

**TRANSMED MEDICAL FUND**

Registration number: 1582

**AUDITED ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 December 2025

**TRANSMED MEDICAL FUND**

Registration number: 1582

**ANNUAL FINANCIAL STATEMENTS**

**for the year ended 31 December 2025**

<b>Contents</b>	<b>Pages</b>
Statement of responsibility by the Board of Trustees	2
Statement of corporate governance by the Board of Trustees	3
Report of the Board of Trustees	4 - 14
Independent auditor's report	15 - 19
Statement of financial position	20
Statement of profit or loss and other comprehensive income	21
Statement of cash flows	22
Notes to the annual financial statements	23 - 57

**TRANSMED MEDICAL FUND**

Registration number: 1582

**ANNUAL FINANCIAL STATEMENTS**

**STATEMENT OF RESPONSIBILITY BY THE BOARD OF TRUSTEES**

**for the year ended 31 December 2025**

The Trustees are responsible for the preparation, integrity and fair presentation of the annual financial statements of Transmed Medical Fund (the Fund) comprising the statement of financial position, statement of comprehensive income and cash flows and the notes to the annual financial statements. The annual financial statements presented on pages 20 to 57 have been prepared 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. In addition, the Trustees are responsible for preparing the report of the Board of Trustees.

The 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 Trustees are satisfied that the information contained in the annual financial statements fairly presents the results of operations, cash flows and financial position of the Fund at year-end. The Trustees also prepared the other information included in the annual report and are responsible for both its accuracy and its consistency with the financial statements.

No event or item has come to the attention of the Board of Trustees that indicates any material breakdown in the functioning of the key internal controls and systems during the year under review. The Trustees are responsible for such internal controls as the Trustees deem necessary to enable the preparation of the annual financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The going concern basis has been adopted in preparing the annual financial statements. The Trustees believe that the Fund will be a going concern in the foreseeable future, being at least 12 months from the date of issue of the annual financial statements, based on forecasts and available cash resources. These annual financial statements support the viability of the Fund.

The Fund’s external auditor, Deloitte & Touche, is responsible for auditing the annual financial statements in terms of International Standards on Auditing and the auditor's report is presented on pages 15 to 19.

The annual financial statements, as identified in the first paragraph, were approved by the Board of Trustees on .....2026 and are signed on its behalf:

.....  
B Jonker  
CHAIRPERSON

.....  
F Mackenzie  
VICE-CHAIRPERSON

.....  
PL Wassermann  
PRINCIPAL OFFICER

22 April 2026

**TRANSMED MEDICAL FUND**

Registration number: 1582

**ANNUAL FINANCIAL STATEMENTS**

**STATEMENT OF CORPORATE GOVERNANCE BY THE BOARD OF TRUSTEES**

**for the year ended 31 December 2025**

The Fund is committed to the principles and practice of fairness, openness, integrity and accountability in all dealings with its stakeholders. The Trustees are proposed and elected by the members of the Fund and the employers.

**BOARD OF TRUSTEES**

The Trustees meet regularly and monitor the performance of all its contracted service providers against their contractual obligations and service level agreements. They address a range of key issues and ensure that discussion of items of policy, strategy and performance is critical, informed and constructive.

The Trustees perform a self-evaluation to measure the performance of the Board and also evaluate the performance of the sub-committees against their terms of reference.

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

**INTERNAL CONTROL**

The Board of Trustees is accountable for the process of risk management and internal controls. Risks are reviewed and identified regularly and appropriate strategies are implemented.

The administrators of the Fund maintain internal controls and systems designed to provide reasonable assurance as to the integrity and reliability of the annual financial statements and to safeguard, verify and maintain accountability for its assets adequately. Such controls are based on established policies and procedures and are implemented by trained personnel with the appropriate segregation of duties.

A formal internal audit function exists within the administrator, with regular reporting to the Audit Committee. The administrators of the Fund have documented and tested disaster recovery procedures and the Board is satisfied that the procedures are in place and tested.

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

.....  
B Jonker  
CHAIRPERSON

.....  
F Mackenzie  
VICE-CHAIRPERSON

.....  
PL Wassermann  
PRINCIPAL OFFICER

22 April 2026

## **TRANSMED MEDICAL FUND**

Registration number: 1582

### **ANNUAL FINANCIAL STATEMENTS REPORT OF THE BOARD OF TRUSTEES for the year ended 31 December 2025**

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

#### **1. DESCRIPTION OF THE MEDICAL FUND**

##### **1.1 Terms of registration**

The Fund is a not for profit restricted medical fund registered in terms of the Medical Schemes Act 131 of 1998 (the Act), as amended.

##### **1.2 Benefit options within the Transmed Medical Fund**

The Fund offers the following benefit options to employees and pensioners of Transnet SOC Ltd and its subsidiaries:

- Guardian;
- Link;
- Select; and
- Prime.

The Prime option was closed effective 31 December 2025.

#### **2. MANAGEMENT**

##### **2.1 Board of Trustees in office during the year under review and at the date of this report:**

###### **EMPLOYER AND LABOUR NOMINATED**

Mr HF Fourie	
Mr F Mackenzie	Vice-Chairperson
Ms JM Phokane	
Mr V Ramlugaan	
Mr L Siwani	Removed by labour union 24 November 2025
Ms C Sophete	

###### **MEMBER ELECTED TRUSTEES**

Mr C Beard	
Ms S Booyen	
Mr JJ Groenewald	
Mr B Jonker	Chairperson
Mr F Mabaso	
Mr LJ Ngaka	

## **TRANSMED MEDICAL FUND**

Registration number: 1582

### **ANNUAL FINANCIAL STATEMENTS**

#### **REPORT OF THE BOARD OF TRUSTEES (continued)**

**for the year ended 31 December 2025**

#### **2.2 Principal Officer**

Mr PL Wassermann	
1st Floor Eagle Canyon Office Park	Private Bag 32043
Cnr Dolfyn and Christiaan de Wet Street	Braamfontein
Randpark Ridge	2017
Randburg	
2169	

#### **2.3 Registered Office address and postal address**

1st Floor Eagle Canyon Office Park	Private Bag 32043
Cnr Dolfyn and Christiaan de Wet Street	Braamfontein
Randpark Ridge	2017
Randburg	
2169	

#### **2.4 Fund Administrator**

Momentum Health (Pty) Ltd	
Parc du Cap	Parc du Cap
Mispel Road	Mispel Road
Bellville	Bellville
7530	7530

CMS accreditation no: 13

#### **2.5 Managed care providers**

Momentum Health (Pty) Ltd	
Parc du Cap	Parc du Cap
Mispel Road	Mispel Road
Bellville	Bellville
7530	7530

CMS accreditation no: 59

Universal Healthcare (Pty) Ltd	
Universal House	PO Box 1411
15 Tambach Road	Rivonia
Sunninghill Park	2128
Sandton	
2128	

CMS accreditation no: MCO 17

#### **2.6 Investment manager**

Ninety One SA Proprietary Limited  
36 Hans Strijdom Avenue  
Foreshore  
Cape Town  
8001

FSP Number 587

## **TRANSMED MEDICAL FUND**

Registration number: 1582

### **ANNUAL FINANCIAL STATEMENTS**

#### **REPORT OF THE BOARD OF TRUSTEES (continued)**

**for the year ended 31 December 2025**

#### **2.7 Actuaries**

NMG Consultants and Actuaries (Pty) Ltd	
Belvedere Office Park	PO Box 3950
Block B	Tygervalley
Pasita Street	7536
Tygervalley	
7536	

#### **2.8 Auditor**

Deloitte & Touche	
5 Magwa Crescent	Private Bag X6
Waterfall City	Gallo Manor
Midrand	2052
2066	

### **3. INVESTMENT STRATEGY OF THE FUND**

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

The Board of Trustees ensure that:

- The Fund remains solvent;
- Investments are placed at minimum risk and at the best possible rate of return;
- Investments made are in compliance with the Regulations of the Act; and
- A risk assessment is performed with feedback to the Board of Trustees with recommendations on the risks identified.

During 2025, the Fund invested in money market instruments, which included bonds and cash instruments. This was done mainly to ensure that the Fund had sufficient liquidity available.

The Fund's policy is reviewed annually, taking into consideration compliance with the Act, risk, returns of the various investment instruments and the surplus of funds available.

### **4. REVIEW OF THE FINANCIAL YEAR'S ACTIVITIES**

#### **4.1 Results from operations**

##### **Working Members and Pensioner (WMP) risk pool**

The Trustees have implemented the actions stipulated in the business plan in order to increase the reserve ratio of the WMP risk pool in order to reach the required 25%.

The WMP risk pool consists of three options: Link Option, Select Option and the Prime Option. Only the Select option exceeded budget expectations at year end.

The risk profile of the risk pool deteriorated further during the year, partially as a result of the implementation of a revised subsidy structure by the employer, which has an ongoing impact on the risk pool. The revised subsidy structure allows members to belong to other open medical schemes, as approved by the employer. The strategic plan of the Fund is to attract new members to the risk pool in order to improve the risk profile.

The reserve ratio for the WMP risk pool increased from 22.92% at 31 December 2024 to 30.05% at 31 December 2025.

The Trustees believe that the risk pool will remain solvent and build reserves during the 2026 benefit year.

## TRANSMED MEDICAL FUND

Registration number: 1582

### ANNUAL FINANCIAL STATEMENTS

#### REPORT OF THE BOARD OF TRUSTEES (continued)

for the year ended 31 December 2025

#### 4. REVIEW OF THE FINANCIAL YEAR'S ACTIVITIES (continued)

##### 4.1 Results from operations (continued)

###### South African Transport Services (SATS) risk pool

Transnet SOC Ltd will continue to fund this risk pool.

The SATS risk pool's reserve ratio decreased from 35.50% at 31 December 2024 to 24.94% at 31 December 2025. The decrease is mainly due to Transnet having committed to funding the approved level of benefits for SATS pensioners, ensuring that the reserves of the SATS risk pool are maintained at 25% of contributions on a monthly basis.

Transnet SOC Ltd remains committed to fund the SATS risk pool to the reserve level required by the Act.

###### The Fund

The results of the Fund are set out in the annual financial statements. The reserve ratio increased from 26.65% at the end of December 2024 to 28.74% at the end of December 2025. The Fund has regular interactions with the Council for Medical Schemes, and constantly keeps the Council for Medical Schemes informed of developments in the Fund.

##### 4.2 Solvency ratio

	2025	2024
	R	R
Liability to members for future benefits	126,967,293	132,122,471
Less:		
Unrealised gains on financial assets at fair value through Profit or Loss	(190,356)	(89,654)
Accumulated funds per Regulation 29	<u>126,776,937</u>	<u>132,032,817</u>
Annual insurance revenue	441,108,600	495,373,351
Accumulated funds ratio	<u>28.74%</u>	<u>26.65%</u>

##### 4.3 Going concern

The Board of Trustees considers the Fund to be a going concern. The Board took the following into consideration in the evaluation of the Fund's going concern status:

- Available cash and investments at the end of the year amounted to R 150 968 928.
- Transnet SOC Ltd will be providing funding to ensure that the SATS risk pool maintains a reserve level of 25%.
- A business plan has been developed by the Trustees, with the assistance of the Fund's actuary, in order to get the Fund to a reserve level of 25%.
- It is expected that the Fund's reserve ratio will increase from 28.74% at 31 December 2025 to 30.70% at 31 December 2026.
- An actuarial model was developed to assist the Trustees to consider the going concern status of the Fund. Even with the most negative assumptions on membership movements and membership risk profiles, the model indicated that the Fund will be a going concern.

