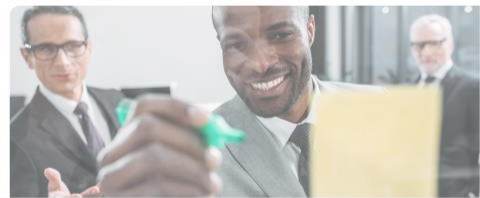




ANNUAL GENERAL MEETING OF BONITAS MEDICAL FUND



Medical Aid for South Africa

Bonitas

WELCOME

Agenda

- 1 | Overview**
- 2 | Board of Trustees' Report**
- 3 | Independent Auditors' Report**
- 4 | 2020 Audited Financial Statements**
- 5 | Resolution 1: Appointment of the Auditor for 2021**
- 6 | Resolution 2: Proposed Amalgamation with Nedgroup Medical Aid Scheme**
- 7 | Questions**
- 8 | Closing**



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Bonitas Board of Trustees



Mr J D Ngwane - Chairperson



Mr J Bagg - Vice-Chairperson



Mr R Cowlin



Adv L Koch



Ms M Lesunyane



Mr M G Netshisaulu



Mr P J Ribbens



Mr J R Venter



Ms J Usher



DR P W Hill

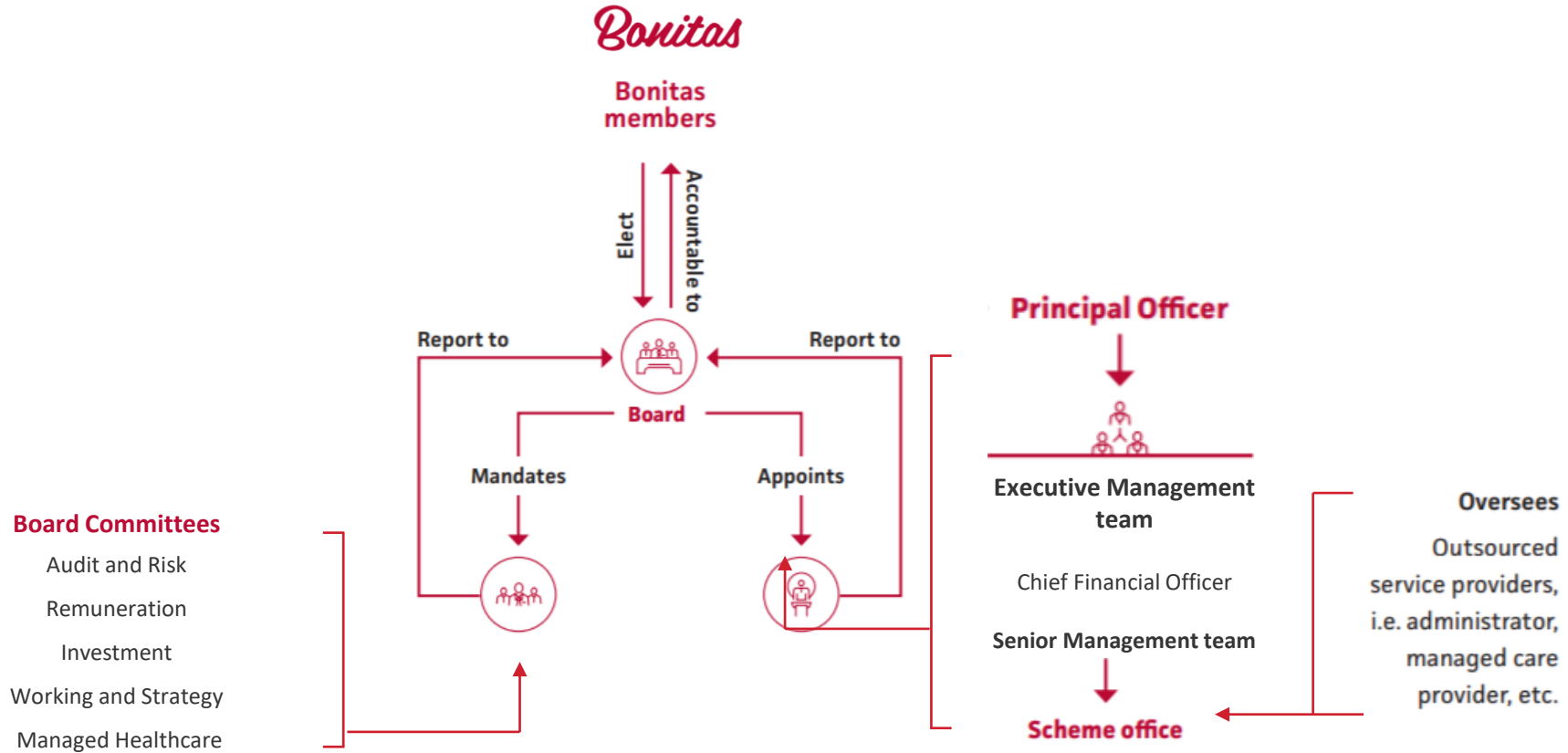


MR O J Komane

**Newly elected
at the SGM
14 April 2021**

Section 57(6) of the Medical Schemes Act requires the Board of Trustees to:

- Take all **reasonable steps** to ensure that the **interests of beneficiaries** in terms of the rules of the medical scheme and the provisions of the Medical Schemes Act **are protected at all times**
- Act with **due care, diligence, skill** and **good faith**
- Take all reasonable steps to **avoid conflicts of interest**, and **act with impartiality** in respect of all beneficiaries



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Bonitas has two interdependent priorities:



To ***ensure the sustainability*** of the Scheme while ***meeting the needs of our members***



To ***make quality healthcare more affordable and more accessible*** to South Africans

As the medical aid for South Africa, we:

Care about our members

so we always act in their best interests



Are financially stable

so we can afford to pay our members claims



Partner with the best service providers

so our members have access to quality care at affordable rates



Find innovative ways to connect with our members

including our helplines, service centres, website, app, WhatsApp and social media



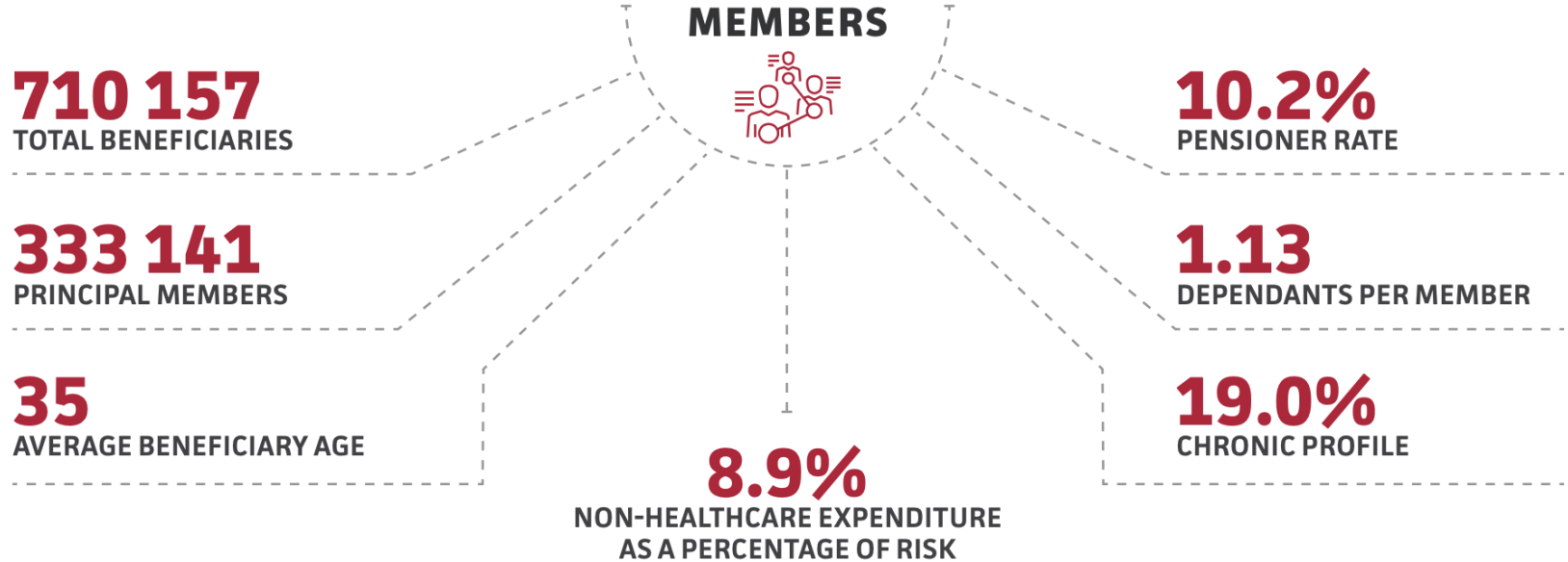
Keep people healthy and assist when they are ill

through a range of managed care programmes. We also make corporates healthier so they are more productive and engaged



