



Health Cover for the
CommBank Family



2024 Annual Report



Contents

| | |
|------------------------------------------------|----|
| Acknowledgement of Country | 4 |
| Your CBHS | 5 |
| Message from the Group Chair | 6 |
| Message from the Group CEO | 8 |
| More For Our Members | 10 |
| Financial Snapshot | 16 |
| Corporate Governance Statement | 18 |
| Directors' Report | 25 |
| Auditor's Independence Declaration | 32 |
| Consolidated Statement of Comprehensive Income | 34 |
| Consolidated Balance Sheet | 35 |
| Consolidated Statement of Changes in Equity | 36 |
| Consolidated Statement of Cash Flows | 37 |
| Notes to the Financial Statements | 38 |
| Consolidated Entity Disclosure Statement | 62 |
| Directors' Declaration | 63 |
| Independent Auditor's Report | 64 |

Acknowledgement of Country

CBHS acknowledges the Traditional Custodians of Country throughout Australia and their connections to land, sea and community. We pay our respect to their Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples today. Our registered office is located on the lands of the Darug people.

Your CBHS

Our vision

MORE THAN GREAT HEALTH INSURANCE
Building healthier and happier communities



We have one of the highest member retention rates in the industry at

92.4%¹

70+ years

of partnering with CommBank employees and their families



Our values



Customer first

Active

Respect

Excellence

Our purpose

OUR MEMBER COMMUNITY IS AT THE HEART OF EVERYTHING WE DO

273,500

TOTAL INSURED MEMBERS WHO BELONG TO MORE WITH CBHS GROUP ACROSS

141,469 TOTAL MEMBERSHIPS

= 0.9% MEMBERSHIP GROWTH



6 physical Health Hubs



A Members Health Fund

¹CBHS Health is rated third highest across the industry. Data relates to the total gain or loss of members over the last two years, which takes into account consumers who take up Hospital membership and leave within that two-year period. Sourced from Pages 13-14 of Private Health Insurance Ombudsman State of the Health Funds Report 2023.



Message from the Group Chair

Peter MacCusprie
Chair

In my final year as Chair, I am pleased on behalf of the Board, to present the 2024 Annual Report.

With a little space and hard work on your side, much can be achieved. At the conclusion of over six years as Chair, it is worth reflecting on what I see have been the major changes to the business.

These changes have included:

- Implementing the first and second wave of private health insurance (PHI) reforms which included classifying private hospital cover into four easy-to-understand tiers – Gold, Silver, Bronze and Basic.
- Offering discounts for young people aged between 18-29.
- Improving access to mental health treatment by allowing members to upgrade their Hospital cover without re-serving a waiting period.
- Increasing the age of dependants who can stay on a family policy from 24 to 30.
- Growing the CBHS Group by offering insurance coverage to overseas students and workers in Australia.

More recently, we have refreshed our website, launched five new Hospital cover products, enhanced our Extras products to provide more value to our members and further strengthened our connection to our key stakeholder, Commonwealth Bank.

During my tenure, I believe we have kept elements of the CBHS family but have grown our connection with CommBank.

This connection is evidenced by our unprecedented access to CommBank's executive team and our new yellow and black branding. These updates bring the look of our two brands more closely together and recognise our almost 75-year history of supporting the health and wellbeing of CommBank community.

We believe that investing in this new look was important for CBHS to grow sustainably into the future and remain a strong and recognisable fund. This has a benefit for all our members, given that sustainable growth and strong financial performance contribute to downward pressure on premium increases.

Financial results

The CBHS Group now insures 273,500 people, buoyed by a 5.4% increase in our CBHS International portfolio over the previous year. This sustained growth has delivered premium revenue of \$581m which is a 5.6% increase over the previous year. Notably, these revenues are despite the tightening of eligibility criteria for student and working visa applications recently introduced by the Australian Government.

Benefit payments increased by 2.7% to \$502m, with a CBHS Health claims payout ratio for the year of 88.1%¹. Notably the benefit payments include the \$15m cashback to be paid to eligible members in December 2024.

Our capital position remains strong, with total assets of \$520m, no debt, and net assets of \$352m compared to net assets of \$301m as of 30 June 2023.

Rounding out the year's results, our strong investment returns were in line with our expectations, despite continued volatility in rising equity markets and higher term deposit rates. Our investment portfolio stood at \$463m as of 30 June 2024, compared to \$426m as of 30 June 2023.

¹CBHS Health Payout Ratio Excluding Onerous Contract Liability movements

COVID support for our members now totals \$78m

While some things change, there are many that do not. In a year that was underpinned by affordability challenges and inflationary headwinds, our priority has continued to be our unwavering commitment to you, our members.

Of course, you can plan for many things, and then there is life, which is why we are there to provide certainty in uncertain times. As a not-for-profit health fund, one of our key commitments has been to ensure that any claims savings made during COVID were returned to our members. In June 2024, we announced a further \$15m cashback which will be paid to eligible members in the form of a premium refund by December 2024. Our previous cashback paid in December 2023 also helped support our members during increased cost-of-living pressures.

It is particularly pleasing to note that this further \$15m cashback means CBHS Health was, at the time of writing this message, above average for total givebacks within the PHI industry when compared to other insurers as a percentage of premiums. These cashbacks are a significant testimony to our continued commitment to support our members, bringing our total COVID support package to \$78m.

Progress on our strategic objectives

With our vision to be more than great health insurance, we continue to actively support the health and wellbeing of our members and CommBank staff. This includes through our interactive Health Hubs, supporting CommBank charity initiatives such as Tour de Cure's Can4Cancer events for the seventh year in a row and providing free access to all CBHS members and CommBank staff to the SkinVision app.

Our Health Hubs provide access to self-service kiosks which provide easy-to-understand metrics such as heart age, blood pressure, BMI, body fat percentage and diabetes risk scores. The Hubs are staffed by CBHS Wellbeing Consultants, who are all qualified allied health professionals. They provide both group and one-on-one consultations.

We are also continuing to make improvements in how we service members, particularly from a digital perspective to ensure a better member experience.

Health, wellbeing, diversity, and inclusion

CBHS recognises the importance of maintaining a healthy and safe workplace that is free of discrimination, harassment and bullying, with all employees having participated in Respect@Work training. We also recognise the importance of flexibility, by operating in a hybrid environment, promoting flexibility to live life, as well as excel at work.

Implementation of new capital framework

During the past financial year, the CBHS Group implemented APRA's new capital framework which came into effect on 1 July 2023. As I indicated in my message last year, these new capital standards require health funds to review the way in which they manage capital, and include enhanced Board oversight, setting new capital targets and strengthening monitoring and reporting. The new capital framework also introduces an Internal Capital Adequacy Assessment Process (ICAAP) and incorporates private health insurance specific risks where appropriate.

Looking forward

Upcoming regulatory changes and prudential requirements include the implementation of CPS 230 Operational Risk Management and the Financial Accountability Regime which will require significant effort from the CBHS Group over the coming year.

We have built a strategy based on the hard work and insights of our Board and Executive Leadership Team. I am a strong believer that it is compelling and will drive sustainable growth.

We will also continue to look for ways to enhance how our members interact with us. This involves improving our digital experience and continuing to strengthen our cybersecurity environment to protect our members' personal information, and building on the capabilities of our people.

The Board also supports advocacy initiatives by our industry associations including Private Healthcare Australia and Members Health Fund Alliance.

Thank you

I wish to extend a warm congratulations to Nicolette Rubinsztein who is the current Deputy Chair and will assume the role of Chair for the CBHS Group with effect from 30 November 2024. I also congratulate Nicolette on being awarded a Member of the Order of Australia (AM) in June this year for her significant service to business, particularly the finance and commerce sectors.

In September 2023, we farewelled our former Deputy Chair, Fintan Thornton, as a Director but welcomed him as a member of the Executive Leadership Team, where his valuable insights and contributions to CBHS have been retained. In August 2024, we welcomed Gael Filippini, who was appointed to the Board as a Non-Executive Independent Director. Gael brings depth as a Director with private health insurance experience as an executive.

I also express my thanks to my fellow Directors and our Executive Leadership Team for their support, insight and continued dedication. On behalf of the Board, I also acknowledge our staff for their commitment to our members. Collectively, their skills, experience and passion have delivered another outstanding year for the CBHS Group and our member community.

As Board members, we are but custodians of this great business, built on hard work, and great decisions by our members to own their health outcomes. It has been my privilege to serve you for the past nine years.

In closing, I have great confidence in the Board and our people, whatever the future may bring. I trust yours is both bright and healthy.

Peter MacCusprie
Chair
5 September 2024



Message from the Group CEO

Helen Troup
Group Chief Executive Officer

It has been another strong year for CBHS. As your not-for-profit, member-owned health fund, we have remained focused on our **Vision and Purpose, of building happier and healthier communities and keeping our members at the heart of everything we do.**

Throughout the year the health sector has featured regularly in the news and is an attention area for the Government. With public hospital planned surgery waits now the longest on record¹ it reinforces the value and vital role private health cover plays in our health system and for you. Health fund membership is at record levels, with 55% of our population covered and funds are now paying for two-thirds of all elective surgeries in Australia.²

“Over 80% of hip and knee replacements and over 70% of cataract surgeries are carried out in the private sector.”²

Supporting our members with real value

In addition to ensuring our members have access to timely surgery and medical treatment, we remain focused on value and affordability. We have a long and proud history of providing great value to members. Every year, over the last 10 years we have paid more back to our members than the industry average.³

As Peter MacCuspie noted in his Group Chair message, our COVID cashbacks are another example of CBHS doing the right thing by our members and providing tangible support when many are feeling affordability challenges.

It's also reflected in our exceptionally loyal member base, who consistently and in large numbers recommend us to family and friends, supporting our continued growth. We truly appreciate your support and don't take it for granted. It drives and inspires us to continue to be your trusted partner in health and wellbeing.

“Over the past 10 years, CBHS Health has paid back on average over 90 cents in every dollar collected from premiums in member benefits.”⁴

Progress on our strategy: A new era for our brand and Hospital products

With meeting member needs in mind, we launched a suite of five new Hospital products. These provide additional flexibility to 'right-size' cover as health needs change over time. It has also improved our overall market proposition which is reflected in the new members that are now joining CBHS. This is great news for members current and new, and an incredibly exciting milestone for our business.

Australians are placing increasing importance on Extras cover to help them stay healthy and well. Industry research shows that the value placed on Extras cover has surpassed Hospital cover for the first time since 2011.⁵ Therefore, in addition to our refreshed Hospital products we also made our Extras covers even better by removing the '70% of the cost up to the per service limit'. This will make it much easier to work out how much you can claim at the provider.

We are also focused on enhancing the services we provide. This is positively reflected in the IPSOS Healthcare and Insurance 2023 survey results, where we achieved a member satisfaction score of 88% (a 5% increase over the prior year) and ranked equal fourth from the funds in the survey.

The CBHS International business is thriving, with strong membership growth despite changes to the Australian migration strategy tightening the number of international students coming to Australia.

Looking forward, we will continue to implement initiatives to deliver service excellence for you, whilst also investing to support a safe, strong and resilient business with continuous attention on cybersecurity.

Healthier together: delivering for the CommBank community

This year, we also bought the longstanding and important connection with CommBank to life through our new vibrant yellow and black branding. Our refreshed logo proudly incorporates the iconic CommBank Beacon with our tagline of: 'Health Cover for the CommBank Family'. We are thrilled to have such a strong brand alignment which reflects our long and trusted relationship.

As a key partner for CommBank in providing health and wellbeing solutions to their employees, the CBHS Health Hubs continued to adapt and provide innovative offerings to meet their evolving needs. FY24 was a record year in terms of interactions, where we delivered more in-person activities while also maintaining a comprehensive virtual presence.

Every day, CommBank staff have a wide range of activities to choose from to help them stay fit, healthy, and maintain a positive mindset.

This year, we have also seen strong engagement from our members with our health and wellbeing initiatives. We hope to see this trend continue into FY25 and beyond, as we work to make these even more customised to your needs.

“The Health Hubs saw a record 188k total interactions – a 23% increase from the previous year and testament to how the program is valued by the CommBank community.”

Our people and culture are what makes CBHS such a special place to work

A diverse and inclusive culture makes us a strong team and business. It also enables us to better reflect and serve our member community. Our people are proud to work for a member-focused organisation and this is reflected in employee surveys where our results are above the Australian average. The people they work with, the culture, and support provided through flexibility and wellbeing initiatives all contribute to a positive work environment which translates into the service we provide to you.

Thank you

On behalf of everyone at CBHS, I want to thank Peter MacCuspie for his outstanding contribution to CBHS and its members. Throughout his nine years of service, Peter has brought unique and valuable insights and perspectives to our business and the health sector. We are a better organisation because of his dedication, passion and leadership.

To the wonderful team at CBHS, together you have delivered an outstanding year. Thank you for your dedication, commitment – and most importantly your unwavering passion for our members and living our CARE Values every day. The support you provide our members and each other is exceptional.

To our member community – you are always at the heart of everything we do. We thank you for your support and for choosing us as your health fund. We look forward to continuing to be your partner in health and wellbeing.

Helen Troup
Group Chief Executive Officer
5 September 2024

¹AMA, April 2024. <https://www.ama.com.au/media/planned-surgery-wait-times-longest-record-ama-report>

²Private Healthcare Australia, March 2024. privatehealthcareaustralia.org.au/health-funds-keep-premium-rise-under-inflation-but-rising-costs-remain-a-challenge

³APRA Statistics: Private Health Insurance Operations Reports 2014-23.

⁴90.7% compared to 85.6% across the industry. Calculated based on the average of the past 10 years, sourced from APRA Statistics: Private Health Insurance Operations Reports 2014-23.

⁵Ipsos Healthcare & Insurance Australia 2023 survey results.

More For Our Members

Your partner in health and wellbeing

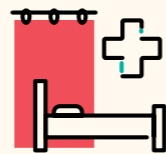
From funding a scale and clean, right up to covering a claim of **\$409,080** for premature twin babies, we're caring for our members and their health and wellbeing needs – big or small. Here is just a snapshot of what better health and wellbeing looks like, by the numbers that matter...



Enhanced Extras benefits



We said goodbye to the '70% of the cost up to the per service limit'



1,386

Hospital-in-the-Home visits helped members recover in the comfort of home



1,620

members enrolled in a health management program to help improve chronic illness



99,214

sets of teeth kept healthy through dental check-ups



We covered **87,971** hospital admissions

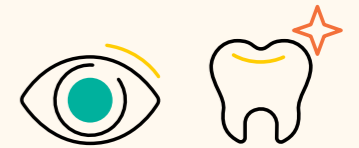


We welcomed **1,634** new babies!

Helped members return to good psychological health with **\$17.4 million** in benefits across **5,124** mental health inpatient stays

149,713

visits to Choice Network optical and dental providers helped reduce or remove the gap



More than **5,500** enrolments in our member health and wellbeing challenges: Ignite your immunity, NeuroNovember, and Sugar-free revolution



214,011 physio appointments

and **841** new knees helped members move better

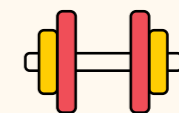


13,802

spots checked through SkinVision digital skin health checks[^]



8 potentially-deadly melanomas uncovered[^]



\$488,613 benefits paid for Keep Fit initiatives

[^]Includes CBHS members and CommBank staff during FY24 SkinVision promotion.

Not-for-profit means value for you

As a not-for-profit, member-owned health fund, we're all about providing **real value** to members. In fact, every year for the last 10 years, we have paid more back to our members than the industry average.¹

Value not only means giving more back to members, but also peace-of-mind that you can have the treatment you need, when you need it...



