asx release

22 August 2024

Medibank Private Limited (MPL) – Financial results for year ended 30 June 2024

In accordance with the Listing Rules, Medibank releases the following documents to the market:

(a) FY24 Results – Appendix 4E, Directors' Report (including Remuneration Report) and Financial Report;

(b) FY24 Results – Media Release; and

(c) FY24 Results – Investor Presentation.

These documents have been authorised for release by the Board.

For further information please contact:

For media

Emily Ritchie

Hub Lead, External Affairs

M: +61 429 642 418

Email: Emily.Ritchie@medibank.com.au

For investors/analysts

Colette Campbell

Hub Lead, Investor Relations

M: +61 475 975 770

Email: investor.relations@medibank.com.au

MEDIBANK PRIVATE LIMITED
ABN 47 080 890 259
RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Medibank Private Limited Group Financial year ended 30 June			
	2024 $m	2023 (restated) $m	Movement $m	Movement %
Health Insurance premium revenue	7,623.1	7,086.4	536.7	7.6%
Other operating revenue	222.8	173.3	49.5	28.6%
Revenue (excluding net investment and other income) from ordinary activities	**7,845.9**	**7,259.7**	**586.2**	**8.1%**
Profit after tax from ordinary activities attributable to equity holders of the parent entity	**492.5**	**308.6**	**183.9**	**59.6%**
Net profit from ordinary activities attributable to equity holders of the parent entity	**492.5**	**308.6**	**183.9**	**59.6%**

For further information, refer to the directors' report in the attached financial report of Medibank Private Limited for the year ended 30 June 2024. The Medibank Private Limited Group comprises the consolidated entity, consisting of Medibank Private Limited and its subsidiaries for the year ended 30 June 2024.

Medibank has adopted AASB 17 *Insurance Contracts* (AASB 17) from 1 July 2023 and has applied it retrospectively, resulting in the restatement of the financial results for comparative periods. The impacts of AASB 17 are detailed in Note 20 of the financial statements.

Dividend information

A fully franked final ordinary dividend of 9.40 cents per ordinary share was determined on 22 August 2024 in respect of the six months ended 30 June 2024. This dividend is payable on 26 September 2024 to shareholders on the register at close of business on 5 September 2024.

A fully franked interim ordinary dividend of 7.20 cents per ordinary share was determined on 22 February 2024 in respect of the six months ended 31 December 2023, paid on 20 March 2024 to shareholders on the register at close of business on 1 March 2024.

Net tangible assets per ordinary share

Net tangible assets are defined as the net assets of the Medibank Private Limited Group less intangible assets and right-of-use assets.

	30 June 2024 cents	30 June 2023 (restated) cents
Net tangible assets per ordinary share	62.5	68.0

This report is lodged with the ASX under listing rule 4.3A. Additional Appendix 4E disclosure requirements can be found in the Medibank Private Limited financial report for the year ended 30 June 2024. This report is also to be read in conjunction with any public announcements made by Medibank Private Limited in accordance with its continuous disclosure obligations.

This report is based on the consolidated financial statements of the Medibank Private Limited Group which have been audited by PricewaterhouseCoopers (PwC).

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1. About Medibank

Medibank Private Limited (Medibank) is a health company providing health insurance to around 4.2 million people in Australia as well as health services. Our core business is Health Insurance, where we underwrite and distribute private health insurance policies under the Medibank and ahm brands for resident and non-resident customers. Medibank Health complements our Health Insurance business by providing a number of services. Amplar Health supports the healthcare needs of our core Medibank and ahm customers and the broader community and Myhealth provides integrated primary care services with a patient-centred approach. Our Live Better program supports customers and the community to make better choices for their health and wellbeing. We also offer a range of diversified insurance products such as travel, life, home and pet insurance and have a number of non-controlled investments supporting our strategy to provide greater access, choice and flexibility in healthcare. Additionally, as we maintain assets to satisfy our regulatory reserves, we generate investment income from our portfolio of investment assets.

Medibank was founded in 1976 as a private health insurer owned and operated by the Australian Government. We have operated on a for-profit basis since 2009. On 25 November 2014, Medibank was sold by the Australian Government by way of an initial public offering (IPO) and listed on the Australian Securities Exchange. As at 30 June 2024, we had 3,220 full-time equivalent (FTE) employees, including 658 health professionals (excluding employees in associates and joint ventures).

2. Financial and operating performance

References to "2023", "2024", "2025" and "2026" are to the financial years ended on 30 June 2023, 30 June 2024, 30 June 2025 and 30 June 2026 respectively, unless otherwise stated. The "Group" refers to the consolidated entity, consisting of Medibank and its subsidiaries.

2.1 Group summary income statement

Year ended 30 June ($m)	2024	2023 (restated)[1]	Change
Group revenue from external customers	**8,175.8**	**7,807.0**	**4.7%**
Health Insurance operating profit[2]	692.3	651.3	6.3%
Medibank Health segment profit	60.4	44.2	36.7%
Segment operating profit	**752.7**	**695.5**	**8.2%**
Corporate overheads	(52.9)	(47.1)	12.3%
Group operating profit	**699.8**	**648.4**	**7.9%**
Net investment income	182.2	138.6	31.5%
Other income/(expenses)	(19.7)	(12.6)	56.3%
Cybercrime costs	(39.8)	(46.4)	(14.2%)
Profit before tax, before movement in COVID-19 reserve	**822.5**	**728.0**	**13.0%**
Movement in COVID-19 reserve (excl. tax)	(110.8)	(290.1)	(61.8%)
Profit before tax	**711.7**	**437.9**	**62.5%**
Income tax expense	(215.3)	(129.3)	66.5%
Non-controlling interests	(3.9)	-	n.m.
NPAT attributable to Medibank shareholders	**492.5**	**308.6**	**59.6%**
Effective tax rate	30.3%	29.5%	80bps
Earnings per share (EPS) (cents)	17.9	11.2	59.6%
Normalisation for investment returns	0.3	(11.5)	(102.6%)
Normalisation for COVID-19 reserve movements	77.6	203.0	(61.8%)
Underlying NPAT[3]	**570.4**	**500.1**	**14.1%**
Underlying EPS (cents)[3]	20.7	18.2	14.1%
Dividend per share (cents)	**16.6**	**14.6**	**13.7%**
Dividend payout ratio[3]	80.1%	80.5%	(40bps)

1. The Group has adopted AASB 17 *Insurance Contracts* and has restated the comparative period. The impacts of adoption are detailed in Note 20 of the 2024 financial statements.
2. Health Insurance operating profit excludes the impacts of COVID-19.
3. Underlying NPAT is statutory NPAT normalised for growth asset returns to historical long-term expectations, credit spread movements, movement in COVID-19 reserve and one-off items. Dividend payout ratio based on underlying NPAT.

Medibank has adopted AASB 17 *Insurance Contracts* (AASB 17) from 1 July 2023 and has applied it retrospectively, resulting in the restatement of the financial results for the comparative period. The impacts of AASB 17 are detailed in Note 20 of the 2024 financial statements.

Unless otherwise stated, discussion of performance in this section of the report is on a management basis, which is consistent with how performance is assessed internally. This includes reporting the impacts of COVID-19 outside of Group operating profit.