Offer a wide range of plans that are easy to use and understand to suit a broad variety of healthcare needs







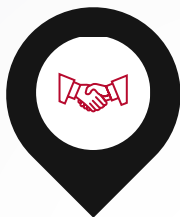
BE A STRATEGIC PARTNER

Value realisation through managed care initiatives



BOOST BUSINESS DEVELOPMENT

2,3%
growth rate
50 680



CONNECT WITH CUSTOMER

Improve connection with all stakeholders through all platforms and touchpoints



INTEGRATE THE VALUE CHAIN

Improved health status of members



CREATE VALUE THROUGH INNOVATION

Improve virtual interaction and engagement and enhance offerings



OPTIMISE INVESTMENT RETURNS

CPI
+
3,5%



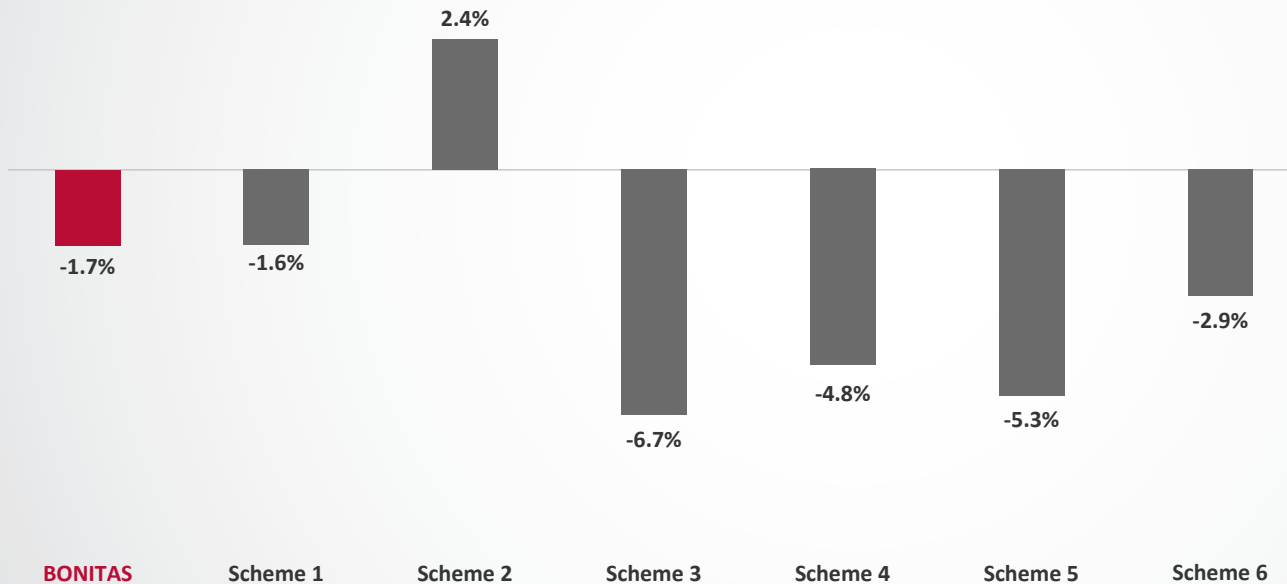
APPLY BEST PRACTICE GOVERNANCE

Ensure governance and compliance across all interactions



Membership decline relative to market

Boost business development



Overall, the open scheme industry declined in membership in 2020

Bonitas performed well from a membership retention perspective relative to its competitors