\$15m

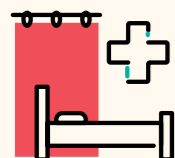
Cashback paid to eligible members in December 2023



\$15m

A further cashback, announced in June 2024, brings our total COVID support for members to around

\$78m



On average, **90.6%** of each hospital stay was covered. That's above the industry average!²



More transparency with **97.5%** of medical services paid with no gap or a known gap for members³

¹APRA Statistics: Private Health Insurance Operations Reports 2014-23.

²Industry average is 89.9%. The Private Health Insurance Ombudsman State of the Health Funds Report 2023, page 19. Includes charges for hospital accommodation, theatre costs, items from the Prescribed List, and specialist fees (not including the Medicare benefit) and associated benefits (after any excesses and co-payments are deducted).

³The Private Health Insurance Ombudsman State of the Health Funds Report 2023, page 19.

A close connection to CommBank



Our vision is to be more than just great health insurance; we're building happier and healthier communities. Through our connection to CommBank, we support **the health and wellbeing** of CommBank staff. Some highlights from the year include...

We've brought the look of our two brands more closely together in recognition of the 70+ year relationship



Announced 8th year of support for Can4Cancer



Team CBHS walkers and volunteers took part in Can4Cancer events across the country

Our Health Hubs

6 physical Health Hubs and a year-round health and wellbeing program of virtual and in-person activity



188,000+
total interactions:
(23% increase
from FY23)

Engaged with
53%
of CommBank staff

Satisfaction
score
99%

901
GP referrals
for high BMI or
blood pressure

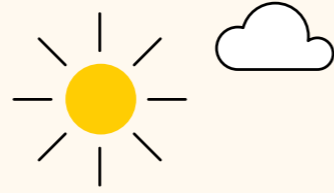
7,197
SiSU health checks
(44% increase
from FY23)

4,153
individual consults
(68% increase from
FY23)

Hub2U visited **25** locations across Australia

Our people are the lifeforce behind CBHS

Through a happy and engaged staff community, we can better serve you, our members. Our people live our CARE Values everyday, providing the warm, caring support you deserve from CBHS. The CBHS culture plays a big role and we measure this regularly through engagement surveys¹...



90% staff engagement survey participation rate - one of the highest we've ever seen at CBHS



Overall engagement score of **78%**
Australian norm is 75%

Our people scored these elements particularly highly at CBHS:



“My immediate manager/team leader treats me with respect and dignity.”

94%



“My company has created an environment where people of diverse backgrounds can succeed.”

92%



“I am proud to work at CBHS.”

89%

¹Based on a CBHS conducted Employee Engagement survey called 'Your Voice' in May 2024. All numbers appearing on this page are outcomes from that survey



“As a dedicated teacher, I faced an unexpected medical emergency that left me overwhelmed. CBHS stepped in, covering my hospital bills and offering unwavering support. Their quick response and compassionate care made my recovery smooth and stress-free, allowing me to return to my classroom with confidence and gratitude. CBHS truly embodies the spirit of care and support, standing by you when it matters most.”

- Jess H

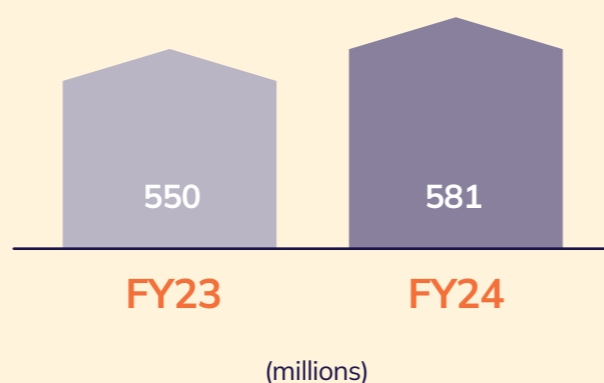
Financial Snapshot

(FY23 restated for new accounting standard, AASB 17)

CBHS Group

5.6% increase in premium revenue

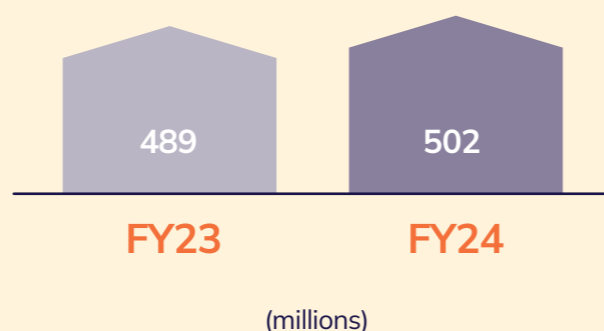
Increase in premium revenue driven by overseas student and visitor member growth, and premium increases.



2.7% increase in benefits paid¹

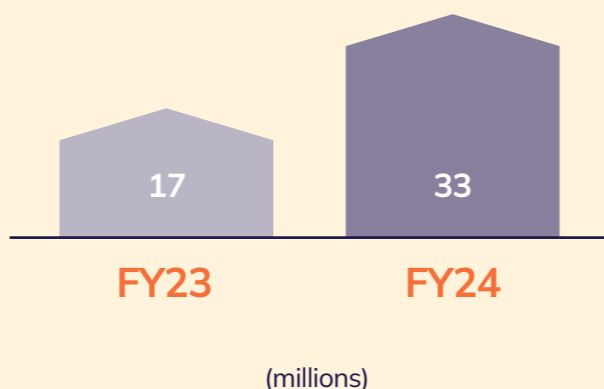
Benefits paid includes cashbacks to members in FY24 and FY23.

¹Benefits paid includes related payments and excludes movement in onerous contracts liability – Refer to Note 21 of accounts for explanation of onerous contracts.



Investment income has increased by 94%

In FY24, investment income has continued to perform strongly, outperforming the prior year. This was driven by strong equity markets and higher interest rates.

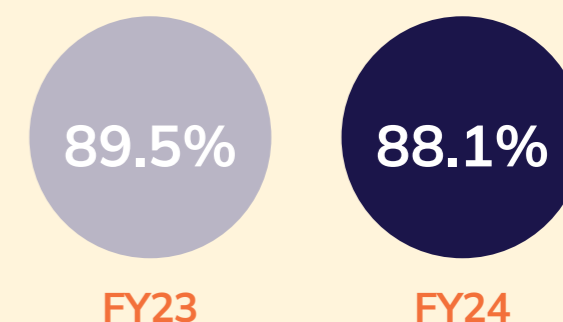


CBHS Health

Benefits payout remains above historic industry averages²

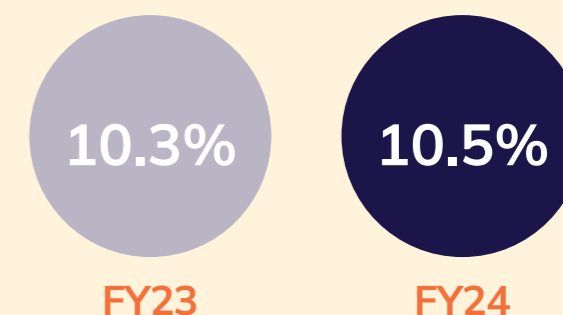
CBHS Health's payout ratio includes related payments and excludes movement in onerous contract liability.

²Average industry benefit ratio over the 10 years from 2014-2023 averaged 85.6%. Sourced from APRA statistics. Private Health Insurance Operations Report 2014-2023.



Management expense ratio

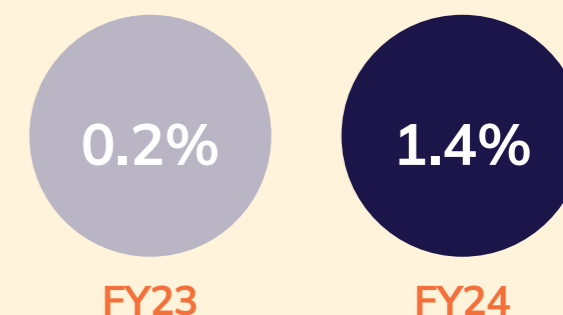
CBHS Health's expense ratio remains broadly consistent with prior years despite inflationary pressures.



Operating margin improved to 1.4%[^]

A 1.4% margin remains below industry average and demonstrates our commitment to give more back to members.

[^]Operating margins are pre investment and excludes movement in onerous contracts liability.



Corporate Governance Statement

This statement outlines the key aspects of the corporate governance framework of CBHS Health Fund Limited for the year ended 30 June 2024. CBHS Group refers to CBHS Health Fund Limited (CBHS) and CBHS Corporate Health Pty Ltd (CBHS Corporate).

The Board has in place policies and practices which comply with the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council as far as they are relevant and applicable to CBHS as an unlisted, not-for-profit public company limited by guarantee.

CBHS also complies with the *CPS 510 Governance Standard* issued by the Australian Prudential Regulation Authority (APRA). The Governance Standard was developed to ensure private health insurers are managed soundly and prudently by a competent Board and have access to appropriate independent expertise. The Board includes Directors who have suitable competencies and experience to understand the relevant business issues and risks they are likely to encounter.

CBHS is registered under the *Private Health Insurance (Prudential Supervision) Act 2015* and is a not-for-profit private health insurer. It is exempt from income tax.

As a registered private health insurer and separate corporate entity, CBHS Corporate has its own governance framework, which, as relevant and appropriate, replicates that of CBHS.

This Corporate Governance Statement is current as of 5 September 2024 and has been approved by the Board.

Lay solid foundations for oversight of management

The Board and Management

The Board provides overall strategic guidance for CBHS. It is accountable to its members for the performance and governance of CBHS and effective oversight of management which includes ensuring the continuity of its business and long-term viability.

The Executive Leadership Team is responsible for implementing the Board approved strategy and performance objectives (within the risk appetite set by the Board) and for carrying out the day-to-day management and operations of CBHS.

Board Charter

The roles and responsibilities of the Board are set out in the Board Charter, Delegations of Authority Policy and Constitution.

The responsibilities of the Board include, but are not limited to:

- Monitoring the performance of the business against implementation of CBHS' strategy;
- Oversight of the Executive Leadership Team including regular monitoring and assessment of the Group Chief Executive Officer (Group CEO) and Executive Leadership

Team in achieving Board-approved strategies, budgets and key performance indicators;

- Oversight of financial, capital management and reporting requirements including regular monitoring of CBHS' financial results, condition and forecasts;
- The establishment of a Risk Management Framework which assesses, monitors and manages CBHS' key financial and non-financial risks including work health and safety and ensure it operates effectively; and
- Ensuring effective communication with members and other key stakeholders.

Delegation of Authority

The Board has delegated to the Group CEO and in turn the Executive Leadership Team the responsibility for running the day-to-day business of CBHS. The Group CEO may authorise the Executive Leadership Team to further delegate to their direct reports in accordance with the Delegations of Authority Policy which defines the decision making and expenditure limits at various levels. The Group CEO remains accountable for all delegated authorities.

Director and Executive Leadership Team fit and proper reviews

CBHS has developed and implemented a Fit and Proper Policy to ensure CBHS complies with the requirements of APRA Prudential Standard *CPS 520 Fit and Proper*. *CPS 520* sets out the minimum requirements for determining the fitness and propriety of individuals to hold positions of responsibility, both prior to appointment and on an ongoing annual basis.

The full fit and proper checks are conducted in accordance with the CBHS Group Fit & Proper Policy.

Director and Executive Leadership Team agreements

Written agreements set out the terms of employment that are in place for each Director and the Executive Leadership Team.

Company Secretary

The Company Secretary is accountable directly to the Board, through the Chair and advises the Board on all matters to do with the proper functioning of the Boards and Committees. All Directors have direct and unfettered access to the advice and services of the Company Secretary on all governance matters.

Nicole Nott was appointed to the role of Company Secretary of CBHS Group on 23 August 2018. Ms Nott holds the dual role of Chief Legal Officer and Company Secretary and is a qualified lawyer with over 20 years' experience both in-house and in private practice. Ms Nott has been admitted to the Supreme Court of NSW and High Court of Australia and is responsible for managing the legal and governance functions across the CBHS Group. Ms Nott is a member of the Law Society of NSW and is a Fellow of the Governance Institute of Australia.

Performance of the Board, its committees and individual Directors

In accordance with the Governance Standard and the CBHS Board Performance and Evaluation Policy, a formal Board performance evaluation is conducted on an annual basis and provides for an assessment of individual Directors, Committees and the Board collectively against a pre-agreed set of objectives.

The Board also annually reviews the performance of existing Directors who, having retired and being eligible for re-election, submitted a nomination to the Board as part of the Board election process. The Company Secretary formally discusses the results of the performance reviews and professional development needs with the Chair which is then shared with the Board as a whole.

Board performance reviews are also facilitated externally at least once every three years. An externally facilitated review of the Board and individual Director performance was last conducted in 2022. Following the review, the Board discussed and implemented relevant action items.

Performance of Executive Leadership Team

The performance of the Executive Leadership Team is reviewed by the Group CEO on an annual basis against the agreed performance metrics and considers feedback received from key business stakeholders. During the annual review, the Group CEO presents the performance results of the Executive Leadership Team to the People and Remuneration Committee.

Deed of Access, Insurance and Indemnity for Directors and Officers

The Deed of Access, Insurance and Indemnity provides indemnity for each Director and Officer and clarifies the rights and obligations of a Director and Officer with respect to access to documents and records, confidentiality, notification and conduct claims, advances of legal costs until the finalisation of a claim, and insurance against claims.

Structure and composition of the Board

The CBHS Constitution provides that there must be at least five Directors and not more than seven Directors, excluding the Group CEO as an Executive Director, and permits a maximum of three Directors who are not members of CBHS. The composition of the Board must include such number of Independent Directors as required by the *Governance Standard CPS 510* which CBHS complies with.

The Board may appoint the Group CEO as an Executive Director either for a specified term (but not for life) or without specifying a term. An Executive Director is not counted for the purposes of determining the minimum or maximum number of Directors under rule 5.1(a) or 5.1(b) of the CBHS Constitution. The Group CEO was appointed as an Executive Director on 3 September 2021. An Executive Director is not subject to the requirement to automatically retire nor are they required to retire and participate in a Director election at an Annual General Meeting.

In addition to the Group CEO as an Executive Director, the Board currently comprises seven Independent Non-Executive Directors. A Director is considered independent if they are a Non-Executive Director who is not a member of Management

and are free of any business or other relationship that could materially interfere with the exercise of their unfettered and independent judgement or could reasonably be perceived to do so.

The respective roles of the Chair and the Group CEO are not exercised by the same individual.

The Board meets at least six times during the year according to a schedule determined towards the end of each calendar year. The scheduled meetings consider, amongst other matters, business operations, the Executive Leadership Team's implementation of strategic initiatives, financial performance, capital management and risk and compliance oversight. These meetings are supplemented by special purpose meetings or education sessions where required.

Details of the number of times the Board and its Committees met including the individual attendances throughout FY24 are provided in the Directors Meeting section on page 30. In addition to Board meetings, the Board held its annual Strategy Day in May 2024.

Tenure and retirement of Directors

The CBHS Constitution specifies that a Director must retire from office at the third Annual General Meeting after the Director was elected or last re-elected. If no election of Directors is scheduled to occur at an Annual General Meeting, then at least two Directors must retire from office at the Annual General Meeting and are eligible for re-election subject to the maximum aggregate term. A Director is eligible to hold office as a Director for a maximum aggregate term of nine years (excluding the Executive Director and/or Chair, if the Board resolves that a further term is necessary to meet the needs of CBHS or to facilitate Chair transition).

Details of the period of office held by each Director during FY24 and the year of their last election are as follows:

| Director | Appointed | Last elected at an AGM |
|------------------------------|-----------|------------------------|
| Peter MacCuspie* | 2015 | 2021 |
| Fintan Thornton [†] | 2012 | 2021 |
| Adrian Hondros | 2017 | 2022 |
| Jay MacGregor | 2017 | 2023 |
| Nicolette Rubinsztein | 2018 | 2023 |
| Stuart Rodger | 2022 | 2022 |
| Sarv Girm | 2023 | 2023 |
| Helen Troup | 2021 | N/A** |

* Will complete an aggregate term of nine years in November 2024

** Pursuant to rule 9.5 of the CBHS Constitution an Executive Director is not required to retire

[†] Ceased to be a Director effective 22 September 2023

Current Directors, Adrian Hondros and Stuart Rodger, were last elected to the Board in 2022. Pursuant to the CBHS Constitution, and notwithstanding both Directors will not have reached their maximum three-year term, they were required to retire and seek re-election to the Board in 2024.