Medibank is subject to certain litigation and regulatory proceedings in connection with the cybercrime event identified in October 2022. Refer to Note 12(a) of the 2024 financial statements for further detail.

Group

Medibank's 2024 financial results reflect the continued resilience of our resident Health Insurance business, demonstrates the important contribution of our non-resident insurance business to overall fund growth, and highlights both the organic and inorganic growth potential in Medibank Health.

Group operating profit was up 7.9% to $699.8 million, with a 6.3% increase in Health Insurance operating profit and strong growth in Medibank Health segment profit of 36.7%, including the benefit of our increased investment in Myhealth.

Net investment income increased by $43.6 million to $182.2 million. This was partially offset by $39.8 million of non-recurring costs for IT security uplift, and legal and other costs related to regulatory investigations and litigation associated with the 2022 cybercrime event. We expect similar costs for these matters in 2025, including investment associated with uplifting business resilience and customer trust (excludes the impacts of any potential findings or outcomes from regulatory investigations or litigation).

Reported net profit after tax (NPAT) attributable to Medibank shareholders increased from $308.6 million to $492.5 million. However, this has been significantly impacted by the adoption of AASB 17, which decreased 2024 statutory NPAT by $77.6 million due to the timing and value of COVID-19 claims savings and givebacks. This compares to a $203.0 million reduction in NPAT in the prior period. Underlying NPAT, which adjusts for movement in the COVID-19 equity reserve and normalisation of investment returns, increased 14.1% to $570.4 million.

Reported earnings per share (EPS) was 59.6% higher at 17.9 cents per share, while underlying EPS was up 14.1% to 20.7 cents per share.

The key reasons for the movements in the Health Insurance and Medibank Health results, as well as net investment income, are outlined in this report.

Health Insurance financial performance

Year ended 30 June ($m)	2024	2023 (restated)[1]	Change
Premium revenue	7,903.0	7,600.4	4.0%
Net claims expense (including risk equalisation)	(6,595.8)	(6,380.5)	3.4%
Gross profit	**1,307.2**	**1,219.9**	**7.2%**
Management expenses	(614.9)	(568.6)	8.1%
Operating profit	**692.3**	**651.3**	**6.3%**
Gross margin	**16.5%**	**16.1%**	**40bps**
Management expense ratio	7.8%	7.5%	30bps
Operating margin	**8.8%**	**8.6%**	**20bps**

1. The Group has adopted AASB 17 *Insurance Contracts* and has restated the comparative period. The impacts of adoption are detailed in Note 20 of the 2024 financial statements.

Our resident health insurance business has remained resilient with solid earnings growth, while there was strong momentum in our non-resident portfolio.

Gross profit was up 7.2%, with favourable age claiming patterns benefiting risk equalisation and positive benefits emerging from our disciplined approach to growth.

Despite higher operating expenses driven by inflation and increased sales commissions, we saw lower claims in extras as customers seek to reduce expenditure, resulting in a largely offsetting impact on our gross margin and management expense ratios.

Industry and customer growth

The resident health insurance market has remained buoyant with policyholder growth in 2024[1] expected to be similar to the 1.9% growth in 2023. The market has continued to be competitive with customers seeking to offset cost of living pressures. This has resulted in a modest increase in the number of customers both lapsing and switching funds, and a higher cost of acquisition, including from a higher percentage of sales through aggregators.

Our reported resident policyholders increased by 14,400 or 0.7% with a modest 0.2% decline in the Medibank brand and 3.4% growth in ahm. The resident acquisition rate increased 50 basis points to 11.0%, with Medibank's acquisition rate of 8.9% returning to pre-2022 cybercrime levels. While the ahm acquisition rate increased 100 basis points to 18.1%, the cost of acquisition rose as a result of higher aggregator sales, reflecting both the current economic and competitive environments.

Our resident lapse rate was 40 basis points higher at 10.3%, reflecting higher levels of switching in the market. The overall lapse increase was below the industry average[2], driven by performance in the Medibank brand. ahm experienced a higher lapse impact, reflecting that customers are more price sensitive, particularly when acquired through aggregator platforms.

Aided by further benefit from Adult Dependant Reform (ADR), growth in hospital lives of 0.9% to approximately 3 million was 20 basis points above resident policyholder growth and skewed towards younger customers under the age of 30.

Looking forward, we will remain disciplined as we aim to grow in line with market during 2025, including volume growth in the Medibank brand, by further capitalising on our dual brand strategy, increasing focus on our priority segments including the growing corporate market, and supporting retention, including through adding additional product benefits and future customer give backs.

In the non-resident business, we saw momentum continue with policy units increasing by 25.1% to 343,900 with particularly strong growth in the student and workers segments. We have continued to see policy unit growth in the new financial year and expect solid policy unit and market share growth in the student and workers segments to continue in 2025, notwithstanding the potential for lower visa numbers.

Revenue

Health insurance revenue increased 4.0% to $7,903.0 million reflecting a 3.2% increase in resident revenue to $7,636.6 million and an increase in non-resident revenue of 34.9% to $266.4 million.

Claims

Total resident gross claims increased by 2.8% to $6,384.1 million and net claims, which includes risk equalisation, increased by 2.7% to $6,420.6 million.

Resident claims growth per policy unit decreased 20 basis points to 2.2%, with a 100 basis point decrease in extras claims growth, partially offset by a 10 basis point increase in hospital claims growth. The increase in hospital claims growth was driven by higher private hospital indexation, which was largely offset by an improved risk equalisation outcome and lower utilisation growth particularly in non-surgical claims. While non-

[1] Industry average, resident policyholders, APRA quarterly private health insurance statistics to Mar 24 with estimate for Jun 24 quarter.
[2] APRA quarterly private health insurance statistics to Mar-24.

surgical claims remain soft, private surgical claims have been broadly in line with expectations since January. The decrease in extras claims growth reflects both the impact of the economic environment on consumer spending across all services except dental, and the investment in additional benefits in the prior period.

In 2025 we expect claims growth per policy unit of around 2.7%, with economic conditions continuing to impact extras claims growth, higher hospital indexation partially offset by a higher proportion of same day or short stay admissions, continued softness in non-surgical claims growth, and also includes the impact of investment in product benefits.

Non-resident net claims expense increased by 33.6% to $175.2 million in line with continued strong policy unit growth.

Gross profit

Total gross profit increased 7.2% to $1,307.2 million, with gross margin improving 40 basis points to 16.5%.

Resident gross margin increased 30 basis points to 15.9% with revenue growth per policy unit remaining above claims growth per policy unit. The growth in revenue per policy unit remained stable at 2.6% and despite the economic environment, downgrading remained unchanged at 50 basis points. From 1 April 2024, an average premium increase of 3.31% was applied. While we expect the economic environment, including higher spend on offers, will impact downgrading in 2025, we expect this to be largely offset by ongoing portfolio management and sales mix activities.

In our non-resident portfolio, we have continued to see strong growth particularly in the student and working visa segments, driving an uplift in policy units and revenue of 25.1% and 34.9% respectively. Non-resident gross profit increased 37.3% to $91.2 million, with gross margin up 60 basis points to 34.2% reflecting stable tenure and mix.

We will continue to invest in differentiation through product value and expand our health offering, while increasing our focus in the worker and visitor segments to support non-resident portfolio growth in the medium term.