Scheme Performance Synopsis

Scheme performance

as at 31 December 2020



710 157

beneficiaries



333 141

principal members



as at 13 August 2021



714 209

beneficiaries



341 611

principal members



35 years

average age



1.13

Dependants per member



35 years

average age



2.09

Dependants per member



Membership Growth

Over 35 612

**new members
enrolled** (y.t.d)

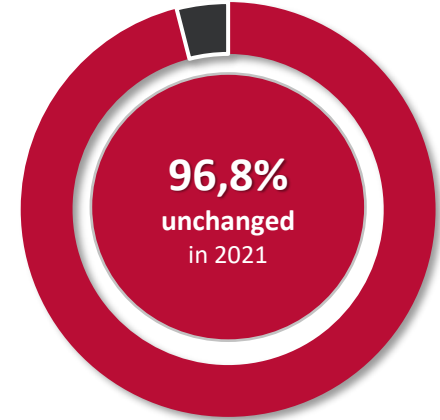
BonFit Select

the only plan with a

0% increase



**Lowest possible
contribution increases**



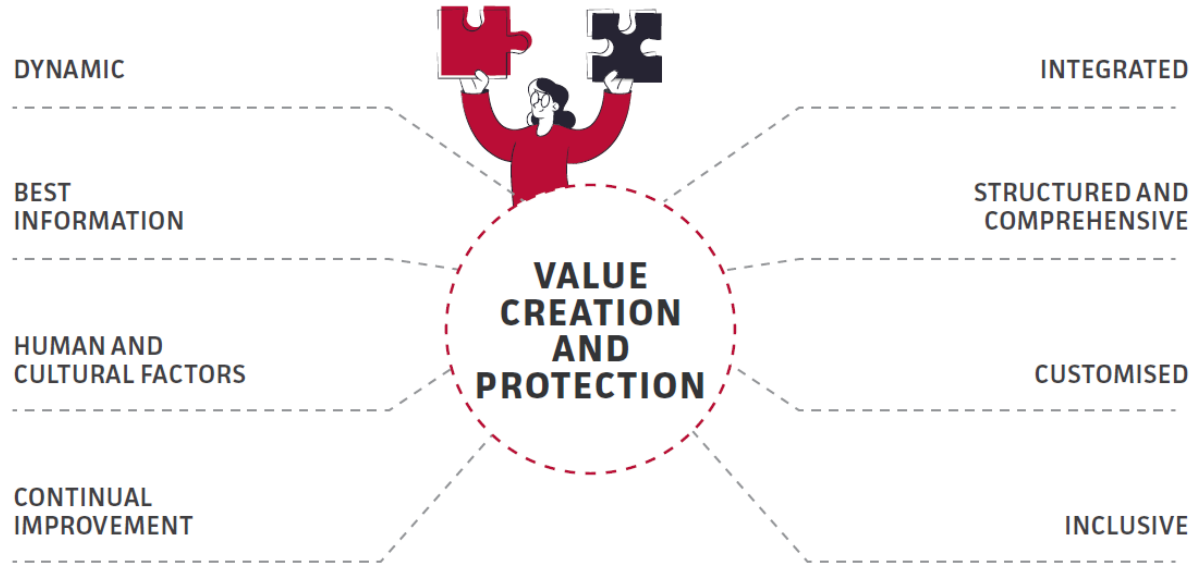
Plan Stability

32.7%
solvency ratio

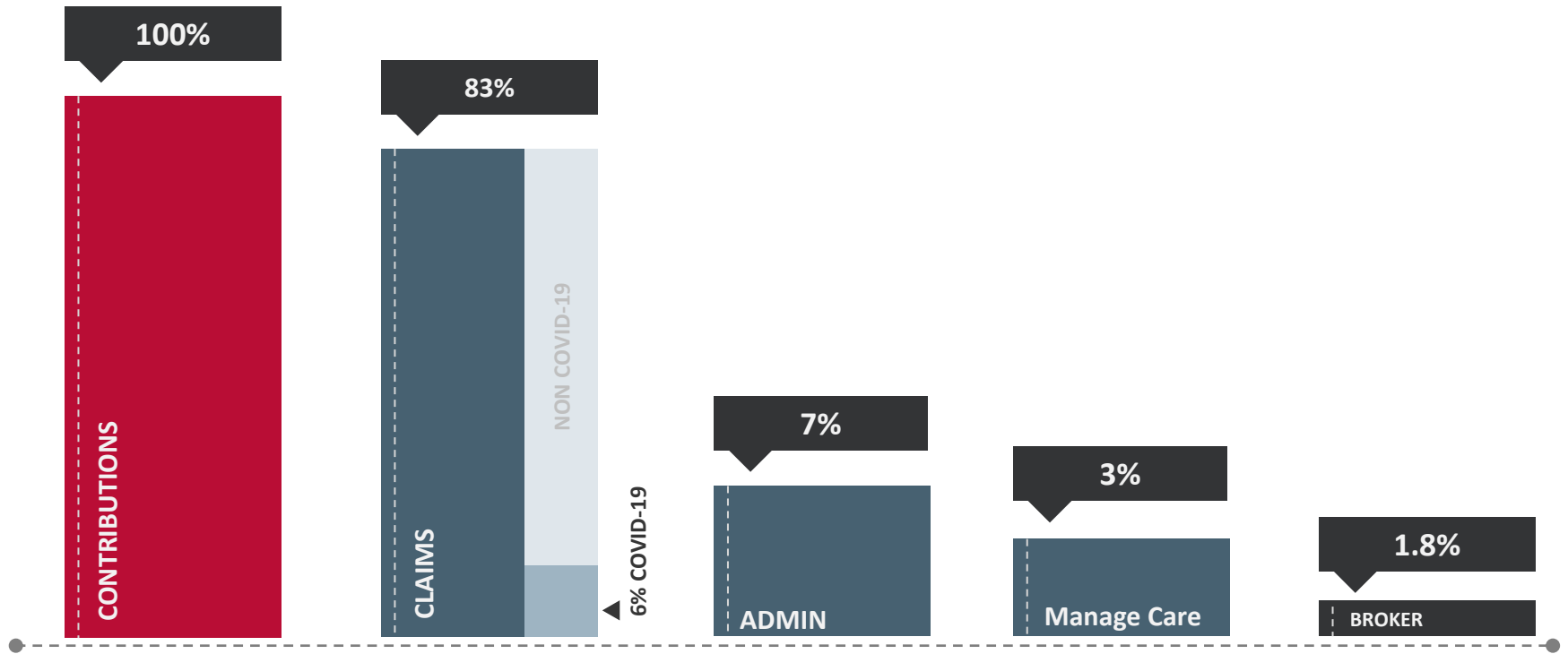
Financial Sustainability

(Reserves, Investment returns, Benefits and Pricing)

We want to proactively safeguard member interests as well as Bonitas's assets, market share, ability to pay claims and legitimacy. We also want to generate growth and increase our offering by identifying opportunities that can benefit members.

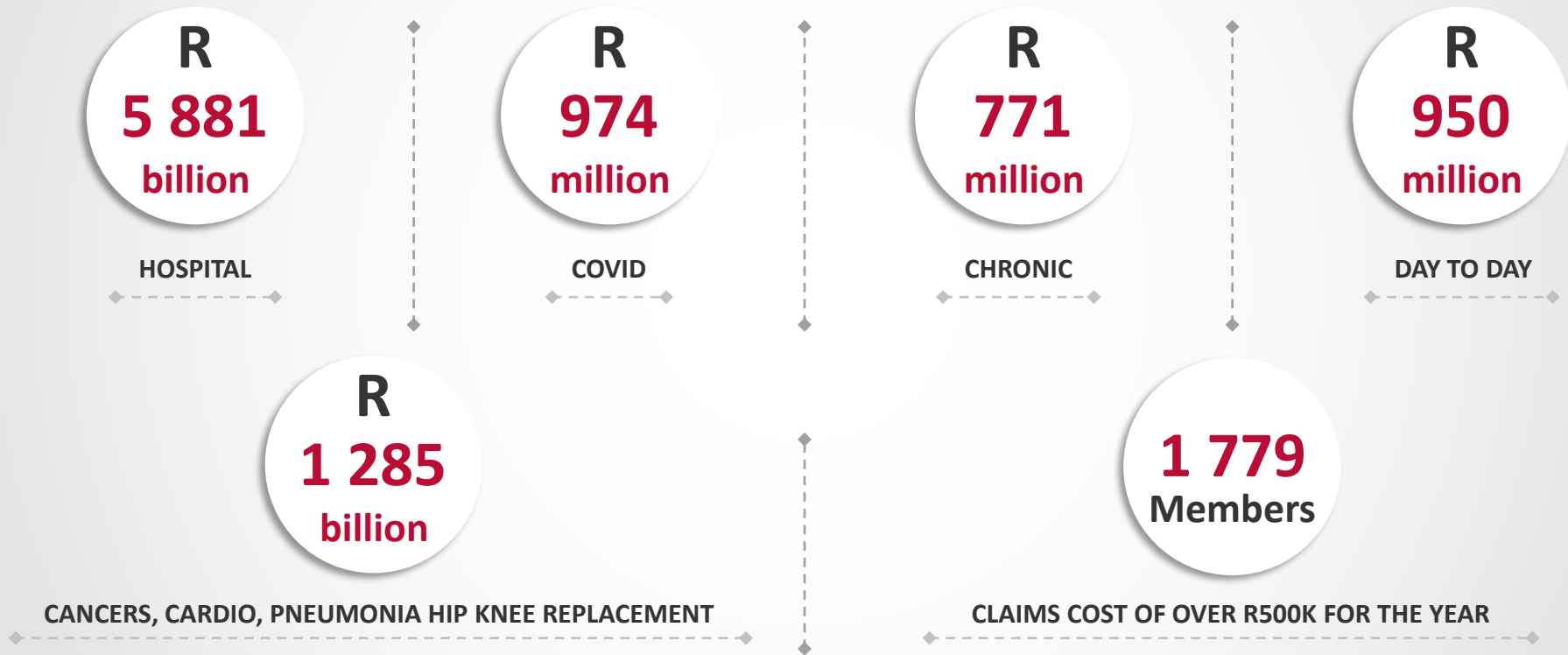


How contributions were applied for healthcare needs



Admin includes Scheme over heads and administration fees.

OUR MAJOR CLAIMS COST BREAKDOWN FOR 2020



To ensure access to quality healthcare during lockdown, the managed care model was strengthened, by:

Reducing COVID-19 out-of-pocket expenditure for members

Enhancing funding approaches to various services such as pathology testing and negotiating reduced costs for those tests

Proactively engaging with hospitals to ensure members would be accommodated in private facilities and have access to the best private healthcare when required

Assisting members in need when they had medical requirements over and above the standard benefits

Engaging with providers and facilities in terms of PPE

Ensuring member co-payments/shortfalls were either reduced or eliminated to improve accessibility for members

Introducing free virtual care to provide uninterrupted healthcare, while safeguarding members

Enhancing our agreement with Scriptpharm to be a DSP for chronic, acute and over-the-counter medicine



Managed care programmes



188 918

Beneficiaries registered for chronic medicine

↑ **10.5%**



35 098

Beneficiaries on the HIV/AIDS programme

↑ **2.9%**



13 257

Beneficiaries on the cancer programme

↑ **38.6%**



17 031

Beneficiaries on the diabetes programme

↑ **14.4%**

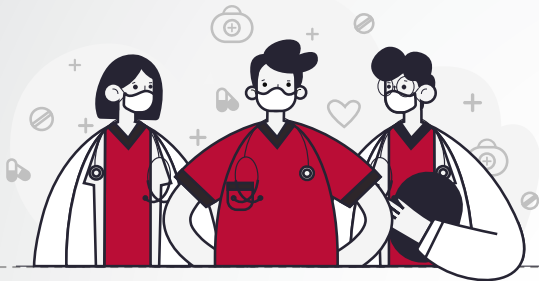


3 200

Beneficiaries completed the back & neck programme

↑ **76.2%**

Integration of the value chain



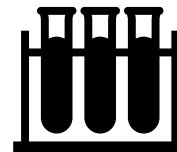
COVID-19 has impacted *livelihoods, jobs, businesses* and the *health* of people - in South Africa and across the world.