The current Directors who nominated to be elected and re-elected at the 2024 Annual General Meeting are:

- Gael Filippini, having been first appointed as a Director on 23 August 2024;
- Adrian Hondros; and
- Stuart Rodger.

Having received no other nominations and given that the number of candidates for election was equal to the number of vacancies on the Board, the current Directors seeking election and re-election will be declared elected at the 2024 Annual General Meeting by the Returning Officer, Nicole Nott.

Each of the above Directors seeking election or re-election has the Board's endorsement.

Board skills matrix

The Board has developed a Board skills matrix which sets out the collective skills and experience that the Board has identified as relevant to the performance of its role and the success of the organisation. The skills matrix is closely linked to the achievement of CBHS' long-term strategies.

The skills matrix is reviewed, and Directors assessed against it, every two years, with the last review and assessment taking place in February 2024. The skills matrix is used when reviewing the current mix of skills on the Board and to identify gaps (if any) having regard to the agreed criteria, skills, knowledge and experience required by the Board. It is also used when assessing new Director candidates, including those Directors who have retired and are eligible for re-election.

Information on the Directors, relevant qualifications and experience can be found on pages 25-28.

Director induction and education

Newly-appointed Directors participate in an induction program which involves sessions with the Group CEO, Executive Leadership Team, external Appointed Actuary, external Appointed Auditor and key stakeholders to assist in understanding the business, strategy, financial position and operations of CBHS.

The Board participates in internal and external education sessions specific to the private health insurance industry and other topics of relevance which may affect CBHS and its members.

In addition, individual Directors are encouraged to complete training and professional development programs which are relevant to their role including maintaining a membership with the Australian Institute of Company Directors.

Committees

To assist the Board in carrying out its responsibilities, the Board has established four Committees:

- Audit Committee;
- Risk Committee;
- Asset and Liability Committee; and
- People and Remuneration Committee.

Each Committee is governed by and operates under a Charter, which is reviewed and approved by the Board every three years. Each Charter sets out the Committee's role, responsibilities, membership, governance and delegated authorities.

The Chair of each Committee provides a report to the Board at the following Board meeting and the minutes of the Committee meetings are provided to all Directors.

Details of the number of times the Committees met throughout the year and the individual attendances of the members at those meetings is contained on page 30.

Audit Committee

The purpose of the Audit Committee is to assist the Board in fulfilling its accounting, auditing and financial reporting responsibilities by providing an objective and independent non-executive review of the effectiveness of CBHS' internal controls, financial reporting, actuarial function, risk management framework and compliance with APRA's Prudential Standard *HPS 310 Audit and Related Matters*.

The Audit Committee is made up of three Independent Non-Executive Directors with diverse backgrounds and experience and who also have accounting or financial expertise and a sufficient understanding of the health insurance industry.

The Chair of the Committee is not the Chair of the Board.

The Committee's members are:

| |
|------------------------------|
| Stuart Rodger, Chair |
| Nicolette Rubinsztein |
| Sarv Girn |

Internal Audit

CBHS has an in-house internal auditor.

The responsibility of the Head of Internal Audit is to provide the Board and Audit Committee with independent assurance on the performance of management achieving its operational objectives in line with organisational and legislative requirements and ensuring the highest standards of probity and accountability are met. In doing so, the Internal Audit function forms part of CBHS' governance framework – providing an integral contribution to governance, risk management and control within CBHS.

The Head of Internal Audit utilises co-sourcing arrangements (where necessary) for the provision of additional and specialised internal audit services.

The Head of Internal Audit reports to each Audit Committee meeting on progress against the Committee approved Internal Audit Plan, audit findings and recommendations and status of management actions. The Head of Internal Audit has unfettered access to the Board and the Audit Committee and meets with Audit Committee members on a regular basis without any of the Executive Leadership Team being present.

External Audit

CBHS has appointed Rod Balding of PricewaterhouseCoopers (PwC) as external Appointed Auditor to audit the records and financial statements of CBHS in the current year and to perform various regulatory and compliance audits.

The objective of an external audit of financial statements is to determine and provide assurance as to whether, in the auditor's opinion, the statements present fairly in all material respects - that is, they show a true and fair view in all material respects of the company's financial position, results of operations, and cash flows, in conformity with generally accepted accounting principles.

The external Appointed Auditor has unfettered access to the Board and the Audit Committee and is invited to attend each Audit Committee meeting and meet with Audit Committee members on a regular basis without any of the Executive Leadership Team being present.

Risk Committee

The purpose of the Risk Committee is to assist the Board in fulfilling its responsibilities by providing an objective and independent non-executive oversight of the implementation and operation of CBHS' risk management framework, compliance with APRA's Prudential Standard *CPS 220 Risk Management*, monitor risk culture and to ensure that financial and non-financial risks are clearly identified, tested, monitored and well managed within the Board-approved risk appetite.

CBHS has an in-house Chief Risk Officer who has unfettered access to the Board and the Risk Committee. The external Appointed Auditor and Internal Auditor are invited to attend each Risk Committee meeting.

The Risk Committee has three members who are Independent Non-Executive Directors with diverse backgrounds and experience.

The Chair of the Committee is not the Chair of the Board.

The Committee's members are:

| |
|-------------------------------------|
| Nicolette Rubinsztein, Chair |
| Stuart Rodger |
| Sarv Girn |

Asset and Liability Committee

The purpose of the Asset and Liability Committee is to assist and make recommendations to the relevant Boards of the CBHS Group on management of capital, the development of investment objectives, the implementation of appropriate strategies for the investment of assets (known as strategic asset allocation) and regular monitoring of capital and liquidity adequacy requirements.

The Asset and Liability Committee has two members who are Independent Non-Executive Directors and one Non-Director Committee member.

The Committee's members are:

| |
|---------------------------------------------------------|
| Adrian Hondros, Chair |
| Jay MacGregor |
| Gerard Parlevliet, Non-Director Committee member |

People and Remuneration Committee

The purpose of the People and Remuneration Committee is to assist and make recommendations to the relevant Boards of the CBHS Group on remuneration strategy and policy, frameworks and practices, people, and culture strategies including employee engagement and health, safety and wellbeing. The Committee is also responsible for reviewing and monitoring the effectiveness of the CBHS Group's strategies for executive succession planning, talent management and diversity.

The People and Remuneration Committee has three members who are Independent Non-Executive Directors with diverse backgrounds and experience.

The Committee's members are:

| |
|-----------------------------|
| Jay MacGregor, Chair |
| Adrian Hondros |
| Peter MacCuspie |



“Over the last year, while expenses and mortgage repayments have been increasing, it’s been reassuring to be with CBHS who has improved their member benefits. With CBHS, I’ve been able to continue taking care of myself with proactive dental visits and optical checks without worrying about unexpected costs.”

- Lucille D

Act ethically and responsibly

Conflict of interests

Directors are required to comply with the requirements of section 191 of the Corporations Act 2001 concerning the disclosure and appropriate management of transactions which involves a material personal interest in a matter that relates to the affairs of the company.

To ensure compliance and continuous disclosure, Directors consider the Standing Notice of Interest Register at each Board meeting. Directors also consider if there is an interest to declare at the beginning of each Committee meeting.

Where necessary, the Board will evaluate whether a Director should participate in situations (including discussions and decisions at Board and Committee meetings) where the interests of the Director might affect, or appear or be perceived to affect, decision-making by the Board.

To provide an opportunity for independent discussion, the Non-Executive Directors meet without Management present at the commencement of each Board and Committee meeting.

Diversity and inclusion

CBHS has a Fair Workplace Policy, which states that CBHS is committed to ensuring that all employees receive equal employment opportunities. CBHS also has a Recruitment and Selection Policy, which states that CBHS offers all employees the opportunity to advance their career as well as ensure that its recruitment methods are fair and equitable. In 2024, CBHS provided Respect at Work education and training to all its employees and Directors.

During hiring and promotion processes, CBHS seeks to ensure equality, diversity and inclusion, including on the Board, to successfully navigate the increasingly complex and dynamic business environment and support the needs of members.

CBHS has completed the reporting of its gender equality indicators in its Workplace Gender Equality Agency (WGEA) report during the year. A copy of the Public WGEA Report 2022-23 is available on the Corporate Governance section of the CBHS website or can be accessed at wgea.gov.au.

Code of Conduct Policy

CBHS has a Code of Conduct Policy which establishes a culture of openness, trust and integrity in business practices. This policy outlines acceptable principles for Directors, the Executive Leadership Team, all employees, and contractors to abide by. The Policy outlines ethical and behavioural standards that all employees are expected to apply in their day-to-day activities and seeks to ensure compliance with a range of legislative requirements and regulations.

CBHS is committed to the prevention and early identification of breaches of law, regulations, codes or standards relevant to CBHS. For this purpose, CBHS has a Whistleblower Protection Policy which supports the operation of the Code of Conduct Policy. The Whistleblower Protection Policy encourages and provides a framework for all CBHS employees (and others) to report any corrupt or improper conduct or genuine matters of behaviours that they have reasonable grounds to believe contravene CBHS policies or the law.

Work Health & Safety Policy

CBHS has a Work Health & Safety Policy which establishes principles which assist CBHS to fulfil its duty of care in supporting the health, safety, and welfare of all employees.

Underpinned by CBHS' CARE Values, CBHS is committed towards providing a safe working environment and to undertaking reasonable steps to protect employees and others from injury or harm when carrying out work for or on behalf of CBHS.

Reporting under the Modern Slavery Act

In November 2023, the CBHS Group published its fourth Modern Slavery Statement (MSS) under the *Modern Slavery Act 2018 (Cth)*. A copy of the CBHS Group's MSS is available on the Corporate Governance section of the CBHS website or at modernslaveryregister.gov.au.

The CBHS Group will periodically review the effectiveness of steps taken to address the risks of modern slavery practices in its own operations and supply chains and aims to continually monitor and where necessary, improve any policies, procedures, processes, and systems to address modern slavery.

Safeguard the integrity of corporate reports

Annual financial statements

Prior to the financial statements being approved by the Board, the Executive Leadership Team provides certifications and representations regarding the internal control framework that ensures the accuracy of financial and operational reporting to the Board.

Additionally, the Board receives a joint declaration made by the Group CEO and Group Chief Financial Officer stating that in their opinion the financial records of the entity have been properly maintained and that the financial statements comply with required Accounting Standards and give a true and fair view of the financial position and performance of the entity. Further, that the opinion has been formed based on a sound system of risk management, compliance and internal controls which are operating effectively.

The external Appointed Auditor attends each Annual General Meeting and is available to answer questions from members in relation to the financial statements and the preparation and conduct of the audit.

Respect the rights of members

Private Health Insurance Code of Conduct

CBHS is a signatory to the Private Health Insurance Code of Conduct (Code). The purpose of the Code is to help consumers by providing clear information and transparency in their relationship with health funds. It applies to staff training, product information and documentation, notifications to members, dispute resolution processes, and privacy obligations. The Code is based on a voluntary accreditation that is administered by Private Healthcare Australia (PHA).

Each year CBHS undertakes an internal review to ensure it remains compliant with the Code, and on a triennial basis conducts a more thorough internal self-audit process. The results are then presented to the Board for annual certification which is required to be completed by the Group CEO and the Chair and is then lodged with the PHA Code Compliance Committee.

Recognise and manage risk

Risk Management Strategy

CBHS maintains a risk management framework that not only protects the business from unnecessary risks or losses but also assists the Board and Management to take appropriate levels of risk within the Board-approved risk appetite to achieve CBHS' objectives. CBHS also ensures that the Board and APRA are kept apprised as to the ongoing effectiveness of the risk management framework in accordance with Prudential Standard *CPS 220 Risk Management (CPS 220)*.

The purpose of the Risk Management Strategy (RMS) is to enable the Board and the Executive Leadership Team to manage risks relating to the operations of CBHS, in the interests of all members and to meet business objectives.

The RMS documents the structures, processes and systems to assist the Board and the Executive Leadership Team to manage the business and its risks and comply with the requirements in *CPS 220*.

The risk management framework is implemented through the three lines of defence model and its effectiveness is assessed by the internal audit function on an annual basis with a full comprehensive review on a three-yearly basis to ensure the appropriateness, effectiveness and adequacy of CBHS' risk management framework with these reports being provided to and reviewed by the Audit Committee.

Sustainability

As part of CBHS' ongoing commitment to good governance, the CBHS Board Charter was updated to include Board oversight and responsibility regarding the implementation and operation of CBHS' Sustainability Framework. In addition, Board level sustainability training (including on proposed mandatory climate disclosure reporting) will be conducted from time to time to ensure we meet the needs of our members and a changing environment. CBHS has established an Environmental, Social and Governance (ESG) Working Group that comprises of employees from various key functions of the business to address CBHS' approach to sustainability.

Remunerate fairly and responsibly

People and Remuneration Committee

The People and Remuneration Committee supports the relevant Boards on all remuneration matters. The Committee also assists and makes recommendations to the Boards on CBHS Group's remuneration strategy and policy, frameworks and practices. The Committee aims to encourage employee behaviours that support long-term financial soundness and prudent risk taking.

Non-Executive Director Remuneration

The aggregate remuneration of Independent Non-Executive Directors is determined by CBHS members at a general meeting, as specified in the Constitution. The Board's aim when recommending an aggregate amount to members, is to recommend an amount which provides CBHS with the necessary degree of flexibility to enable it to retain the services of appropriately competent and experienced Directors.

Member approval was last received at the Annual General Meeting held on 10 November 2022, where members approved an aggregate remuneration of \$600,000 per annum. The aggregate sum is divided between the Directors as agreed by the Board.

Details of Directors' remuneration are set out in Note 19.

Group Chief Executive Officer Remuneration

The Board, pursuant to the Constitution, sets the remuneration of the Group CEO as part of the terms and conditions of appointment. Remuneration is reviewed on an annual basis by the Board. The Group CEO's remuneration includes an appropriate level of "at risk" remuneration in the form of a performance payment. The payment, where it is payable, relates to CBHS' performance across a range of key result areas and to the Group CEO's individual contribution with respect to a range of performance targets.

Executive Leadership Team Remuneration

CBHS' policy in respect of the Executive Leadership Team incorporates remuneration that is competitively set so that CBHS can attract, motivate and retain high-calibre executive leaders and promote a high-performance culture. The policy contains variable pay for performance elements which link reward with the strategic goals and performance of CBHS as well as individual performance.

Following inputs on risk maturity elements, the People and Remuneration Committee reviews remuneration annually through a process that also considers relevant comparative remuneration in the market.

Directors' Report

The Directors submit their report, together with the consolidated financial statements of the CBHS Group consisting of CBHS Health Fund Limited (CBHS) and CBHS Corporate Health Pty Ltd (CBHS Corporate) for the year ended 30 June 2024. Throughout the report the consolidated entity is referred to as CBHS Group.

Board of Directors

The following persons held office as Directors of CBHS during FY24 and up to the date of this report:

- Peter MacCuspie, Chair
- Nicolette Rubinsztein, Deputy Chair
- Adrian Hondros
- Jay MacGregor
- Stuart Rodger
- Sarv Girm
- Gael Filippini (appointed 23 August 2024)
- Helen Troup
- Fintan Thornton (ceased effective 22 September 2023)

Information on Directors



Peter MacCuspie, Chair Independent Non Executive Director

Peter MacCuspie was appointed to the Board in November 2015 and was elected as Board Chair on 22 March 2018. He is a member of the People and Remuneration Committee.