Operating costs

Management expenses increased 8.1% to $614.9 million, with higher sales commissions and inflationary impacts, partially offset by savings from our productivity program.

The major driver of expense growth was increased sales commissions, particularly in 1H24, with total sales commissions up $15.6 million this year. Strong non-resident customer growth continued, while resident sales commissions were higher in line with increased ahm sales through aggregator platforms this period.

Operating expenses were up 6.7%, driven by cost inflation of approximately 5.0%, alongside a $5 million uplift in IT security costs, statutory charges (including Victorian payroll tax) of $3 million and volume impacts, particularly in non-resident. These increases were partially offset by approximately $10 million of productivity savings stemming from increased use of digital channels, operational process improvements and technology support costs.

The major drivers of expense growth in 2025 will be cost inflation, although we expect this will have peaked in 2024, and a more modest increase in sales commissions, partially offset by a further $10 million of productivity savings, including the benefit from relocating to the new Melbourne head office.

While the management expense ratio (MER) was 30 basis points higher at 7.8%, we will continue to leverage our productivity program and benefits of scale to target a stable to modestly improving ratio, noting the challenges this higher inflationary environment presents to achieving this aspiration.

Medibank Health financial performance

Medibank Health's segment profit increased by 36.7% to $60.4 million, driven by strong organic growth and a significant uplift in the contribution from Myhealth. This was partially offset by a $4.8 million loss from our

growing portfolio of strategically important short stay hospital investments, including expected initial losses from two hospitals which opened in 2H24.

The following section outlines Medibank Health's financial performance excluding the increased investment in Myhealth, which is detailed separately.

Medibank Health (excluding Myhealth)

Revenue increased 4.8% to $290.4 million, with strong growth in health and wellbeing and diversified insurance, and an uplift in homecare revenue in line with hospital industry activity.

Gross profit was up 18.9% to $156.7 million with a 630 basis point improvement in gross margin to 53.9%. This was due to strong growth in higher margin businesses, improved efficiency in homecare and a higher telehealth margin following business optimisation in 2023.

Management expenses were $16.5 million higher, reflecting business mix, inflation and investment in future growth. Whilst the management expense ratio increased, operating margin was up 210 basis points to 18.1%.

Myhealth

We increased our investment in Myhealth Medical Group from 49.0% to 90.1% in January 2024. The Myhealth business continues to track well, with increasing consult numbers, improved billing mix and better operating efficiency. Consolidated operating profit in 2025 will reflect a full 12-month contribution from Myhealth.

Net investment income

Medibank's investment portfolio was $3.7 billion as at 30 June 2024. This investment portfolio, which includes $2.8 billion relating to the health fund and short-term operational cash (STOC) of $0.6 billion, provides liquidity to cover insurance liabilities related to the Health Insurance business and satisfies our obligation to maintain regulatory reserves to meet health claims and to fund ongoing operations. The STOC balance consists largely of cash assets to fund claims deferred due to COVID-19 and customer give back programs. It sits outside our target allocation of growth and defensive assets of 20% and 80% respectively, which is being revised to 18% growth and 82% defensive assets from 2025.

Net investment income increased by $43.6 million to $182.2 million, largely driven by a $43.5 million increase in our defensive portfolio income which was partially offset by a $6.3 million decrease in our growth portfolio income. The increased income in our defensive portfolio reflects a $27.4 million benefit from the higher RBA cash rate and a $9.6 million benefit from narrowing credit spreads during the period, alongside improved but still below expected return on international fixed interest holdings. The $6.3 million decrease in our growth portfolio investment income was largely due to lower returns across all asset classes other than property.

Consistent with previous practice, we have adjusted net investment income for the impact of short-term market returns that are expected to normalise over the medium to longer term in our underlying NPAT. After normalisation, net investment income was up $60.5 million from $122.2 million in 2023 to $182.7 million. The $60.5 million increase in underlying net investment income includes a $33.1 million benefit from the higher RBA cash rate and improved manager performance in property, which resulted in underlying investment return increasing 188 basis points to 5.77%. This is a 150 basis point spread to the average RBA cash rate. While higher than 2023, it is at the bottom end of our target range of 150 to 200 basis points, noting that this target is more difficult to achieve in a higher interest rate environment.

Our investment portfolio is subject to and compliant with our Responsible Investment Policy. Domestic and international equity investment portfolios remain aligned with socially responsible investment principles.

2.2 Group financial position

Medibank's net asset position increased by $61.4 million or 2.7% to $2,305.1 million as at 30 June 2024. Some of the major movements in the consolidated statement of financial position include:

- An increase in insurance contract liabilities due to the customer give back provision relating to the return of permanent net claims savings due to COVID-19 to customers.

- An increase in cash and cash equivalents and financial assets at fair value to fund our customer give back programs.

2.3 Capital management and dividends

Medibank's capital management objective is to maintain a strong financial risk profile and capacity to pay all eligible customer benefits, invest in the growth of our business to provide a return to shareholders and to meet financial commitments.

- On 1 July 2023, accounting standard AASB 17 *Insurance Contracts* and the new APRA capital standards became effective. As previously advised, the introduction of these new standards, increased our eligible capital position by $167.0 million.
- In June 2023 APRA announced an additional capital adequacy requirement of $250 million for Medibank, with effect from 1 July 2023, following a review of the 2022 cybercrime event. As a result, we have temporarily increased Health Insurance business related capital to offset this supervisory adjustment.
- Health Insurance required capital was $1,161.6 million at 30 June 2024 and 1.8 times[3] the prescribed capital amount (PCA), with unallocated capital of $186.2 million at 30 June 2024.
- The target health insurance capital ratio is between 10% and 12% of premium revenue, however, the current ratio of 14.1% sits above this range to offset the $250 million temporary APRA supervisory adjustment.
- The $121.8 million increase in other capital employed to $447.6 million includes the $52.0 million further investment in Myhealth and $25.0 million relating to the fit-out cost for our new Melbourne head office. Other effects include funding growth in Medibank Health, investments in non-controlled entities, and higher regulatory capital adjustments.

With a strong level of unallocated capital, we are well placed to fund our $150 million to $250 million investment aspiration and have the ability to raise Tier 2 debt if attractive opportunities become available.

The table below sets out Medibank's annual disclosure of its APRA regulatory capital position at 30 June 2024.

- The APRA capital base definition is higher than the Medibank reported eligible capital due to Medibank specific adjustments including deducting the Dividend accrual at 30 June 2024.
- The prescribed capital amount (PCA) for the health benefits fund of $761.4m is consistent with the Medibank reported basis, and includes the $250m temporary APRA supervisory adjustment in operational risk.
- The PCA coverage ratio for the health benefits fund is 1.9x on the regulatory basis, which is higher than the Medibank reported basis (1.8x).