**TRANSMED MEDICAL FUND**

Registration number: 1582

**ANNUAL FINANCIAL STATEMENTS**

**REPORT OF THE BOARD OF TRUSTEES (continued)**

for the year ended 31 December 2025

**4. REVIEW OF THE FINANCIAL YEAR'S ACTIVITIES (continued)**

**4.4 Operational statistics**

	2025				
	Link	Select	Prime	Guardian	Total
Number of members at the end of the accounting period	1,201	6,063	94	2,894	10,252
Average number of members for the accounting period	1,258	6,464	114	3,113	10,949
Number of beneficiaries at the end of the accounting period	2,005	9,218	107	3,295	14,625
Average number of beneficiaries for the accounting period	2,118	9,870	130	3,550	15,668
Beneficiaries per member at 31 December	1.7	1.5	1.1	1.1	1.4
Average age of beneficiaries for the accounting period	50	53	77	81	59
Pensioner ratio (beneficiaries > 65 years)	35.2%	41.9%	87.9%	95.1%	53.3%
Average insurance revenue per member per month	R 2,253.09	R 3,558.21	R 12,995.26	R 3,031.87	R 3,357.27
Average insurance revenue per beneficiary per month	R 1,338.10	R 2,330.33	R 11,415.54	R 2,658.76	R 2,346.16
Average relevant healthcare expenditure per member per month	R 2,209.39	R 3,205.85	R 18,601.18	R 3,527.66	R 3,343.76
Average relevant healthcare expenditure per beneficiary per month	R 1,312.14	R 2,099.56	R 16,340.00	R 3,093.54	R 2,336.72
Average managed care services per member per month	R 104.08	R 80.63	R 354.68	R 140.60	R 103.24
Average managed care services per beneficiary per month	R 61.81	R 52.81	R 311.56	R 123.30	R 72.15
Average attributable, administration and other expenses per member per month	R 198.94	R 219.04	R 1,169.21	R 699.30	R 363.20
Average attributable, administration and other expenses per beneficiary per month	R 118.15	R 143.45	R 1,027.08	R 613.25	R 253.82
Managed care services as a percentage of insurance revenue	5%	2%	3%	5%	3%
Insurance service expenses as a percentage of insurance revenue	98%	90%	143%	116%	100%
Average attributable, administration and other expenses as a percentage of insurance revenue	9%	6%	9%	23%	11%
Average accumulated funds per member at 31 December *		WMP = R 13,405		R 9,789	R 12,385
Return on investments					8.70%

\* Accumulated funds are measured for the two risk pools, WMP and SATS, and for the Fund as a whole, but not per benefit option.

**TRANSMED MEDICAL FUND**

Registration number: 1582

**ANNUAL FINANCIAL STATEMENTS**

**REPORT OF THE BOARD OF TRUSTEES (continued)**

**for the year ended 31 December 2025**

**4. REVIEW OF THE FINANCIAL YEAR'S ACTIVITIES (continued)**

**4.4 Operational statistics**

	2024				
	Link	Select	Prime	Guardian	Total
Number of members at the end of the accounting period	1,308	7,010	142	3,375	11,835
Average number of members for the accounting period	1,370	7,456	162	3,614	12,601
Number of beneficiaries at the end of the accounting period	2,216	10,760	162	3,858	16,996
Average number of beneficiaries for the accounting period	2,346	11,524	188	4,129	18,187
Beneficiaries per member at 31 December	1.7	1.5	1.1	1.1	1.4
Average age of beneficiaries for the accounting period	51	53	77	82	60
Pensioner ratio (beneficiaries > 65 years)	37.7%	42.0%	87.7%	97.7%	54.5%
Average insurance revenue per member per month	R 2,082.05	R 3,261.81	R 11,529.53	R 3,387.07	R 3,276.02
Average insurance revenue per beneficiary per month	R 1,215.86	R 2,110.38	R 9,935.02	R 2,964.61	R 2,269.81
Average relevant healthcare expenditure per member per month	R 1,847.53	R 3,125.49	R 16,090.31	R 3,351.02	R 3,218.15
Average relevant healthcare expenditure per beneficiary per month	R 1,078.91	R 2,022.18	R 13,865.06	R 2,933.05	R 2,229.72
Average managed care services per member per month	R 104.95	R 76.79	R 275.16	R 133.03	R 98.54
Average managed care services per beneficiary per month	R 61.29	R 49.68	R 237.11	R 116.44	R 68.27
Average attributable, administration and other expenses per member per month	R 191.37	R 192.49	R 1,037.29	R 647.81	R 333.83
Average attributable, administration and other expenses per beneficiary per month	R 111.75	R 124.54	R 893.83	R 567.01	R 231.30
Managed care services as a percentage of insurance revenue	5%	2%	2%	4%	3%
Insurance service expenses as a percentage of insurance revenue	89%	96%	140%	99%	98%
Average attributable, administration and other expenses as a percentage of insurance revenue	9%	6%	9%	19%	10%
Average accumulated funds per member at 31 December *	WMP = R 9,449			R 15,462	R 11,164
Return on investments					9.51%

\* Accumulated funds are measured for the two risk pools, WMP and SATS, and for the Fund as a whole, but not per benefit option.

**TRANSMED MEDICAL FUND**

Registration number: 1582

**ANNUAL FINANCIAL STATEMENTS**

**REPORT OF THE BOARD OF TRUSTEES (continued)**

**for the year ended 31 December 2025**

**4. REVIEW OF THE FINANCIAL YEAR'S ACTIVITIES (continued)**

**4.5 Liability for incurred claims (LIC)**

The basis of calculation of the LIC is discussed in note 7 of the annual financial statements and is consistent with the prior year. There have been no unusual movements that the Trustees believe should be brought to the attention of the members of the Fund.

**5. ACTUARIAL SERVICES**

The Fund's actuaries have been consulted in the determination of the contribution and benefit levels and provide regular reports to the Fund. Reporting also include the LIC and risk adjustment (RA) calculation.

**6. GUARANTEES RECEIVED BY THE FUND FROM A THIRD PARTY**

No guarantees have been received by the Fund for the year ended 31 December 2025.

**7. EVENTS AFTER REPORTING DATE**

There have been no events that have occurred between the end of the accounting period and the date of the approval of these annual financial statements that the Trustees consider should be brought to the attention of the members of the Fund.

**8. INVESTMENTS IN AND LOANS TO PARTICIPATING EMPLOYERS OF MEMBERS OF THE MEDICAL FUND AND TO OTHER RELATED PARTIES**

- The Fund holds no investments in participating employers of the Fund's members;
- Refer to the related party disclosure in note 18 of the annual financial statements; and
- Trustee remuneration is disclosed in note 15.1 of the annual financial statements.

**TRANSMED MEDICAL FUND**

Registration number: 1582

**ANNUAL FINANCIAL STATEMENTS**

**REPORT OF THE BOARD OF TRUSTEES (continued)**

**for the year ended 31 December 2025**

**9. MANAGEMENT OF INSURANCE RISK**

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

The Fund manages its insurance risk through benefit limits and sub-limits, approval procedures for transactions that involves pricing guidelines, pre-authorisation and case management and service provider profiling.

The Fund 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 pricing and provision for portfolio of insurance contracts. The principal risk is that the frequency and severity of risk claims are greater than expected.

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

**10. AUDIT COMMITTEE**

The Audit Committee was established in accordance with the provisions of the Act. The Committee is mandated by the Board of Trustees by means of written terms of reference as to its membership, authority and duties. The Committee consists of five members of which two are members of the Board of Trustees. The majority of the members, including the Chairperson, are not officers of the Fund or its third party administrator. The Committee met on two occasions during the course of the year.

The Principal Officer of the Fund, Momentum Health management, the external auditors and the internal auditors attend all Audit Committee meetings and have unrestricted access to the Chairperson of the Committee.

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

The Committee presently comprises:

- Mr K Buthelezi (Chairperson)
- Mr MI Mchunu
- Mr V Ramlugaan
- Ms C Sophete
- Ms S Thomas

**TRANSMED MEDICAL FUND**

Registration number: 1582

**ANNUAL FINANCIAL STATEMENTS****REPORT OF THE BOARD OF TRUSTEES (continued)**

for the year ended 31 December 2025

**11. TRUSTEE MEETING ATTENDANCE**

The following schedule sets out Board of Trustees meeting attendances. Trustee remuneration is disclosed in note 15.1 to the financial statements.

Trustee	Board Meetings		Audit Committee		Benefits Committee		Ex-Gratia Committee		Management Committee		Remuneration Committee	
	A	B	A	B	A	B	A	B	A	B	A	B
B Jonker	6	6					9	9	8	8	5	5
F Mackenzie	6	6			3	3			8	7	5	5
C Beard	6	6					9	8	8	8		
S Booysen	6	6					9	9	8	8		
HF Fourie	6	6			3	3	9	9				
JJ Groenewald	6	6			3	3						
F Mabaso	6	6			3	2						
LJ Ngake	6	6							8	8		
L Phokane	6	6					9	9	8	7		
V Ramlugaan	6	3	3	3							5	5
L Siwani	6	4					9	8	8	7		
C Sophete	6	6	3	3	3	3						

A - Is the number of meetings held during the year

B - Is the number of meetings attended

## **TRANSMED MEDICAL FUND**

Registration number: 1582

### **ANNUAL FINANCIAL STATEMENTS**

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

## **12. BOARD OF TRUSTEE COMMITTEE MEETINGS**

### **12.1 Management Committee**

The Management Committee is mandated by the Board of Trustees by means of written terms of reference as to its membership, authority and duties.

The Management Committee incorporates the functions and responsibilities in the following areas:

- Financial and investment management;
- Suppliers' management;
- Marketing management; and
- Managed care management.

### **12.2 Benefits Committee**

The mandate of the Benefits Committee is:

- To make recommendations to the Board on the benefits that are offered to members; and
- To ensure long-term viability of the benefit options.

### **12.3 Remuneration Committee**

The mandate of the Remuneration Committee is to:

- Do annual performance appraisals for the employee of the Fund; and
- Decide on annual increases in the remuneration for the employee of the Fund.

### **12.4 Ex-gratia Committee**

The Ex-gratia Committee approved applications to the value of R209 798 (2024: R193 232), for ex-gratia assistance to members. Applications for assistance from members are evaluated against criteria as approved by the Board from time to time.

## **13. NON-COMPLIANCE WITH MEDICAL SCHEMES ACT 131 OF 1998**

### **13.1 Self-supporting options**

#### **Nature and impact**

In terms of Section 33(2) benefit options shall be self-supporting in terms of membership and financial performance. The Guardian and Prime options recorded losses for the year ended 31 December 2025.

#### **Causes for the failure**

The loss on the Guardian Option is mainly due to the reduced Transnet subsidy, which is intended to bring the option closer to the 25% solvency requirement, while the Prime Option had an adverse high cost case experience in comparison with the prior year.

#### **Corrective action**

The Prime Plan is not sustainable in the longer term on account of the following:

- the small and declining membership;
- the poor and rapidly deteriorating risk profile as a result of anti-selection;
- the poor value proposition that it offers;
- the substantial operating losses being experienced on the plan.

The Board approved the closure of the Prime Plan effective 31 December 2025.

**TRANSMED MEDICAL FUND**

Registration number: 1582

**ANNUAL FINANCIAL STATEMENTS**

**REPORT OF THE BOARD OF TRUSTEES (continued)**

**for the year ended 31 December 2025**

**13. NON-COMPLIANCE WITH MEDICAL SCHEMES ACT 131 OF 1998 (continued)**

**13.2 Payment of claims within 30 days**

**Nature and impact**

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

**Causes of failure**

Delays can occur when accounts are referred for clinical audit or other investigations. These are however the exceptions, and claims are generally paid within the prescribed time.

**Corrective action**

The administrator is aware of the requirements and comply as far as possible. It is however an inherent part of the industry that a limited number of problematic claims may exceed the payment requirement of 30 days.

**13.3 Outstanding contributions**

**Nature and impact**

In terms of Section 26(7) of the Act, contributions should be received in accordance with the rules of the Fund. Per the Fund rules, contributions are required to be received at least three days after their due date. Instances were noted where contributions were received late.

**Causes for the failure**

The reason for this is due to the inherent nature of the business.

**Corrective action**

On-going communication to employer groups has occurred and will continue.