Strategies can be applied to manage infections and ensure that South Africa finds a balance of having a *sustainable economy* along with a *sustainable health system*.

**2.5
million+**
cases in SA



80% of people who have
tested positive have
no symptoms



Over
15 million
tests conducted



Higher resilience
to COVID-19 shown by younger
South Africans



76 000
deaths
reported



Source: Prevalence of anti-SARS-CoV-2 antibodies among blood donors study conducted by South African National Blood Services – January 2021

COVID-19



184 031

PATHOLOGY TESTS PERFORMED

33 952

POSITIVE CASES

8 038

HOSPITAL ADMISSIONS

1 288

LIVES STILL IN HOSPITAL

1 123

FATALITIES

COUNTLESS

LIVES PROTECTED AND SAVED



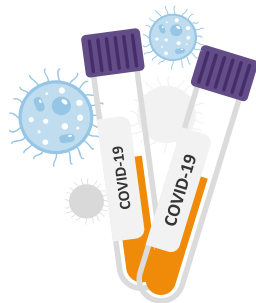
Waived co-payments

for non-network hospitals on Select options



COVID HUB

With useful articles to help you cope with COVID-19



We pay for PCR tests

and extended benefits to pay for rapid antigen tests and serology tests

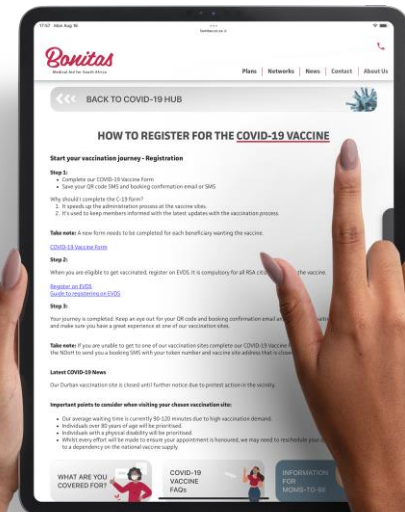


Adjusted benefit

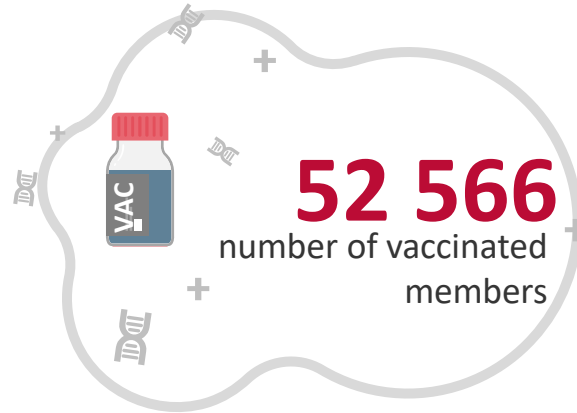
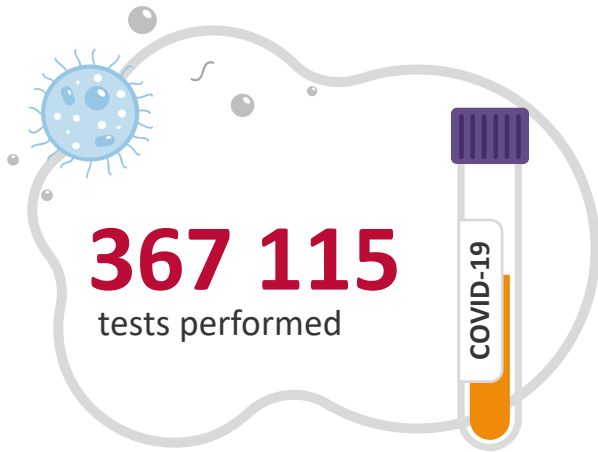
protocols to pay for medicine

Committed to covering vaccines

for all members



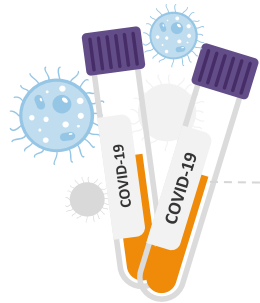
BONITAS COVID-19 Vaccination form



1 837
cases currently in hospital

26%
of cases admitted to hospital

22%
of cases admitted to ICU

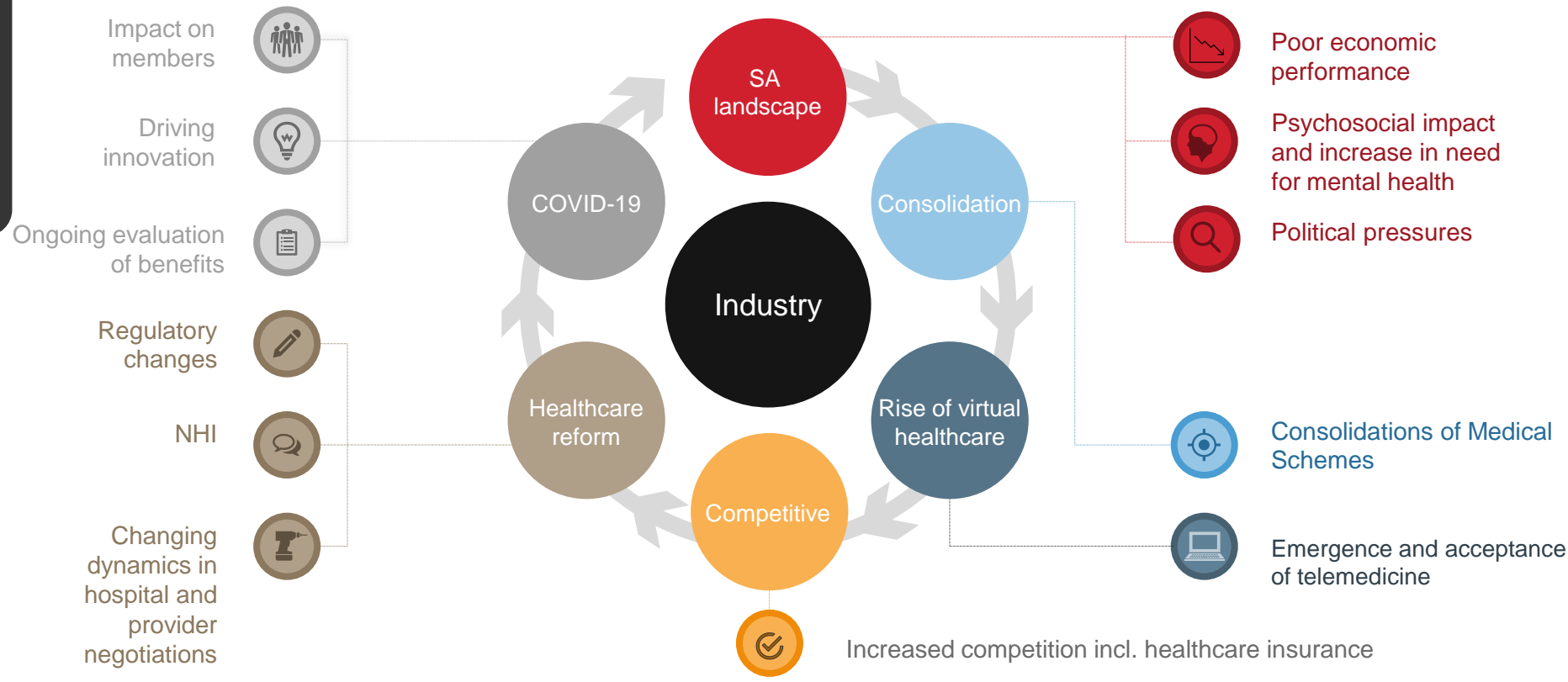


71 022
confirmed cases

18 160
hospital admissions

AGE BAND	% of Lives in age band vaccinated (at least one dose)	Rand amount spend on vaccinations in age band
18 – 34	0.6%	386 402
35 – 49	9.2%	6 936 395
50 – 59	15.5%	6 551 837
Over 60	28.0%	19 245 786
Unknown	N/A	15 669
TOTAL	12.3%	33 136 090

* As at 09-Aug-21



Section 57(6) of the Medical Schemes Act requires the Board of Trustees to:

- Take all **reasonable steps** to ensure that the **interests of beneficiaries** in terms of the rules of the medical scheme and the provisions of the Medical Schemes Act **are protected at all times**
- Act with **due care, diligence, skill** and **good faith**
- Take all reasonable steps to **avoid conflicts of interest**, and **act with impartiality** in respect of all beneficiaries

Bonitas wants to make our total population healthier through its scheme membership focus, BY



Growing membership



Lowering Healthcare Cost



Managing clinical risk



Improving the quality of care for our members in a way that delivers positive wellness outcomes for more South Africans.

