is assessed on a separate, case by case basis with due regard to the claim circumstances, information available from managed care: healthcare management services and historical evidence of the size of similar claims. The provisions are based on information currently available. However, the ultimate liabilities may vary as a result of subsequent developments. The impact of many of the items is difficult to estimate. The provision estimation difficulties also differ by category of claims (i.e. in-hospital and chronic benefits) due to differences in the underlying insurance contract, claim complexity, the volume of claims, the individual severity of claims, determining the occurrence date of a claim, and reporting lags.

The cost of outstanding claims is estimated using statistical methods. Such methods extrapolate the development of paid and incurred claims, average cost per claims and ultimate claim numbers for each benefit year based upon observed development of earlier years and expected loss ratios. Past trends are used in situations where it takes time after the treatment date until the full extent of the claims to be paid is known. It is assumed that payments will emerge in a similar way in each service month. The proportional increase in the known cumulative payments from one development month to the next can then be used to calculate payments for future development months.

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5. INSURANCE CONTRACT LIABILITY (continued)

OUTSTANDING CLAIMS PROVISION (continued)

The Basic Chain Ladder method used is consistent with prior years, and considers categories of claims and observed historical claims development. To the extent that these methods use historical claims development information they assume that the historical claims development pattern will occur again in the future. There are reasons why this may not be the case, which, insofar as they can be identified, have been allowed for by modifying the methods. Such reasons include:

- changes in processes that affect the development / recording of claims paid and incurred (such as changes in claim reserving procedures);
- economic, legal, political and social trends (resulting in different than expected levels of inflation and/ or minimum medical benefits to be provided);
- changes in composition of members and their dependents and random fluctuations, including the impact of large losses.

Assumptions

The assumptions that have the greatest effect on the measurement of the outstanding claims provision are the expected percentages of claims settled after each of the first four months of the claims run-off period, before the claims turn stale.

Other assumptions

- The actual demographics of the Society were used including all membership movements for the period.
- The effect of an ageing population on the utilisation of health services is automatically incorporated.

The impact of the sensitivity of the assumptions excluding the risk adjustment and risk transfer arrangements, are set out below:

	2025 R	2024 R
Effect of a 1% point increase in provision	49 464	40 015
Effect of a 2% point increase in provision	98 928	80 030
Effect of a 3% point increase in provision	148 393	120 045

The Society believes that the liability for claims reported in the Statement of Financial Position is adequate. However, it recognises that the process of estimation is based upon certain variables and assumptions which could differ when claims arise.

The risk adjustment was calculated at the portfolio level as the Society doesn’t have groups due to laws that constrain the Society's ability to set a price for different members. 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%.

5.1 LIABILITY TO MEMBERS FOR FUTURE BENEFITS

Opening balance	218 856 292	200 580 172
Movement in liability to members for future benefits	31 754 632	18 276 120
Closing balance	250 610 924	218 856 292

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6. RISK TRANSFER ARRANGEMENTS

Reconciliation of risk transfer arrangements - 2025

Risk transfer arrangement contracts	Assets for Remaining Coverage	Assets for Incurred claims	Total R
Opening balance as at 1 January 2025	-	95 091	95 091
Net income/(expense) from risk transfer contracts held			
Risk transfer expenses:			
- Netcare 911	596 452	-	596 452
- Isoleso	1 140 481	-	1 140 481
Claims recovered			
- Netcare 911	-	(602 190)	(602 190)
- Isoleso	-	(1 261 728)	(1 261 728)
Current year movement	-	(43 432)	(43 432)
Net income/(expense) from risk transfer contracts held	1 736 933	(1 907 350)	(170 417)
Cash flows			
Premiums paid			
- Netcare 911	(596 452)	-	(596 452)
- Isoleso	(1 140 481)	-	(1 140 481)
Recoveries received			
- Netcare 911	-	602 190	602 190
- Isoleso	-	1 261 728	1 261 728
Total cash flows	(1 736 933)	1 863 918	126 985
Closing closing balance as at 31 December 2025	-	51 659	51 659

Reconciliation of risk transfer arrangements - 2024

Risk transfer arrangement contracts	Assets for Remaining Coverage	Assets for Incurred claims	Total R
Opening balance as at 1 January 2024	-	168 424	168 424
Net income/(expense) from risk transfer contracts held			
Risk transfer expenses			
- Netcare 911	606 695	-	606 695
- Isoleso	1 190 475	-	1 190 475
Claims recovered			
- Netcare 911	-	(628 659)	(628 659)
- Isoleso	-	(1 356 233)	(1 356 233)
Current year movement	-	(73 333)	(73 333)
Net income/(expense) from risk transfer contracts held	1 797 170	(2 058 225)	(261 055)
Cash flows			
Premiums paid			
- Netcare 911	(606 695)	-	(606 695)
- Isoleso	(1 190 475)	-	(1 190 475)
Recoveries received			
- Netcare 911	-	628 659	628 659
- Isoleso	-	1 356 233	1 356 233
Total cash flows	(1 797 170)	1 984 892	187 722
Closing balance as at 31 December 2024	-	95 091	95 091

The Society entered into a capitation agreement with Netcare Hospitals (Pty) Ltd (Netcare 911), whereby Netcare 911 (Pty) Ltd facilitates emergency transport for beneficiaries on behalf of the Society.

The Society entered into a capitation agreement with Iso Leso Optics Ltd (Iso Leso), whereby Iso Leso facilitates optometric services through a network of contracted providers to the beneficiaries on behalf of the Society.