**TRANSMED MEDICAL FUND**

Registration number: 1582

**ANNUAL FINANCIAL STATEMENTS****STATEMENT OF FINANCIAL POSITION**

as at 31 December 2025

	Notes	2025 R	2024 R
<b>ASSETS</b>			
<b>Non-current assets</b>		100,849,623	90,921,578
Equipment	2	18,551	24,398
Financial assets at fair value through Profit or Loss	3	100,831,072	90,897,180
<b>Current assets</b>		50,493,463	72,813,989
Financial assets at fair value through Profit or Loss	3	37,191,714	69,739,922
Cash and cash equivalents	4	12,946,142	2,785,273
Trade and other receivables	6	355,607	288,794
<b>Total assets</b>		<u>151,343,086</u>	<u>163,735,567</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Liability to members for future benefits*	5.1	126,967,293	111,575,344
<b>Current liabilities</b>		24,375,792	52,160,222
Insurance contract liability	5.2	22,540,056	29,432,858
Liability to members for future benefits	5.1	-	20,547,127
Trade and other payables	8	1,835,736	2,180,238
<b>Total liabilities</b>		<u>151,343,086</u>	<u>163,735,567</u>

\*Following the engagement with the SAICA MSPG, the new terminology agreed upon was 'Liability to members for future benefits'. Previously disclosed as 'Insurance contract liability to future members'.

**TRANSMED MEDICAL FUND**

Registration number: 1582

**ANNUAL FINANCIAL STATEMENTS**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

**For the year ended 31 December 2025**

	Notes	2025 R	2024 R
Insurance revenue	9	441,108,600	495,373,351
Insurance service expenses		(439,333,586)	(486,623,346)
Net claims incurred*		(400,092,749)	(448,067,406)
Claims incurred	10	(400,092,749)	(448,081,115)
Third party claims recoveries		-	13,709
Accredited managed healthcare services (no transfer of risk)*	11	(13,564,670)	(14,900,032)
Changes that relate to past service - adjustments to the LIC*	7	3,535,421	7,975,818
Directly attributable insurance service expenses	12	(29,068,837)	(31,455,775)
Accredited administration services		(26,129,573)	(28,629,352)
Other administration expenditure		(2,939,264)	(2,826,423)
Net impairment loss on healthcare receivables	16	(142,750)	(175,951)
Losses on onerous contracts and reversal of these losses		-	-
<b>Insurance service result</b>		<b>1,775,014</b>	<b>8,750,005</b>
<b>Other income</b>		<b>11,723,660</b>	<b>15,465,775</b>
Investment income	13	11,416,236	15,241,486
Sundry income	14	206,722	191,612
Unrealised gains on investments at fair value through Profit or Loss		100,702	32,677
<b>Other expenditure</b>		<b>(18,653,852)</b>	<b>(19,019,604)</b>
Administration fees and other operating expenses	15	(18,509,123)	(18,847,521)
Asset management fees		(142,949)	(172,083)
Sundry expenses	17	(1,780)	-
<b>(Loss)/profit for the year</b>		<b>(5,155,178)</b>	<b>5,196,176</b>
Transfer to amounts attributable to future members		5,155,178	(5,196,176)
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>
Relevant healthcare expenditure		<u>(410,121,998)</u>	<u>(454,991,620)</u>

\*Relevant healthcare expenditure consists of net claims incurred, adjustments to the LIC and accredited managed healthcare services (no transfer of risk).

**TRANSMED MEDICAL FUND**

Registration number: 1582

**ANNUAL FINANCIAL STATEMENTS****STATEMENT OF CASH FLOWS**

For the year ended 31 December 2025

		<b>2025</b>	<b>Restated*</b>
	<b>Notes</b>	<b>R</b>	<b>2024</b>
		<b>R</b>	<b>R</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from members - contributions		434,263,249	495,661,090
Cash receipts from members and providers - claims		502,627	440,469
Other income		206,722	-
Cash paid to members, providers and employees:			
- Cash paid to members and providers - claims		(410,971,348)	(459,943,636)
- Cash paid to providers - other directly attributable expenses		(28,912,314)	(30,401,730)
- Cash paid to providers and employees - administration fees and other operating expenses		(19,060,014)	(19,012,047)
Management fees and transaction costs	3	39,745	39,146
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>(23,931,334)</b>	<b>(13,216,707)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to equipment	2	(1,926)	(924)
Additions to financial assets at fair value through Profit or Loss	3	(268,460,000)	(301,060,000)
Proceeds on disposal of financial assets at fair value through Profit or Loss	3	302,185,000	312,290,000
Interest received		369,128	459,501
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>		<b>34,092,202</b>	<b>11,688,577</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>10,160,869</b>	<b>(1,528,130)</b>
Cash and cash equivalents at beginning of year		2,785,273	4,313,403
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	5	<b>12,946,142</b>	<b>2,785,273</b>

\*During its analysis of the 2024 Annual Financial Statements, the Council for Medical Schemes noted that the cash flows disclosed in note 5.2 could not be fully reconciled back to the Fund's Statement of Cash Flows. The prior year cash flows were therefore restated.

**TRANSMED MEDICAL FUND**

Registration number: 1582

**ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2025**

**1. PRINCIPAL ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of the annual financial statements are set out below and are in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board. These policies have been consistently applied to all years presented, except for changes required by the mandatory adoption of new, revised IFRS® Accounting Standards and changes in accounting policy.

**1.1 Basis of preparation**

**Compliance with IFRS**

The annual financial statements are prepared in accordance with IFRS® Accounting Standards and in accordance with the requirements of the Medical Schemes Act of South Africa. IFRS® Accounting Standards comprise International Financial Reporting Standards, International Accounting Standards (IAS) and the interpretations originated by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC). The standards referred to are set by the International Accounting Standards Board (IASB).

**Historical cost**

The annual financial statements are prepared on a going concern basis using the historical cost convention, except for the following:

- Certain financial assets and liabilities (including derivative instruments) – measured at fair value.
- Insurance assets and liabilities – measured in terms of IFRS 17 current estimates.

**Use of estimates**

The preparation of the financial statements necessitates the use of estimates and assumptions. These estimates and assumptions affect the reported amount of assets, liabilities and contingent liabilities at the reporting date as well as affecting the reported income and expenditure for the year. The actual outcome may differ from these estimates. For further information on critical estimates and judgements refer to note 22.

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

<b>Standard</b>	<b>Summary of requirements</b>	<b>Effective date</b>
Amendment to IFRS 9, "Financial Instruments" and IFRS 7, "Financial Instruments: Disclosures" - Classification and Measurement of Financial Instruments	<p><i>These amendments:</i></p> <ul style="list-style-type: none"><li>• 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;</li><li>• clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;</li><li>• 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</li><li>• make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).</li></ul>	Annual periods commencing on or after 1 January 2026

**TRANSMED MEDICAL FUND**

Registration number: 1582

**ANNUAL FINANCIAL STATEMENTS****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

**1. PRINCIPAL ACCOUNTING POLICIES (continued)****New standards, amendments and interpretations issued and not yet effective in 2025 and relevant to the Fund (continued)**

IFRS 18 Presentation and Disclosure in Financial Statements	<p><i>IFRS 18 Presentation and Disclosure in Financial Statements:</i></p> <p>The new IFRS Accounting Standard IFRS 18 Presentation and Disclosure in Financial Statements replaces IAS 1 Presentation of Financial Statements. IAS 1 Presentation of Financial Statements did not have detailed requirements on:</p> <ul style="list-style-type: none"> <li>• classification of income and expenses in the statement of profit or loss.</li> <li>• presentation of subtotals above 'profit or loss' in the statement of profit or loss; or</li> <li>• aggregation and disaggregation of information presented in the primary financial statements or disclosed in the notes.</li> </ul> <p>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.</p> <p>IFRS 18 Presentation and Disclosure in Financial Statements, issued by the IASB on 9 April 2024, will improve the quality of financial reporting by:</p> <ul style="list-style-type: none"> <li>• requiring defined subtotals in the statement of profit or loss;</li> <li>• requiring disclosure about management-defined performance measures; and</li> <li>• adding new principles for aggregation and disaggregation of information.</li> </ul> <p>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.</p>	Annual periods commencing on or after 1 January 2027
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**1.2 Financial instruments****Classification**

The Fund classifies its financial assets into the following categories: at fair value through profit or loss, at fair value through other comprehensive income and amortised cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

**(a) Financial assets at fair value through profit or loss**

Debt investments that do not qualify for measurement at either amortised cost or fair value through other comprehensive income.

Equity investments that are held for trading and equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

**(b) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Fund's loans and receivables comprise 'trade and other receivables' in the statement of financial position. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Fund holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

**(c) Amortised cost**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of comprehensive income.

**Recognition and initial measurement**

At initial recognition, the Fund measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Fund commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all the risks and rewards of ownership.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

## TRANSMED MEDICAL FUND

Registration number: 1582

### ANNUAL FINANCIAL STATEMENTS

#### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 1. PRINCIPAL ACCOUNTING POLICIES (continued)

### 1.2 Financial instruments (continued)

#### Subsequent measurement

Despite the foregoing, the Fund may make the following irrevocable election/designation at initial recognition of a financial asset:

The Fund may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and

The Fund may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

#### Derecognition

When a debt investment measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. When an equity investment designated as measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is subsequently transferred to retained earnings.

#### Debt instruments

Subsequent measurement of debt instruments depends on the Fund's business model for managing the asset and the cash flow characteristics of the asset.

#### Trade and other receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as current assets. The Fund's financial instruments at amortised cost comprises 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Fund holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

#### Cash and cash equivalents

Cash and cash equivalents comprise current accounts and deposits held on call with banks. Cash and cash equivalents are subsequently measured at amortised cost.

#### Impairment of financial assets

Debt instruments that are measured subsequently at amortised cost are subject to impairment. In relation to the impairment of financial assets an expected credit loss model is required. The expected credit loss model requires the Fund to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The Fund recognises a loss allowance for expected credit losses on:

- (1) Debt investments measured subsequently at amortised cost;
- (2) Trade receivables and contract assets; and
- (3) Financial guarantee contracts to which the impairment requirements of IFRS 9 apply.

The Fund measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit impaired financial asset), the Fund is required to measure the loss allowance for that financial instrument at an amount equal to 12 months ECL.

IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

## TRANSMED MEDICAL FUND

Registration number: 1582

### ANNUAL FINANCIAL STATEMENTS

#### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 1. PRINCIPAL ACCOUNTING POLICIES (continued)

### 1.2 Financial instruments (continued)

#### ***Derecognition of assets or financial liabilities***

The Fund derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Fund is recognised as a separate asset or liability.

Where the Fund neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, the Fund determines whether it has retained control of the financial asset. In this case:

- (i) If the Fund has not retained control, it derecognises the financial asset and recognises separately as assets or liabilities any rights and obligations created or retained in the transfer; and
- (ii) If the Fund has retained control, it continues to recognise the financial asset to the extent of its continuing involvement in the financial asset.

The Fund derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

#### ***Offsetting of financial instruments***

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Fund has a current legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

### 1.3 Equipment

Equipment is reflected at historical cost less accumulated depreciation and accumulated impairments. Depreciation is charged on the straight-line basis over the estimated useful lives of the assets after taking into consideration the assets' residual value.

The estimated useful lives of equipment are as follows:

Computer equipment

- Hardware 3 years
- Software 2 years
- Electronic equipment 6 years
- Furniture and fittings 6 years

The useful lives, depreciation methods and residual values are reviewed annually at the reporting date and adjusted if appropriate.

Maintenance and repairs are expensed as incurred. Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Fund.

Gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with its carrying amount. Gains and losses on the disposal of equipment is recognised in profit or loss.

Where components of an item of equipment have different useful lives they are accounted for as separate items.

### 1.4 Significant judgements

The Fund used the confidence level to determine the risk adjustment.

#### 1.4.1 Mutual entity assessment

Based on the requirements of IFRS 17, the Fund was recognised as a mutual entity, therefore it is expected that the remaining assets of the Fund will be used to pay the claims of current and future members. The Fund recognised a liability in its statement of financial position to provide coverage to future members.

#### 1.4.2 Unit of account (Level of aggregation)

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

The above is demonstrated by the following:

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

## TRANSMED MEDICAL FUND

Registration number: 1582

### ANNUAL FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

#### 1. PRINCIPAL ACCOUNTING POLICIES (continued)

##### 1.4 Significant judgements (continued)

###### 1.4.3 Risk adjustment – liability for incurred claims (LIC)

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

The risk adjustment was calculated at the portfolio level as the Fund doesn't have groups due to laws that constrain the Fund'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%.