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Private Bag X6
Gallo Manor 2052
South Africa

Deloitte & Touche
Registered Auditors
Financial Services Team - FIST
Deloitte
5 Magwa Crescent
Waterfall City
Waterfall
Docex 10 Johannesburg

Tel: +27 (0)11 806 5200
Fax: +27 (0)11 806 5222
www.deloitte.com

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BONITAS MEDICAL FUND

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bonitas Medical Fund (the Scheme) set out on pages 67 to 124, which comprise the statements of financial position as at 31 December 2020, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Scheme as at 31 December 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Medical Schemes Act of South Africa.

Basis for Opinion

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

Key Audit Matters

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

SUCCESSFUL TRANSITION TO FULL REMOTE WORKING DUE TO COVID**CLEAN AUDIT OPINION**

“In our opinion, the financial statements present fairly, in all material respects, the financial position of the Scheme as at 31 December 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Medical Schemes Act of South Africa”

KEY AUDIT MATTER

Outstanding claims provision: R976.3 million (2019: R769.1 million) – area of judgement

OBSERVED SOUND GOVERNANCE AND INTERNAL CONTROL ENVIRONMENT

THANK YOU TO MANAGEMENT, BOARD OF TRUSTEES AND THE AUDIT COMMITTEE FOR COMMITMENT AND SUPPORT IN ACHIEVING SUCCESSFUL CLOSE

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COVID-19 GLOBAL FINANCIAL CRISIS

Shares plunge around the world

Falling stocks, rising anxiety

Financial crisis

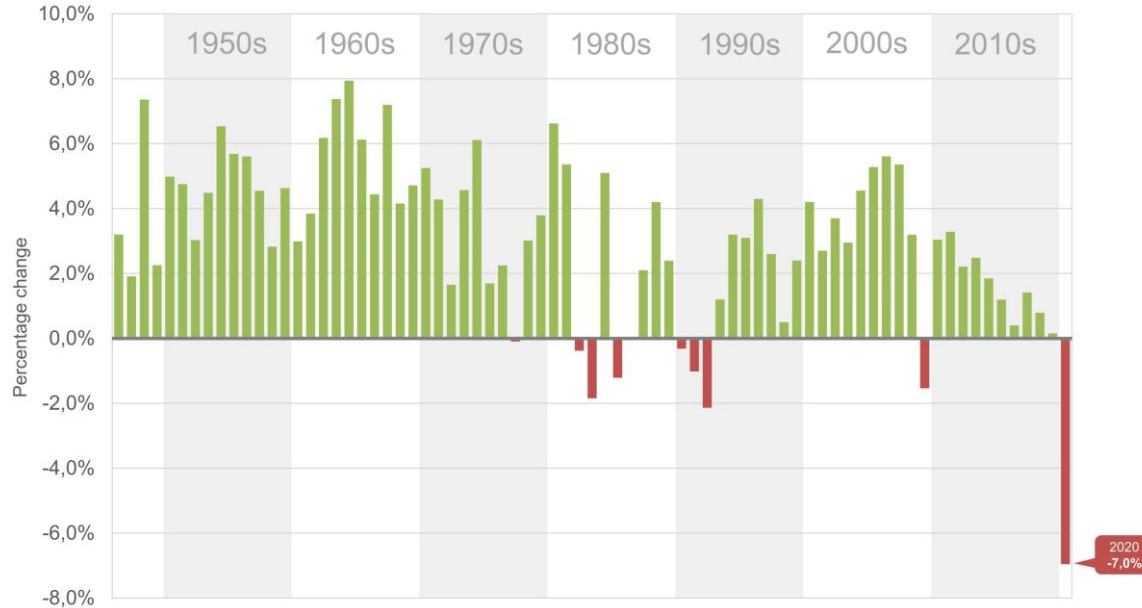
Recession

CRASH WIPES \$6 TRILLION OFF WORLD STOCKS



The South African economy contracted by 7,0% in 2020, the largest annual decrease in GDP since the end of World War II

Annual growth, constant 2010 prices



Sources: South African Reserve Bank Stats SA, Gross domestic product (GDP), 4th quarter 2020