Mr MacCuspie is a professional Non-Executive Director. He has over 30 years of experience in a variety of roles. He was a Director of Big Sky Credit Union / Building Society for 12 years that saw the business through mergers and targeted growth and expanded member capital over 15 times, as well as an open-source business, Strategic Data.

He has experience in a wide range of governance settings including charities through the MedicAlert Foundation and Agribusiness, and with Dodgshun Medlin for over seven years. His most recent roles include the former Chair of Club Assist and current Chair of CBHS Corporate.

Mr MacCuspie holds a Bachelor of Science (Hons), a Graduate Diploma of Management and is a Fellow of the Australian Institute of Company Directors.



Nicolette Rubinsztein AM, Deputy Chair Independent Non Executive Director

Nicolette Rubinsztein was appointed to the Board in March 2018 and is Chair of the Risk Committee and a member of the Audit Committee.

Ms Rubinsztein is currently a Non-Executive Director at Zurich Insurance Group, UniSuper Limited, Greenpeace Australia Pacific Limited and CBHS Corporate. Ms Rubinsztein was President of the Actuaries Institute in 2019. She has previously held senior positions at Colonial First State, BT Funds Management and Towers Perrin.

Ms Rubinsztein is a UNSW Alumni Leader and a member of Macquarie University's Faculty of Business and Economics Industry Advisory Board.

Ms Rubinsztein is a qualified actuary and holds an executive MBA from the Australian Graduate School of Management and is a Graduate of the Australian Institute of Company Directors.

In June 2024, Ms Rubinsztein was made a Member of the Order of Australia (AM) for her significant service to business, particularly the finance and commerce sectors.



Adrian Hondros, Independent Non Executive Director

Adrian Hondros was appointed to the Board in June 2017 and is Chair of the Asset and Liability Committee and a member of the People and Remuneration Committee.

Mr Hondros has over 30 years' experience in the financial services industry. Mr Hondros is currently the managing director of Hondros Consulting, was previously the CEO of Porter Davis, Executive General Manager of Commonwealth Private Bank, CEO of St Andrew's Australia and General Manager of NAB Private Bank.

Mr Hondros is also a Non-Executive Director of Esfam Biotech Pty Ltd, Hewison & Associates Pty Ltd (as Board Chair) and CBHS Corporate.

He has been a Director of several financial services organisations, including a Director of Commonwealth Private Limited, Chairman of Commonwealth Private Limited, Trustee Director of Commonwealth Bank's Group Super Board and Chair of its Investment Committee. He has also been a Non-Executive Director of Count Financial and Affinia Financial Advisers Limited.

Mr Hondros holds a Bachelor of Commerce, Graduate Diploma in Professional Accounting, Graduate Diploma in Applied Finance, Diploma in Life Insurance and is an alumnus of INSEAD's Advanced Management Program.



Sarv Girm, Independent Non Executive Director

Sarv Girm was appointed to the Board in August 2023 and is a member of the Audit Committee and Risk Committee.

Mr Girm is a senior executive and Non-Executive Director with a career spanning more than 30 years in the financial services sector in Australia, the UK and Asia.

He is currently the Chief Information Officer at the I-MED Radiology Network, where he leads the technology platforms that enable a clinic network spanning metropolitan and regional Australia, and a growing footprint of international radiology services.

Previously, he was the Chief Information Officer of the Reserve Bank of Australia

between 2012 and 2018; and has also undertaken senior strategic and transformational roles at Cuscal Payments, MLC Life Insurance, Westpac and the Commonwealth Bank.

Mr Girm is currently a Non-Executive Director of the Can Too Foundation, where he is Chair of the Audit and Risk Committee. He was a Non-Executive Director of Reserve Bank Health Society Board and is currently a Director of Police Bank Ltd and CBHS Corporate.

Mr Girm holds a Bachelor of Computer Science (Hons) degree from the University of London and is a Fellow of the Australian Institute of Company Directors.



Jay MacGregor, Independent Non Executive Director

Jay MacGregor was appointed to the Board in May 2017 and is Chair of the People and Remuneration Committee and a member of the Asset and Liability Committee.

Mr MacGregor has over 25 years' experience in financial markets in Australia and London including as the former Managing Director, Institutional Equities for the Institutional Banking & Markets division of the Commonwealth Bank where he was responsible for the Bank's Equity Capital Markets,

wholesale equities and equity trading activities. Prior to this, Mr MacGregor held senior roles at UBS Investment Bank and Citi Global Markets Australia. Mr MacGregor is currently a Director of Renew Power Group Pty Ltd, Renew Power Investments Pty Limited and a Non-Executive Director of CBHS Corporate.

Mr MacGregor holds Bachelor degrees in Law and Commerce and a Masters degree in Finance from the University of NSW.



Gael Filippini, Independent Non Executive Director

Gael Filippini was appointed to the Board on 23 August 2024.

Ms Filippini is currently Group CEO and an Executive Director of the Junior Adventures Group. Over the past 20 years she has held leadership roles across multiple consumer sectors including Bupa Health Insurance (Australia) and Telstra. She is also a Non-Executive Director of CBHS Corporate.

She has significant experience leading transformational growth and turnaround

programs in large-scale, high-volume customer-focused operations, through distributed network businesses in sectors including telecommunications, healthcare, and care delivery business for both the aged and children.

Ms Filippini has a Diploma of Applied Science from RMIT, attended the Telstra MBA program at the AGSM and is a graduate member of the Australian Institute of Company Directors.



Stuart Rodger, Independent Non Executive Director

Stuart Rodger was appointed to the Board in May 2022 and is Chair of the Audit Committee and a member of the Risk Committee.

Mr Rodger is an experienced Director, previously on the board of a UK life insurer for five years, the International Actuarial Association Health Section for eight years and is currently a Non-Executive Director of the San Foundation and CBHS Corporate.

Mr Rodger is deeply experienced in the health industry and earlier in his career, the financial services industry. He was a

partner at Deloitte and prior to that was a senior executive in life insurance and investment companies. As a Deloitte partner, he regularly advised health industry boards on matters including risk, capital, product, strategy and M&A.

Mr Rodger holds a Bachelor of Arts (Actuarial Studies) from Macquarie University, is a Graduate (Order of Merit) of the Australian Institute of Company Directors, a Fellow of the Institute of Actuaries of Australia, a fellow of the UK actuarial body and an alumnus of INSEAD's Strategic Management Program.



Helen Troup, Group Chief Executive Officer and Executive Director

Helen Troup was appointed to the role of Group CEO and Executive Director in September 2021. She is also an Executive Director of CBHS Corporate.

Ms Troup has been a successful CEO for almost 20 years, leading businesses in the Australian and New Zealand financial services industries. She has over 25 years' experience in insurance, superannuation, and funds management.

Previously Ms Troup was the Managing Director of Commlnsure, the life insurance and general insurance companies owned by the Commonwealth Bank. Prior to this, she was the Head of Life and Health (Australia and New Zealand) for global reinsurer Swiss Re and CEO of ING New Zealand, which was a market

leading provider of insurance, funds management, asset management and property management solutions.

Ms Troup holds a Bachelor of Economics, majoring in Actuarial Studies from Macquarie University.

An active industry participant, Ms Troup is a member of Private Healthcare Australia's Audit Committee. She has previously served as a Director on the Insurance Council of Australia Board and as a member of the Financial Services Council Life Board Committee, both in Australia and New Zealand. She is a current member of Chief Executive Women and is a Non-Executive Director of Munich Holdings of Australasia Pty Ltd and Munich Reinsurance Company of Australasia Limited.



Fintan Thornton

Fintan Thornton was appointed to the Board in November 2012 and remained a Director until his retirement from the Board on 22 September 2023. Mr Thornton was the Deputy Chair, Chair of the Audit Committee and a member of the Risk Committee. He

was also a Non-Executive Director of CBHS Corporate.

Mr Thornton joined the CBHS Executive Leadership Team effective 6 November 2023.

Information on Non-Director Committee Member

Gerard Parlevliet

Gerard Parlevliet was appointed to the Asset and Liability Committee in December 2015.

Mr Parlevliet was the Chief Investment Officer of Commonwealth Bank Group Super, the \$10 billion staff fund for employees of the Commonwealth Bank, before he retired in April 2017. He was also a Company Secretary of the Trustee Company for Group Super and a Responsible Officer for the purposes of the Trustee's AFS license and APRA license.

Mr Parlevliet has been involved in the Australian superannuation industry for over 28 years, including 23 years in senior executive management roles within

Group Super. In 2013, Mr Parlevliet was awarded a National Achievement Award as Chief Investment Officer of the Year.

Since his retirement, Mr Parlevliet has become an Independent Director on the Board of Prime Super and La Trobe Financial respectively.

Mr Parlevliet holds a Bachelor of Business, Diploma of Superannuation Management and Diploma of Financial Planning and is a Certified Practising Accountant and a Trustee Fellow of the Association of Superannuation Funds of Australia (ASFA).



"CBHS has given me the opportunity to have a new lease on life! Having battled with my weight my whole life and tried everything, it all finally caught up with me turning 30, having kids, retiring from soccer, and tackling my own biology. I'm currently sitting in a fantastic private hospital post-op, having had bariatric surgery. It feels like I've reached the next step in my life that will evoke healthy choices and allow me to be there for my family! CBHS made it possible."

- Daniel P

Directors Meetings

The number of CBHS Directors meetings (including Committee meetings) and the number of meetings attended by each of the CBHS Directors and Committee members during FY24 were:

| Directors/ Committee members | Board | | Audit Committee | |
|------------------------------------|------------------------------------|--------------------------|------------------------------------|--------------------------|
| | No. of meetings eligible to attend | No. of meetings attended | No. of meetings eligible to attend | No. of meetings attended |
| Peter MacCuspie | 7 | 7 | - | 1 ¹ |
| Fintan Thornton ² | 2 | 2 | 1 | 1 |
| Adrian Hondros | 7 | 6 | - | - |
| Jay MacGregor ³ | 7 | 7 | 2 | 2 |
| Nicolette Rubinsztein ⁴ | 7 | 7 | 2 | 2 |
| Helen Troup | 7 | 7 | - | 4 |
| Stuart Rodger | 7 | 7 | 4 | 4 |
| Sarv Girn ⁵ | 7 | 6 | 3 | 3 |

| Directors/Committee members | People and Remuneration Committee | | Asset and Liability Committee | | Risk Committee | |
|------------------------------------|--------------------------------------|--------------------------|------------------------------------|--------------------------|------------------------------------|--------------------------|
| | No. of meetings eligible to attend | No. of meetings attended | No. of meetings eligible to attend | No. of meetings attended | No. of meetings eligible to attend | No. of meetings attended |
| Peter MacCuspie | 4 | 4 | - | - | - | - |
| Fintan Thornton ² | - | - | - | - | 2 | 2 |
| Adrian Hondros ⁶ | 4 | 3 | 2 | 2 | - | - |
| Jay MacGregor ³ | 2 | 3 | 4 | 4 | 3 | 3 |
| Nicolette Rubinsztein ⁴ | 2 | 2 | - | - | 2 | 2 |
| Helen Troup | - | 4 | - | - | - | 5 |
| Stuart Rodger ⁷ | - | - | 2 | 2 | 5 | 5 |
| Sarv Girn ⁵ | - | - | - | - | 3 | 3 |
| Gerard Parlevliet | - | - | 4 | 4 | - | - |

Notes:

1. Attended in capacity as CBHS and CBHS Corporate Chair
2. Ceased to be a Director effective 22 September 2023
3. Ceased to be a member of the Audit and Risk Committees effective 23 November 2023 and appointed to be a member of the People and Remuneration Committee effective 24 November 2023. Attended the People and Remuneration Committee meeting on 16 November 2023 in capacity as an Observer
4. Appointed to be a member of the Audit and Risk Committees effective 24 November 2023 and ceased to be a member of the People and Remuneration Committee effective 23 November 2023
5. Appointed to the Board effective 11 August 2023 and as a member of the Audit and Risk Committees effective 9 October 2023
6. Appointed to be a member of the Asset and Liability Committee effective 24 November 2023
7. Ceased to be a member of Asset and Liability Committee effective 23 November 2023.

Indemnification of Directors and Officers

During or since the financial year, CBHS maintained an insurance policy for the benefit of past and present Directors, Company Secretaries and Executive Officers of the CBHS Group against any liability incurred as a Director, Secretary or Executive Officer to the extent permitted by the *Corporations Act 2001*. In accordance with commercial practice, the insurance policy prohibits disclosure of the terms of the policy including the nature of the liability insured against and the amount of the premiums.

Member's Liability

CBHS is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. The Constitution states that if the Company is wound up each member undertakes to contribute to the assets of the Company up to an amount not exceeding \$10 for payment of the debts and liabilities of the Company including the costs of the winding up. As at 30 June 2024, the collective liability of members is \$1,070,740 (2023: \$1,077,710).

Principal activities

The principal activities of the CBHS Group during the financial year were the provision of health insurance and related wellbeing services to its members.

Dividends

The Constitution of CBHS prohibits the payment of dividends.

Review of operations

The profit after tax for the financial year was \$50.2m (2023: \$17.1m). CBHS is exempt under section 50-30 of the *Income Tax Assessment Act 1997* from paying income tax.

Changes in state of affairs

During the financial year there was no significant change in the affairs of CBHS Group.

Subsequent events

There have been no events after the balance sheet date, other than those disclosed, which have significantly affected or may significantly affect the CBHS Group, the results of its operations or the state of affairs of the CBHS Group.

Non-audit services

The CBHS Group may decide to employ the external Appointed Auditor on assignments additional to its statutory audit duties where the auditor's expertise and experience with the CBHS Group, are important.

Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the year are provided in Note 18 to the financial statements.

The Board has considered the position and, in accordance with advice received from the Audit Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independences as set out in *APES 110 Code of Ethics for Professional Accountants* (including Independence Standards).

Auditor's independence declaration

A copy of the auditor's independence declaration given by PwC in relation to its compliance with independence requirements as required under section 307C of the *Corporations Act 2001* is set out on page 32 of the Annual Report.

Future developments

Disclosure of information regarding likely developments in the operations of the CBHS Group in future financial years and the expected results of those operations would result in unreasonable prejudice to the CBHS Group. Accordingly, this information has not been disclosed in this report.

Rounding of amounts

The Company is an entity to which the relief available pursuant to ASIC Corporations Instrument 2016/191, relating to rounding in Financial/Directors' reports is available. Amounts in the Directors' Report and Financial report have been rounded off to the nearest thousand (\$1,000) dollars (where rounding is applicable) and where noted (\$000) under the option available to CBHS Group in accordance with the instrument.

Signed in accordance with a resolution of the Directors made pursuant to section 298(2) of the *Corporations Act 2001*.

On behalf of the Directors



Peter MacCuspie
Chair



Helen Troup
Group Chief Executive Officer and Executive Director

Dated 5 September 2024

Parramatta, NSW

Auditor's Independence Declaration

As lead auditor for the audit of CBHS Health Fund Limited for the year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of CBHS Health Fund Limited and the entities it controlled during the period.



R Balding
Partner
PricewaterhouseCoopers

Sydney
5 September 2024

PricewaterhouseCoopers, ABN 52 780 433 757
One International Towers Sydney, Watermans Quay, Barangaroo, GPO Box 2650, Sydney NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.



"Our daughter was born three months premature. CBHS supported us through the entire time that we spent in the neonatal intensive care unit, and helped make sure she got the absolute best care possible. Thank you CBHS!"