##### 1.5 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 7.

###### 1.5.1 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 Fund estimates which cash flows are expected and the probability that they will occur as at the measurement date. In making these expectations, the Fund uses information about past events, current conditions and forecasts of future conditions. The Fund'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.

###### 1.5.2 Methods used to measure the insurance contracts

The Fund 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.

## TRANSMED MEDICAL FUND

Registration number: 1582

### ANNUAL FINANCIAL STATEMENTS

#### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 1. PRINCIPAL ACCOUNTING POLICIES (continued)

### 1.6 Insurance contracts

#### 1.6.1 Insurance contract

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

#### 1.6.2 Unit of account

The Fund has assessed their portfolio to be at a Fund level as a whole.

Please refer to note 1.4.1 for the assessment.

The Fund has applied the exemption not to perform profitability groupings as allowed by IFRS 17.20 and included all contracts in the same group. The Fund has further assessed that there are no facts and circumstances to indicate that the group was onerous at inception date.

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

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

The Fund applies IFRS 17 to all remaining components of the contract.

Transmed Medical Fund does not have any contracts that require separation or combination of insurance contracts.

#### 1.6.3 Contract boundary

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

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

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

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

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

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

**TRANSMED MEDICAL FUND**

Registration number: 1582

**ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2025**

**1. PRINCIPAL ACCOUNTING POLICIES (continued)**

**1.6 Insurance contracts (continued)**

**1.6.4 Recognition and derecognition**

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

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

An insurance contract is derecognised when it is:

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

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

**1.6.5 Initial and subsequent measurement**

The criteria in IFRS 17.53 should be considered to determine if a scheme would be able to use the Premium Allocation Approach (PAA). Transmed Medical Fund contracts all have a coverage period of one year or less and are therefore eligible to apply the PAA model.

The Fund uses the PAA for measuring contracts with a coverage period of one year or less. This approach is used for all healthcare insurance contracts as each of these contracts has a coverage period of one year or less.

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

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

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

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

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

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

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

Refer to notes 1.4.2 and 1.5.1 for the significant judgements and estimates used to determine the LIC and the estimates to determine the fulfilment cash flow.

Discounting in the PAA

IFRS 17.59(b) allows a policy choice whether to adjust the measurement for the impact of the time value of money and other financial risks, if the settlement of the claims is expected within 12 months.

Transmed Medical Fund has made the choice not to discount the group of contracts.

If the group of contracts becomes onerous, the Fund increases the carrying amount of the LFRC to the amounts of the FCF determined under the general measurement model (GMM) (as described for the LIC above) with the amount of such an increase recognised in insurance service expenses. Subsequently, the Fund amortises the amount of the loss component within the LFRC by decreasing insurance service expenses. The loss component amortisation is based on the passage of time over the remaining coverage period of contracts within an onerous group.

## TRANSMED MEDICAL FUND

Registration number: 1582

### ANNUAL FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 1. PRINCIPAL ACCOUNTING POLICIES (continued)

### 1.6 Insurance contracts (continued)

#### 1.6.6 Onerous contract assessment

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

#### 1.6.7 Insurance revenue

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

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

#### 1.6.8 Expenses

Insurance service expenses

Insurance service expenses include:

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

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

### 1.7 Investment income

Interest income is recognised using the effective interest rate method, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Fund.

Realised gains or losses on disposal of financial assets at FVTPL are recognised in surplus or deficit as investment income.

### 1.8 Liabilities and related assets under the liability adequacy test

The liability for insurance contracts is tested for adequacy by discounting current estimates of all future contractual cash flows, and comparing this amount to the carrying value of the liability net of any related assets. Where a shortfall is identified, an additional provision is made and the Fund recognises the deficiency in surplus or deficit for the year.

### 1.9 Allocation of income and expenditure to benefit options

The following items are directly allocated to benefit options:

- Insurance revenue; and
- Claims incurred.

The remaining items are apportioned based on a percentage split calculated by the Fund's management, which has historically been based on the anticipated workload due to the disease burden of each option.

- Accredited managed healthcare services (no transfer of risk);
- Directly attributable insurance service expenses
- Other income
- Other expenditure

**TRANSMED MEDICAL FUND**

Registration number: 1582

**ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

**2. EQUIPMENT**

	Computer equipment R	Electronic equipment R	Furniture & fittings R	Total R
<b>Year ended 31 December 2025</b>				
<b>Cost</b>				
At the beginning of the year	238,760	144,792	22,800	406,352
Additions	1,926	-	-	1,926
Disposals	-	-	-	-
At the end of the year	<u>240,686</u>	<u>144,792</u>	<u>22,800</u>	<u>408,278</u>
<b>Accumulated depreciation</b>				
At the beginning of the year	(237,919)	(121,235)	(22,800)	(381,954)
Depreciation charge	(710)	(7,063)	-	(7,773)
Disposals reversed	-	-	-	-
At the end of the year	<u>(238,629)</u>	<u>(128,298)</u>	<u>(22,800)</u>	<u>(389,727)</u>
<b>Carrying amount at the end of the year</b>	<u>2,057</u>	<u>16,494</u>	<u>-</u>	<u>18,551</u>

	Computer equipment R	Electronic equipment R	Furniture & fittings R	Total R
<b>Year ended 31 December 2024</b>				
<b>Cost</b>				
At the beginning of the year	237,836	144,792	22,800	405,428
Additions	924	-	-	924
Disposals	-	-	-	-
At the end of the year	<u>238,760</u>	<u>144,792</u>	<u>22,800</u>	<u>406,352</u>
<b>Accumulated depreciation</b>				
At the beginning of the year	(236,267)	(113,717)	(22,800)	(372,784)
Depreciation charge	(1,652)	(7,518)	-	(9,170)
Disposals reversed	-	-	-	-
At the end of the year	<u>(237,919)</u>	<u>(121,235)</u>	<u>(22,800)</u>	<u>(381,954)</u>
<b>Carrying amount at the end of the year</b>	<u>841</u>	<u>23,557</u>	<u>-</u>	<u>24,398</u>

The carrying amounts of equipment can be reconciled as follows:

	Computer equipment R	Electronic equipment R	Furniture & fittings R	Total R
<b>2025</b>				
<b>Net carrying value at beginning of the year</b>	841	23,557	-	24,398
Additions	1,926	-	-	1,926
Disposals	-	-	-	-
Depreciation	(710)	(7,063)	-	(7,773)
<b>Net carrying value at the end of the year</b>	<u>2,057</u>	<u>16,494</u>	<u>-</u>	<u>18,551</u>
<b>2024</b>				
<b>Net carrying value at beginning of the year</b>	1,569	31,075	-	32,644
Additions	924	-	-	924
Disposals	-	-	-	-
Depreciation	(1,652)	(7,518)	-	(9,170)
<b>Net carrying value at the end of the year</b>	<u>841</u>	<u>23,557</u>	<u>-</u>	<u>24,398</u>

**TRANSMED MEDICAL FUND**

Registration number: 1582

**ANNUAL FINANCIAL STATEMENTS****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

<b>3. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	<b>2025</b>	<b>2024</b>
	<b>R</b>	<b>R</b>
Fair value of investments at the beginning of the year	160,637,102	157,091,587
Additions	268,460,000	301,060,000
Disposals	(302,185,000)	(312,290,000)
Capitalised interest	10,966,453	14,861,429
Realised and unrealised gain on financial assets at fair value through Profit or Loss	183,976	(46,768)
Management fees and transaction costs	(39,745)	(39,146)
	<u>138,022,786</u>	<u>160,637,102</u>
Fair value of investments at the end of the year	<u>138,022,786</u>	<u>160,637,102</u>
Total financial assets at fair value through profit or loss		
Non-current	100,831,072	90,897,180
Current	37,191,714	69,739,922
	<u>138,022,786</u>	<u>160,637,102</u>
Investments are summarised as follows:		
Money market instruments	95,481,721	134,647,203
Bonds	42,541,065	25,989,899
	<u>138,022,786</u>	<u>160,637,102</u>

Financial assets at fair value through Profit or Loss consists of money market instruments and bonds. A detailed register of investments is available for inspection at the registered office of the Fund. The maturity of the underlying instruments are disclosed in note 23 of the financial statements.

The weighted average interest rate received on the money market portfolio was 8.70% (2024: 9.51%).

<b>4. CASH AND CASH EQUIVALENTS</b>	<b>2025</b>	<b>2024</b>
	<b>R</b>	<b>R</b>
Current accounts	12,946,142	2,785,273
	<u>12,946,142</u>	<u>2,785,273</u>

The weighted average effective interest rate on the Fund's current accounts was 4.58% (2024: 5.16%).

The carrying amounts of cash and cash equivalents approximate their fair values due to the short-term maturities of these assets.

<b>5. INSURANCE CONTRACT LIABILITY</b>	<b>2025</b>	<b>2024</b>
	<b>R</b>	<b>R</b>
Liability to members for future benefits	126,967,293	132,122,471
Insurance contract liability	22,540,056	29,432,858
	<u>149,507,349</u>	<u>161,555,329</u>

**5.1 LIABILITY TO MEMBERS FOR FUTURE BENEFITS**

Opening balance	132,122,471	126,926,295
Transfer to amounts attributable to future members	(5,155,178)	5,196,176
Closing balance	<u>126,967,293</u>	<u>132,122,471</u>

**TRANSMED MEDICAL FUND**

Registration number: 1582

**ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

**5.2 LIABILITY TO MEMBERS FOR CURRENT BENEFITS**

	R LRC*	R LIC**	R RA****	2025 R Total
Opening asset	-	28,209,437	1,223,421	29,432,858
Opening liability	-	-	-	-
<b>Net opening balance</b>	<b>-</b>	<b>28,209,437</b>	<b>1,223,421</b>	<b>29,432,858</b>
<b>Insurance revenue</b>	(441,108,600)	-	-	(441,108,600)
<b>Insurance service expenses</b>				
Incurred claims and other insurance service expenses	-	438,924,072	409,514	439,333,586
Third party claims recoveries	-	-	-	-
Losses and reversals of losses on onerous contracts	-	-	-	-
Adjustments to liabilities for incurred claims	-	-	-	-
<b>Insurance service result</b>	<b>(441,108,600)</b>	<b>438,924,072</b>	<b>409,514</b>	<b>(1,775,014)</b>
<b>Cash flows</b>				
Cash receipts from members - contributions	434,263,249	-	-	434,263,249
Cash receipts from members and providers - claims	-	502,627	-	502,627
Incurred claims and other directly attributable expenses paid				
Incurred claims	-	(410,971,348)	-	(410,971,348)
Other insurance service expenses paid	-	(28,912,314)	-	(28,912,314)
<b>Total cash flows</b>	<b>434,263,249</b>	<b>(439,381,035)</b>	<b>-</b>	<b>(5,117,786)</b>
<b>Net closing balance</b>	<b>(6,845,351)</b>	<b>27,752,473</b>	<b>1,632,935</b>	<b>22,540,056</b>
Closing asset	-	-	-	-
Closing liability	-	20,907,121	1,632,935	22,540,056
<b>Net closing balance</b>	<b>-</b>	<b>20,907,121</b>	<b>1,632,935</b>	<b>22,540,056</b>
<b>Closing liabilities</b>				
Liability for incurred claims (note 7)				19 745 816
Insurance payables				15 865 929
Insurance receivables				( 13 071 689)
				<u>22 540 056</u>