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7 OTHER RECEIVABLES

	2025 R	2024 R
Interest receivable	72 798	163 857
Income receivable - bpSA refunds	129 414	132 453
bpSA - Principal Officer	-	101 463
Prepaid expense	-	611
	202 212	398 384

The carrying amounts of other receivables approximate their fair values due to the short-term maturities of these assets.

Interest receivable and risk transfer receivables are of a current nature and are settled within 30 days.

Income receivable for HIV & AIDS relates to a contractual reimbursement for HIV & AIDS related costs incurred by the Society for all members who are registered on the HIV YourLife Programme. The reimbursement is made by bpSA, on a quarterly basis.

8. OTHER PAYABLES

	2025 R	2024 R
Accrued expenses	37 233	80 333
	37 233	80 333

At 31 December the carrying amounts of other payables approximate their fair values due to the short-term maturities of these liabilities.

BP MEDICAL AID SOCIETY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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		2025 R	2024 R
9.	**INSURANCE REVENUE AND SERVICE EXPENSES** **CLAIMS INCURRED FROM INSURANCE CONTRACTS**		
9.1	Insurance revenue	102 263 103	105 420 714
	Contributions impairment gain/(loss) on healthcare receivables *	8 857	(26 730)
	Total insurance revenue*	102 271 960	105 393 984

* The Total insurance revenue for 2024 has been reclassified to include the impairment of healthcare receivables. This would align the insurance revenue disclosure to be reported as per IFRS 17 guide.

9.2	**Insurance service expenses - claims incurred**		
	Current year claims	106 112 006	97 866 342
	Movement in outstanding claims provision	3 837 531	4 017 248
	(Under)/over provision in prior year (note 5)	(1 108 893)	15 733
	Adjustment for current year (note 5)	4 946 424	4 001 515
		109 949 537	101 883 590
	Impairment loss/(gain) on healthcare receivables *	51 568	(31 453)
	Less: Discounts received on claims	(130 120)	(197 465)
	Claims incurred excluding claims incurred in respect of risk transfer	109 870 985	101 654 672
	Risk adjustment on claims		
	Movement in current year risk adjustment	249 826	(121 884)
	Claims incurred in respect of risk transfer arrangements		
	Current year claims	1 812 259	1 889 801
	Movement in outstanding claims provision	51 659	95 091
	Adjustment for current year (note 6)	51 659	95 091
		1 863 918	1 984 892
	Claims incurred*	111 984 729	103 517 680

*The Claims incurred for 2024 has been reclassified to include the impairment on healthcare receivables. This would align the claims incurred to be reported as per IFRS17 guidelines.

		2025 R	2024 R
10	**ACCREDITED MANAGED HEALTHCARE SERVICES** **(NO RISK TRANSFER)**		
10.1	**Momentum Health Solutions (Pty) Ltd**		
	Active disease risk management services	633 639	647 494
	Dental benefit management services	52 759	53 898
	Hospital benefit management services	401 340	410 085
	Managed care network management services	229 109	234 130
	Pharmacy benefit management services	430 842	440 314
		1 747 689	1 785 921
10.2	**Icon Managed Care (Pty) Ltd**		
	Active disease risk management services	9 966	10 297
	Total accredited managed healthcare services (no risk transfer)	**1 757 655**	**1 796 218**

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11.	ADMINISTRATION EXPENSES	2025	2024
11.1	**Accredited Administration Services provided by Administrator**	**R**	**R**
	Member record management	81 597	83 414
	Contribution management	66 580	68 015
	Claims management	508 187	519 307
	Financial management	359 345	367 165
	Information management and data control	485 993	496 636
	Customer services	670 318	684 996
	Total accredited administration services	2 172 020	2 219 533
11.2	**Other Administration Services provided by Administrator**		
	Benefit management services	28 971	29 658
	Internal audit services	31 363	32 082
	Third party claim recovery services	17 808	18 251
	Forensic investigations and recoveries	44 519	45 486
	Governance and compliance services rendered	206 783	211 317
	Total other administration services provided by accredited administrators	329 444	336 794
11.3	**Directly attributable expenses**		
	Actuarial fees		
	- Pricing and benefit design	307 050	293 940
	Administrator's fees		
	- Administration fees paid in respect of accredited services	2 172 020	2 219 533
	- Administration expenditure: benefit management services	28 971	29 658
	- Third party claims recovery administration fees	17 808	18 251
		2 525 849	2 561 382
11.4	**Not directly attributable expenses**		
	Actuarial fees - other	307 050	293 940
	Administrator's fees - other		
	- Internal audit services	31 363	32 082
	- Forensic investigations and recoveries	44 519	45 486
	- Governance and compliance services rendered	206 783	211 316
	AGM costs and Trustees elections	73 780	93 368
	Audit fees - current year audit services	842 088	940 988
	Bank charges	26 559	26 203
	Board of Healthcare Funders subscriptions	17 579	20 766
	Consulting fees	1 242 221	1 215 953
	Council for Medical Schemes - levies	58 411	62 104
	Fidelity cover	137 750	208 438
	General Expenses	6 081	16 772
	Printing and postages	36 501	57 294
	Principal Officer costs	632 870	603 398
	Seminars	71 836	13 200
	Telephone	46 576	37 427
	Travelling and accommodation	64 944	64 016
	Trustees/Committee members remuneration (note 11.5 and 11.6)	818 204	540 324
		4 665 115	4 483 075

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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11. ADMINISTRATION EXPENSES (continued)