Year ended 30 June 2024 ($m)	Health Benefits Fund	General Fund	Total Insurer
Net Assets	**1,756.8**	**423.7**	**2,180.5**
Regulatory Adjustments	(286.4)	(172.4)	(458.8)
Common Equity Tier 1 Capital	**1,470.4**	**251.3**	**1,721.7**
Additional Tier 1 & 2 Capital	-	-	-
Capital Base	**1,470.4**	**251.3**	**1,721.7**
Insurance Risk Charge	221.2	-	221.2
Asset Risk Charge	234.8	55.4	290.2
Operational Risk Charge	408.1	-	408.1
Aggregation Benefit	(102.7)	-	(102.7)
Prescribed Capital Amount (PCA)	**761.4**	**55.4**	**816.8**
PCA Coverage Ratio	**1.9x**	**4.5x**	**2.1x**

Dividends paid or payable in respect of profits from the financial year totalled 16.6 cents per share fully franked, amounting to $457.2 million comprising:

- An interim ordinary dividend of 7.2 cents per share fully franked, amounting to $198.3 million paid on 20 March 2024 in respect of the 6-month period ended 31 December 2023.
- A final ordinary dividend of 9.4 cents per share fully franked, amounting to $258.9 million to be paid on 26 September 2024 in respect of the 6-month period ended 30 June 2024.

[3] Calculated as Required Health Insurance capital less APRA supervisory adjustment, divided by Fund PCA less APRA adjustment.

The full year 2024 ordinary dividend represents an 80.1% payout ratio of underlying NPAT, which is within our dividend target payout ratio range of between 75% and 85% of underlying NPAT.

2.4 Management changes

In July 2023, we announced a number of changes to the executive leadership team as part of our continued focus on delivering our strategy and 2030 vision.

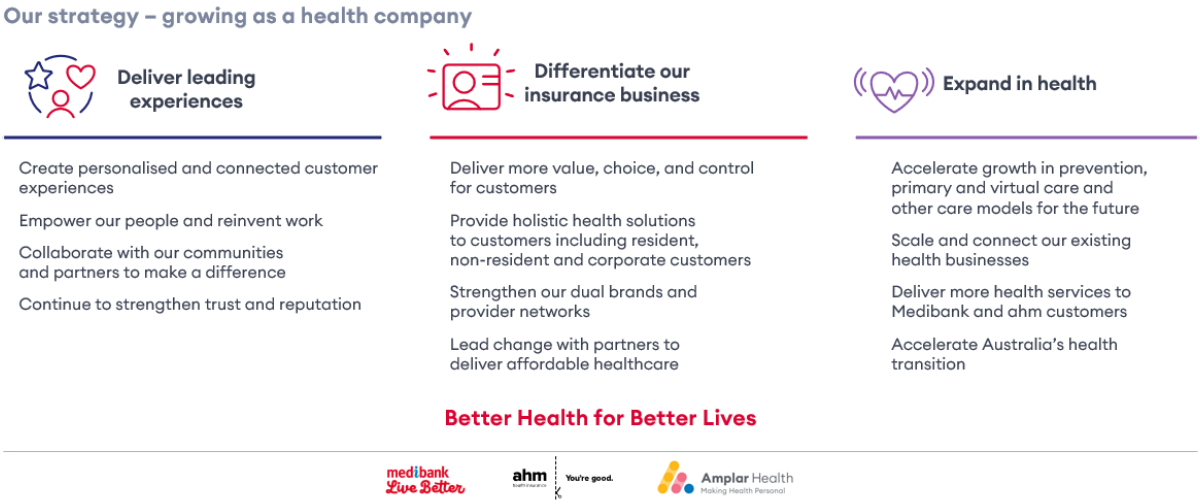
Since then, Felicia Trewin was appointed to Group Lead – Data & Technology, with accountability for technology, security, data management and our core platforms.

Robert Read was appointed to Group Lead – Amplar Health following Dr Andrew Wilson's decision to step back from the executive leadership team and take on the role of Group Chief Medical Officer. Robert is responsible for the Amplar Health business, which contributes to Medibank's growing role as a health services provider. This includes responsibility for the health services we deliver on behalf of our private health insurance business and external customers in the private and public sector, including telehealth, in-home care, and our healthcare investments.

Tom Exton was appointed to the new role of Group Lead – Chief Risk and Compliance Officer in July 2024. Tom has accountability for Medibank's Risk and Compliance function which includes the successful delivery of the outcomes of the Medibank Uplift Program and CPS230 programs.

3. Strategy and future prospects

Medibank's purpose is Better Health for Better Lives. Our vision is to create the best health and wellbeing for Australia. Our strategy puts our customers and people at the centre of everything we do. We connect people to a better quality of life in every moment. By working to create access, choice and control for Australia, we seek to sustainably build our customer base and grow shareholder value.



Medibank's strategy remained largely unchanged in 2024 as we continued to deliver leading experiences, leverage our dual brands to create differentiated value, and expand our role as a health company. Delivering on initiatives that increase value, choice and control for customers has been a key focus. Our strategy to grow as a health company is enabling us to differentiate our health insurance offering and improve the health and wellbeing of our customers, our people and the community, and is focused on proactively understanding and addressing the health and wellbeing needs of our customers.

Delivering leading experiences

With customers at the heart of what we do, we have continued to create personalised and connected customer experiences. This year we continued trialling a new initiative to connect customers with team members local to their area, leading to a better customer experience and increased engagement from our people. We plan to

rollout this program nationally in 2025, giving our people more power to deliver personal and localised services and health support to our customers.

We also supported more than one in four customers admitted to hospital through our Health Concierge program and piloted a new After Hospital Home Care service which provides additional support for customers transitioning home after a hospital stay to reduce avoidable readmissions.

We have remained focused on providing leading customer experiences, including in the digital space. In line with this, we have enhanced the capability and functionality of the My Medibank app which now allows customers to claim for all types of services. We have also redesigned the ahm app to create a more straightforward, intuitive, and easy to use experience. Artificial intelligence is now assisting with almost 50% of support calls from our customers.

We recognise that our people are our most valuable asset. This year we continued to foster a healthier, more engaged and resilient workforce. We have differentiated ourselves as an employer through our approach to flexibility and health and wellbeing, with promising interim results from our four-day work week experiment. By reinventing the way we work, we aim to empower our people to focus on what has the greatest impact on our customers, patients and the community.

We have achieved our best service NPS result over the last four years for both ahm and Medibank, reflecting our ongoing focus on our customer's experience.

We continue to strengthen our foundations to build further business resilience and customer trust.

Differentiate our insurance business

During the year we have focused on delivering greater value, better experiences and increased health and wellbeing support for our customers.

Affordability remains a key issue for our customers, particularly with cost-of-living pressures rising. We announced an average 3.31% premium increase applicable from 1 April 2024, which was lower than both inflation and wage growth and remains below the 10-year historical industry average of 3.8%. We continue to deliver on our commitment to not profit from the pandemic, announcing an additional $305 million in permanent net claims savings which will be returned to customers. This brings our total COVID-19 financial support package to a record $1.46 billion to date. We expect the finalisation of our customer give back program to be announced in 2025.

Further demonstrating our commitment to keep healthcare affordable and provide greater value, we launched a range of innovative products during the year, including 'Healthy Living Extras' which provides a low-cost private health option for young adults. We have also introduced a range of new silver and gold products that include no excess for patients accessing our no gap program and provide payments and benefits for private emergency department admissions.

Medibank also extended our 24/7 nurse and mental health support line to all health insurance customers, giving an additional 700,000 customers access to round the clock health support services. In addition, the 24/7 nurse support service is now available via chat through the My Medibank app.