\* LRC - Liability for Remaining Coverage

\*\* LIC - Liability for Incurred Claims

\*\*\* BEL - Best estimate Liability

\*\*\*\*RA - Risk adjustment

**TRANSMED MEDICAL FUND**

Registration number: 1582

**ANNUAL FINANCIAL STATEMENTS****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

**5.2 LIABILITY TO MEMBERS FOR CURRENT BENEFITS**

	R LRC	R BEL	LIC	R RA	2024 R Total
Opening asset	-	-	-	-	-
Opening liability	-	31,495,861		1,126,810	32,622,671
<b>Net opening balance</b>	<b>-</b>	<b>31,495,861</b>		<b>1,126,810</b>	<b>32,622,671</b>
<b>Insurance revenue</b>	(495,373,351)	-		-	(495,373,351)
<b>Insurance service expenses</b>					
Incurred claims and other insurance service expenses	-	486,364,493		96,611	486,461,104
Third party claims recoveries	-	(13,709)		-	(13,709)
Losses and reversals of losses on onerous contracts	-	-		-	-
Adjustments to liabilities for incurred claims	-	-		-	-
<b>Insurance service result</b>	<b>(495,373,351)</b>	<b>486,350,784</b>		<b>96,611</b>	<b>(8,925,956)</b>
Premium debtors to LIC	5,619,528	(5,619,528)		-	-
<b>Cash flows</b>					
Premiums received	489,753,823	5,903,379		-	495,657,202
Incurred claims and other insurance service expenses paid	-	(489,921,059)		-	(489,921,059)
<b>Total cash flows</b>	<b>489,753,823</b>	<b>(484,017,680)</b>		<b>-</b>	<b>5,736,143</b>
<b>Net closing balance</b>	<b>-</b>	<b>28,209,437</b>		<b>1,223,421</b>	<b>29,432,858</b>
Closing asset	-	-		-	-
Closing liability	-	28,209,437		1,223,421	29,432,858
<b>Net closing balance</b>	<b>-</b>	<b>28,209,437</b>		<b>1,223,421</b>	<b>29,432,858</b>
<b>Closing liabilities</b>					
Liability for incurred claims (note 7)					21 540 103
Insurance payables					13 796 806
Insurance receivables					( 5 904 052)
					<u>29 432 858</u>

\* LRC - Liability for Remaining Coverage

\*\* LIC - Liability for Incurred Claims

\*\*\* BEL - Best estimate Liability

\*\*\*\*RA - Risk adjustment

**TRANSMED MEDICAL FUND**

Registration number: 1582

**ANNUAL FINANCIAL STATEMENTS****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

**6. TRADE AND OTHER RECEIVABLES**

	<b>2025</b>	<b>2024</b>
	<b>R</b>	<b>R</b>
<i>Loans and receivables</i>		
Sundry accounts receivable	188,608	191,227
Prepaid expenses	166,999	97,567
	<u>355,607</u>	<u>288,794</u>

The carrying amounts of trade and other receivables approximate their fair values due to the short-term maturities of these assets. The estimated future cash flow receipts have not been discounted as the effect would be immaterial.

**7. LIABILITY FOR INCURRED CLAIMS**

	<b>2025</b>	<b>2024</b>
	<b>R</b>	<b>R</b>
Provision for outstanding risk claims	<u>19,745,816</u>	<u>21,540,103</u>
<b>Analysis of movements in outstanding risk claims</b>		
Balance at beginning of year	21,540,103	21,764,355
Payments in respect of prior year	<u>(18,004,682)</u>	<u>(13,788,537)</u>
Over provision in respect of prior years (note 10)	3,535,421	7,975,818
Adjustment for current year (note 10)	16,210,395	13,564,285
Balance at end of year	<u>19,745,816</u>	<u>21,540,103</u>

**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 early years there is insufficient information to make a reliable best estimate of claims development, prudent assumptions are used.

Each notified risk claim is assessed on a separate, case by case basis with due regard to the claim circumstances, information available from managed care: management services and historical evidence of the size of similar risk 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 affecting the ultimate costs of the loss is difficult to estimate. The provision estimation difficulties are further complicated by risk claims complexity, volume of risk claims, the severity of risk claims, determining the occurrence date of claim and reporting lags.

The cost of outstanding risk claims is estimated using run-off triangles. Such methods extrapolate the development of paid and incurred risk claims, average cost per risk claims and ultimate risk claim numbers for each year based upon observed development of earlier years and expected loss ratios. Run-off triangles are used in situations where it takes time after the treatment date until the full extent of the risk 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. The Fund's actuarial consultant also calculated the provision using the Bornhuetter-Ferguson (BF) Method to confirm the accuracy of the provision.

The method used is consistent with prior years and considered and observed historical risk claims development. To the extent that these methods use historical risk claims development information they assume that the historical risk 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 method. Such reasons include:

- 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 dependants; and
- Random fluctuations, including the impact of large losses.

**TRANSMED MEDICAL FUND**

Registration number: 1582

**ANNUAL FINANCIAL STATEMENTS****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

**7. LIABILITY FOR INCURRED CLAIMS (continued)****Assumptions**

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

The percentages used as assumptions are listed in the table below. The table also outlines the sensitivity of these percentages, and the impact on the Fund's liabilities if an incorrect assumption is used.

**Other assumptions:**

- The actual demographics of the Fund were used including all membership movements for the period.
- The effect of ageing of the population on the utilisation of health services is automatically incorporated.
- The impact on new technology and the depreciation of the Rand were taken into account.

The assumed percentages of risk claims settled at the end of the period:

Risk claims settled for services rendered in:	<b>2025</b>	<b>2024</b>
	<b>%</b>	<b>%</b>
December	25.9%	25.8%
November	83.7%	86.2%
October	90.0%	95.8%
September	96.3%	98.2%
August and prior	99.6%	99.7%

The impact on profit or loss of the sensitivity of these percentages are illustrated below:	<b>2025</b>	<b>2024</b>
	<b>R</b>	<b>R</b>
Effect of a 1% point change in assumptions used	1 742 269	2 048 844
Effect of a 2% point change in assumptions used	3 531 124	4 153 776
Effect of a 3% point change in assumptions used	5 368 659	6 317 438

This analysis is prepared for a change in a specific variable, namely risk claims outstanding at the end of each month, with other assumptions remaining constant.

The Fund believes that the liability for risk 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 risk claims arise.

**8. TRADE AND OTHER PAYABLES**

	<b>2025</b>	<b>2024</b>
	<b>R</b>	<b>R</b>
<b>Financial liabilities</b>		
Other payables and accrued expenses	1,835,736	2,180,238
	<u>1,835,736</u>	<u>2,180,238</u>

The carrying amounts of trade and other payables approximate their fair values due to the short-term maturities of these liabilities.

**TRANSMED MEDICAL FUND**

Registration number: 1582

**ANNUAL FINANCIAL STATEMENTS****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

**9. INSURANCE REVENUE**

	<b>2025</b>	<b>2024</b>
	<b>R</b>	<b>R</b>
Gross insurance revenue	441,108,600	495,373,351
	<u>441,108,600</u>	<u>495,373,351</u>

**10. CLAIMS INCURRED**

Current year risk claims	380,346,933	426,541,012
Movement in outstanding risk claims provisions:		
- Adjustment for current year (note 7)	19,745,816	21,540,103
	<u>400,092,749</u>	<u>448,081,115</u>

**11. ACCREDITED MANAGED HEALTHCARE SERVICES (NO TRANSFER OF RISK)**

Active disease risk management services	2,375,926	2,621,399
Disease risk management support services	593,104	654,334
Hospital benefit management services	3,957,537	4,363,579
Network management services	3,059,591	3,313,043
Pharmacy benefit management services	3,578,512	3,947,677
	<u>13,564,670</u>	<u>14,900,032</u>

**12. DIRECTLY ATTRIBUTABLE INSURANCE SERVICE EXPENSES**

<b>Accredited administration services</b>	26,129,573	28,629,352
- Administrator	24,258,171	26,589,738
- Administration expenditure: benefit management services (not accredited managed care)	1,871,402	2,039,614
<b>Other administration expenditure</b>	2,939,264	2,826,423
Actuarial fees	323,451	308,051
- IBNR calculation	2,425,885	2,310,379
- Pricing and benefit design	189,928	207,993
Third party claims recovery administration fees	189,928	207,993
	<u>29,068,837</u>	<u>31,455,775</u>

**13. INVESTMENT INCOME**

Realised (loss)/gain on disposal of financial assets at fair value through Profit or Loss	83,274	(79,444)
Interest on cash and cash equivalents	366,509	459,501
Interest on financial assets at fair value through other Profit or Loss	10,966,453	14,861,429
	<u>11,416,236</u>	<u>15,241,486</u>

**14. SUNDRY INCOME**

Old and unidentified credit balances written back to income	206,722	191,612
	<u>206,722</u>	<u>191,612</u>

**TRANSMED MEDICAL FUND**

Registration number: 1582

**ANNUAL FINANCIAL STATEMENTS****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

**15. ADMINISTRATION FEES AND OTHER OPERATING EXPENSES**

	<b>2025</b>	<b>2024</b>
	<b>R</b>	<b>R</b>
Actuarial fees		
- Monthly actuarial reporting	485,177	462,075
Association fees	214,242	220,269
Audit expense:		
- Audit services	1,723,943	1,626,363
Audit expense (internal)	230,953	253,437
Bank charges	304,894	313,166
Board: sub-committees (i.e. non trustee members)		
- Audit committee	243,308	289,659
Call centre fees	194,612	213,028
Compliance and governance services	1,528,543	1,676,178
Consulting fees	232,162	470,479
Council for Medical Schemes expenses	614,628	662,684
Debt collection fees	144	819
Depreciation on PPE	7,773	9,170
Fidelity guarantee insurance premiums	173,416	168,658
Investigation fees (including forensic services)		
- Fraud	291,954	320,959
Legal fees	22,605	-
Marketing expenditure (including advertising)	1,455,190	1,945,932
Operating leases and other rentals (including property rentals)	987,035	956,430
- Property rentals - occupied	763,647	739,396
- Equipment rental	223,388	217,034
Principal Officer fees & remuneration	5,277,192	4,790,109
Printing, stationery and postage	333,860	254,833
Staff remuneration and employment costs	1,063,091	993,644
Telephone and fax	48,517	25,887
Travel, accommodation and conferences	135,541	219,838
Trustees' remuneration and considerations (note 15.1)	2,735,628	2,673,447
- Trustees' remuneration: Board	1,738,467	1,564,815
- Reimbursements and other expenditure	997,161	1,108,632
Functions and sundries	204,717	300,457
	18,509,123	18,847,521

**TRANSMED MEDICAL FUND**

Registration number: 1582

**ANNUAL FINANCIAL STATEMENTS****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

**15. ADMINISTRATION FEES AND OTHER OPERATING EXPENSES (Continued)****15.1 Trustees' remuneration and considerations - 2025**

Name	Fees for meeting attendance R	Fees for holding office R	Travel and accommodation R	Conference fees R	Telephone allowance R	Total R
Mr C Beard	129,978	33,616	27,319	-	-	190,913
Ms S Booysen	152,948	33,616	103,674	-	5,400	295,638
Mr HF Fourie	113,333	33,616	41,401	-	-	188,350
Mr JJ Groenewald	81,931	33,616	87,423	-	4,950	207,920
Mr B Jonker	186,173	52,719	177,511	-	5,400	421,803
Mr F Mabaso	71,308	33,616	76,360	-	4,950	186,234
Mr F Mackenzie	154,698	33,616	149,865	-	5,400	343,579
Mr LJ Ngaka	146,688	33,616	107,368	-	5,400	293,072
Ms J Phokane	129,978	33,616	30,940	-	5,400	199,934
Mr V Ramlugaan	-	-	5,706	-	-	5,706
Mr L Siwani	111,409	25,047	114,744	-	4,500	255,700
Ms C Sophete	79,713	33,616	28,048	-	5,400	146,777
Total	1,358,157	380,310	950,361	-	46,800	2,735,628

**TRANSMED MEDICAL FUND**

Registration number: 1582

**ANNUAL FINANCIAL STATEMENTS****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

**15. ADMINISTRATION FEES AND OTHER OPERATING EXPENSES (Continued)****15.1 Trustees' remuneration and considerations - 2024**

Name	Fees for meeting attendance R	Fees for holding office R	Travel and accommodation R	Conference fees R	Telephone allowance R	Total R
Mr C Beard	113,525	32,173	38,471	-	-	184,168
Ms S Booysen	122,248	32,173	104,225	-	5,400	264,045
Mr HF Fourie	108,623	32,173	56,402	-	-	197,198
Mr JJ Groenewald	84,586	32,173	81,041	-	-	197,799
Mr B Jonker	160,110	50,455	209,236	-	5,400	425,201
Mr F Mabaso	69,584	32,173	104,220	-	-	205,976
Mr F Mackenzie	127,435	32,173	178,866	-	5,400	343,873
Mr LJ Ngaka	89,487	32,173	87,798	-	4,950	214,407
Ms J Phokane	125,885	32,173	37,926	-	5,400	201,384
Mr V Ramlugaan	-	-	19,156	-	-	19,156
Mr L Siwani	113,525	32,173	116,720	-	5,400	267,818
Ms C Sophete	77,627	32,173	37,221	-	5,400	152,421
<b>Total</b>	<b>1,192,635</b>	<b>372,180</b>	<b>1,071,282</b>	<b>-</b>	<b>37,350</b>	<b>2,673,447</b>

**TRANSMED MEDICAL FUND**

Registration number: 1582

**ANNUAL FINANCIAL STATEMENTS****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

**16. NET IMPAIRMENT LOSSES ON HEALTHCARE RECEIVABLES**

	2025	2024
	R	R
<b>Trade and other receivables</b>		
Debt not collectable:		
Movement in allowance for expected credit losses	(158)	27,874
Written off during the year	149,319	160,121
Previously written off receivables recovered	(6,411)	(12,044)
	<u>142,750</u>	<u>175,951</u>

Trade and other receivables are considered to be impaired when four months have elapsed and the outstanding amount has not been collected.