- Angeline Y

Consolidated Statement of Comprehensive Income

For the year ended 30 June

| | | | Restated |
|----------------------------------------------------------------------|-------|------------------|------------------|
| | Notes | 2024 \$'000 | 2023 \$'000 |
| Insurance revenue | 3 | 581,015 | 549,992 |
| Incurring claims and other related expenses | 3,4 | (496,214) | (488,875) |
| Other insurance service expenses | 3,4 | (56,976) | (51,312) |
| Total insurance service expenses | | (553,190) | (540,187) |
| Insurance service result | | 27,825 | 9,805 |
| Other income | | 1,479 | 1,274 |
| Other expenses | 4 | (11,695) | (10,156) |
| Profit before finance costs, investment income and income tax | | 17,609 | 923 |
| Finance costs | | (280) | (241) |
| Investment income | 5 | 33,332 | 16,512 |
| Profit before income tax | | 50,661 | 17,194 |
| Income tax expense | 6 | (445) | (84) |
| Profit after income tax | | 50,216 | 17,110 |
| Total comprehensive income for the year | | 50,216 | 17,110 |

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

As at 30 June

| | | | Restated | |
|--------------------------------------|-------|----------------|----------------|-----------------------|
| | Notes | 2024 \$'000 | 2023 \$'000 | 1 July 2022 \$'000 |
| Current assets | | | | |
| Cash and cash equivalents | 7 | 33,377 | 23,756 | 26,760 |
| Other receivables | 8 | 5,556 | 3,185 | 1,615 |
| Financial assets at fair value | 9 | 417,971 | 397,692 | 337,398 |
| Total current assets | | 456,904 | 424,633 | 365,773 |
| Non-current assets | | | | |
| Financial assets at fair value | 9 | 45,014 | 28,000 | 27,633 |
| Fixtures, fittings and equipment | 10 | 3,499 | 3,690 | 4,266 |
| Intangible assets | 11 | 9,200 | 12,374 | 15,090 |
| Right-of-use assets | 12 | 5,226 | 5,617 | 5,630 |
| Deferred tax assets | 6 | 257 | 701 | 786 |
| Total non-current assets | | 63,196 | 50,382 | 53,405 |
| Total assets | | 520,100 | 475,015 | 419,178 |
| Current liabilities | | | | |
| Insurance contract liabilities | 3 | 151,372 | 155,014 | 116,750 |
| Other payables | 13 | 1,208 | 1,261 | 1,463 |
| Lease liabilities | 12 | 1,137 | 997 | 1,021 |
| Provisions | 14 | 5,482 | 6,230 | 5,805 |
| Total current liabilities | | 159,199 | 163,502 | 125,039 |
| Non-current liabilities | | | | |
| Lease liabilities | 12 | 6,030 | 6,695 | 6,855 |
| Provisions | 14 | 3,365 | 3,528 | 3,104 |
| Total non-current liabilities | | 9,395 | 10,223 | 9,959 |
| Total liabilities | | 168,594 | 173,725 | 134,998 |
| Net assets | | 351,506 | 301,290 | 284,180 |
| Reserves | | | | |
| Retained earnings | | 351,506 | 301,290 | 284,180 |
| Total reserves | | 351,506 | 301,290 | 284,180 |

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June

| | Notes | Total reserves \$'000 |
|------------------------------------------------|-------|--------------------------|
| Balance at 1 July 2022, as previously reported | | 229,806 |
| Impact of initial application of AASB 17 | 21 | 54,374 |
| Balance at 1 July 2022 (restated) | | 284,180 |
| Profit for the year | | 17,110 |
| Balance at 30 June 2023 (restated) | | 301,290 |
| Balance at 1 July 2023 (restated) | | 301,290 |
| Profit for the year | | 50,216 |
| Balance at 30 June 2024 | | 351,506 |

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 June

| | Notes | 2024 \$'000 | Restated 2023 \$'000 |
|---------------------------------------------------------------------|-------|----------------|----------------------------|
| Cash flows from operating activities | | | |
| Premiums received | | 583,193 | 563,216 |
| Payments of claims and other insurance service expenses | | (555,966) | (509,568) |
| Insurance acquisition cash flows | | (3,044) | (5,579) |
| Other expenses | | (3,745) | (1,952) |
| Net cash inflow provided by operating activities | 7 | 20,438 | 46,117 |
| Cash flows from investing activities | | | |
| Payments for fixture, fittings and equipment and intangibles assets | | (3,219) | (2,127) |
| Investment income received | | 7,007 | 2,964 |
| Net payments for financial assets at fair value | | (13,235) | (48,651) |
| Net cash outflow from investing activities | | (9,447) | (47,814) |
| Cash flows from financing activities | | | |
| Payments relating to principal elements of lease liabilities | | (1,370) | (1,307) |
| Net cash outflow from financing activities | | (1,370) | (1,307) |
| Increase / (decrease) in cash and cash equivalents | | 9,621 | (3,004) |
| Cash and cash equivalents at the beginning of year | | 23,756 | 26,760 |
| Cash and cash equivalents at the end of year | 7 | 33,377 | 23,756 |

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

1. Basis of preparation

CBHS Health Fund Limited (CBHS) is a public company, limited by guarantee, incorporated and domiciled in Australia. The registered office is Level 16, 6 Hassall Street, Parramatta NSW 2150.

The financial statements were authorised for issue by the Directors on 5 September 2024. The Directors have the power to amend and reissue the financial statements.

a. Basis of preparation

These financial statements are for the consolidated entity, being the CBHS Group and consisting of CBHS and its subsidiaries as disclosed in Note 1(d).

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*.

These financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB).

All amounts are presented in Australian Dollars being the functional and presentation currency of CBHS Group.

The Company is of a kind referred to in ASIC *Corporation (Rounding in Financial/Directors' Reports) Instrument 2016/191*, relating to the 'rounding off' of amounts in the financial statements. Amounts have been rounded off in the financial report to the nearest thousand dollars or, in certain circumstances, to the nearest dollar in accordance with that instrument.

b. Historical cost convention

The financial statements have been prepared on the basis of historical cost, as modified by certain exceptions, the most significant of which is the measurement of financial assets at fair value and the measurement of the insurance contract liabilities at present value.

c. Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of CBHS as at 30 June 2024 and the profit and loss of all subsidiaries for the year ended. Subsidiaries are all entities over which CBHS has control.

Intercompany transactions, balances and unrealised gains on transactions between CBHS Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries are changed where necessary to ensure consistency with the policies adopted by the CBHS Group.

d. Material subsidiaries

CBHS's principal subsidiaries as at 30 June 2024 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by CBHS, and the proportion of ownership interests held equals the voting rights held by CBHS. The country of incorporation or registration is also their principal place of business.

e. Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amounts of GST incurred are not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expenses; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office (ATO) is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the ATO is classified as operating cash flows. Under the *Goods and Services Tax Act 1999* subsection 38-55, the majority of CBHS Group's income is GST free.

f. Critical accounting judgements and estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying CBHS Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in the following notes:

- Note 3: Insurance contract liabilities
- Note 14: Provisions
- Note 16: Carrying value of investment in subsidiaries
- Note 21: New accounting standards and amendments

The LFRC represents CBHS Group's obligation to provide future services in relation to insurance contracts recognised at the reporting date. This is the equivalent of unearned premium liability, net of any premiums receivable under the previously applicable AASB 1023 *General Insurance Contracts* (AASB 1023). Under PAA, the LFRC is measured as premiums received less amounts recognised as insurance revenue for coverage that has already been provided. Insurance revenue is released on a passage of time basis over the coverage period except for overseas student policies, where revenue is released based on the expected timing of incurred claims due to the nature of these contracts.

Under PAA, insurance contracts are assumed not to be onerous unless facts and circumstances indicate otherwise. Where facts and circumstances are identified that may indicate an onerous contract exists, detailed testing is performed with any onerous contract losses recognised in the LFRC and the consolidated statement of comprehensive income. There were \$1,221,000 of onerous losses recognised at 30 June 2024 (2023: \$7,044,000).

The LFIC represents the present value of estimated future payments arising from claims incurred at the end of each reporting period for insurance contracts issued as well as other directly attributable expenses such as the cost of claims management and handling. This replaced the outstanding claims liability, including any claims payables under the previously applicable AASB 1023. The LFIC is based on an actuarial assessment that considers historical patterns of claim incidence and processing in the hospital, ancillary and overseas claim categories. It also includes a risk adjustment that reflects the compensation CBHS Group requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as CBHS Group fulfils insurance contracts. CBHS Group has estimated the risk adjustment using a confidence level approach at the 75th percentile (2023: 75th percentile).

Insurance contract liabilities are not discounted as the effect of accounting for the time value of money on amounts expected to be paid or received one year or more from the date of claims being incurred is immaterial.

Refer to Note 21 for details of the impact and accounting policies upon adoption of AASB 17.

2. Segment information

CBHS Group operates in one business and geographical segment, which is providing private health insurance and related wellbeing services in Australia.

3. Insurance contract liabilities

a. Recognition and measurement

CBHS Group applies the premium allocation approach (PAA) for the measurement of its insurance contracts. Insurance contract liability is comprised of a liabilities are for remaining coverage (LFRC) and a liability for incurred claims (LFIC).

| Name of entity | Place of business / country of incorporation | Ownership interest held by CBHS (%) | | Principal activities |
|-------------------------------|----------------------------------------------|-------------------------------------|------|--------------------------|
| | | 2024 | 2023 | |
| CBHS Corporate Health Pty Ltd | Australia | 100 | 100 | Private health insurance |

3. Insurance contract liabilities (cont.)

b. Reconciliation of movement in insurance contract liabilities

The following reconciliation shows how the insurance contract liabilities balance changed during the year as a result of cash flows and amounts recognised in the statement of comprehensive income.

| | Liability for remaining coverage (LFRC) | | Liability for incurred claims (LFIC) | | Total insurance contract liabilities \$'000 |
|-------------------------------------------------------------------|-----------------------------------------|-----------------------|-------------------------------------------|------------------------|---------------------------------------------|
| | Excluding loss component \$'000 | Loss component \$'000 | Present value of future cash flows \$'000 | Risk adjustment \$'000 | |
| Insurance contract liabilities at 1 July 2023 | 56,007 | 7,044 | 88,732 | 3,231 | 155,014 |
| Insurance revenue | (581,015) | - | - | - | (581,015) |
| Insurance service expenses | | | | | |
| Incurred claims | - | - | 467,243 | - | 467,243 |
| Changes to liability for incurred claims relating to past service | - | - | (2,544) | - | (2,544) |
| Amortisation of insurance acquisition cash flows | 3,929 | - | - | - | 3,929 |
| Net Risk Equalisation Special Accounts payments | - | - | 30,494 | - | 30,494 |
| State levies | - | - | 6,780 | - | 6,780 |
| Other insurance service expenses | - | - | 53,047 | - | 53,047 |
| Movement in risk adjustment for non-financial risk | - | - | - | 64 | 64 |
| Losses on onerous contracts and (reversals) of those losses | - | (5,823) | - | - | (5,823) |
| Total insurance service expenses | 3,929 | (5,823) | 555,020 | 64 | 553,190 |
| Insurance service result | (577,086) | (5,823) | 555,020 | 64 | (27,825) |
| Statement of comprehensive income | | | | | |
| Premiums received | 583,193 | - | - | - | 583,193 |
| Payment of claims and other expenses | - | - | (555,966) | - | (555,966) |
| Insurance acquisition cash flows | (3,044) | - | - | - | (3,044) |
| Total cash flows | 580,149 | - | (555,966) | - | 24,183 |
| Insurance contract liabilities at 30 June 2024 | 59,070 | 1,221 | 87,786 | 3,295 | 151,372 |

b. Reconciliation of movement in insurance contract liabilities (cont.)

| | Liability for remaining coverage (LFRC) | | Liability for incurred claims (LFIC) | | Total insurance contract liabilities \$'000 |
|-------------------------------------------------------------------|-----------------------------------------|-----------------------|-------------------------------------------|------------------------|---------------------------------------------|
| | Excluding loss component \$'000 | Loss component \$'000 | Present value of future cash flows \$'000 | Risk adjustment \$'000 | |
| Restated | | | | | |
| Insurance contract liabilities at 1 July 2022 | 45,995 | 6,910 | 61,368 | 2,477 | 116,750 |
| Insurance revenue | (549,992) | - | - | - | (549,992) |
| Insurance service expenses | | | | | |
| Incurred claims | - | - | 444,660 | - | 444,660 |
| Changes to liability for incurred claims relating to past service | - | - | 3,342 | - | 3,342 |
| Amortisation of insurance acquisition cash flows | 2,367 | - | - | - | 2,367 |
| Net Risk Equalisation Special Accounts payments | - | - | 33,513 | - | 33,513 |
| State levies | - | - | 6,472 | - | 6,472 |
| Other insurance service expenses | - | - | 48,945 | - | 48,945 |
| Movement in risk adjustment for non-financial risk | - | - | - | 754 | 754 |
| Losses on onerous contracts and (reversals) of those losses | - | 134 | - | - | 134 |
| Total insurance service expenses | 2,367 | 134 | 536,932 | 754 | 540,187 |
| Insurance service result | (547,625) | 134 | 536,932 | 754 | (9,805) |
| Statement of comprehensive income | | | | | |
| Premiums received | 563,216 | - | - | - | 563,216 |
| Payment of claims and other expenses | - | - | (509,568) | - | (509,568) |
| Insurance acquisition cash flows | (5,579) | - | - | - | (5,579) |
| Total cash flows | 557,637 | - | (509,568) | - | 48,069 |
| Insurance contract liabilities at 30 June 2023 | 56,007 | 7,044 | 88,732 | 3,231 | 155,014 |

3. Insurance contract liabilities (cont.)

c. Actuarial assumptions

The following significant assumptions have been made in determining the liability for incurred claims related to the outstanding claims liability:

| Variable | CBHS | | CBHS Corporate | |
|-----------------------------------------------|----------|----------|----------------|---------|
| | 2024 | 2023 | 2024 | 2023 |
| Estimate of incurred claims for June (\$'000) | \$36,981 | \$35,263 | \$961 | \$1,183 |
| Claims handling expense – Hospital | 2.5% | 2.5% | 2.5% | 2.5% |
| Claims handling expense – Medical | 5.0% | 5.0% | 2.5% | 2.5% |
| Claims handling expense – Ancillary | 5.0% | 5.0% | 5.0% | 5.0% |
| Risk equalisation rate | 11.0% | 15.0% | 46.8% | 36.9% |
| Risk adjustment | 5.0% | 5.0% | 13.0% | 13.0% |

Process used to determine assumptions

Incurred claims cost for June

This is determined by projecting the total paid claims for each month incurred at the balance date using seasonal factors and historic reporting patterns.

Claims handling expense rate

Claims handling expenses were calculated by reference to past experience of claims handling costs as a percentage of past claims.

Risk equalisation rate

Under legislation, all private health insurers must participate in the Risk Equalisation Special Account in which all private

health insurers share the cost of the eligible claims of policyholders aged 55 years and over, and claims meeting the high cost claim criteria. The Australian Prudential Regulation Authority (APRA) determines the amount payable to or receivable from the Risk Equalisation Special Account after the end of each quarter. Provisions for estimated amounts payable or receivable are provided for periods where determinations have not yet been made. This is determined by applying the projected relationship between net risk equalisation claims and paid claims to the hospital and medical incurred claims.

Risk adjustment

The risk adjustment is estimated using a confidence level approach at the 75th percentile.