We have continued to deliver better value, more cost transparency and a wider range of services to our customers through our expanding networks and initiatives. Our no gap program, which covers out-of-pocket fees for various specialist services, now covers five clinical modalities and is within 25km of 68% of customers. Since its inception in 2019 over 7,000 customers have saved more than $3 million in out-of-pocket costs, with a 38% increase in customers accessing the program this year. Meanwhile, our expansive Members Choice Advantage network continues to deliver more value, saving customers over $23 million in out-of-pocket costs this year.

Our health and wellbeing program Live Better continues to scale with 823,000 participants and more than $25 million of rewards redeemed in 2024. Customers can now earn points through new partners including Calm, Youfoodz, Good & Fugly, Everlast and parkrun. We also extended the program to corporates and our younger

customers aged 16 to 17 and integrated key Live Better experiences into the My Medibank app, making it easier for our customers to access, interact and get rewarded through Live Better.

We have further invested in our growing suite of preventative healthcare programs, designed to support our customers to stay healthy and avoid unnecessary treatments. In addition to our suite of clinician-led prevention programs, we have introduced 2 self-paced digital prevention programs to Live Better rewards, with around 132,000 enrolments across all of these programs.

Expand in health

We have continued to be at the forefront of the health transition by making targeted investments and working with a range of partners across the primary, specialist and acute care sectors.

Our growth as a health company is a key differentiator. This year we delivered over 4 million health interactions through our Amplar Health network, which includes GP, nursing, outpatient and mental health services.

We have also delivered more choice and control for customers through our homecare programs, including rehabilitation, wound care, and chemotherapy, which has been accessed by more than 8,000 customers and saved over 100,000 hospital bed days.

As part of our ongoing commitment to primary care, we have increased our investment in Myhealth Medical Group from 49.0% to 90.1%. We recognise the critical role GPs play in prevention, early detection and ongoing care, which has a positive impact on avoidable hospitalisation and contributes to a more sustainable health system. This investment will allow further integration with other Medibank Health services for the benefit of patients. For example, we have begun to pilot GP-led programs in Myhealth clinics to improve the health experiences of patients with chronic conditions.

Through our partnership with Aurora Healthcare and delivered through iMH, we have continued to support our commitment to integrated mental health care models. iMH opened its second mental health facility in New South Wales in January 2024, while a third mental health hospital is set to open in Brisbane in late 1H25. The expansion solidifies iMH's commitment to providing an integrated model of mental health care that aims to reduce readmission and give patients more choice, value and control in their care. Incorporating in-patient, day attendance, community-based and in-home treatment, it provides greater choice for psychiatrists and patients.

We continue to support care models for the future through various doctor-led partnerships. The world-class Orthopaedic Institute at Macquarie University Hospital opened in February 2024, with a model of care that may assist patients to return home sooner where clinically appropriate. Meanwhile, Adeney Private Hospital in Kew is set to open in late 1H25, expanding our no gap program and reducing out-of-pocket costs for eligible patients. East Sydney Private Hospital also recently expanded their facilities to meet the growing demand for short stay surgical options. In addition to supporting private patients, around 15% of the hospital's activity this year was public surgery to help reduce waiting lists in the public system.

Future prospects

The health insurance industry has remained buoyant with consumers continuing to prioritise health, despite the economic environment and competitive landscape intensifying. Our goal is to generate sustainable growth in our insurance business. In the short-term, this means being disciplined. In 2025, we are targeting key customer segments including corporate, new-to-industry, families, and non-resident, whilst managing our channel mix to minimise acquisition costs. We will continue to strengthen our relationship with customers by scaling propositions such as prevention programs and Live Better. These offerings, combined with our dual-brands, places Medibank in a strong position as the market rebalances. We anticipate moderating industry growth in 2025 relative to 2024. We will remain disciplined as we aim to grow in line with market during 2025, which includes volume growth in the Medibank brand, and aim to grow market share in 2026.

We're committed to keeping the private health industry affordable. Here, we aim to expand the breadth and depth of our partnership approach with providers. Going forward, we will continue to strengthen initiatives that provide mutually beneficial outcomes to our customers, providers, and Medibank. This includes further scaling our prevention, no gap and short stay programs. However, we recognise that we also play an important role

in supporting the sustainability of the system. Reflecting this, we will continue to monitor our management expenses. Since 2018, we've made around $112 million in productivity savings, with another $10 million targeted in 2025.

We are working to give people greater access, choice and control of their healthcare, so they can access the care they need in the way they want. This health transition can improve the outcomes and affordability of healthcare across Australia while enabling us to grow as a business. Medibank is accelerating this transition through our investments and partnerships, with a focus on prevention, primary care, virtual health, homecare and other models of care in partnership with clinicians and health providers. Reflecting this, we continue to target average organic profit growth of at least 15% per annum between 2024 and 2026 in Medibank Health. Further, we aim to invest between $150 million to $250 million in total to grow Medibank Health inorganically over 2024 to 2026.

We have made progress against our strategy, which we will continue to build upon during 2025. While our strategic pillars remain unchanged, we have updated some of our priorities for 2025. In the year ahead, we will continue to strengthen the foundations of our business and accelerate Australia's health transition to support the sustainability of the health system.

Aligned with our updated priorities and reflecting on our progress, we have revised several of our milestones for 2025. We are evolving the way we measure customer advocacy to better understand our customers' experience, creating a greater connection between our front-line teams and our customers. In line with this, we will begin transitioning from Service NPS to Journey NPS for Medibank in 2025, while ahm is expected to move to Journey NPS in 2026. We have also adjusted our prevention milestone to reflect the expanded range of prevention initiatives we offer, which include self-paced digital prevention programs as well as our clinician-led health prevention programs. Our updated milestones are outlined below.

Pillar: Deliver leading experiences

Milestones

Customer advocacy: Service NPS and Journey NPS (average)

	FY24	FY24 benchmark	FY25 benchmark (updated)[1]
Medibank	46.0	>35	>10 (jNPS)
ahm	46.4	>35	>35 (sNPS)

Employee advocacy: eNPS (average)

	FY24	FY25 benchmark[2]
Place to work	26	≥24
Products and services	30	≥26

Pillar: Differentiate our insurance business

Resident policyholder market share

FY23	March FY24	FY27 aspiration
27.08%	26.75%[3]	up 25 bps - 75 bps on FY24

Health Insurance productivity

FY24	FY24 - FY25 target
c. $10m	$20m productivity savings including $10m in FY24

Pillar: Expand in health

Medibank Health

	FY24	FY24 – FY26 target
Organic profit[4]	$52.6 m	Targeting average organic profit growth ≥ 15% per annum (FY23: $44.2m)
Investment	c. $52 m[5]	Aim to invest $150m - $250m in total to grow Medibank Health inorganically as suitable opportunities arise

Health and wellbeing

	FY24	FY25 target
Live Better Rewards participants	823k	900k
Preventative program enrolments[6]	132k	>190k

1. In 2025, Medibank will transition to Journey NPS for private health insurance customer journeys, while ahm is expected to move to Journey NPS in 2026.
2. FY25 benchmarks are based on the global average adjusted for Australian healthcare and financial insurance industry context.
3. Resident policyholders, APRA quarterly private health insurance statistics (Mar 24).
4. Medibank Health organic profit target is in addition to 12 month contribution from Myhealth.
5. Increased investment in Myhealth Medical Group. Effective 5 January 2024.
6. Total enrolments in clinician-led preventative health programs (e.g. Better Knee, Better Me, Better Hip) and Live Better self-paced digital prevention programs (e.g. Back Smart, Heart Wise) and any new offerings developed.