**17. SUNDRY EXPENSES**

Maintenance cost	<u>1,780</u>	<u>-</u>
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**18. RELATED PARTY TRANSACTIONS****Employer**

Transnet SOC Ltd is providing additional funding for the SATS risk pool (Guardian option) in order to cover the shortfall between member contributions and claims, and to keep the risk pool at the statutory required reserve ratio level of 25%.

**Administrators and their associates**

The administrators and their associates do not fall within the definition of a related party. The information below has been included due to the significance of the outsourcing relationships.

The administrator Momentum Health (Pty) Ltd has significant influence over the Fund, as Momentum Health provides financial and operational information as well as managed care services, but does not control the Fund. Momentum Health provides administration and managed care services.

Universal Health (Pty) Ltd provides administration and managed care functions on the Link Option but does not control the Fund.

Actuarial and Consultancy services company NMG Consultants and Actuaries (Pty) Ltd has significant influence over the Fund, as it provides actuarial and consultancy services but does not control the Fund.

Transactions with administrators and their associates are governed by contracts and service level agreements.

**Key management personnel**

The key management personnel are those persons who have the authority and responsibility for planning, directing and controlling the activities of the Fund. Key management personnel include the Board of Trustees, Principal Officer, sub-committee members, their dependants and close family members.

**Transaction with related parties**

The following table provides the total amount of transactions which have been entered into with related parties for the relevant year.

**Key management personnel (Board of Trustees, Principal Officer and sub-committee members)**

	2025	2024
	R	R
<b>Statement of comprehensive income</b>		
Insurance revenue	352,909	332,004
Claims incurred	(270,922)	(351,665)
Principal Officer's fees and expenses	(5,277,192)	(4,790,109)
Board of Trustee's fees and expenses	(2,735,628)	(2,673,447)
Audit committee fees	(243,308)	(289,659)

**TRANSMED MEDICAL FUND**

Registration number: 1582

**ANNUAL FINANCIAL STATEMENTS****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

**18. RELATED PARTY TRANSACTIONS (continued)**

Details regarding trustee remuneration is disclosed in note 15.1.

There were no ex-gratia payments made to key management during the 2024 and 2023 financial years.

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

<b>Transaction</b>	<b>Nature of transactions and conditions thereof.</b>
Contributions received	This constitutes the contributions paid by the party as a member of the Fund, in their individual capacity. All contributions were at the same terms as applicable to third parties.
Claims incurred	This constitutes the amounts claimed by related parties, in their individual capacity as members of the Fund.

<b>Transaction with entities that have significant influence</b>	<b>2025 R</b>	<b>2024 R</b>
<b>Statement of comprehensive income</b>		
Transnet SOC Ltd - funding for SATS pensioners	94,871,600	126,278,905
Momentum Health - Administration fee	27,332,163	29,962,880
Momentum Health - Managed care services	12,253,976	13,516,123
NMG Consultants and Actuaries - Actuarial services	3,234,513	3,080,505
Universal Health - Managed care services	1,310,694	1,383,909
<b>Statement of financial position</b>		
Momentum Health Solutions - reimbursement due	31,966	227,468

**Terms and conditions of the administration agreement (Momentum Health)**

The administration agreement is in terms of the rules of the Fund and in accordance with instruction given by the Board of Trustees of the Fund. The Board of Trustees reviews the performance of the service provider and renew the contract on an annual basis. The Fund has the right to terminate the agreement on 180 days notice.

**Terms and conditions of the managed care agreement (Momentum Health)**

The managed care agreement is in accordance with instruction given by the Trustees of the Fund. The Board of Trustees reviews the performance of the service provider and renew the contract on an annual basis. The Fund has the right to terminate the agreement on 90 days notice.

**Terms and conditions of the administration and managed care agreement (Universal Health)**

The Universal Health agreement is in accordance with the instruction given by the Board of Trustees of the Fund. The Board of Trustees reviews the performance of the service provider and renew the contract on an annual basis. The Fund has the right to terminate the agreement on 180 days' notice.

**Terms and conditions of actuarial and consultancy contracts (NMG Consultants and Actuaries)**

The actuarial and consultancy contract is in accordance with the instruction given by the Board of Trustees of the Fund. The Board of Trustees reviews the performance of the service provider and renew the contract on an annual basis. The Fund has the right to terminate the agreement on 90 days notice.

**TRANSMED MEDICAL FUND**

Registration number: 1582

**ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

**19. NET PROFIT/(LOSS) PER BENEFIT OPTION**

<b>2025</b>	<b>Link R</b>	<b>Select R</b>	<b>Prime R</b>	<b>Guardian R</b>	<b>Total R</b>
<b>Insurance revenue</b>	34,003,694	276,007,005	17,842,492	113,255,409	441,108,600
<b>Insurance service expenses</b>	(33,344,139)	(248,674,374)	(25,539,422)	(131,775,650)	(439,333,585)
Claims incurred	(29,188,837)	(234,669,907)	(24,300,056)	(111,933,949)	(400,092,749)
Third party claims recoveries	-	-	-	-	-
Accredited managed healthcare services (no transfer of risk)	(1,570,789)	(6,254,669)	(486,972)	(5,252,240)	(13,564,670)
Directly attributable insurance service expenses	(1,896,967)	(10,429,962)	(599,042)	(16,142,866)	(29,068,837)
Changes that relate to past service - adjustments to the LIC	(677,782)	2,729,213	(150,269)	1,634,259	3,535,421
Net impairment loss on healthcare receivables	(9,764)	(49,049)	(3,083)	(80,854)	(142,750)
Losses on onerous contracts and reversal of these losses	-	-	-	-	-
<b>Insurance service result</b>	659,555	27,332,631	(7,696,930)	(18,520,241)	1,775,015
<b>Other income</b>	746,092	5,987,539	382,128	4,607,901	11,723,660
Investment income	715,764	5,814,089	376,796	4,509,587	11,416,236
Sundry income	23,924	122,177	2,086	58,535	206,722
Unrealised gains on investments at fair value through Profit or Loss	6,404	51,273	3,246	39,779	100,702
<b>Other expenditure</b>	(1,104,909)	(6,585,366)	(1,007,924)	(9,955,653)	(18,653,852)
Administration fees and other operating expenses	(1,095,740)	(6,511,510)	(1,003,194)	(9,898,679)	(18,509,123)
Asset management fees	(8,965)	(72,805)	(4,712)	(56,467)	(142,949)
Sundry expenses	(204)	(1,051)	(18)	(507)	(1,780)
<b>Profit/(loss) for the year</b>	<u>300,738</u>	<u>26,734,805</u>	<u>(8,322,727)</u>	<u>(23,867,993)</u>	<u>(5,155,178)</u>
Number of members at the end of the year	<u>1,201</u>	<u>6,063</u>	<u>94</u>	<u>2,894</u>	<u>10,252</u>

**TRANSMED MEDICAL FUND**

Registration number: 1582

**ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

**19. NET PROFIT/(LOSS) PER BENEFIT OPTION**

<b>2024</b>	<b>Link R</b>	<b>Select R</b>	<b>Prime R</b>	<b>Guardian R</b>	<b>Total R</b>
<b>Insurance revenue</b>	34,228,929	291,840,653	22,413,406	146,890,363	495,373,351
<b>Insurance service expenses</b>	(30,373,352)	(279,643,541)	(31,279,567)	(145,326,887)	(486,623,346)
Claims incurred	(26,289,339)	(265,928,565)	(29,813,780)	(126,049,431)	(448,081,115)
Third party claims recoveries	1,495	8,110	172	3,932	13,709
Accredited managed healthcare services (no transfer of risk)	(1,725,424)	(6,870,405)	(534,911)	(5,769,292)	(14,900,032)
Directly attributable insurance service expenses	(2,054,062)	(10,691,818)	(893,344)	(17,816,551)	(31,455,775)
Changes that relate to past service - adjustments to the LIC	(293,987)	3,899,594	(33,903)	4,404,114	7,975,818
Net impairment loss on healthcare receivables	(12,035)	(60,457)	(3,801)	(99,659)	(175,951)
Losses on onerous contracts and reversal of these losses	-	-	-	-	-
<b>Insurance service result</b>	3,855,577	12,197,112	(8,866,161)	1,563,476	8,750,005
<b>Other income</b>	884,328	7,474,443	567,238	6,539,767	15,465,775
Investment income	861,528	7,345,295	563,683	6,470,981	15,241,486
Sundry income	20,928	113,365	2,407	54,913	191,612
Unrealised gains on investments at fair value through Profit or Loss	1,872	15,783	1,148	13,873	32,677
<b>Other expenditure</b>	(1,089,691)	(6,553,286)	(1,125,702)	(10,250,926)	(19,019,604)
Administration fees and other operating expenses	(1,079,963)	(6,470,354)	(1,119,338)	(10,177,866)	(18,847,521)
Asset management fees	(9,728)	(82,932)	(6,364)	(73,060)	(172,083)
<b>Profit/(loss) for the year</b>	<u>3,650,214</u>	<u>13,118,270</u>	<u>(9,424,625)</u>	<u>(2,147,683)</u>	<u>5,196,176</u>
Number of members at the end of the year	<u>1,308</u>	<u>7,010</u>	<u>142</u>	<u>3,375</u>	<u>11,835</u>

## **TRANSMED MEDICAL FUND**

Registration number: 1582

### **ANNUAL FINANCIAL STATEMENTS**

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2025**

## **20. INSURANCE RISK MANAGEMENT**

### **NATURE AND EXTENT OF RISKS ARISING FROM INSURANCE CONTRACTS**

The Fund issues contracts that transfer insurance risk. This section summarises these risks and the manner in which the Fund manages them.

#### **Insurance risk - description of benefit options**

The types of benefits offered by the Fund in return for monthly contributions are indicated below:

#### **Description of health benefits provided**

##### **Link**

Hospitalisation: This option provides hospital benefits for PMB conditions at State facilities. Admissions in Private facilities are covered through Universal Healthcare network for emergency treatment in cases of an accident or trauma and for selected procedures.

Chronic benefits: Benefits are provided through Universal network pharmacies.

Day-to-day cover: Benefits are provided through Universal Healthcare networks and contracted providers.

##### **Select**

Hospitalisation: This option provides hospital benefits for PMB and non-PMB conditions at State facilities. Admissions in Private facilities are covered through the Transmed private hospital network for emergency treatment (medical, accidents and trauma), psychiatric treatment, cancer surgery and for selected procedures.

Chronic benefits: Benefits are provided through Transmed pharmacy network.

Day-to-day cover: Benefits are provided through the member's own choice of healthcare or service provider, subject to the day-to-day limit.

Optical and dental services which are managed by the contracted providers.

##### **Prime**

Hospitalisation: This option provides private hospital benefits for PMB conditions through Transmed private hospital network.