11.5 Board of Trustees members' remuneration and related costs

31-Dec-25	Services as Trustee R	Travelling and accommodation R	Total R
T Connelly*	-	30 020	30 020
I Juhnke	87 102	-	87 102
I Hodkinson	95 800	5 563	101 363
L Sihlobo*	-	35 585	35 585
C Nefale*	-	11 686	11 686
D Kidd-Anderson*	-	1 666	1 666
C Phetlhe*	-	20 974	20 974
M Wilson*	-	10 509	10 509
	182 902	116 003	298 905

31 December 2024	Services as Trustee R	Travelling and accommodation R	Total R
T Connelly*	-	41 608	41 608
C McClelland	48 000	-	48 000
B Mahlo	38 400	-	38 400
K Mtshazo*	-	6 441	6 441
L Sihlobo*	-	22 708	22 708
C Nefale*	-	52 638	52 638
L Mlomo*	-	-	-
R Fienberg	-	-	-
D Klein*	-	-	-
A Book	-	-	-
D Natha	-	-	-
M Wilson*	-	-	-
	86 400	123 395	209 795

* Non remunerated Trustees and committee members

11.6 Sub-Committee remuneration

31 December 2025	Communication Committee R	Nominations Committee R	Dispute Committee R	Audit Committee R	Investment Committee R	Total R
B Sickle	-	7 300	-	158 100	28 800	194 200
M Van Est	-	-	-	29 000	-	29 000
J Kikaya	-	-	35 900	-	-	35 900
Hanri Loots	-	-	65 895	-	-	65 895
J Mosetlhi	-	-	97 290	-	-	97 290
M Beneke	-	3 864	-	-	-	3 864
M Tshuma*	-	-	-	-	-	-
T Connelly*	-	-	-	-	-	-
I Juhnke	1 750	-	-	-	-	1 750
I Hodgkinson	-	-	-	-	5 200	5 200
C Bosenberg	-	-	-	29 200	57 000	86 200
M Wilson*	-	-	-	-	-	-
	1 750	11 164	199 085	216 300	91 000	519 299

31 December 2024	Communication Committee R	Nominations Committee R	Dispute Committee R	Audit Committee R	Investment Committee R	Total R
B Sickle	-	13 600	-	118 500	27 500	159 600
M Van Est	-	-	-	21 300	-	21 300
J Kikaya	-	-	-	-	-	-
Hanri Loots	-	-	-	-	-	-
J Mosetlhi	-	-	-	-	-	-
M Beneke	-	73 129	-	-	-	73 129
M Tshuma*	-	-	-	-	-	-
T Connelly*	-	-	-	-	-	-
C Bosenberg	-	-	-	42 100	34 400	76 500
M Wilson*	-	-	-	-	-	-
	-	86 729	-	181 900	61 900	330 529

* Non remunerated Trustees and committee members

12. NET MOVEMENT IN PROVISION FOR EXPECTED CREDIT LOSSES

	2025 R	2024 R
Other receivables		
Contributions at risk of not being collected	8 857	(26 730)
Movement in provision for expected credit losses	8 857	(26 730)
Members' and service providers' portions at risk of not being collected	(65 045)	29 889
Movement in provision for expected credit losses	(25 696)	104 962
Written off	(39 349)	(75 073)
Less:		
Previous impairment losses recovered	13 477	1 564
Net movement in provision for expected credit losses	(42 711)	4 723

13. INVESTMENT INCOME

Financial assets at fair value - interest income	2 752 025	3 338 285
Financial assets at fair value - dividend income	2 432 351	2 596 415
Cash and cash equivalents - interest income	4 136 545	5 214 262
	9 320 921	11 148 962

14. OTHER OPERATING INCOME

Continuing financial commitment from employer		
HIV & AIDS refunds	610 029	649 918
Principal Officer costs refunds	632 870	603 398
	1 242 899	1 253 316
Sundry income		
Prescribed credit write backs	4 594	-

BP MEDICAL AID SOCIETY

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15. Going Concern

The Trustees have made an assessment of the ability of the Society to continue as a going concern based on an actuarial analysis. The Trustees are of the view that the Society will be a going concern in the year ahead.

16. Events post reporting date

At the date of finalisation of the Annual Financial Statements there were no material events that occurred subsequent to the reporting date that required adjustments to the amounts recognised in the Annual Financial Statements.

17. RELATED PARTY TRANSACTIONS

Parties with significant influence over the Society

The employer, bpSA, has significant influence over the Society as it has a continuing financial commitment to the Society and also appoints three trustees.

The administrator, Momentum Health (Pty) Ltd, has significant influence over the Society as it provides financial and operational information on which policy decisions are based.

The managed care organisation, Momentum Health (Pty) Ltd, a wholly owned subsidiary of Momentum Group Ltd, has significant influence over the Society as managed care provider.

The provider of actuarial and consulting services, Alexander Forbes Health (Pty) Ltd has significant influence over the Society as it provides financial and operational information on which policy decisions are based.

The professional investment manager, Willis Tower Watson Actuaries and Consultants (Pty) Ltd has significant influence over the Society as it provides financial and operational information on which policy decisions are based.

These entities do not have significant influence for the purposes of accounting for the Society as an associate.

These parties are considered to have influence, different from IAS 24 but the Society believes it is improved disclosure to add these particular parties to the related parties note.

Key management personnel and their close family members

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Society. Key management personnel include the Board of Trustees, the Principal Officer and members of sub-committees.

Close family members include dependants of the Board of Trustees, Principal Officer and members of the sub-committees.