4. Material business risks

Material business risks are those risks deemed to have a significant impact on Medibank's operations, financial prospects and business objectives. Emerging risks are those we are monitoring that could have the potential to become material risks in the future. These risks are summarised below.

Material business risk	Mitigations	Material sustainability categories
Strategic The risk that we are unable to identify and execute the right strategic initiatives and projects on target and on time that deliver measurable and agreed outcomes to support our goals	Medibank's strategic risks are identified and assessed as part of our annual strategic planning process and endorsed by the Board. Key strategic risks identified include loss of private health insurance customers, healthcare costs and utilisation and execution of non-private health insurance growth. These risks influence the prioritisation of investments and resources in the Corporate Plan, which is approved by the Board. To effectively understand and assess some key strategic risks that are broad in nature (e.g. customer risks), we undertake detailed analysis on threats or opportunities that specific scenarios may pose to our business.	
Operational (including regulatory compliance) The risk of financial loss resulting from inadequate or failed internal processes, people and systems or from external events	We have established risk management policies and procedures for identifying, assessing, monitoring and reporting operational risks and controls. This includes the important areas of information security, technology, business continuity, outsourcing, fraud, people, and health and safety risks. We have established compliance management policies and procedures for identifying and managing regulatory obligations and incidents that may arise. Management of operational risk is overseen by divisional risk committees, the Executive Risk Committee and the Board's Risk Management Committee.	
Credit The risk of financial loss due to counterparties failing to meet all or part of their contractual obligations	Exposure to this risk is primarily through Medibank's investment portfolio. This risk is managed through the application of the Investment Management Policy. The effective implementation of this policy is overseen by the Board's Investment and Capital Committee to ensure that credit risk is managed in line with the risk appetite set by the Board.	
Capital & liquidity The risk of not being able to meet financial commitments as and when they are due and in complying with APRA's prudential standards	Medibank has Board-approved policies for capital management (ICAAP) and liquidity management designed to ensure it meets or exceeds regulatory capital requirements at all times, and is able to fund all payments as and when they fall due, as well as under adverse stress scenarios. Liquidity risk is managed by our treasury function through daily cash management of cash flows and liquid asset positions and projected future cash flows under current and adverse scenarios. The ICAAP (Internal Capital Adequacy Assessment Process) also includes actions that can be taken to support Medibank's capital position under various stress scenarios.	
Market & investment The risk of adverse financial impact market factors e.g. foreign exchange rates, interest rates and equity prices	We have a Board-approved Investment Management Policy. The Board's Investment and Capital Committee oversees the investment process and compliance with investment mandates, performance against benchmarks and asset allocation. Our strategic asset allocation is weighted largely towards defensive assets and with limits applied to illiquid assets.	

Material business risk	Mitigations	Material sustainability categories
Insurance The risk of misestimation of incurred and expected costs, frequency and severity of insured events	The Board approves the Pricing Policy, which includes pricing and profitability objectives and forms a key part of the Capital Management Plan. Our objective is to support customer growth through balancing the offer of competitive value to all customers with profitability objectives and the need to meet capital management and regulatory requirements. Insurance risk is a key part of regular portfolio monitoring and treatment plans are formulated and implemented in response to any potential for deviation from target measures.	
Clinical The risk of unexpected, adverse clinical outcomes from a health service provided by Medibank, or a third party acting on behalf of Medibank	Clinical risk arises from clinical services that Medibank provides and procures, the provision of health-related information, and customer health initiatives. We have implemented a clinical governance and quality management framework that defines the principles, structures and processes that underpin service quality, continuous improvement and patient safety. Our Chief Medical Officer, supported by a clinical governance team, provides oversight and assurance. The Risk Management Committee and Board receive regular reporting on the performance of clinical risk management.	

Emerging risk (including ESG risks)	Emerging risks	Material sustainability categories
	• Climate risk • Heightened cyber risk associated with the geopolitical environment • Artificial Intelligence • Macro and socio-economic / cost of living	

Customer health | Employee health | Community health | Environmental health | Governance

The directors of Medibank Private Limited (Medibank) present their report on the consolidated entity consisting of Medibank and its subsidiaries (collectively referred to as the Group) for the year ended 30 June 2024.

References to 2023 and 2024 are to the financial years ended on 30 June 2023 and 30 June 2024 respectively unless otherwise stated.

Directors

The names of directors in office during the year and up to the date of this directors' report, unless stated otherwise, are as follows:

Current
- Mike Wilkins AO – Chair
- David Koczkar – Chief Executive Officer
- Dr Tracey Batten
- Gerard Dalbosco
- Peter Everingham
- David Fagan
- Kathryn Fagg AO
- Linda Bardo Nicholls AO
- Jay Weatherill AO (appointed effective 18 March 2024)

Former
- Anna Bligh AC (retired effective 22 November 2023)

Principal activities

The principal activities of the Group during the financial year were as a private health insurer, underwriting and distributing private health insurance policies under its two brands, Medibank and ahm. The Group also provides a range of virtual health, home care, preventative health and primary care services through its Amplar Health Division, which includes the Myhealth medical clinics. These services capitalise on Medibank's experience and expertise, and support the Health Insurance business. The Group also has investments in other entities and joint ventures engaged in the provision of homecare services and short stay hospital care.

In January 2024, the Group increased its shareholding in Myhealth Medical Group from 49% to 90%.

There were no other significant changes in the nature of those activities during the year.

Operating and financial review

Details of the operating and financial review of the Group including a review of operations during the year and results of those operations are included in the operating and financial review on pages 1 to 12.

Significant changes in state of affairs

There were no significant changes in the state of affairs of the Group during the year.

Events since end of financial year

No matter or circumstance has arisen since the end of the financial year that has significantly affected, or may significantly affect, the Group's operations, or the results of those operations, or the Group's state of affairs in future financial years.

Future developments

Details of developments in the Group's operations in future financial years and the expected results of those operations are included in the operating and financial review on pages 1 to 12.

Dividends

Dividends paid or determined by Medibank during and since the end of the year are set out in Note 5 to the financial statements and further set out below:

- A fully franked final ordinary dividend of 8.30 cents per share was determined in respect of the six-month period ended 30 June 2023, paid on 5 October 2023 to shareholders registered on 14 September 2023.
- A fully franked interim ordinary dividend of 7.20 cents per share was determined in respect of the six-month period ended 31 December 2023, paid on 20 March 2024 to shareholders registered on 1 March 2024.
- A fully franked final ordinary dividend of 9.40 cents per share has been determined in respect of the six-month period ended 30 June 2024, payable on 26 September 2024 to shareholders registered on 5 September 2024.

Directors' qualifications, experience and special responsibilities

Details of the qualifications, experience and special responsibilities of each director in office as at the date of this report are set out below.

Mike Wilkins AO
Chair and Independent Non-executive Director
BCom, MBA, FAICD, FCA
Age: 67

Mike was appointed a director in May 2017 and Chair effective 1 October 2020.

He has more than 30 years of experience in financial services, predominantly in Australia and Asia.

Relevant other directorships: Chair: QBE Insurance Group Limited (since Mar 2020) and director (since Nov 2016). *Director:* Scentre Group Limited (since April 2020).