The table below describes how a change in each assumption will affect the profit after tax.

| | Sensitivity % | CBHS | | CBHS Corporate | |
|--------------------------|---------------|-------------|-------------|----------------|-------------|
| | | 2024 \$'000 | 2023 \$'000 | 2024 \$'000 | 2023 \$'000 |
| Incurred claims for June | +10 | 4,114 | 4,013 | 97 | 121 |
| | -10 | (4,114) | (4,013) | (97) | (121) |
| Claims handling expense | +10 | 149 | 143 | 6 | 6 |
| | -10 | (149) | (143) | (6) | (6) |
| Risk equalisation rate | +10 | 540 | 698 | 16 | 14 |
| | -10 | (540) | (698) | (16) | (14) |

d. Maturity profile of insurance contract liabilities

The following table summarises the expected maturity profile of the present value of future cash flows of CBHS Group's liability for incurred claims.

| | 1 year or less \$'000 | Total \$'000 |
|-----------------|-----------------------|--------------|
| 2024 | 91,081 | 91,081 |
| 2023 (restated) | 91,963 | 91,963 |

4. Other insurance service expenses / other expenses

a. Recognition and measurement

Insurance services expenses relate to costs incurred in the fulfilment of insurance contracts. These costs are expensed as they are incurred. Insurance acquisition cash flows, which relate to the costs of selling, underwriting and starting a group of contracts, are expensed as they are incurred for all contracts except for overseas student policies, where these are amortised over the coverage period in line with the expected timing of incurred claims.

Other expenses relate to costs which are not directly attributable to the fulfilment of insurance contracts and have been determined using management judgement. These costs are expensed as they are incurred. Other expenses include the Health Hubs, strategy, branding and product development.

| Incurred claims and other related expenses | 2024 | 2023 |
|-------------------------------------------------------------|----------------|----------------|
| | \$'000 | \$'000 |
| Direct and other claim expenses ¹ | 464,763 | 448,756 |
| Risk equalisation expenses | 30,494 | 33,513 |
| State levies | 6,780 | 6,472 |
| Losses on onerous contracts and (reversals) of those losses | (5,823) | 134 |
| Total incurred claims and other related expenses | 496,214 | 488,875 |

¹ This includes a COVID giveback of \$15,000,000 (2023: \$15,000,000).

| Other insurance service expenses / Other expenses | 2024 | 2023 |
|----------------------------------------------------------------|-----------------|-----------------|
| | \$'000 | \$'000 |
| Employee benefits expense | 40,083 | 34,352 |
| Information technology expense | 7,077 | 5,563 |
| Marketing and commissions expense | 5,069 | 3,667 |
| Consultants, actuarial, audit and legal expenses | 5,104 | 5,212 |
| Other expenses | 4,699 | 3,987 |
| Depreciation and amortisation expense | 4,022 | 6,134 |
| Subscriptions for industry and purchasing associations | 1,420 | 1,396 |
| Electronic claims processing expenses | 1,197 | 1,157 |
| Total other insurance service expenses / other expenses | 68,671 | 61,468 |
| Other expenses | (11,695) | (10,156) |
| Other insurance service expenses | 56,976 | 51,312 |

5. Investment income

a. Recognition and measurement

Investment income consists of interest income, distribution income and changes in the fair value of investments in unit prices. Interest income is recognised when cash is received or earned. Income is recognised in the period when the right to receive payment is established.

| | 2024 | 2023 |
|---------------------------------------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Interest income | 6,213 | 3,580 |
| Distributions and other income | 11,246 | 6,824 |
| Net gain / (loss) on fair value movements in financial assets | 15,873 | 6,108 |
| Total investment income | 33,332 | 16,512 |

6. Income tax expense

a. Recognition and measurement

CBHS Health Fund Limited is a Private Health Insurer registered under the *Private Health Insurance Act 2007* and is exempt from income tax and capital gains tax under section 50-30 of the *Income Tax Assessment Act 1997*.

CBHS Corporate Health Pty Ltd is a tax paying entity and is required to pay tax when it generates profits. The income tax expense or benefit for the period is the tax payable or receivable on the current period's taxable income based on the applicable income tax rate adjusted for changes in deferred tax assets and liabilities attributable to temporary differences and tax losses. Deferred tax assets are recognised if it is probable that future taxable amounts will be available to utilise these temporary differences and losses. No deferred tax assets for unused tax losses have been recognised.

Judgement is required in determining the provision for income taxes. There are certain transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. CBHS Corporate Health Pty Ltd estimates its tax liabilities based on its understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

b. Reconciliation of income tax expense

| | Restated | |
|---------------------------------------------------|----------------|----------------|
| | 2024 \$'000 | 2023 \$'000 |
| Current tax | | |
| Current tax on profit/(loss) for the year | 1,128 | 217 |
| Utilisation of previously unrecognised tax losses | (1,128) | (217) |
| Total current tax expense | - | - |
| Deferred income tax | | |
| (Decrease) in deferred tax assets | (445) | (84) |
| Total deferred tax expense | (445) | (84) |
| Total income tax expense | (445) | (84) |

c. Numerical reconciliation of income tax expense to prima facie tax payable

| | Restated | |
|-----------------------------------------------------------------------------------------|----------------|----------------|
| | 2024 \$'000 | 2023 \$'000 |
| Profit / (loss) from continuing operations before income tax | 5,242 | 1,004 |
| Tax at the Australian tax rate of 30% (2023: 30%) | (1,573) | (301) |
| Tax effect of amounts which are not deductible (taxable) in calculating taxable income: | | |
| Non-temporary differences | - | - |
| Utilisation of previously unrecognised tax losses | 1,128 | 217 |
| Total income tax expense | (445) | (84) |

d. Deferred tax balances

| | Restated | |
|-------------------------------------------|----------------|----------------|
| | 2024 \$'000 | 2023 \$'000 |
| Insurance acquisition costs | - | 381 |
| Onerous contracts | 139 | 189 |
| Indirect settlement costs | 17 | 17 |
| Accrued audit fees | 22 | 19 |
| Accrued expenses | 76 | 86 |
| Amortisation of software | 3 | 9 |
| Total deferred tax | 257 | 701 |
| Movements | | \$'000 |
| Balance at 30 June 2023 (restated) | | 701 |
| - to profit or loss | | (445) |
| Balance at 30 June 2024 | | 257 |

e. Unused tax losses which no deferred tax asset has been recognised

| | \$'000 |
|--------------------------------|--------------|
| Tax losses from prior year | 3,224 |
| Tax losses from current year | - |
| Total unused tax losses | 3,224 |

7. Cash and cash equivalents

a. Recognition and measurement

Cash comprises cash on hand, cash in bank and “24 hour” money at call. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash which are subject to an insignificant risk of change in value.

| | 2024 \$'000 | 2023 \$'000 |
|----------------------------------------|----------------|----------------|
| Cash at bank | 30,770 | 21,155 |
| Cash at call | 2,607 | 2,600 |
| Cash on hand | - | 1 |
| Total cash and cash equivalents | 33,377 | 23,756 |

b. Reconciliation of operating profit to net cash flows from operating activities

| | 2024 \$'000 | 2023 \$'000 | Restated |
|---------------------------------------------------------|----------------|----------------|----------|
| Operating profit | 50,216 | 17,110 | |
| Interest received and receivable | (16,885) | (10,404) | |
| Depreciation and amortisation | 4,022 | 6,134 | |
| Interest on lease payments | 280 | 241 | |
| Intangible assets write-off | 3,518 | - | |
| Fixtures, fittings and equipment write-off | - | 181 | |
| Fair value (gains) / losses on financial assets | (16,445) | (6,107) | |
| Increase in other receivables | (104) | (35) | |
| Decrease in deferred tax assets | 445 | 84 | |
| Decrease in other payables | (54) | (200) | |
| (Decrease) / increase in insurance contract liabilities | (3,642) | 38,264 | |
| (Decrease) / increase in provisions | (913) | 849 | |
| Net cash flow from operating activities | 20,438 | 46,117 | |

8. Other receivables

a. Recognition and measurement

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less any expected credit losses. CBHS Group applies the simplified approach to measuring expected credit losses (ECL) under AASB 9 *Financial Instruments* which uses a lifetime expected loss allowance for all other receivables. The lifetime ECL calculation is based on an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. No ECL has been identified at 30 June 2024 (2023: nil).

| | 2024 \$'000 | 2023 \$'000 | Restated |
|--------------------------------|----------------|----------------|----------|
| Investment income receivable | 4,159 | 1,892 | |
| Prepayments | 331 | 291 | |
| GST recoverable | 159 | 331 | |
| Sundry debtors | 907 | 671 | |
| Total other receivables | 5,556 | 3,185 | |

9. Financial assets at fair value

a. Recognition and measurement

CBHS Group recognises financial assets on the date it becomes party to the contractual agreement (trade date). Financial assets are derecognised when the right to receive cash flows from the asset has expired or CBHS Group has transferred substantially all of the risks and rewards of ownership.

At initial recognition, CBHS Group measures financial assets at fair value, as CBHS Group applies the fair value option to eliminate an accounting mismatch. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the consolidated statement of comprehensive income. Gains and losses arising from changes in the fair value of the financial assets are recognised within investment income in the consolidated statement of comprehensive income.

| | 2024 \$'000 | 2023 \$'000 |
|---------------------------------------------|----------------|----------------|
| Term deposits | 87,600 | 121,100 |
| Managed premium cash enhanced fund | 45,345 | 29,839 |
| Managed multi assets funds | 125,480 | 114,248 |
| Managed fixed interest funds | 71,056 | 55,946 |
| Managed share funds | 88,490 | 76,559 |
| Total current assets | 417,971 | 397,692 |
| Term deposits | 15,000 | - |
| Managed property funds | 30,014 | 28,000 |
| Total non-current assets | 45,014 | 28,000 |
| Total financial assets at fair value | 462,985 | 425,692 |

In 2019 the CBHS acquired shares in Whitecoat Holdings Pty Ltd. In May 2021, CBHS sold all of its ownership in Whitecoat Holdings Pty Ltd to CBA. The total amount of the sales proceeds was \$5,215,000 plus a maximum earnout payment of \$4,529,000 subject to revenue targets being achieved over a three year period. As at June 2024, the revenue targets have not been met and no financial asset with respect to the earnout has been recognised.

b. Fair value hierarchy

CBHS Group's financial assets are categorised according to the following fair value measurement hierarchy:

- Level 1: Quoted prices (unadjusted current bid price) in active markets for identical assets and liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data.

The following tables present CBHS Group's financial assets measured and recognised at fair value:

| 2024 | Level 1: \$'000 | Level 2: \$'000 | Level 3: \$'000 | Total \$'000 |
|---------------------------------------------|--------------------|--------------------|--------------------|-----------------|
| Term deposits | 102,600 | - | - | 102,600 |
| Managed premium cash enhanced fund | 45,345 | - | - | 45,345 |
| Managed multi asset fund | - | 125,480 | - | 125,480 |
| Managed share funds | - | 88,490 | - | 88,490 |
| Managed fixed interest funds | - | 71,056 | - | 71,056 |
| Managed property funds | - | - | 30,014 | 30,014 |
| Total financial assets at fair value | 147,945 | 285,026 | 30,014 | 462,985 |

| 2023 | Level 1: \$'000 | Level 2: \$'000 | Level 3: \$'000 | Total \$'000 |
|---------------------------------------------|--------------------|--------------------|--------------------|-----------------|
| Term deposits | 121,100 | - | - | 121,100 |
| Managed premium cash enhanced fund | 29,839 | - | - | 29,839 |
| Managed multi asset fund | - | 114,248 | - | 114,248 |
| Managed share funds | - | 76,559 | - | 76,559 |
| Managed fixed interest funds | - | 55,946 | - | 55,946 |
| Managed property funds | - | - | 28,000 | 28,000 |
| Total financial assets at fair value | 150,939 | 246,753 | 28,000 | 425,692 |

9. Financial assets at fair value (cont.)

c. Fair value measurements

CBHS Group's investment in property funds is classified within level 3 of the fair value hierarchy. These amounts are held in unlisted unit trusts and are valued at the redemption value per unit as reported by the managers of the funds. They are classified within level 3 of the fair value hierarchy as their fair values are not based on observable market data due to the infrequent trading of these investments.

The following table presents the changes in level 3 financial assets during the year:

| | 2024 \$'000 | 2023 \$'000 |
|-----------------------------------------|----------------|----------------|
| Balance at 1 July | 28,000 | 27,634 |
| Purchases | 5,742 | 3,338 |
| Net gain/(loss) on fair value movements | (3,728) | (2,972) |
| Balance at 30 June | 30,014 | 28,000 |

10. Fixtures, fittings and equipment

a. Recognition and measurement

Fixture, fittings and equipment are stated at cost less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on fixtures, fittings and equipment. Depreciation is calculated on a straight-line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value being zero. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period with the effect of any changes recognised on a prospective basis. Useful lives for fixture, fittings and equipment range between 3-7 years.

Fixture, fittings and equipment are assessed for indicators of impairment at each balance sheet date. Such assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the assets. Fixture, fittings and equipment are carried at depreciated cost, the amount of the impairment is the difference between the asset's carrying amount and the current market value. The loss is recognised in the consolidated statement of comprehensive income.

| | 2024 \$'000 | 2023 \$'000 |
|----------------------------------|----------------|----------------|
| At cost | | |
| Balance as at 1 July | 7,071 | 7,429 |
| Additions | 532 | 183 |
| Disposals | - | (541) |
| Balance as at 30 June | 7,603 | 7,071 |
| Accumulated depreciation | | |
| Balance as at 1 July | 3,381 | 3,163 |
| Disposals | - | (494) |
| Depreciation expense | 723 | 712 |
| Balance as at 30 June | 4,104 | 3,381 |
| Net book value at 30 June | 3,499 | 3,690 |

11. Intangible assets

a. Recognition and measurement

Costs incurred in developing products or systems that will contribute to future economic benefits through revenue generation and/or cost reduction are capitalised to software. Costs capitalised include external direct costs of materials and service and direct payroll and payroll related costs of employees' time spent on the projects.

Software is recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over the estimated useful life. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in the accounting estimate accounted for on a prospective basis. Useful lives for software ranges between 3-7 years.

Intangible assets are assessed for indicators of impairment at each balance sheet date. Intangible assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition the estimated future cash flows of the intangible assets have been impacted. For intangible assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying and the present value of estimated future cash flows, discounted at the original effective interest rate. The loss is recognised in the consolidated statement of comprehensive income.

| | 2024 \$'000 | 2023 \$'000 |
|-------------------------------------|----------------|----------------|
| At cost | | |
| Balance as at 1 July | 27,299 | 25,355 |
| Additions | 2,688 | 1,944 |
| Write-off | (3,518) | - |
| Balance at 30 June | 26,469 | 27,299 |
| Accumulated amortisation | | |
| Balance as at 1 July | 14,925 | 10,265 |
| Amortisation and impairment expense | 2,344 | 4,660 |
| Balance at 30 June | 17,269 | 14,925 |
| Net book value at 30 June | 9,200 | 12,374 |

12. Right-of-use assets and lease liabilities

a. Recognition and measurement

CBHS Group leases an office and equipment and the rental contracts are for fixed periods of 1-5 years but may have extension options.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by CBHS Group under residual value guarantees; and
- lease payments to be made under reasonable certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, which is generally the case for leases in CBHS Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. The incremental borrowing rate used is between 3.2% and 4.1% (2023: between 3.2% and 4.0%).

CBHS Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the liability is reassessed and adjusted against the right-of-use asset.