Chronic benefits: Benefits are provided through Transmed pharmacy network.

Day-to-day cover: No day-to-day cover is provided other than out-patient care for chronic conditions.

##### **Guardian**

Hospitalisation: This option provides hospital benefits for PMB and non-PMB conditions at State facilities and for selected procedures at private facilities.

Chronic benefits: Benefits are provided through Transmed pharmacy network.

Day-to-day cover: Benefits are provided through the member's own choice of healthcare or service provider, subject to the day-to-day limit.

Optical and dental services which are managed by the contracted providers.

## **TRANSMED MEDICAL FUND**

Registration number: 1582

### **ANNUAL FINANCIAL STATEMENTS**

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2025**

## **20. INSURANCE RISK MANAGEMENT (continued)**

### *Risk management objectives and policies for mitigating insurance risk*

The primary insurance activity carried out by the Fund 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 Fund members. As such the Fund is exposed to the uncertainty surrounding the timing and severity of risk claims under the risk contract. The Fund also has exposure to market risk through its investment activities.

The Board of Trustees has developed and approved a documented policy for the acceptance and management of insurance risk to which the Fund is exposed. Reference has also been made to the requirements of the Medical Schemes Act in compiling the insurance risk management policy. This policy is reviewed annually and the benefit options provided to members are structured to fall within the acceptable insurance risk level specified. The Board of Trustees also determines the policy for entering into alternative risk transfer arrangements and/or commercial re-insurance contracts. The annual business plan is structured around the insurance risk management policy.

The Fund manages its insurance risk through:

- benefit limits and sub-limits on different categories of risk claims;
- approval procedures for transactions that involve pricing guidelines;
- pre-authorisation for procedures and hospitalisation in order to monitor and manage cost;
- case management to ensure effective and cost effective treatment;
- disease risk management, which focus on high cost individuals;
- medicine risk management programme;
- HIV and AIDS programme; and
- Home-based care services

The Fund uses several methods to assess and monitor insurance risk exposures both for individual types of risks insured and overall risks. These methods include internal risk measurement models, sensitivity analyses, scenario analyses and stress testing. The theory of probability is applied to the pricing. The principal risk is that the frequency and severity of risk claims is greater than expected. Insurance events are by their nature, random, and actual number and size of events during any one year may vary from those estimated with 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 Fund has developed its insurance underwriting strategy to diversify the type of insurance risk accepted and within each of these categories to achieve a sufficient large population of risks to reduce the variability of the expected outcome.

### **Frequency and severity of risk claims**

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

**TRANSMED MEDICAL FUND**

Registration number: 1582

**ANNUAL FINANCIAL STATEMENTS****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

**20. INSURANCE RISK MANAGEMENT (continued)****Source of uncertainty in the estimation of future risk claims payments**

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

The Fund's strategy seeks diversity to ensure a balanced portfolio and is based on a large portfolio of similar risks over a number of years and, as such, it is believed that this reduces the variability of the outcome.

The strategy is set out in the annual business plan, which specifies the benefits to be provided by each option, the preferred target market and demographic split thereof.

All the contracts are annual in nature and the Fund has the right to change the terms and conditions of the contract at renewal. Monthly management reports are reviewed which has certain management information including risk contribution income and loss ratios by option.

**Concentration of insurance risk**

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

**2025**

Age grouping (in years)	Link	Select	Prime	Guardian	Total
< 26	443	1,787	-	20	2,250
26 - 35	47	162	-	3	212
36 - 50	462	1,933	2	20	2,417
51 - 64	347	1,472	11	120	1,950
> 65	706	3,864	94	3,132	7,796
Total	2,005	9,218	107	3,295	14,625

**2024**

Age grouping (in years)	Link	Select	Prime	Guardian	Total
< 26	485	2,111	-	24	2,620
26 - 35	59	243	-	1	303
36 - 50	519	2,355	2	24	2,900
51 - 64	366	1,706	19	155	2,246
> 65	787	4,345	141	3,654	8,927
Total	2,216	10,760	162	3,858	16,996

**TRANSMED MEDICAL FUND**

Registration number: 1582

**ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

**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 (in years)	Medical specialists	General practitioner including Optical and Dental	Supplementary Health Services	Medicines	Private Hospital	Provincial Hospital	Total
	R	R	R	R	R	R	R
<26	2,016,541	1,016,117	406,648	3,098,015	1,872,567	193,725	8,603,613
26 - 35	250,196	443,209	253,522	3,139,194	1,502,657	19,629	5,608,407
36 - 50	7,570,591	3,270,497	2,612,388	6,876,638	5,887,996	3,970,015	30,188,125
51 - 65	10,477,949	2,367,997	2,860,122	4,696,875	9,863,263	1,204,787	31,470,993
>65	67,710,057	14,477,053	30,560,577	66,416,486	64,120,177	20,449,449	263,733,799
Link Optical & Dental IBNR adjustment							26,987,442 13,754,554 19,745,816
<b>Total</b>	<b>88,025,334</b>	<b>21,574,873</b>	<b>36,693,257</b>	<b>84,227,208</b>	<b>83,246,660</b>	<b>25,837,605</b>	<b>400,092,749</b>

**2024**

Age grouping (in years)	Medical specialists	General practitioner including Optical and Dental	Supplementary Health Services	Medicines	Private Hospital	Provincial Hospital	Total
	R	R	R	R	R	R	R
<26	4,003,731	862,822	1,231,911	3,440,966	1,947,803	61,431	11,548,663
26 - 35	1,265,526	669,946	463,844	1,220,626	1,420,371	412,490	5,452,802
36 - 50	8,591,526	3,143,297	2,164,554	8,996,991	9,622,149	3,088,886	35,607,403
51 - 65	11,145,317	2,227,305	4,394,560	11,586,221	8,336,042	608,936	38,298,381
>65	73,614,698	16,407,524	31,017,141	77,392,206	79,091,277	17,783,876	295,306,722
Link Optical & Dental IBNR adjustment							24,858,719 15,468,322 21,540,103
<b>Total</b>	<b>98,620,797</b>	<b>23,310,893</b>	<b>39,272,010</b>	<b>102,637,009</b>	<b>100,417,643</b>	<b>21,955,618</b>	<b>448,081,115</b>

The sensitivity analysis for insurance risk illustrates the effect of an ageing membership profile on the insured benefit payment.

An average increase of one year in the age profile of the Fund will increase insured benefits costs with 1.06% (2024:1.18%).

**TRANSMED MEDICAL FUND**

Registration number: 1582

**ANNUAL FINANCIAL STATEMENTS****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

**20. INSURANCE RISK MANAGEMENT (continued)****Risk claims development**

Disclosure pertaining to risk claims development is not required as the uncertainty regarding the amounts and timing of risk claim payments is typically resolved within one year. At year-end the provision is made for those risk claims outstanding that are not yet reported at that date. Details regarding the provision is disclosed in note 7.

**21. CAPITAL MANAGEMENT**

Capital adequacy risk is the risk that there may be insufficient reserves to provide for adverse variations on actual and future experience.

The Fund monitors capital using a solvency ratio, which is accumulated funds divided by annual contributions.

The Medical Schemes Act requires the Fund to maintain a solvency ratio of 25% of contributions. The Fund's solvency ratio is 28.74% (2024: 26.65%).

The Trustees have implemented the actions stipulated in the business plan in order to increase the reserve ratio of the Working Members and Pensioner (WMP) risk pool in order to reach the required 25% level.

The SATS risk pool's reserve ratio was 24.94% at the end of the year. The funding from Transnet SOC Ltd for the 2026 year will be enough to maintain reserves of 25%.

This measure of capital is consistent with prior years. The Fund's objective is to return to a solvency level of 25%.

**22. CRITICAL ACCOUNTING JUDGEMENTS AND AREAS OF KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the process of applying the Fund's accounting policies, management has made the following judgements that have the most significant effect on the amounts recognised in the 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 7).

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

**TRANSMED MEDICAL FUND**

Registration number: 1582

**ANNUAL FINANCIAL STATEMENTS****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

**23. FINANCIAL RISK MANAGEMENT**

The Management Committee makes risk management and investment decisions, under the guidance and policies approved by the Board of Trustees. The Management Committee identifies and evaluates financial risks associated with the Fund's investment portfolio.

The Management Committee provides written principles for overall risk management, as well as written policies covering specific areas, market risk, credit risk, and investing excess liquidity. The Board of Trustees approves all of these written policies.

The Fund appointed a professional asset management company to manage the Fund's investment portfolio. The approach of the asset manager is to construct a portfolio 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 in volatile markets.

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

Asset allocation summary	<b>2025</b>	<b>2024</b>
	<b>R</b>	<b>R</b>
Financial assets at fair value through Profit or Loss (note 3)	138,022,786	160,637,102
Cash and cash equivalents (note 4)	12,946,142	2,785,273
Trade and other receivables (note 6)	355,607	288,794
	<u>151,324,535</u>	<u>163,711,169</u>

The following summary represents the major liabilities in the Fund.	<b>2025</b>	<b>2024</b>
	<b>R</b>	<b>R</b>
Liability to members for current benefits (note 5.2)	22,540,056	29,432,858
Liability to members for future benefits (note 5.1)	-	20,547,127
Trade and other payables (note 8)	1,835,736	2,180,238
	<u>24,375,792</u>	<u>52,160,222</u>

The Fund does not pay any interest on these liabilities.

The Fund's activities expose it to market risk. Market risk is defined as the risk that the fair value of future cash flow of financial instruments will fluctuate because of changes in market prices. Market price risk comprises three types of risk: currency risk, interest rate risk and other price risk. These risks arise from open positions in interest rates which are exposed to general and specific market movements. The Fund'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 that the Fund holds to meet its obligations to its members.

**Financial Risk Factors*****Currency risk***

The Fund operates in South Africa and therefore its cash flows are denominated in South African Rand (ZAR). The Fund therefore is not exposed to currency risk.

**TRANSMED MEDICAL FUND**

Registration number: 1582

**ANNUAL FINANCIAL STATEMENTS****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

**23. FINANCIAL RISK MANAGEMENT (continued)*****Interest rate risk***

The Fund is exposed to interest rate risk through its investments in interest bearing investments.

The table below summarises the Fund's exposure to interest rate risk. Included in the table are the Fund's investments at carrying amounts, categorised by the maturity dates.

<b>2025</b>	<b>Up to 1 Month R</b>	<b>1 – 3 months R</b>	<b>More than 3 months R</b>	<b>More than 1 year</b>	<b>Total R</b>
Cash and cash equivalents	12,946,142	-	-	-	12,946,142
Financial assets at fair value through Profit or Loss	15,358,252	-	21,833,462	100,831,072	138,022,786
	<u>28,304,394</u>	<u>-</u>	<u>21,833,462</u>	<u>100,831,072</u>	<u>150,968,928</u>
<b>2024</b>	<b>Up to 1 Month R</b>	<b>1 – 3 months R</b>	<b>More than 3 months R</b>	<b>More than 1 year</b>	<b>Total R</b>
Cash and cash equivalents	2,785,273	-	-	-	2,785,273
Financial assets at fair value through Profit or Loss	42,223,857	3,088,748	24,427,317	90,897,180	160,637,102
	<u>45,009,130</u>	<u>3,088,748</u>	<u>24,427,317</u>	<u>90,897,180</u>	<u>163,422,375</u>

***Sensitivity analysis – interest rate risk***

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/increase of 100 basis points in interest yields would result in an increase/decrease in members' funds of R 1 509 689 (2024: R 1 634 224).

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. Management monitors the reported interest rate movements on a monthly basis.

***Other price risk***

The Fund was not exposed to equity risk during the year.

**TRANSMED MEDICAL FUND**

Registration number: 1582

**ANNUAL FINANCIAL STATEMENTS****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

**23. FINANCIAL RISK MANAGEMENT (continued)*****Credit risk***

Credit risk is the risk of financial loss to the Fund if a counterparty to a financial instrument fails to meet its contractual obligations. The Fund's principal financial assets are cash and cash equivalents, available-for-sale investments and trade and other receivables. The Fund's credit risk is primarily attributable to its trade and other receivables.