Relevant former directorships/executive roles: Insurance Australia Group – Managing Director and Chief Executive Officer (Nov 2007 to Nov 2015); Promina Group Limited – Managing Director and Chief Executive Officer; Tyndall Australia Limited – Managing Director; AMP Limited – Acting Chief Executive Officer (Apr 2018 to Dec 2018); Executive Chairman (Apr 2018 to June 2018) and director (Sept 2016 to Feb 2020); *Director:* Maple-Brown Abbott Limited; Alinta Limited; The Geneva Association; The Australian Business and Community Network.

David Koczkar
Chief Executive Officer
BCom, PG Dip Finance, MAICD
Age: 51

Chief Executive Officer since May 2021. David has more than 25 years of strategy, innovation, commercial and operational experience across Australia, Asia and the UK, including previous work in the consulting and financial services industries.

David joined Medibank in 2014 as Chief Operating Officer and then Group Executive – Chief Customer Officer from Sept 2016, responsible for the Medibank and ahm Health Insurance and Diversified financial portfolios. He was appointed Acting Chief Executive Officer between Apr 2016 and June 2016.

Relevant other directorships: Member of the Council of Management for the International Federation of Health Plans.

Relevant former directorships/executive roles: Jetstar – Group Chief Commercial Officer (2008 – 2014); Jetstar Pacific (Vietnam); Director- Jetstar Hong Kong; NewStar airline group (Singapore).

Dr Tracey Batten
Independent Non-executive Director
MBBS, MHA, MBA (Harvard), FAICD, FRACMA
Age: 58

Tracey was appointed a director in August 2017. She has extensive experience in the health services sector, with strong commercial, business and change leadership skills.

Relevant other directorships: Chair: Accident Compensation Corporation. *Director:* EBOS Group Limited (since July 2021); Nanosonics Limited (since Sept 2023).

Relevant former directorships/executive roles: Director: Abano Healthcare Group; National Institute of Water and Atmospheric Research, NZ. *Executive roles:* Imperial College Healthcare NHS Trust UK - Chief Executive; St Vincent's Health Australia - Chief Executive; CEO of a number of other healthcare groups in Australia.

Gerard Dalbosco
Independent Non-executive Director
M.AppFin, B.Comm, FCA, FFIN, GAICD
Age: 61

Gerard was appointed a director in May 2021. A partner of EY until September 2020, Gerard held number of senior leadership roles including Oceania Managing Partner and CEO; Asia Pacific Joint Deputy CEO and Managing Partner-Markets; Oceania Managing Partner-Transaction Advisory Services; and Melbourne Managing Partner. Prior to these roles Gerard advised organisations across a range of sectors in respect of merger and acquisitions advice, valuations, and strategic, commercial and financial due diligence.

Relevant other directorships: Chair: Melbourne Archdiocese Catholic Schools; Gillespie Family Council & Gillespie Family Foundation. *Director:* Melbourne Prize Trust.

Relevant former directorships: Mercy Health & Aged Care - director and Chair of the Finance & Audit Committee; Berry Street Victoria - director and member of the Finance Committee; Committee for Melbourne - director and Co-Deputy Chair.

Peter Everingham
Independent Non-executive Director
BEc, MBA, GAICD
Age: 55

Peter was appointed a director in March 2022. He has over 25 years of corporate experience and is highly respected in the digital sector, having held senior executive roles in that sector for 18 years. His senior leadership experience includes key roles at companies with a strong consumer and technology focus.

Relevant other directorships: Director: Super Retail Group Limited (since Dec 2017); WWF Australia – governor and director.

Relevant former directorships/executive roles: Director: iCar Asia Limited (July 2017 to May 2022); Seek Limited - Managing Director international division (and concurrently Chair of Seek's subsidiary, Zhaopin); ME Bank; IDP Education Ltd. *Executive roles:* Yahoo! Australia and Southeast Asia - senior executive.

David Fagan
Independent Non-executive Director
LLB, LLM, GAICD
Age: 67

David was appointed a director in March 2014. A commercial lawyer for over 40 years, he held a variety of leadership positions at Clayton Utz culminating in the role of Chief Executive Partner for 9 years. In this role, David had responsibility and accountability for leadership and transformation, strategy, finance, stakeholder engagement, and governance, including risk management. During David's tenure as Chief Executive Partner, Clayton Utz entrenched itself as a first-class top tier commercial law firm. David also chaired the Medibank Privatisation Committee which operated during 2014 in preparation for the privatisation process.

Relevant other directorships: Chair: BDO Group Holdings Limited and member of its Risk Management Committee.

Relevant former directorships: Director: The Global Foundation and Chair of the Audit Committee; PayGroup Limited (Nov 2017 to Nov 2022); Grocon Funds Management Group; the Hilco Group; UBS Grocon Real Estate Investment Management Australia Pty Limited; Chase Corporate Advisory – advisory board member.

Kathryn Fagg AO
Independent Non-executive Director
FTSE, BE (Hons), MCom (Hons), Hon.DBus, Hon.DChemEng, FAICD
Age: 63

Kathryn was appointed a director in March 2022. She is a highly respected director and Chair with significant, wide-ranging senior commercial and operational experience.

Relevant other directorships: Chair: CSIRO; Watertrust Australia Ltd; Breast Cancer Network Australia. *Director:* National Australia Bank Ltd (since Dec 2019); Djerriwarrh Investments Ltd (since May 2014); The Myer Foundation, Grattan Institute and the Champions of Change Coalition.

Relevant former directorships/executive roles: Chair: Boral Limited – Chair (July 2018 to July 2021) and director (Sept 2014 to July 2021); Parks Victoria; Melbourne Recital Centre; Chief Executive Women (CEW)-President. *Director:* Incitec Pivot Limited (Apr 2014 to Dec 2019); Reserve Bank of Australia – Board member (2013 to 2018); Australian Centre for Innovation.

Linda Bardo Nicholls AO
Independent Non-executive Director
BA, MBA (Harvard), FAICD
Age: 76

Linda was appointed a director in March 2014. She has more than 30 years of experience as a senior executive and director in banking, insurance and funds management in Australia, New Zealand and the United States.

Relevant other directorships: Chair: Royal Melbourne Hospital. *Director:* Inghams Group Limited (since Nov 2016); Museums Victoria Board.

Relevant former directorships: Chair: Japara Healthcare Ltd (Mar 2014 to Nov 2021); Chair Healthscope Ltd (2008 to 2010) and director (2002 to 2008) *Director:* Fairfax Media Limited; Sigma Pharmaceuticals Limited

Jay Weatherill AO
Independent Non-executive Director
LLB, BEc, GDLP, GAICD
Age: 60

Jay was appointed a director in March 2024. He has had a distinguished career in public office with expertise across a wide range of public policy areas including reform of social services.

Premier of South Australia for more than 6 years. Jay was elected to Parliament in 2002, serving 16 years in a diverse range of portfolios including treasury, state development, education, Aboriginal affairs and the environment. Prior to this, he practised law, specialising in employment law. Jay leads the Thrive by Five campaign delivering the Minderoo Foundation's early childhood agenda. He is also an Industry Professor at the University of South Australia and an ambassador for Reggio Children.