12. Right-of-use assets and lease liabilities (cont.)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- any restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognised as an expense in the consolidated statement of comprehensive income. Short-term leases are leases with a lease term of 12 months or less.

b. Carrying value of right-of-use assets

| | 2024 | | | 2023 | | |
|------------------------------|--------------|--------------------|--------------|--------------|--------------------|--------------|
| | Buildings | Computer equipment | Total | Buildings | Computer equipment | Total |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Cost | 5,752 | 1,164 | 6,916 | 5,392 | 1,023 | 6,415 |
| Accumulated depreciation | (1,157) | (533) | (1,690) | (584) | (214) | (798) |
| Balance as at 30 June | 4,595 | 631 | 5,226 | 4,808 | 809 | 5,617 |

c. Carrying value of lease liabilities

| | 2024 \$'000 | 2023 \$'000 |
|--------------------------------|----------------|----------------|
| Current | 1,137 | 997 |
| Non-current | 6,030 | 6,695 |
| Total lease liabilities | 7,167 | 7,692 |

d. Amounts recognised in the Consolidated Statement of Comprehensive Income

The Consolidated Statement of Comprehensive Income shows the following amounts related to leases:

| | 2024 \$'000 | 2023 \$'000 |
|--------------------------------------------|----------------|----------------|
| Depreciation charge on right-of-use assets | 955 | 762 |
| Interest on lease liabilities | 280 | 241 |
| Total amounts recognised | 1,235 | 1,003 |

13. Other payables

a. Recognition and measurement

Other payables are recognised when CBHS Group becomes obliged to make future payments resulting from the purchase of goods and services.

| | Restated | |
|-----------------------------|----------------|----------------|
| | 2024 \$'000 | 2023 \$'000 |
| Accruals | 349 | 301 |
| Other | 859 | 960 |
| Total other payables | 1,208 | 1,261 |

14. Provisions

a. Recognition and measurement

Provisions are recognised when CBHS Group has a present obligation (legal or constructive) as a result of a past event, it is probable that CBHS Group will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits cover performance payments, annual leave and long service leave. Sick leave is non-vesting and is accounted for as incurred.

The liability for performance payments, annual leave and any other employee entitlements expected to be settled within twelve months of the reporting date, is calculated at current remuneration rates which are expected to be paid when the liability is settled.

The liability for long service leave entitlements represents the present value of the estimated future cash outflows to be made. In determining future cash outflows, consideration has been given to future increases in salary rates, and the probability that employees will remain with CBHS Group for the period of time necessary to qualify for long service leave. The calculation includes related on-costs. In calculating the present value, the estimates of future cash outflows are discounted using the rates attaching to Government guaranteed securities which have terms to maturity approximating the terms of the related liability.

Employee entitlement expenses and contributions made to superannuation funds by CBHS Group are recognised in the Consolidated Statement of Comprehensive Income when due.

| | 2024 \$'000 | 2023 \$'000 |
|-------------------------------------|----------------|----------------|
| Employee benefits | 2,146 | 2,001 |
| Employee performance payments | 2,336 | 2,479 |
| Other | 1,000 | 1,750 |
| Total current provisions | 5,482 | 6,230 |
| Employee benefits | 1,940 | 1,920 |
| Employee performance payments | 1,425 | 1,608 |
| Total non-current provisions | 3,365 | 3,528 |
| Total provisions | 8,847 | 9,758 |

14. Provisions (cont.)

b. Movement in provisions

| Current | Employee benefits \$'000 | Performance payments \$'000 | Other \$'000 | Total \$'000 |
|-------------------------------------------|--------------------------|-----------------------------|--------------|--------------|
| Balance at 30 June 2023 (restated) | 2,001 | 2,479 | 1,750 | 6,230 |
| Used during the year | (2,310) | (2,407) | - | (4,717) |
| Unused amounts reversed | - | - | (750) | (750) |
| Additional amounts recognised | 2,455 | 2,264 | - | 4,719 |
| Balance at 30 June 2024 | 2,146 | 2,336 | 1,000 | 5,482 |

| Non-current | Long service leave \$'000 | Performance payments \$'000 | Total \$'000 |
|--------------------------------|---------------------------|-----------------------------|--------------|
| Balance at 30 June 2023 | 1,920 | 1,608 | 3,528 |
| Used during the year | (458) | (496) | (954) |
| Unused amounts reversed | - | (312) | (312) |
| Additional amounts recognised | 478 | 625 | 1,103 |
| Balance at 30 June 2024 | 1,940 | 1,425 | 3,365 |

15. Contingent liabilities

CBHS Group is exposed to contingent risks and liabilities arising from the conduct of its business. Any potential liability to CBHS Group, in addition to the provisions already recognised in Note 14, will be contingent upon investigations undertaken on possible risks. As at 30 June 2024, management was not aware of any material contingent liabilities that may affect the financial position of CBHS Group (2023: nil).

16. Parent entity financial information

a. Recognition and measurement

The financial information for the parent entity, CBHS Health Fund Limited, has been prepared on the same basis as the consolidated financial statements, except as set out below:

- Investments in subsidiaries are accounted for at cost less accumulated impairment losses.

b. Summary financial information

The summarised financial information for the parent entity is shown below:

| | 2024 \$'000 | 2023 \$'000 |
|------------------------------------------------|----------------|----------------|
| | | Restated |
| Balance sheet | | |
| Assets | | |
| Current assets | 405,065 | 377,494 |
| Total assets | 502,304 | 458,476 |
| Liabilities | | |
| Current liabilities | 128,912 | 138,930 |
| Total liabilities | 139,444 | 150,151 |
| Net assets | 362,861 | 308,325 |
| Equity | | |
| Retained earnings | 362,861 | 308,325 |
| Total equity | 362,861 | 308,325 |
| Profit for the year | 45,418 | 16,189 |
| Total comprehensive income for the year | 45,418 | 16,189 |

c. Carrying value of investment in subsidiaries

The investment in subsidiaries is reviewed annually for indicators of impairment. Should the investment's carrying amount exceed its estimated recoverable amount, the carrying amount of the investment would be impaired down to its recoverable amount.

The recoverable amount of the investment is determined through measuring its value in use which is based on the following key assumptions:

- Cash flow forecasts based on the latest business plan. These forecasts are based on a combination of historical performance and Management's expectations of future performance with consideration to anticipated market factors.
- Terminal value is calculated using a perpetuity growth formula based on the cash flow forecast for year five.
- Discount rates reflect a beta and market risk premium sourced from observable market information and a specific risk premium appropriate to reflect the nature of the business. The pre-tax discount rate is 19.8% (2023: 20.3%) and the post-tax discount rate is 15.0% (2023: 15.0%).

An impairment assessment has been performed at 30 June 2024, with the recoverable value of the investment in excess of the carrying amount. The valuation is however highly sensitive to a range of assumptions, in particular the insurance revenue cash flow forecasts.

d. Guarantees entered into by parent entity

The parent entity continued to hold guarantees of \$615,000 at 30 June 2024 (2023: \$615,000).

e. Contingent liabilities of parent entity

Refer to Note 15 for details of the contingent liabilities of the parent entity.

f. Contractual commitments for the acquisition of property, plant or equipment

The parent entity did not enter into any commitments for the acquisition of property, plant or equipment during the year (2023: nil).

17. Related parties

During the year, five Directors were members of CBHS Health Fund Limited. Membership was on terms and conditions no more favourable than those adopted when dealing with an unrelated individual in an arm's length transaction. (2023: 10 Directors)

Related party transactions

During the financial year, CBHS Health Fund Limited provided management services to CBHS Corporate as set out in a Management Service Agreement. The value of services provided to CBHS Corporate for the financial year was \$5,501,000. (2023: \$3,726,000).

18. Remuneration of auditors

During the year, the following fees were paid or payable for services provided by the auditor of CBHS Group:

| | 2024 \$ | 2023 \$ |
|---------------------------------------------------------------|----------------|----------------|
| Audit of financial statements | 395,159 | 273,397 |
| Audit and review of regulatory returns | 141,172 | 115,945 |
| Total remuneration for audit and assurance services | 536,331 | 389,342 |
| Taxation services | 24,270 | 23,562 |
| Total remuneration for taxation services | 24,270 | 23,562 |
| Other audit services | - | 24,562 |
| Total remuneration for other services | - | 24,562 |
| Total remuneration of PricewaterhouseCoopers Australia | 560,601 | 437,466 |

19. Remuneration of Directors and other key management personnel

During the year, the following fees were paid or payable to Directors and other key management personnel of CBHS Group:

| | 2024 \$ | 2023 \$ |
|------------------------------------------------------------------------------------------|------------------|------------------|
| Directors' remuneration | | |
| Short-term employment benefits | 499,312 | 418,091 |
| Post-employment benefits (statutory superannuation guarantee) (2024: 11.0%; 2023: 10.5%) | 54,924 | 43,900 |
| Total Directors' remuneration | 554,236 | 461,991 |
| Other key management personnel remuneration | | |
| Short-term employment benefits | 4,524,745 | 3,247,803 |
| Post-employment benefits (statutory superannuation guarantee) (2024: 11.0%; 2023: 10.5%) | 242,778 | 187,367 |
| Total key management personnel remuneration | 4,767,523 | 3,435,170 |
| Total Directors' and other key management personnel remuneration | 5,321,759 | 3,897,161 |

20. Risk management

The financial condition and operation of CBHS Group is affected by a number of key risks including Capital and Solvency, Compliance/Governance, Financial and Liquidity, Insurance, Investment and Credit, Operational, People and Culture and Strategic.

The Board of Directors of CBHS Group determines the entity's risk appetite and approves the risk management strategies, policies and practices to ensure that risks are identified and managed within the context of this appetite.

Some of the key features of CBHS Group's risk management framework include:

- Audit Committee and the Risk Committee's responsibility to assist the Board to fulfil its statutory and fiduciary duties relating to the financial reports, the risk management framework, the independence of the auditors and regulatory compliance.
- Asset and Liability Committee's responsibility to monitor investment-related activities and capital management.
- The Board's annual endorsement of a) Risk Management Strategy and b) Risk Appetite Statement which sets out the ways in which CBHS Group will mitigate strategic and operational risks.
- Management of risk and compliance through the utilisation of risk management software.
- Various internal policies and procedures designed to identify and manage risk.
- Management's regular assessment and reporting on compliance and key risks to the Board and relevant Committees.
- Internal Audit function which provides management and the Board independent assurance of the internal control environment.

- Annual Management Certification and Representation Attestation provided to the Board to certify the accuracy of the representation of financial data and the effectiveness of internal controls.
- Annual Risk Management Declaration, attested by the Chief Risk Officer for the Chairs of the Risk Committee and Board.
- Monitoring and review of compliance with Solvency and Capital Adequacy standards as required by the *Private Health Insurance (Prudential Supervision) Act 2015*, and the strategic benchmarks set by the Board.

Compliance risk

In operating a health fund, CBHS and CBHS Corporate are required to comply with the requirements set out in the *Private Health Insurance Act 2007*.

CBHS Group has established internal controls to ensure that it meets its compliance requirements under the Act. These measures include:

- Monitoring and management of compliance obligations through the utilisation of risk management software.
- Implementation of a compliance framework including dedicated compliance reviews of operational practices to ensure CBHS Group complies with all legislative and regulatory requirements and conduct.
- Regular documented internal control reviews of changes to regulations.
- Completion of the annual Management Certification and Representation process by senior managers.
- Internal audit assessments of compliance arrangements.

Capital risk

From 1 July 2023, CBHS Group has transitioned to the new Private Health Insurance Capital Standards, commonly referred to as ICAAP (Internal Capital Adequacy Assessment Process). These are governed under a range of capital guidance and standards including Guide CPG110 ICAAP and Supervisory Review and Prudential Standard HPS110 Capital Adequacy.

Capital is managed in accordance with the ICAAP Summary Statement. It provides a framework for the management and monitoring of capital in line with the Board's risk appetite. This document is underpinned by the:

- Risk Appetite Statement which articulates the risk capacity of CBHS Group as a whole, appetite for different types of risk and expresses the risk tolerance for each material risk.
- Investment Policy which defines the Board's investment beliefs, strategic asset allocation and specific rules around investments as well as defines liquidity targets and responsibilities.

The Board has monitored compliance with requirements of the ICAAP throughout the year.

Insurance risk

The provision of private health insurance in Australia is governed by the *Private Health Insurance Act 2007*. The regulatory factors which impact CBHS Group insurance risk include:

- Principle of community rating which precludes health insurers from discriminating against people based on factors that include medical condition, gender, race, religious belief or age.
- Risk Equalisation scheme which, in effect, re-allocates some of the risk of private health insurers that relates to the age profiles of their health funds.
- Review and approval by the Federal Minister for Health and Aged Care of all health insurance premium increases.

Concentration risk

CBHS Health Fund Limited is a not-for-profit private health insurer, exclusively for current and former employees of the CBA, divested CBA businesses as well as their family members. CBHS Corporate is an open fund which focuses primarily on corporate partnerships, overseas workers and students.

Credit risk

Credit risk is the potential of loss arising from failure of a debtor or counterparty (in relation to loans to counterparty), to meet their contractual obligations.

CBHS Group is exposed to credit risk through the operation of its business and management of its financial assets. CBHS Group's investments are with Board-approved financial institutions and managed investment schemes. For investments held directly, these instruments are subject to Board-approved counterparty limits.

In terms of other financial assets, credit risk relates to the Services Australia rebate receivable (a Government organisation administering the Private Health Insurance Government rebate scheme) and premium receivable from policyholders. Premiums in arrears are continuously monitored. No claims are paid on policies whereby members fall into arrears, unless the policies fall under the Financial Assistance Package extended to members who experience financial hardship.

Credit exposure by credit rating*

| | 2024 \$'000 | 2023 \$'000 |
|---------------------------------------|----------------|----------------|
| Cash and cash equivalents | | |
| A series rating | 33,377 | 23,756 |
| | 33,377 | 23,756 |
| Financial assets at fair value | | |
| A series rating | 102,600 | 111,100 |
| B series rating | - | 10,000 |
| Unrated** | 360,385 | 304,592 |
| | 462,985 | 425,692 |

*As defined by Standard & Poor's credit ratings.

**Note the funds invested are not rated however the fund invests in entities that may be rated.

20. Risk management (cont.)

Interest rate risk

CBHS Group is exposed to interest rate risk on its investment portfolio and bank deposits. The investment portfolio comprises of both fixed and variable interest rate investments. The risk is managed by maintaining a high proportion in fixed interest rate investments.

CBHS Group's exposures to interest rates on financial assets are detailed below:

| | Weighted average effective interest rate % | 2024 \$'000 | 2023 \$'000 |
|------------------------------------|--------------------------------------------|----------------|----------------|
| Cash at bank | 3.80 | 33,377 | 23,756 |
| Term deposits | 4.98 | 102,600 | 121,100 |
| Managed premium cash enhanced fund | 4.5 | 45,345 | 29,839 |
| | | 181,322 | 174,695 |

Interest rate sensitivity analysis

The sensitivity analyses below have been determined on the exposure to interest rate movements on the investment portfolio at reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis point (2023: 50 basis point) increase or decrease is used when reporting interest risk internally and represents management's assessment of the possible change in interest rates.

At reporting date, if interest rates had moved, as illustrated in the table below, with all other variables held constant, profit after tax would have been affected as follows:

| | 2024 \$'000 at 50 basis points per annum | 2023 \$'000 at 50 basis points per annum |
|---------------------------------------------|------------------------------------------|------------------------------------------|
| Profit higher from increase in basis points | 513 | 606 |
| Profit lower from decrease in basis points | (513) | (606) |

Price risk

CBHS Group is exposed to price risks arising from its investments in shares, fixed interest, multi asset and property managed funds. These investments are held for strategic, rather than trading purposes. CBHS Group mitigates its price risk with an investment policy weighted to defensive assets.

Price risk sensitivity analysis - managed funds

The sensitivity analyses below have been determined based on the exposure to unit price risks at the reporting date. If the unit prices of the managed funds had moved as illustrated in the table below, with all other variables held constant, profit after tax would have been affected as follows:

| | 2024 \$'000 at 10% per annum | 2023 \$'000 at 10% per annum |
|-------------------------------------------|------------------------------|------------------------------|
| Profit higher from increase in percentage | 31,504 | 27,475 |
| Profit lower from decrease in percentage | (31,504) | (27,475) |

Liquidity risk

Liquidity risk arises from the possibility that CBHS Group may be unable to settle a transaction on the due date. The ultimate responsibility for liquidity risk management rests with the Group Chief Executive Officer and Group Chief Financial Officer. CBHS Group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. CBHS Group continues to review its ICAAP and Investment Policy to assist in managing CBHS Group's medium and long-term funding and liquidity requirements.