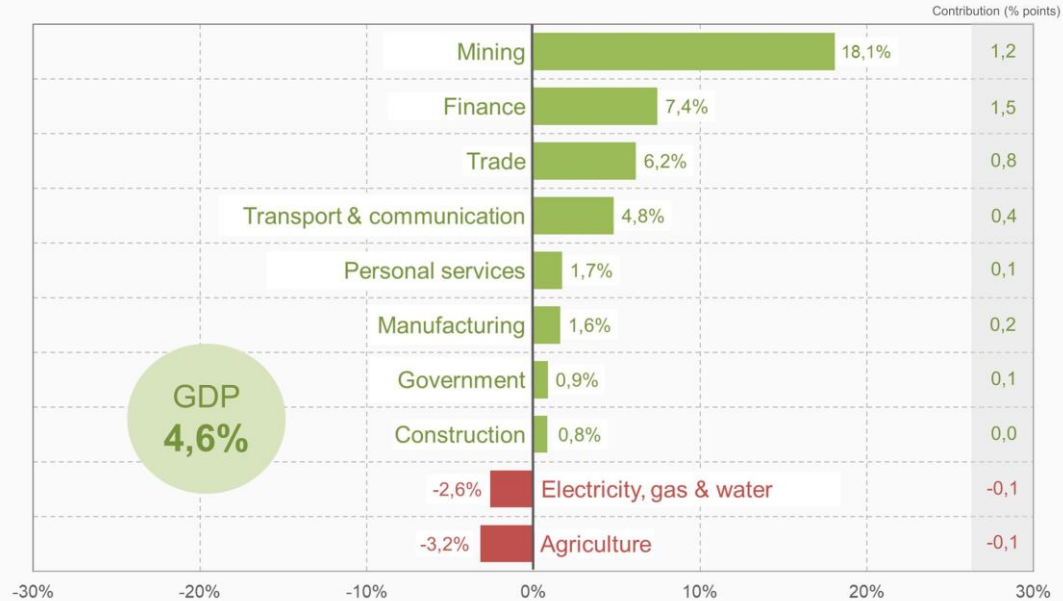


stats sa
Department:
Statistics South Africa
REPUBLIC OF SOUTH AFRICA



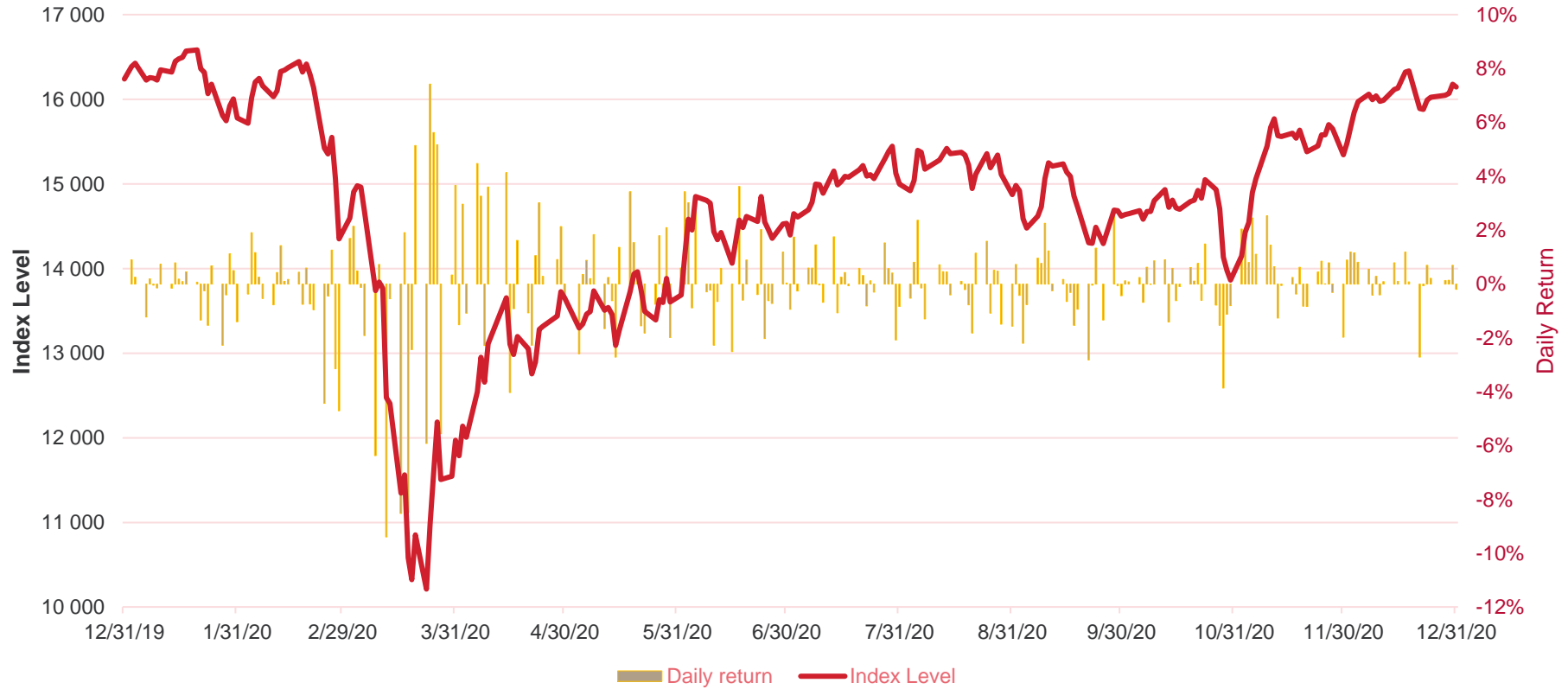
Finance, mining and trade were the most significant contributors to GDP growth

Industry growth in the first quarter of 2021 compared with the fourth quarter of 2020



Source: Gross domestic product (GDP), 1st quarter 2021.

JSE Capped SWIX40 - 2020 Calendar Year



R1.7 billion
surplus achieved

(2019: R186.1 million)

32.7%
solvency ratio

(2019: 24.9%)

AA-
credit rating

(2019: A+)

8.9%
non-healthcare expenditure
as % of
risk contribution

(2019: 9.2%)

R17.8 billion
in contribution income

(2019: R16.7 billion)

6.3% increase

83%
claims loss ratio

(2019: 92.3%)

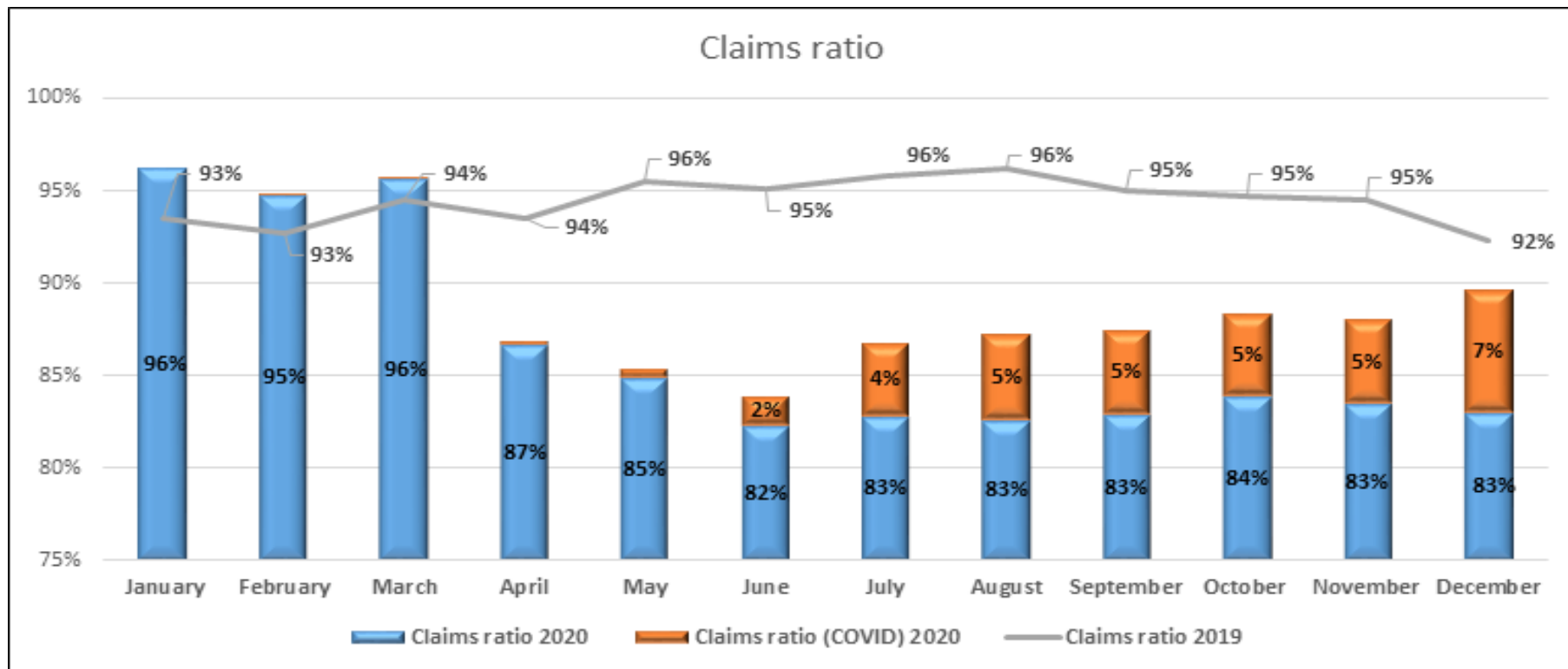
8 surplus
generating
options

(2019: 2)

R313.6 million
in investment income

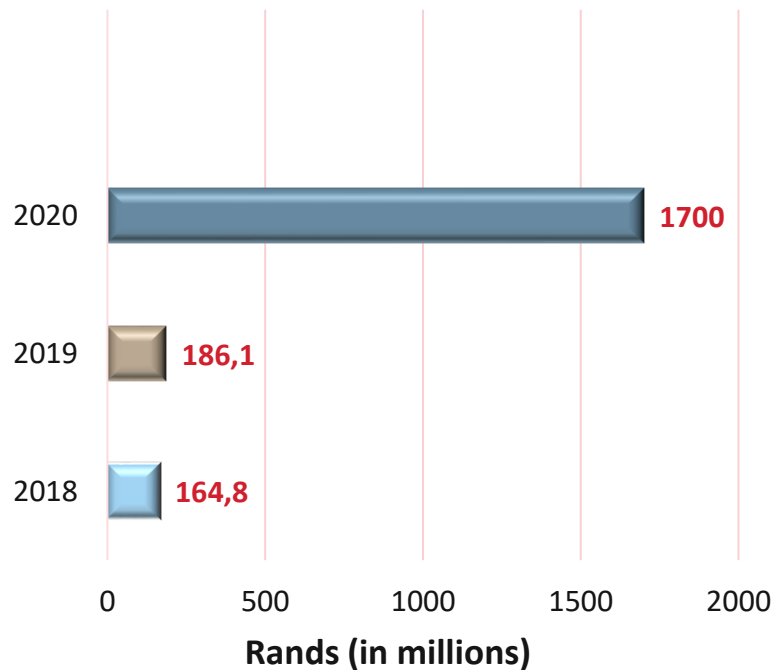
(2019: R420 million)