BP MEDICAL AID SOCIETY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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17. RELATED PARTY TRANSACTIONS (continued)

Transactions with related parties (continued)	2025 R	2024 R
Statement of comprehensive income		
Gross contributions received (key personnel) - short term	325 992	344 108
Claims incurred (key personnel)	(214 254)	(145 075)
Continuing financial commitment from employer	31 188 574	30 533 276
- Contributions received for Continuation members	29 945 675	29 279 960
- HIV & AIDS refunds	610 029	649 918
- Principal Officer costs refunds	632 870	603 398
Administration fees paid to Momentum Health (Pty) Ltd	(2 501 464)	(2 556 327)
Managed care fees paid to Momentum Health (Pty) Ltd	(1 747 689)	(1 785 921)
Consulting fees paid to Alexander Forbes Health (Pty) Ltd	(614 100)	(587 880)
Consulting fees paid to Old Mutual Wealth Trust Company (Pty) Ltd	-	(16 289)
Consulting fees paid to Tower Watson Actuaries and Consultants (Pty) Ltd	(207 000)	(207 000)
Principal Officer remuneration	(632 870)	(603 398)
Statement of financial position		
Momentum Health (Pty) Ltd	-	(21 194)
bpSA refunds	129 414	233 916
- HIV & AIDS refunds	129 414	132 453
- Principal Officer costs refunds	-	101 463
Old Mutual Wealth Trust Company (Pty) Ltd	-	(21 194)
Compensation to key management personnel		
Remuneration and related costs - short term	(298 905)	(209 795)

The terms and conditions of the related party transactions were as follows:

Contributions received (key personnel)
This constitutes the contributions paid by related parties as members of the Society, in their individual capacities. All contributions were on the same terms as applicable to other members.

Claims incurred (key personnel)
This constitutes amounts claimed by related parties, in their individual capacities as members of the Society. All claims were paid out in terms of the rules of the Society, as applicable to other members.

Administration fees
The administration agreement is in terms of the rules of the Society and in accordance with instructions given by the Board of Trustees. The duration of the agreement is indefinite but subject to the right of either party to terminate the agreement by giving not less than six months notice.

Managed care fees
The managed care agreement is in terms of the rules of the Society and in accordance with instructions given by the Board of Trustees. The duration of the agreement is indefinite but subject to the right of either party to terminate the agreement by giving not less than three months notice.

18. GUARANTEES AND COMMITMENTS

The Society has not given any guarantees or commitments as at 31 December 2025 (no changes from 31 December 2024).

19. FINANCIAL RISK MANAGEMENT REPORT

The Society is exposed to a range of financial risks through its financial assets and financial liabilities. In particular, the key financial risk is that the Society's investment performance is not sufficient to maintain the current reserve ratio, or that the Society may have to increase member contributions due to insufficient investment performance. The most important components of these financial risks are interest rate risk, equity price risk, credit risk and liquidity risk.

These risks arise from open positions in interest rate and equity risk products, both of which are exposed to general and specific market movements. The risks that the Society primarily faces due to the nature of its investments and liabilities are interest rate risk and equity price risk.

The Board of Trustees appointed an investment committee to focus on the Society's investment strategy, risk management and asset allocation. Risk management and investment decisions are made under the guidance and policies approved by the Board of Trustees. The audit, investment and risk committees assist the board with the formulation of these policies.

The Society's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potentially adverse effects on the financial performance of the investments, which the Society holds to meet its obligations to its members.

The following summary represents the major asset classifications held by the Society which is exposed to the financial risks as discussed:

Asset allocation summary	**2025** **R**	**2024** **R**
Financial assets at fair value (note 3)	208 148 066	163 285 841
Cash and cash equivalents (note 4)	52 564 438	55 481 359
Other receivables (note 7)	202 212	398 384
	260 914 716	219 165 584

Risk management and investment decisions are carried out by the Board of Trustees. The Board of Trustees identifies and evaluates risks associated with the Society's investment portfolios, with the assistance of the Investment sub-committee.

The Society appointed a professional investment manager (Willis Tower Watson Actuaries and Consultants (Pty) Ltd) with an established track record to manage the Society's investment portfolios. The approach of the asset manager is to construct portfolios of diversified asset classes in order to obtain an optimal risk/return mix. The strategy is to focus on strategic asset allocation rather than on timing the market. This will mitigate the risk of volatile markets.

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19. FINANCIAL RISK MANAGEMENT REPORT (continued)

LIQUIDITY RISK

Liquidity risk is the risk that the Society may be in a position where it cannot settle claims and other obligations as they fall due. This could occur when the Society's assets are tied up in investments that cannot be readily converted into cash.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities through liquid holding cash positions with various financial institutions. This ensures that the Society has the ability to fund its day-to-day operations.

At year end 27.0% (2024: 33.9%) of the Society's assets were invested in cash products to ensure that the Society can meet its short term liabilities. The table below illustrates the prudent liquidity position of the Society and amounts presented are undiscounted:

As at 31 December 2025					
Category	**Total**	**Less than 1 month**	**Between 1 and 3 months**	**Between 3 months and 1 year**	**Over 1 year**
	R	**R**	**R**	**R**	**R**
Current Assets					
Financial assets at fair value through profit or loss	18 604 685	18 604 685	-	-	-
Cash and cash equivalents	52 564 438	52 564 438	-	-	-
Risk transfer contract asset	51 659	51 659	-	-	-
Other receivables	202 212	202 212	-	-	-
Current Liabilities					
Insurance contract liability	(10 318 218)	-	(10 318 218)	-	-
Other payables	(37 233)	(37 233)	-	-	-
Excess liquidity	61 067 543	71 385 761	(10 318 218)	-	-