The following table details CBHS Group's remaining contractual maturity for its financial liabilities. The table outlines the undiscounted cash flows of financial liabilities based on the earliest date on which CBHS Group can be required to pay.

| | Less than 1 month \$'000 | 1-3 months \$'000 | 3 months to 1 year \$'000 | 1-5 years \$'000 | 5+ years \$'000 | Total \$'000 |
|---------------------------|--------------------------|-------------------|---------------------------|------------------|-----------------|--------------|
| 2024 | | | | | | |
| Other payables | 675 | 336 | 197 | - | - | 1,208 |
| Lease liabilities | 115 | 345 | 917 | 4,985 | 1,821 | 8,183 |
| 2023 | | | | | | |
| Other payables (restated) | 739 | 367 | 155 | - | - | 1,261 |
| Lease liabilities | 104 | 312 | 824 | 4,941 | 2,665 | 8,846 |

21. New accounting standards and amendments

CBHS Group applied AASB 17 *Insurance Contracts* (AASB 17) for the first time in this reporting period. The nature and effect of the changes as a result of the adoption of AASB 17 are described below.

The other amendments and interpretations that became effective for the annual reporting period commencing on 1 July 2023 did not have a material impact on CBHS Group's accounting policies or on the consolidated financial statements. CBHS Group has not adopted any standard, interpretations or amendments that have been issued but are not yet effective.

AASB 17 Insurance Contracts

AASB 17 replaces AASB 4 *Insurance Contracts*, AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts*. CBHS Group has adopted AASB 17 using the full retrospective approach, resulting in restatement of comparative amounts in the financial statements. Changes to key estimates and judgements as a result of the adoption of AASB 17 are set out below.

Recognition

CBHS Group recognises groups of insurance contracts from the earliest of, the beginning of the coverage period, the date when the first payment from the policyholder is due or received, or when CBHS Group determines that a group of contracts becomes onerous.

Level of aggregation

AASB 17 requires aggregation of insurance contracts into portfolios of contracts that have "similar risks and are managed together". Portfolios are further divided into groups of contracts for the identification of onerous contracts. These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. These groups are not subsequently reconsidered.

For CBHS Health, given the insurance contracts provided are subject to similar health-related risks and managed together, a single portfolio of insurance contracts has been identified. For CBHS Corporate, two separate portfolios of insurance contracts have been identified for overseas students and the remainder of policyholders due to contractual terms and the nature of renewability varying substantially for overseas students.

Measurement

The standard introduces a new general measurement model (GMM) for accounting for insurance contracts. A simplified premium allocation approach (PAA) is however permitted, which is similar to the current measurement basis under AASB 1023, if the coverage period of the contracts is less than a year or provided the liability for remaining coverage under the PAA approach is not expected to materially differ from that under GMM.

The majority of CBHS Group's contracts have a coverage period of one year or less and are eligible to apply the simplified PAA approach. For those contracts with a coverage period of greater than one year, which relate only to overseas student policies, CBHS Group has developed a model to assess their eligibility to apply PAA, which includes modelling the outcome under a range of reasonably expected scenarios. The testing concluded that the measurement of the liability for remaining coverage determined under PAA would not differ materially from one that would be produced when applying GMM. On this basis CBHS Group has applied PAA to all of its insurance contracts.

Acquisition costs

For groups of contracts that apply PAA and have a coverage period of one year or less, AASB 17 provides an option to recognise any insurance acquisition costs as expenses when incurred. CBHS Group has elected to continue to apply this option and expense the majority of insurance acquisition costs as incurred. For overseas student policies, related insurance acquisition costs will be amortised over the coverage period in line with the expected timing of incurred claims (consistent with the updated insurance revenue recognition pattern).

21. New accounting standards and amendments (cont.)

Onerous contracts

AASB 17 requires the identification of 'groups' of onerous contracts. Contracts that are measured under PAA are assumed not to be onerous unless facts and circumstances indicate otherwise. CBHS Group has developed a framework to identify indicators of possible onerous contracts which includes the consideration of information provided to senior management to monitor financial performance. Where facts and circumstances are identified that may indicate an onerous contract exists, detailed testing is performed with any onerous contract losses recognised in the consolidated statement of comprehensive income. There were \$6,910,000 of onerous contract losses identified on transition at 1 July 2022.

Risk adjustment

AASB 17 requires the recognition of a risk adjustment for non-financial risk that represents the compensation that an entity requires for bearing the uncertainty about the amount and timing of cash flows that arise from the insurance contracts it issues. For the CBHS Group, the risk adjustment required on the liability for incurred claims equates to a confidence level of 75% which is consistent with the margin of prudence required by APRA in accordance with Prudential Standards. For the liability for remaining coverage, a risk adjustment is only required where insurance contracts indicate that they may be onerous. In these instances, the risk adjustment is aligned with the long-term net margin target set out in each group members' Pricing Philosophy and is incorporated in the Board approved ICAAP.

| Balance at 1 July 2022 | \$'000 |
|--------------------------------------------------------------------|----------------|
| Net assets as previously reported | 229,806 |
| Adjustment to the revenue recognition of overseas student policies | (287) |
| Recognition of onerous contract losses | (6,910) |
| Derecognition of the deferred claims liability | 58,450 |
| Adjustment to change in insurance acquisition costs | 101 |
| Adjustment to the premium rate deferral provision | 2,475 |
| Tax effect of the above adjustments | 545 |
| Restated net assets | 284,180 |

COVID accounting

The impact of COVID following delays in elective surgery and temporary closure of general providers resulted in the recognition of a deferred claims liability and give back provisions in prior period. On adoption of AASB 17, the recognition of both of these items have been impacted.

The deferred claims liability represented claims that have been deferred as a result of COVID. Under AASB 17, insurance liabilities are only able to include claims that have occurred prior to the end of the reporting period. Therefore claims that are expected to arise in the future but have not yet been incurred, such as the deferred claims liability, are unable to be recognised under AASB 17.

The cost of the deferral of premium rate rise increases provided to policyholders has previously been recognised upfront as a provision. AASB 17 requires that any reduced premium received from policyholders is recognised on a passage of time basis over the coverage period of the related insurance contracts. Accordingly, the provision for premium deferral has been derecognised on transition and any reduced premiums received from policyholders, such as premium deferrals, are recognised in the consolidated statement of comprehensive income on a passage of time basis over the policy coverage period. For cash givebacks, these have been included within incurred claims and other related expenses in the consolidated statement of comprehensive income. These amounts were previously offset against premium revenue under the old basis of accounting.

Financial impact on transition to AASB 17 at 1 July 2022

The adoption of AASB 17 has resulted in an increase in CBHS Group's net assets at 1 July 2022 of \$54,374,000. This was comprised of the following adjustments:

The standard also introduces changes in the presentation and disclosure of insurance line items in the financial statements as shown in the tables below.

| | Previously reported \$'000 | Measurement adjustments \$'000 | Reclassification adjustments \$'000 | Restated \$'000 |
|--------------------------------------|----------------------------|--------------------------------|-------------------------------------|-----------------|
| 1 July 2022 | | | | |
| Current assets | | | | |
| Cash and cash equivalents | 26,760 | - | - | 26,760 |
| Trade and other receivables | 16,245 | - | (16,245) | - |
| Other receivables | - | (995) | 2,610 | 1,615 |
| Deferred acquisition costs | 1,097 | - | (1,097) | - |
| Financial assets at fair value | 128,700 | - | 208,698 | 337,398 |
| Total current assets | 172,802 | (995) | 193,966 | 365,773 |
| Non-current assets | | | | |
| Deferred acquisition costs | 2,491 | - | (2,491) | - |
| Financial assets at fair value | 236,331 | - | (208,698) | 27,633 |
| Fixtures, fittings and equipment | 4,266 | - | - | 4,266 |
| Intangible assets | 15,090 | - | - | 15,090 |
| Right-of-use assets | 5,630 | - | - | 5,630 |
| Deferred tax assets | 241 | 545 | - | 786 |
| Total non-current assets | 264,049 | 545 | (211,189) | 53,405 |
| Total assets | 436,851 | (450) | (17,223) | 419,178 |
| Current liabilities | | | | |
| Insurance contract liabilities | - | (52,487) | 169,237 | 116,750 |
| Claims liability | 107,794 | - | (107,794) | - |
| Unearned premium liability | 64,875 | - | (64,875) | - |
| Trade and other payables | 12,960 | - | (12,960) | - |
| Other payables | - | (2,337) | 3,800 | 1,463 |
| Lease liabilities | 1,021 | - | - | 1,021 |
| Provisions | 10,436 | - | (4,631) | 5,805 |
| Total current liabilities | 197,086 | (54,824) | (17,223) | 125,039 |
| Non-current liabilities | | | | |
| Provisions | 3,104 | - | - | 3,104 |
| Lease liabilities | 6,855 | - | - | 6,855 |
| Total non-current liabilities | 9,959 | - | - | 9,959 |
| Total liabilities | 207,045 | (54,824) | (17,223) | 134,998 |
| Net assets | 229,806 | 54,374 | - | 284,180 |

21. New accounting standards and amendments (cont.)

The comparative financial information has also been restated for the impact of applying AASB 17. The impact on profit for the year and net assets are set out in the tables below.

| 30 June 2023 | \$'000 |
|--------------------------------------------------------------------|---------------|
| Profit for the year as previously reported | 42,512 |
| Adjustment to the revenue recognition of overseas student policies | (173) |
| Recognition of onerous contract losses | (134) |
| Derecognition of the deferred claims liability | (31,567) |
| Adjustment to change in insurance acquisition costs | 112 |
| Adjustment to the premium rate deferral provision | 6,642 |
| Tax effect of the above adjustments | (282) |
| Restated profit for the year | 17,110 |

| 30 June 2023 | Previously reported \$'000 | Measurement adjustments \$'000 | Reclassification adjustments \$'000 | Restated \$'000 |
|--------------------------------------|----------------------------|--------------------------------|-------------------------------------|-----------------|
| Current assets | | | | |
| Cash and cash equivalents | 23,756 | - | - | 23,756 |
| Trade and other receivables | 20,163 | - | (20,163) | - |
| Other receivables | - | (1,649) | 4,834 | 3,185 |
| Deferred acquisition costs | 2,520 | - | (2,520) | - |
| Financial assets at fair value | 150,939 | - | 246,753 | 397,692 |
| Total current assets | 197,378 | (1,649) | 228,904 | 424,633 |
| Non-current assets | | | | |
| Deferred acquisition costs | 4,168 | - | (4,168) | - |
| Financial assets at fair value | 274,753 | - | (246,753) | 28,000 |
| Fixtures, fittings and equipment | 3,690 | - | - | 3,690 |
| Intangible assets | 12,374 | - | - | 12,374 |
| Right-of-use assets | 5,617 | - | - | 5,617 |
| Deferred tax assets | 439 | 262 | - | 701 |
| Total non-current assets | 301,041 | 262 | (250,921) | 50,382 |
| Total assets | 498,419 | (1,387) | (22,017) | 475,015 |
| Current liabilities | | | | |
| Insurance contract liabilities | - | (27,182) | 182,196 | 155,014 |
| Claims liability | 90,717 | - | (90,717) | - |
| Unearned premium liability | 85,966 | - | (85,966) | - |
| Trade and other payables | 13,747 | - | (13,747) | - |
| Other payables | - | (3,176) | 4,437 | 1,261 |
| Lease liabilities | 997 | - | - | 997 |
| Provisions | 24,451 | - | (18,221) | 6,230 |
| Total current liabilities | 215,878 | (30,358) | (22,017) | 163,502 |
| Non-current liabilities | | | | |
| Provisions | 3,528 | - | - | 3,528 |
| Lease liabilities | 6,695 | - | - | 6,695 |
| Total non-current liabilities | 10,223 | - | - | 10,223 |
| Total liabilities | 226,101 | (30,358) | (22,017) | 173,725 |
| Net assets | 272,318 | 28,972 | - | 301,290 |

21. New accounting standards and amendments (cont.)

AASB 9 Financial Instruments

AASB 9 *Financial Instruments* (AASB 9) replaces accounting requirements under AASB 139 *Financial Instruments: Recognition and Measurement* and introduces the expected credit losses model which is based on the concept of providing for expected impairment losses at inception of a contract. Given the majority of the financial assets and financial liabilities are either already held at fair value or outside of the scope of AASB 9, no material impact following the adoption of AASB 9 has been noted.

22. Events occurring after the reporting period

There have been no events occurring after the reporting period which would have a material effect on CBHS Group's financial statements at 30 June 2024.

"CBHS has helped us reach all our health care goals consistently for over 10 years. It's great to need an emergency appendicectomy or an urgent wisdom tooth removal and not even think twice about booking into a private hospital with a surgeon and anaesthetist of my choice. We knew we were fully covered!"

Plus, big thanks to CBHS for taking care of every aspect of orthodontic care for our four daughters! Their smiles on our eldest daughter's wedding day, are just beautiful!"

- Yolanda G

Consolidated Entity Disclosure Statement

The table below includes the consolidated entity information required under section 295 of the *Corporations Act 2001*

| Name of entity | Type of entity | Percentage of share capital held (%) | Country of incorporation | Australian resident or foreign resident | Foreign jurisdiction of foreign residents |
|--------------------------------|----------------|--------------------------------------|--------------------------|-----------------------------------------|-------------------------------------------|
| CBHS Health Fund Limited | Body Corporate | n/a | Australia | Australian | N/A |
| CBHS Corporate Health Pty Ltd | Body Corporate | 100 | Australia | Australian | N/A |
| Australian Healthcover Pty Ltd | Body Corporate | 100 | Australia | Australian | N/A |

Basis of preparation

This Consolidated Entity Disclosure Statement (CEDS) has been prepared in accordance with the *Corporations Act 2001* and includes information for each entity that was part of the consolidated entity as at the end of the financial year in accordance with AASB 10 *Consolidated Financial Statements*.

Determination of tax residency

Section 295 (3A)(vi) of the *Corporations Act 2001* defines tax residency as having the meaning in the *Income Tax Assessment Act 1997*. The determination of tax residency involves judgement as there are different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied current legislation and judicial precedent, including having regards to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.

Directors' Declaration

Directors' declaration for the year ended 30 June 2024

The Directors declare that in their opinion:

- a. the consolidated financial statements and notes, as set out on pages 34-61 are in accordance with the *Corporations Act 2001* and:
 - (i) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - (ii) give a true and fair view of the CBHS Group's financial position as at 30 June 2024 and of its performance for the financial year ended on that date,
- b. the consolidated entity disclosure statement on page 62 is true and correct; and
- c. there are reasonable grounds to believe that the Company will be able to pay its debts as, and when, they become due and payable.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the Directors.



Peter MacCuspie
Chair



Helen Troup
Group Chief Executive Officer and Executive Director

Dated 5 September 2024

Parramatta, NSW



Independent auditor's report

To the members of CBHS Health Fund Limited

Our opinion

In our opinion:

The accompanying financial report of CBHS Health Fund Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the consolidated balance sheet as at 30 June 2024
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the financial statements, including material accounting policy information and other explanatory information
- the consolidated entity disclosure statement as at 30 June 2024
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers, ABN 52 780 433 757
One International Towers Sydney, Watermans Quay, Barangaroo, GPO Box 2650, Sydney NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999

Liability limited by a scheme approved under Professional Standards Legislation.



Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001*, including giving a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf.

This description forms part of our auditor's report.

PricewaterhouseCoopers

R Balding
Partner

Sydney
5 September 2024



"I have been a CBHS member for about 20 years, and in that time I have been married and had two children who are now almost 11 and 7. CBHS has helped us with all our needs from both c-section births, optical for myself and my son, dental for the whole family, and multiple surgeries for myself including endometriosis treatments, a hysterectomy, and in the past few years immunosuppressants via IV every six weeks, which we would struggle to cover if wasn't for CBHS."

- Marina T

CBHS Group
Level 16, 6 Hassall Street
Parramatta NSW 2150

1300 654 123
cbhs.com.au