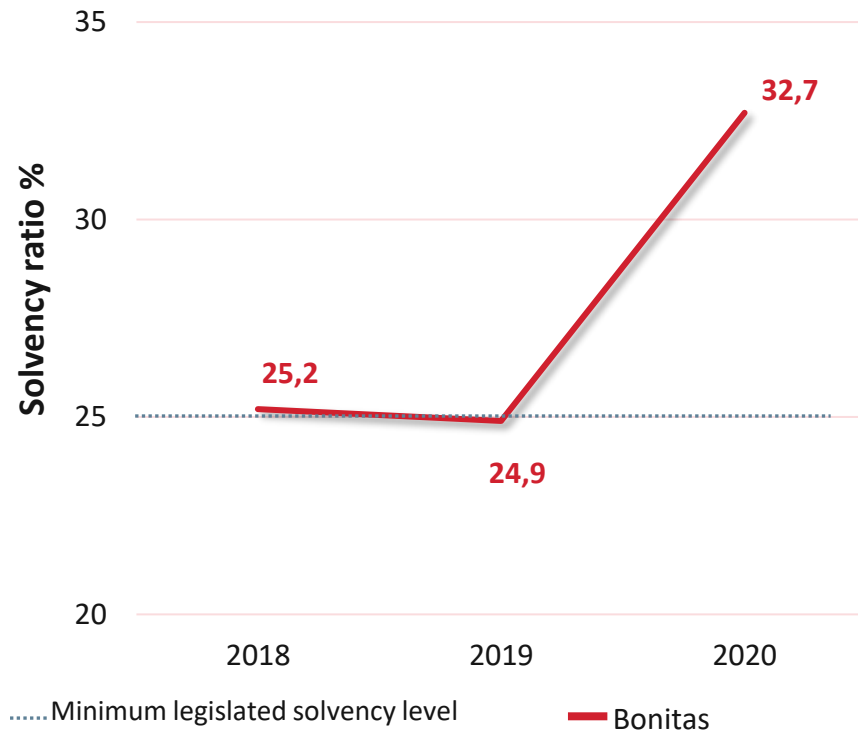


Accumulated reserve funding over the past 3-years

Changes in reserves

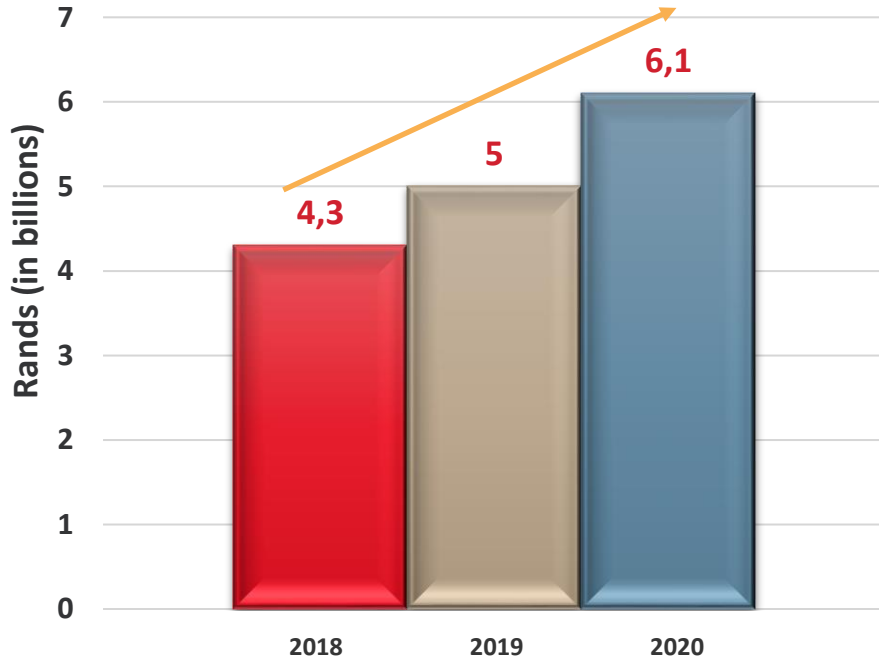


Changes in solvency ratio

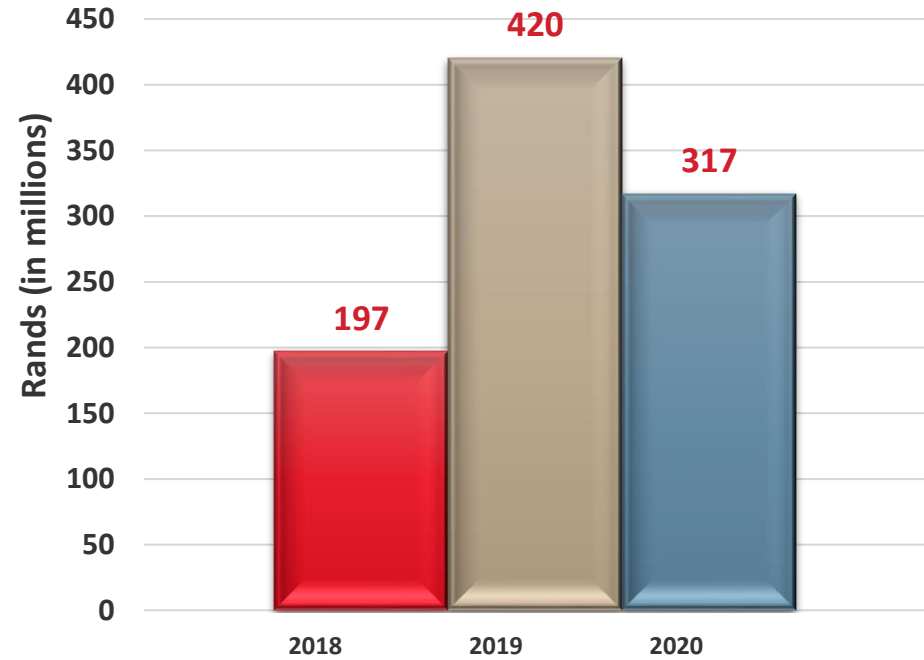




Investment portfolio movement



Investment income



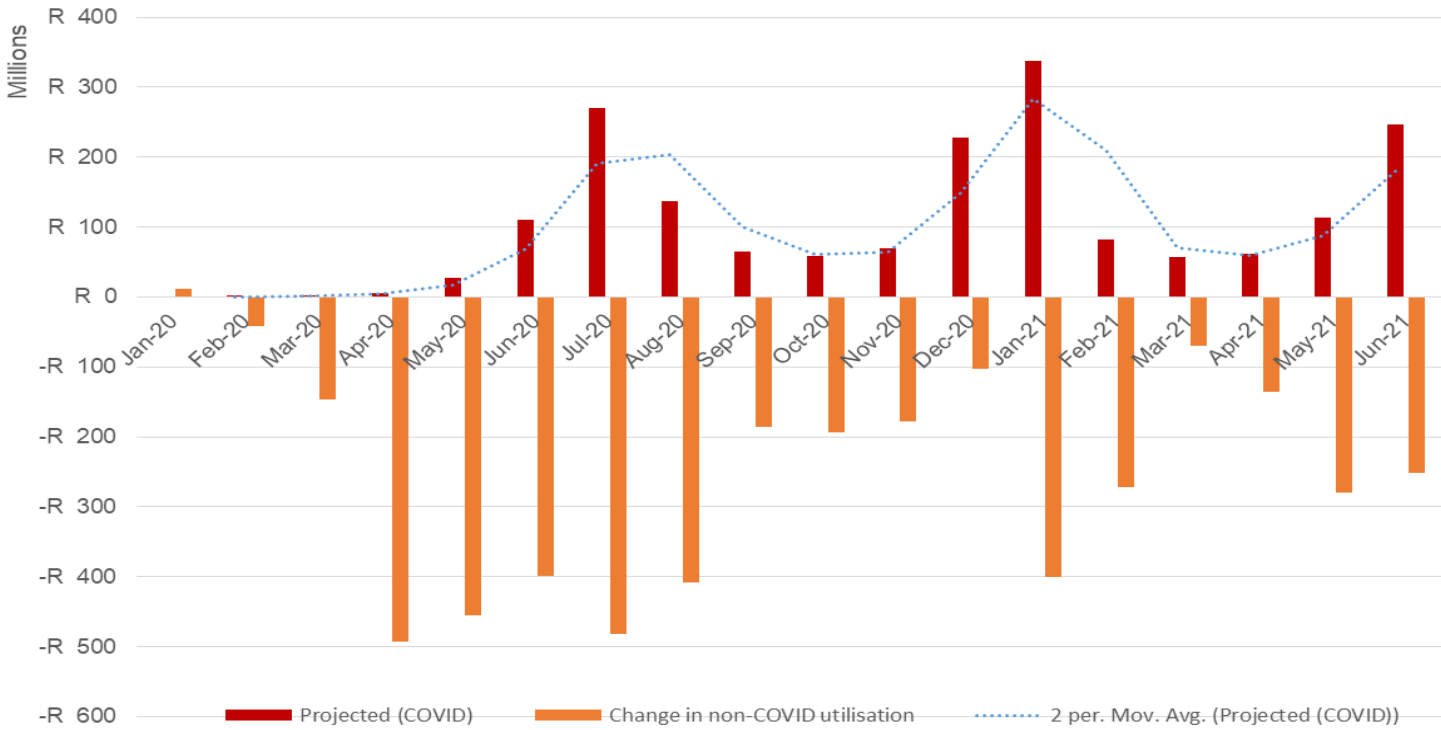
Investment return %	2018	2019	2020
	3.7%	6.7%	4.2%