As at 31 December 2024					
Category	**Total**	**Less than 1 month**	**Between 1 and 3 months**	**Between 3 months and 1 year**	**Over 1 year**
	R	**R**	**R**	**R**	**R**
Current Assets					
Financial assets at fair value through profit or loss	13 716 847	13 716 847	-	-	-
Cash and cash equivalents	55 481 359	55 481 359	-	-	-
Risk transfer contract asset	95 091	95 091	-	-	-
Other receivables	398 384	398 384	-	-	-
Current Liabilities					
Insurance contract liability	(324 050)	-	(324 050)	-	-
Other payables	(80 333)	(80 333)	-	-	-
Excess liquidity	69 287 298	69 611 348	(324 050)	-	-

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19. FINANCIAL RISK MANAGEMENT REPORT (continued)

CREDIT RISK

The Society has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Society is exposed to credit risk are:
- Amounts due from members and service providers
- Interest and capital due from financial institutions

The table below illustrates the Society's receivables in order to asses the credit risk:

As at 31 December 2025	**R**
Class	**Total**
Other receivables	129 414
Interest receivables	72 798

As at 31 December 2024	**R**
Class	**Total**
Other receivables	234 527
Interest receivables	20 808

The table below illustrates the quality of the Society's cash and cash equivalents.

Fitch National Long Term Rating

Financial institution	**2025**	**2024**	**Credit Rating**	
	R	**R**	**2025**	**2024**
Standard Bank	405 245	500 214	BB-	BB-
Nedgroup Investments - Income Fund	41 697 101	38 324 954	BB	BB-
Nedgroup Investments - Money Market	10 462 092	16 656 191	BB	BB-
	52 564 438	**55 481 359**		

The credit risk on liquid funds is limited because the counterparty is a financial institution with a high credit rating.

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19. FINANCIAL RISK MANAGEMENT REPORT (continued)

CREDIT RISK (continued)
Management information reported to the Society includes details of provisions for impairment on receivables, and subsequent write-offs.

MARKET RISK
The Society has exposure to market risk, which is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market price risk comprises three types of risks: currency risk, interest rate risk and other price risk which includes equity price risk.

Currency Risk
The Society is exposed to foreign exchange risk arising from its investment in the ABAX and Coronation portfolios. The Society has exposure to offshore cash. As at 31 December 2025: R13 792 745 (2024: R14 638 000).

Sensitivity analysis
The sensitivity analysis for interest rate risk illustrates how changes in the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates at the reporting date.

A decrease in 100 basis points in interest yields for a full year would result in a decrease in reserves and profit or loss income of R555 000 (2024: R389 000). An increase in 100 basis points in interest yields for a full year would result in a increase in reserves and profit or loss of R555 000 (2024: R389 000) .

The Trustees manage this risk by ensuring that the asset manager complies with the Regulations of the Act. The maximum exposure to foreign cash is 10% of assets available for investment.

Interest rate risk
The Society is exposed to interest rate risk as it places funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate placings within market expectations.

The table below summarises the Society's exposure to interest rate risks. Included in the table are the Society's investments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

2025	Up to 1 month	1 - 3 months	3 -12 months	1 - 5 years	Total
	R	R	R	R	R
Cash and cash equivalents	52 564 438	-	-	-	52 564 438
Financial assets at fair value through profit or loss					
- Bonds, debentures and equity	189 543 381	-	-	-	189 543 381
- Local cash	17 583 981	-	-	-	17 583 981
- Foreign cash	1 020 704	-	-	-	1 020 704
Total	260 712 504	-	-	-	260 712 504

The cash and cash equivalents are subject to floating interest rates, linked to the repo rate. Bond investments are subject to fixed interest rates. The cash portion of the financial instruments contains exposure to floating interest rates and exposure to fixed interest rates.

2024	Up to 1 month	1 - 3 months	3 -12 months	1 - 5 years	Total
	R	R	R	R	R
Cash and cash equivalents	55 481 359	-	-	-	55 481 359
Financial assets at fair value through profit or loss					
- Bonds, debentures and equity	149 568 994	-	-	-	149 568 994
- Local cash	12 105 380	-	-	-	12 105 380
- Foreign cash	1 611 467	-	-	-	1 611 467
Total	218 767 200	-	-	-	218 767 200

19. FINANCIAL RISK MANAGEMENT REPORT (continued)

Interest rate risk (continued)

Sensitivity analysis

The sensitivity analysis for interest rate risk illustrates how changes in the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates at the reporting date.

A decrease in 100 basis points in interest yields for a full year would result in an decrease in reserves and profit or loss income of R1 006 331 (2024: R838 000). An increase in 100 basis points in interest yields for a full year would result in a increase in reserves and profit or loss of R1 006 331 (2024: R 838 000) .

This sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated, for example the effect of interest rates on the equity market.

Equity price risk

The Society is exposed to equity price risk as it invested funds in South African equities through asset managers. The Society's equity portfolio is a long term investment, and the funds invested in this portfolio are not needed in the short to medium term. This mitigates the risk for short term fluctuations in the equity market. The Society appointed a reputable asset manager with a good track record in terms of performance.

The Society is also exposed to equity price risk as the asset manager deals in equities. The equity investment strategy is to protect capital by limiting any loss in exposed capital. The Society invests in Absolute Balanced Funds where they protect equity capital losses by utilising a diversified, active management approach that prioritizes capital preservation over chasing benchmark indices, often aiming for positive returns regardless of market conditions. They mitigate risk by using derivate hedging, and selecting undervalued assets to provide a "margin of safety".

Sensitivity analysis

The sensitivity analysis for equity price risk illustrates how changes in the fair value of future cash flows of a financial instrument will fluctuate because of changes in the equity market at the reporting date.