The amounts presented in the statement of financial position are net of allowances for impairment. An allowance for impairment is made where there is an identified loss event, which based on previous experience is evidence of a reduction in the recoverability of the cash flows. The Fund has a policy of limiting the amount of credit exposure to any one financial institution.

***Trade and other receivables***

The Fund's exposure to credit risk is influenced by the characteristics of each member and the demographics of the membership base. Geographically there is no concentration of credit risk.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics that are indicative of the debtor's ability to pay all amounts due according to the contractual terms (for example on the basis of a credit risk evaluation or grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Contribution debtors are collected in arrears within 30 days of raising. In monitoring member credit risk, members are grouped according to their credit characteristics, including whether they are an individual, group or government member, whether the risk arises from contributions or member shortfalls. The Board has approved a credit control policy, thereby managing the credit risk to the Fund.

The table below illustrates the quality of the Fund's receivables in order to assess the risk:

**As at 31 December 2025**

	<b>Fully performing R</b>	<b>Past due R</b>	<b>Impaired R</b>	<b>Total R</b>
Insurance revenue outstanding	12,390,078	73,021	-	12,463,099
Member and provider debt	548,202	60,388	36,826	645,416
Other receivables	355,607	-	-	355,607
	<u>13,293,887</u>	<u>133,409</u>	<u>36,826</u>	<u>13,464,122</u>

**As at 31 December 2024**

	<b>Fully performing R</b>	<b>Past due R</b>	<b>Impaired R</b>	<b>Total R</b>
Insurance revenue outstanding	5,559,707	59,821	-	5,619,528
Member and provider debt	225,416	59,108	36,985	321,509
Other receivables	288,794	-	-	288,794
	<u>6,073,917</u>	<u>118,929</u>	<u>36,985</u>	<u>6,229,831</u>

The table above illustrates the Fund's maximum exposure to credit risk.

**TRANSMED MEDICAL FUND**

Registration number: 1582

**ANNUAL FINANCIAL STATEMENTS****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

**23. FINANCIAL RISK MANAGEMENT (continued)**

The table below provides an age analysis of the credit that is past due, but not yet impaired.

**As at 31 December 2025**

	30 - 60 days	60 - 90 days	90 - 120 days	Total
	R	R	R	R
Insurance revenue outstanding	67,826	5,195	-	73,021
Member and provider debt	16,266	28,596	15,526	60,388
	<u>84,092</u>	<u>33,791</u>	<u>15,526</u>	<u>133,409</u>

**As at 31 December 2024**

	30 - 60 days	60 - 90 days	90 - 120 days	Total
	R	R	R	R
Insurance revenue outstanding	59,821	-	-	59,821
Member and provider debt	12,738	14,036	32,335	59,108
	<u>72,559</u>	<u>14,036</u>	<u>32,335</u>	<u>118,929</u>

**Contribution debtors**

On analysing the credit quality of contribution debtors, the Fund collected 99% of these amounts in January 2026. This indicates a high credit quality relating to debtors. Consequently no additional disclosure of credit quality is provided.

**Active member claim debtors**

These debtors are members of the Fund and therefore are expected to have similar credit quality to the contribution debtors. This does not imply that all amounts were collected in January 2026.

**Cash and cash equivalents**

The credit risk on liquid funds is limited because the counter parties are financial institutions with high credit ratings. The Fund has no significant concentration of credit risk, with exposure spread over a large number of counter parties and members.

Moody's deposit ratings	Deposit rating		2025 R	2024 R
	2025	2024		
Financial institution				
ABSA	Ba2	Ba2	733,023	627,544
Citibank	Aa3	Aa3	-	34,259
Standard Bank	Ba2	Ba2	11,810,377	1,660,293
Nedbank	Ba2	Ba2	402,742	463,176

**Financial assets at fair value through Profit or Loss**

The Fund limits its exposure to credit risk by investing in liquid securities and only with counterparties that have a high credit rating. The Trustees do not expect any counterparty to fail to meet its obligations. Annexure B to Regulation 30 to the Medical Schemes Act, of South Africa, as amended, prescribes the credit limits per institution which reduces the individual risk per institution. The utilisation of these limits are regularly monitored.

**Fair value estimation**

The carrying value of financial assets (less allowance for expected credit losses) and financial liabilities with a maturity date of less than one year, are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Fund for similar financial instruments.

**TRANSMED MEDICAL FUND**

Registration number: 1582

**ANNUAL FINANCIAL STATEMENTS****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

**23. FINANCIAL RISK MANAGEMENT (continued)*****Fair value of financial instruments***

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

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 Fund's financial instruments totalling R 138 022 786 (2024: R 160 637 102), measured at fair value at reporting date are all categorised as level 1 instruments.

***Liquidity risk***

Liquidity risk is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Fund applies prudent liquidity risk management by maintaining sufficient cash and marketable securities so that the availability of funding through liquid holding cash positions with various financial institutions to ensure that the Fund has the ability to fund its day-to-day operations.

Management monitors rolling forecasts of the Fund's liquidity reserve which comprises of cash and cash equivalents (note 5) on the basis of expected cash flow. In addition, the Fund's liquidity management policy involves projecting cash flows for seasonal variances and considers the level of liquid assets necessary to meet these and monitoring statement of financial position liquidity ratios against external regulatory requirements.

At year-end 100% (2024: 100%) of the Fund's assets was invested in money market instruments to ensure that the Fund can meet its short-term liabilities.

The table below analyses the assets and liabilities of the Fund into relevant maturity groupings based on the remaining period at reporting date to the contractual maturity date:

<b>2025</b>	<b>Up to 1 Month R</b>	<b>1 – 3 months R</b>	<b>More than 3 months R</b>	<b>More than 1 year</b>	<b>Total R</b>
<b>Non-current assets</b>					
Equipment	-	-	-	18,551	18,551
Financial assets at fair value through Profit or Loss	-	-	-	100,831,072	100,831,072
<b>Current assets</b>					
Financial assets at fair value through Profit or Loss	15,358,252	-	21,833,462	-	37,191,714
Cash and cash equivalents	12,946,142	-	-	-	12,946,142
Trade and other receivables	355,607	-	-	-	355,607
<b>Total assets</b>	<b>28,660,001</b>	<b>-</b>	<b>21,833,462</b>	<b>100,849,623</b>	<b>151,343,086</b>
<b>Non-current liabilities</b>					
Liability to members for future benefits	-	-	-	126,967,293	126,967,293
<b>Current liabilities</b>					
Liability to members for current benefits	12,762,804	4,670,706	5,106,546	-	22,540,056
Liability to members for future benefits	-	-	-	-	-
Trade and other payables	1,835,736	-	-	-	1,835,736
<b>Total liabilities</b>	<b>14,598,540</b>	<b>4,670,706</b>	<b>5,106,546</b>	<b>126,967,293</b>	<b>151,343,086</b>

**TRANSMED MEDICAL FUND**

Registration number: 1582

**ANNUAL FINANCIAL STATEMENTS****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

**23. FINANCIAL RISK MANAGEMENT (continued)**

<b>2024</b>	<b>Up to 1 Month R</b>	<b>1 – 3 months R</b>	<b>More than 3 months R</b>	<b>More than 1 year</b>	<b>Total R</b>
<b>Non-current assets</b>					
Equipment	-	-	-	24,398	24,398
Financial assets at fair value through Profit or Loss	-	-	-	90,897,180	90,897,180
<b>Current assets</b>					
Financial assets at fair value through Profit or Loss	42,223,857	3,088,748	24,427,317	-	69,739,922
Cash and cash equivalents	2,785,273	-	-	-	2,785,273
Trade and other receivables	288,794	-	-	-	288,794
<b>Total assets</b>	<b>45,297,924</b>	<b>3,088,748</b>	<b>24,427,317</b>	<b>90,921,578</b>	<b>163,735,567</b>
<b>Non-current liabilities</b>					
Liability to members for future benefits	-	-	-	111,575,344	111,575,344
<b>Current liabilities</b>					
Liability to members for current benefits	24,468,758	3,810,778	1,153,322	-	29,432,858
Liability to members for future benefits	-	-	20,547,127	-	20,547,127
Trade and other payables	2,180,238	-	-	-	2,180,238
<b>Total liabilities</b>	<b>26,648,995</b>	<b>3,810,778</b>	<b>21,700,449</b>	<b>111,575,344</b>	<b>163,735,567</b>

**24. LEGAL RISK**

Legal risk is the risk that the Fund will be exposed to in respect of contractual obligations which have not been provided for. At 31 December 2025 the Fund did not consider there to be any significant concentration of legal risk that had not been provided for.

**25. CONTINGENT ASSET**

Road Accident Fund (RAF)

The Fund grants assistance to its members in defraying expenditure incurred in connection with a claim that is also made to the RAF, administered in terms of the Road Accident Fund Act No. 56 of 1996. If a member is re-imbursed by the RAF, they are legally obliged to cede that payment to the Fund to the extent that they have already been compensated.

Due to the uncertainty over the recoverability of the risk claims lodged by the members with the RAF a contingent asset has arisen to the value of R 8 715 432 (2024: R 7 688 741). The net recoveries from RAF for the year was R NIL (2024: R 13 709).

**26. PROFESSIONAL INDEMNITY AND FIDELITY GUARANTEE INSURANCE**

The Fund was covered under a professional indemnity and fidelity guarantee insurance policy throughout the reporting year. The cover amounted to R 80 000 000 as at 31 December 2025 (2024: R 80 000 000).

**27. EVENTS AFTER REPORTING DATE**

There have been no events that have occurred between the end of the accounting period and the date of the approval of these annual financial statements that the Trustees consider should be brought to the attention of the members of the Fund.

**28. GOING CONCERN**

The Board of Trustees considers the Fund to be a going concern. The Board took the following into consideration in the evaluation of the Fund's going concern status:

- Available cash and investments at the end of the year amounted to R 150 968 928.
- Transnet SOC Ltd will be providing funding to ensure that the SATS risk pool maintains a reserve level of 25%.
- A business plan has been developed by the Trustees, with the assistance of the Fund's actuary, in order to get the Fund to a reserve level of 25%.
- It is expected that the Fund's reserve ratio will increase from 28.74% at 31 December 2025 to 30.70% at 31 December 2026.
- An actuarial model was developed to assist the Trustees to consider the going concern status of the Fund. Even with the most negative assumptions on membership movements and membership risk profiles, the model indicated that the Fund will be a going concern.

**TRANSMED MEDICAL FUND**

Registration number: 1582

**ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE FINANCIAL STATEMENTS**

**for the year ended 31 December 2025**

**29. NON-COMPLIANCE WITH MEDICAL SCHEMES ACT 131 OF 1998**

**29.1 Self-supporting options**

**Nature and impact**

In terms of Section 33(2) benefit options shall be self-supporting in terms of membership and financial performance. The Guardian and Prime options recorded losses for the year ended 31 December 2025.

**Causes for the failure**

The loss on the Guardian Option is mainly due to the reduced Transnet subsidy, which is intended to bring the option closer to the 25% solvency requirement, while the Prime Option had an adverse high cost case experience in comparison with the prior year.

**Corrective action**

The Prime Plan is not sustainable in the longer term on account of the following:

- the small and declining membership;
- the poor and rapidly deteriorating risk profile as a result of anti-selection;
- the poor value proposition that it offers;
- the substantial operating losses being experienced on the plan.

The Board approved the closure of the Prime Plan effective 31 December 2025.

**29.2 Payment of claims within 30 days**

**Nature and impact**

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

**Causes of failure**

Delays can occur when accounts are referred for clinical audit or other investigations. These are however the exceptions, and claims are generally paid within the prescribed time.

**Corrective action**

The administrator is aware of the requirements and comply as far as possible. It is however an inherent part of the industry that a limited number of problematic claims may exceed the payment requirement of 30 days.

**29.3 Outstanding contributions**

**Nature and impact**

In terms of Section 26(7) of the Act, contributions should be received in accordance with the rules of the Fund. Per the Fund rules, contributions are required to be received at least three days after their due date. Instances were noted where contributions were received late.

**Causes for the failure**

The reason for this is due to the inherent nature of the business.

**Corrective action**

On-going communication to employer groups has occurred and will continue.