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 R'000	2019 R'000
Risk contribution income	13	17 797 746	16 738 384
Relevant healthcare expenditure	14	(14 771 240)	(15 442 640)
Net claims incurred	14	(14 346 005)	(15 030 529)
Risk claims incurred		(14 405 261)	(15 098 893)
Third party claim recoveries		59 256	68 364
Accredited managed healthcare services	14	(551 530)	(517 478)
Net income on risk transfer arrangements	14	126 295	105 367
Risk transfer arrangement fees/premiums paid		(1 360 518)	(857 139)
Recoveries from risk transfer arrangements		1 486 813	959 019
Profit share arising from risk transfer arrangements		–	3 487
Gross healthcare result		3 026 506	1 295 744
Broker service fees		(334 827)	(318 857)
Administrative expenditure	15	(1 221 891)	(1 217 814)
Net impairment losses on healthcare receivables	16	(20 281)	(8 566)
Net healthcare result		1 449 507	(249 493)
Other income		347 039	494 953
Investment income – Scheme	17	316 606	420 087
Change in fair value of investment property	17	2 900	2 100
Sundry income	18	27 533	72 766
Other expenditure		(56 785)	(59 409)
Asset management fees		(21 597)	(16 609)
Interest expense	11/4.2	(29 509)	(36 903)
Operating expenses on rental of investment property		(5 679)	(5 897)
Surplus for the year		1 739 761	186 051
Total comprehensive income for the year		1 739 761	186 051

Bonitas: Projected COVID-19 Direct Cost Outgo vs non-COVID utilisation



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Deloitte.

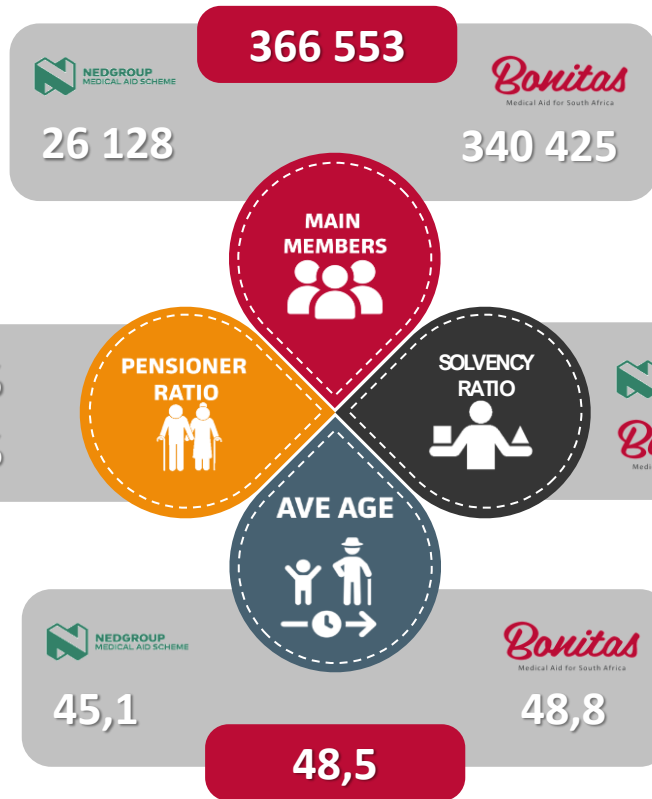
Appointment of Deloitte as the Auditor for 2021

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Proposed Amalgamation with Nedgroup Medical Aid Scheme



366 553



26 128

340 425



MAIN MEMBERS



PENSIONER RATIO



SOLVENCY RATIO



AVE AGE

10,2%



10,8%



10,2%



46,5%



34,9%

35,6%



45,1



48,8

48,5

Proposed Amalgamation with Nedgroup Medical Aid Scheme



The Boards of both Bonitas and Nedgroup Medical Aid Scheme (“NMAS”) have resolved that the schemes should amalgamate. This resolution is necessary for the process to be taken further. As required by the Rules, the Members have been asked to consider the transaction and exercise their vote in respect thereof. The transaction, if it receives approval from the Members of the schemes, and from the relevant regulators, will result in NMAS being integrated into Bonitas with a proposed effective date of 1 January 2022, or such other date which may become applicable as the legal processes unfold.



The full exposition document can be accessed on the Scheme’s website (<https://www.bonitas.co.za/agm-notice>)

Anticipated Process



Resolution by board



Exposition



Regulatory processes and advertising



Voting by members



Final regulatory approvals from CMS & Competition authorities

If granted



Effective date of amalgamation

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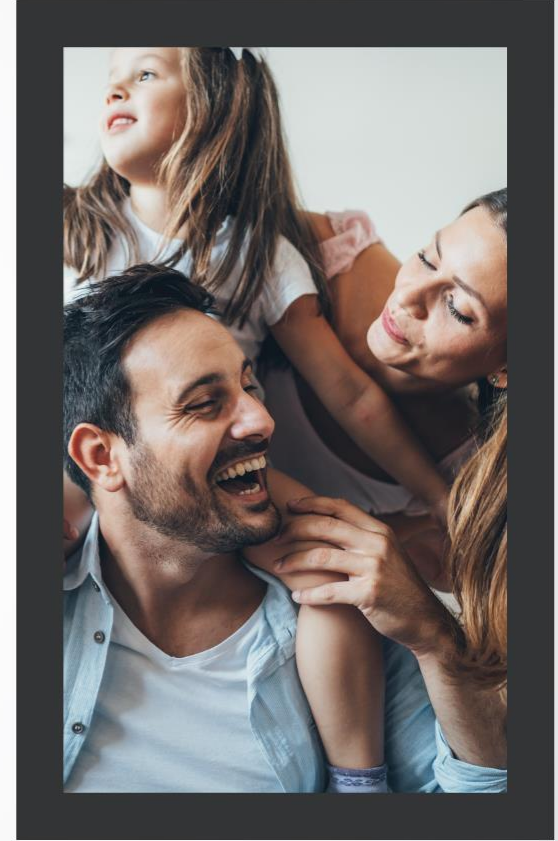
COVID-19 Video

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RESPONSE TO QUESTIONS



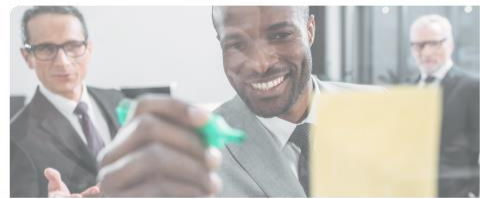
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THANK YOU



Medical Aid for South Africa

Bonitas