An increase of 1% in the Society's equity portfolio would result in an increase in reserves of some R 1 352 717 (2024: R 885 000). This full amount would be recognised in the Society's accumulated funds, and will not affect the Society's reserve ratio.

This sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated, for example the effect of interest rates on the equity market.

The Board of Trustees monitor the equity portfolio movements on a regular basis, and the Investment sub-committee has regular meetings to review the Society's strategy and asset allocation.

Risk Management of the Investment Portfolio

The asset manager's approach is to construct a portfolio of diversified asset classes, after determining the long term relationship or correlation of these asset classes, in order to obtain an optimal risk/return mix. The asset manager uses strategic asset allocation rather than market timing strategies to manage risk. Quantitative analysts ensure appropriate risk exposure.

Fair value estimation

The fair value of publicly traded financial instruments and financial assets at fair value through profit or loss investments is based on quoted market prices at the reporting date.

Management assessed that the fair values of cash and short-term deposits, receivable, payables and other current liabilities approximate their carrying amount largely due to the short-term maturities of these instruments.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. Specific valuation techniques used to value financial instruments include quoted market prices or dealer quotes for similar instruments.

There is an active market for the Society's listed equity investments and quoted debt instruments.

The table below provides the carrying amounts of financial assets and liabilities per category:

	2025 R	2024 R
Financial assets at fair value	208 148 066	163 285 841
Cash and cash equivalents	52 564 438	55 481 359
Other receivables	202 212	398 384
Other payables	(37 233)	(80 333)

The carrying amounts of these financial assets and liabilities approximate their fair values.

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19. FINANCIAL RISK MANAGEMENT REPORT (continued)

The Society invests in pooled investment product, the underlying of which is made up of bonds and debentures, listed property, equities.
The table below has been prepared on a look-through basis.
The classification of bond and debentures, local cash and foreign cash is not consistent with the prior year as listed property and equity should have been classified as level 1 financial instruments. Cash and other receivables are classified as financial instruments at amortised cost.

As at 31 December 2025	Level 1	Level 2	Level 3	Reclassification
	R	R	R	R
Financial assets at fair value through profit or loss				
Bonds and debentures	-	49 647 885	-	-
Property fund	8 361 718	-	-	-
Equities with listing on the JSE	131 533 778	-	-	-
Total	139 895 496	49 647 885	-	-

As at 31 December 2024	Level 1	Level 2	Level 3	Reclassification
	R	R	R	R
Financial assets at fair value through profit or loss				
Bonds and debentures	-	49 171 661	-	-
Property fund	4 446 783	-	-	-
Equities with listing on the JSE	95 950 550	-	-	-
Total	100 397 333	49 171 661	-	-

The hierarchy levels are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities. These are readily available in the market and are normally obtainable from multiple sources.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The face values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate available to the Society for similar financial instruments.

Listed bonds and debentures are classified as level 2 due to the limited frequency of trading.

Investment structures

The Society views its investments in pooled market linked policies as investments in unconsolidated structured entities. The Society invests in these portfolios, whose objectives range from achieving medium to long-term capital growth. The portfolios are managed by unrelated asset managers that apply various investment strategies to accomplish their respective investment objectives. The Society may request full or part redemption of these investments if the need arises. The change in fair value is included in the statement of comprehensive income in 'Net gains/ (losses) on financial instruments held at fair value through profit or loss'.

The exposure the Society has to these portfolios are listed in the table below. The Society's maximum exposure to loss from its interests in these portfolios are limited to the total fair value of its investment in these portfolios.

Portfolio	**As at 31 December 2025**			**As at 31 December 2024**		
	Total portfolio value	Fair value	% exposure	Total portfolio value	Fair value	% exposure
Alexander Forbes	2 362 983 867	85 574 037	3.62%	2 912 371 893	64 707 704	2.22%
ABAX investments	970 119 901	31 149 067	3.21%	845 379 250	26 965 074	3.19%
Coronation	1 334 501 925	28 574 023	2.14%	1 029 114 683	23 879 433	2.32%
Ninety One	276 536 023	9 927 418	3.59%	278 991 955	10 616 605	3.81%
Old Mutual Investment	8 606 550 504	52 923 521	0.61%	5 644 297 349	37 117 025	0.66%

Capital management

The Society's objective is to manage its capital in such a way that the annual contribution increase to members is as low as possible.
Capital adequacy risk is the risk that there may be insufficient reserves to provide for adverse variations on actual and future experience.
The solvency ratio was 161.75% at 31 December 2025 and 177.52% at 31 December 2024, and compares favourably to the solvency ratio of 25%, as prescribed by the Medical Schemes Act.

20. INSURANCE RISK MANAGEMENT

NATURE AND EXTENT OF RISKS ARISING FROM INSURANCE CONTRACTS

The Society issues contracts that transfer insurance risk. This section summarises these risks and the way the Society manages them.

Insurance risk - description of benefits

- In-hospital benefits cover all costs incurred by members, whilst they are in hospital to receive pre-authorised treatment for certain medical conditions.
- Chronic medication benefits cover the cost of certain prescribed medicines consumed by members for chronic conditions/ diseases, such as high blood pressure, cholesterol and asthma.
- Day-to-day benefits cover the cost of out of hospital medical attention (subject to certain sub-limits), such as visits to general practitioners and dentists as well as prescribed non-chronic medicines.
- The treatment of Prescribed Minimum Benefits are covered at cost.

Risk management objectives and policies for mitigating insurance risk

The primary insurance activity carried out by the Society assumes the risk of loss from members and their dependants that are directly subject to the risk. These risks relate to the health of the Society's members. As such the Society is exposed to the uncertainty surrounding the timing and severity of claims under the contract. The Society also has exposure to market risk through its insurance and investment activities.

The Board of Trustees has developed and approved documented policies and practices for the acceptance and management of insurance risk to which the Society is exposed. Reference has also been made to the requirements of the Medical Schemes Act in compiling the insurance risk management policy. These policies are reviewed annually and the benefit option provided to members is structured to fall within the acceptable insurance risk levels specified. The Board of Trustees also determines the policy for entering into risk transfer arrangements. The annual business plan is structured around the insurance risk management policy.

The Society manages its insurance risk through benefit limits and sub-limits, approval procedures for transactions that involve pricing guidelines, pre-authorisation and case management, as well as the monitoring of emerging issues, and network arrangements through the appointment of designated and preferred service providers. Certain risks are mitigated by entering into a risk transfer arrangement.

The Society uses several methods to assess and monitor insurance risk exposures both for individual types of risks insured and overall risks. These methods include analysing detailed claims information with the assistance of the Society's actuarial consultants.

The Board of Trustees also appointed managed care providers to focus on specific areas where the Society is exposed to insurance risk. These programmes include the following:

- Disease Risk Management
- Hospital Benefit Management Services
- Maternity Programme
- Oncology Programme
- Pharmacy Benefit Management Services
- Prescribed Minimum Benefit
- HIV YourLife Programme
- GP Network Management
- Specialist Network Programme
- Dental Benefit Management

20. INSURANCE RISK MANAGEMENT (continued)

The theory of probability is applied to the pricing and provisioning for a portfolio of insurance contracts. The principal risk is that the frequency and severity of claims is 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 using established statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Society has developed its insurance underwriting strategy to manage the type of insurance risk accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Frequency and severity of claims

For insurance contracts issued, climatic and seasonal changes, as well as the spread of pandemics give rise to more frequent and severe claims.

Source of uncertainty in the estimation of late claims payments

The Society reviews the contributions and benefits annually to ensure that the necessary underwriting surplus is maintained relative to the risk exposure. It is relatively easy to assess the future claim payments since the large majority is lodged soon after year end before the four month expiration of claims period comes into effect.

All the contracts are annual in nature and the Society has the right to change the terms and conditions of the contracts at renewal. Management information including contribution income and claims ratios, target market and demographic split, is reviewed monthly.

The insurance risk management strategy is set out in the annual business plan, which specifies the benefits to be provided. Management information including contribution income and claims ratios is reviewed monthly.

Concentration of insurance risk

The following table summarises the concentration of insurance risk, with reference to the number of beneficiaries by age group.

	2025	**2024**
Age grouping (in years)	Total	.
<=25	217	258
26 - 35	34	42
36 - 50	133	155
51 - 64	302	327
=> 65	875	920
Total	1 561	1 702

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20 INSURANCE RISK MANAGEMENT (continued)

The following table summarises the concentration of insurance risk, with reference to the carrying amount of the insurance claims incurred, by age group and in relation to the type of risk covered / benefits provided.

2025

Age grouping	General Practitioners	Medical Specialists	Dentistry	Medicines	Hospital	Other	Optometry	Total
	R	R	R	R	R	R	R	R
<=25	294 893	668 953	218 085	444 337	671 564	236 661	-	2 534 493
26 - 35	57 412	232 195	46 710	148 641	159 123	63 154	-	707 235
36 - 50	324 957	706 364	172 494	646 597	395 488	158 912	-	2 404 812
51 - 64	596 339	5 589 514	585 643	2 611 078	4 791 955	2 016 770	-	16 191 299
=>65	2 372 921	27 728 556	1 457 933	10 990 343	34 880 371	6 817 152	-	84 247 276
Iso Leso	-	-	-	-	-	-	1 234 128	1 234 128
Netcare 911	-	-	-	-	-	578 131	-	578 131
	3 646 522	34 925 582	2 480 865	14 840 996	40 898 501	9 870 780	1 234 128	107 897 374
Insurance contract liability								5 373 516
Insurance contract liability - prior year over provision								(1 286 161)
TOTAL								111 984 729

2024

Age grouping	General Practitioners	Medical Specialists	Dentistry	Medicines	Hospital	Other	Optometry	Total
	R	R	R	R	R	R	R	R
<=25	318 886	808 324	246 611	542 066	724 069	333 629	-	2 973 585
26 - 35	81 265	380 808	44 787	156 361	512 631	84 655	-	1 260 507
36 - 50	367 127	1 869 423	188 872	830 194	1 642 313	360 832	-	5 258 761
51 - 64	644 618	4 404 091	696 016	2 597 184	4 523 773	1 819 894	-	14 685 576
=>65	2 270 203	23 304 266	1 551 205	9 090 205	31 657 947	5 676 100	4 160	73 554 086
Iso Leso	-	-	-	-	-	-	1 297 024	1 297 024
Netcare 911	-	-	-	-	-	592 777	-	592 777
	3 682 099	30 766 912	2 727 491	13 216 010	39 060 733	8 867 887	1 301 184	99 622 316
Insurance contract liability								4 178 782
Insurance contract liability - prior year over provision								(283 418)
TOTAL								103 517 680

The insurance risk management strategy is reviewed annually and specifies the benefits to be provided as well as the contribution payable.

The Other category includes: radiology, pathology, renal care, blood services etc.

Claims development

Claims development tables are not presented since the uncertainty regarding the amount and timing of claims payment is typically resolved within one year.

20. INSURANCE RISK MANAGEMENT (continued)

Risk transfer arrangements

The Society entered into capitation agreements with an optical service provider and an emergency transport provider.

The Society however remains liable to its members with respect to these services, should the capitation provider fail to meet its obligation.

The amount of each risk retained depends on the Society's evaluation of the specific risk, subject in certain circumstances, to maximum limits on the basis of characteristics of coverage. According to the terms of the risk transfer arrangements, the third party agrees to reimburse the ceded amount in the event the claim is paid. According to the terms of the capitation agreement, the supplier provides certain minimum benefits to all Society members, as and when required by the members.

When selecting a capitation provider the Society considers its relative security. The security of the capitation provider is assessed from public rating information and from internal investigations such as considering capital adequacy, solvency, capacity and appropriate resources.

21. CRITICAL ACCOUNTING JUDGEMENTS AND AREAS OF KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Society's accounting policies, management has made the following judgements that have the most significant effect on the amounts recognised in the Annual Financial Statements.

A key assumption concerning the future that has a significant risk of causing a material adjustment to the carrying amounts of liabilities in the next financial year is that used to determine the liability for incurred claims (refer note 5).

When arriving at this provision it is assumed that the reporting and settlement trend of claims incurred but not reported will be similar to that of the previous financial period. The provision is calculated based on percentages derived from the previous financial period and is adjusted as the claims are reported and settled.

Although the assumption is considered critical, post year-end settlements against the provision have been monitored to ensure reasonability of the original provision.

Included in the measurement of the scheme level are all the future cash flows within the boundary of the Society's group of contracts. The estimates of these future cash flows are based on probability weighted expected future cash flows. The Society estimates which cash flows are expected and the probability that they will occur as at the measurement date. In making these expectations, the Society uses information about past events, current conditions and forecasts of future conditions. Each scenario specifies the amount, timing and probability of cash flows. (refer note 5).

22. NON-COMPLIANCE MATTERS

22.1 Contravention of Section 35(8)(c) of the Medical Schemes Act

Nature and Impact

In terms of Section 35(8) of the Act, a medical scheme shall not invest any of its assets in the business of or grant loans to an employer who participates in the medical scheme or any administrator or any arrangement associated with the medical scheme.

The Society holds shares in Momentum Group Limited, Sanlam Limited, Liberty Holdings and Discovery Group Ltd. This is in contravention of this requirement of the Act.

Causes for the failure

The Society invests in a pooled portfolio and an index fund and does not have control over the selection of the underlying assets.

Corrective action

The Council for Medical Schemes granted the Society an exemption for a period of three years until 31 December 2028.

22.2 Contravention of S26(7) of the Medical Schemes Act

Nature and Impact

In terms of Section 26(7) of the Act, contributions should be received in accordance with the rules of the Society. The rules indicate that contributions should be received no later than three days after they become due. As at 31 December 2025, there were contribution debtors outstanding for more than 30 days to the amount of R153 982 (2024: R141 810) the majority of which relates to debit order pensioners as well as pensioner employer groups in Portugal. This amount represents 0.15% of the total contributions received during the year, the delay in receipt is in contravention of Section 26(7) of the Act.

Causes for the failure

Delays were experienced in respect of receipt of payment from some of the group codes.

Corrective action

Management continues to communicate to all concerned parties to emphasise the importance of prompt payment.

22.3 Non-compliance with regulation 30 - Equity

Nature and Impact

In terms of Regulation 30 of the Act, a scheme is prohibited from investing more than 40% of its investments in equity instruments. The Society holds 51.5% of its investments in equity instruments.

Causes for the failure

The Society has equities invested in managed portfolios above the 40% limit specified in category 4(a) of Annexure B to the Medical Scheme Regulations. The Society invested in a pooled fund and does not have control of the investment decisions relating to the underlying assets.

Corrective action

The Society sent a motivation letter to the Council for Medical Schemes on 5 July 2024. The Registrar acknowledged the motivation letter on 18 September 2024 and noted the certificate which allows the Scheme to deviate from the 40% limitation imposed on category 4(a) to Annexure B up to a maximum of 60% of the Scheme's Regulation 30 assets.

22.4 Contravention of section 59(2) of the Medical Schemes Act

Nature and Impact

In terms of section 59(2) of the Act a member or provider claim should be settled within 30 days of submission. Instances were noted during the year where settlements took more than 30 days.

Causes for the failure

The reason for the delay was that it is a foreign claim, and there are additional steps applicable to these claims which extend the adjudication process. The foreign currency needs to be converted to South African Rand and the charges need to be reviewed by different departments to ensure the correct nappi item and procedure codes are used to process the claim. Only when all feedback is received from the various departments can the claim be processed. This interaction may cause a delay in the process.

Corrective action

Management will reiterate to the various departments the required timelines to respond in order to comply with the MSA 30 day processing requirement.

23 Prior Period Reclassification

A reclassification was done in the Statement of Comprehensive Income in the prior year to reclassify impairments on healthcare receivables previously disclosed under Other expenses to Insurance revenue and under Insurance services expenses in claims incurred. This would align the disclosure to be reported as per IFRS 17 guidelines.

Below is the 2024 insurance revenue and insurance service expenses as currently reclassified compared to previously presented.

2024 Reclassified		2024 As previously presented	
Insurance revenue	105 420 714	Insurance revenue	105 420 714
Adjustment: Impairment loss	(26 730)		
	105 393 984		105 420 714
Insurance claims inurred	103 549 133	Insurance claims inurred	103 549 133
Adjustment: Impairment loss	(31 453)		
	103 517 680		103 549 133