Relevant other directorships: Chair: Leeuwin Ocean Adventure Foundation *Director:* Keystart WA; Infrastructure WA; Coaxial Foundation.

Company Secretary

Mei Ramsay
Group Lead – Trust, Legal & Company Secretariat and Company Secretary
BA, LLB, LLM

Mei is responsible for leading the customer trust, legal and governance functions including regulatory affairs. Mei also holds the positions of Group General Counsel and Company Secretary. She has been a member of the executive leadership team since 2016.

Mei has more than 25 years of experience as a senior in-house legal adviser for multinational and international companies as well as private practice. Prior to joining Medibank, she was the General Counsel and Company Secretary for the Asia Pacific region at Cummins Inc. and also held senior legal positions at Coles Myer Ltd and Southcorp Limited. Mei started her legal career at Arnold Bloch Leibler and also worked as a Senior Associate at Minter Ellison.

Mei is the immediate past President of the Association of Corporate Counsel (ACC) Australia and former Chair of the ACC GC100, and a member of Chief Executive Women.

Directors' attendance at meetings

The table below shows the number of Board and committee meetings held and the number of meetings attended by directors during the year. All directors may attend committee meetings even if they are not a member of the relevant committee. The table below does not include the attendance of directors at committee meetings where they were not a committee member.

Director	Board (scheduled)		Board (additional)		Audit Committee		Risk Management Committee		Investment and Capital Committee		People and Remuneration Committee		Nomination Committee	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B
Mike Wilkins	10	10	7	7	-	-	-	-	4	4	4	4	3	3
Dr Tracey Batten	10	10	7	7	-	-	6	6	-	-	4	4	3	2
Anna Bligh[1]	5	4	2	2	-	-	3	3	2	2	-	-	-	-
Gerard Dalbosco	10	10	7	6	4	4	6	6	-	-	-	-	3	3
Peter Everingham[2]	10	10	7	7	3	3	-	-	2	2	4	4	-	-
David Fagan	10	10	7	7	4	4	6	6	-	-	-	-	3	3
Kathryn Fagg	10	10	7	6	4	4	-	-	-	-	4	4	-	-
David Koczkar	10	10	7	6	-	-	-	-	-	-	-	-	-	-
Linda Bardo Nicholls	10	10	7	7	-	-	6	6	4	3	-	-	3	3
Jay Weatherill[3]	3	3	2	2	1	1	1	1	-	-	-	-	-	-

A Indicates the number of meetings held during the time the director held office or was a member of the committee during the year.
B Indicates the number of meetings attended during the time the director held office or was a member of the committee during the year.
1 Anna Bligh retired as a director effective 22 November 2023.
2 Peter Everingham was appointed as a member of the Investment and Capital Committee effective 19 February 2024 and retired as a member of the Audit Committee effective from 18 March 2024.
3 Jay Weatherill was appointed as a director and a member of the Audit Committee and Risk Management Committee effective 18 March 2024.

In addition, the directors attended special purpose committees, including in relation to financial reporting, the 2022 cybercrime event, Medibank Uplift Program and other matters.

Options and performance rights

During the financial year, 3,296,240 performance rights were issued to senior executives pursuant to Medibank's Performance Rights Plan. No performance rights have been issued since the end of the financial year up to the date of this directors' report.

During the financial year, 2,001,656 performance rights vested and were exercised.

Further information regarding performance rights is included in the remuneration report from page 20.

Directors' interests in securities

The relevant interests of directors in Medibank securities at the date of this directors' report were:

Director	Ordinary shares	Performance rights
Mike Wilkins	100,000	
David Koczkar	1,426,764	2,100,777
Dr Tracey Batten	50,000	
Anna Bligh[4]	44,623	
Gerard Dalbosco	72,832	
Peter Everingham	40,000	
David Fagan	47,016	
Kathryn Fagg	32,750	
Linda Bardo Nicholls	50,400	
Jay Weatherill	11,600	

[4] Anna Bligh retired as a director effective 22 November 2023 and her ordinary shareholding information is as at that date.

Environmental regulation

The Group's operations are not subject to any particular and significant environmental regulation under either Commonwealth or State law.

Indemnification and insurance of directors and officers

The Medibank Constitution permits Medibank to indemnify, to the maximum extent permitted by law, every person who is or has been a director, secretary, officer or senior manager of the Group. The indemnity applies to liabilities incurred by a person in the relevant capacity (except liability for legal costs). The indemnity may however also apply to certain legal costs incurred in obtaining advice or defending legal proceedings. Further, the Medibank Constitution permits Medibank to maintain and pay insurance premiums for a director and officer liability insurance covering every person who is or has been a director, secretary, officer or senior manager of the Group, to the extent permitted by law.

Consistent with the provisions in Medibank's Constitution, Medibank has entered into deeds of indemnity, insurance and access with current and former directors and secretaries of Medibank and current Medibank appointed directors and secretaries of Medibank's subsidiaries. Under these deeds, Medibank:

- Indemnifies the relevant current and/or former directors and secretaries against liabilities incurred as a director or secretary, as the case may be, to the maximum extent permitted by law.
- Maintains a directors' and officers' insurance policy covering current and former directors and secretaries against liabilities incurred in their capacity as directors or secretaries, as the case may be. Disclosure of the insurance premium and the nature of the liabilities covered by the insurance are prohibited by the contract of insurance.
- Grants current and /or former directors and secretaries access to Medibank's records for the purpose of defending any relevant action.

Auditor's independence declaration

A copy of the auditor's independence declaration given by PricewaterhouseCoopers (PwC) in relation to its compliance with independence requirements of section 307C of the *Corporations Act* is set out on page 52.

Non-audit services

During the year, PwC, the Group's external auditor, performed certain other services to the Group in addition to its statutory responsibilities as auditor. Details of the amounts paid or payable to PwC for non-audit services provided by it during the year are set out in Note 19 Auditor's remuneration.

Based on advice provided by the Audit Committee, the directors are satisfied that the provision of non-audit services during the year by PwC is compatible with the general standard of independence for auditors imposed by the *Corporations Act*, and that the provision of the non-audit services did not compromise the auditor independence requirements of the *Corporations Act*, for the following reasons:

- All non-audit services provided were approved in accordance with the process set out in Medibank's policies, including being reviewed by the Audit Committee to ensure that provision of the services did not impact the integrity and objectivity of the auditor.
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

Remuneration report

The remuneration report on pages 20 to 50 forms part of the directors' report.

Rounding of amounts

The amounts contained in this directors' report and in the financial report have been rounded to the nearest hundred thousand dollars (where rounding is applicable) unless specifically stated otherwise under the relief available pursuant to *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. Medibank is an entity to which that relief applies.

Dear shareholder,

On behalf of the Board, I am pleased to present Medibank's remuneration report for 2024 which describes how non-executive directors and Executive Key Management Personnel (**Executive KMP**) are paid. Included in this report are the fixed and variable remuneration outcomes for Executive KMP, which were determined after considering the company's results and their individual performance.

We are pleased to deliver another solid result this year, reflecting our focus on customers and ongoing growth as a health company. Importantly, we have also continued to invest in the health transition. This investment in new care models, prevention and primary care is providing greater choice, better access and more value to our own customers while driving broader change needed to support the long-term sustainability of Australia's health system.

In a year where cost-of-living pressure has continued to impact households, we have remained focused on providing our customers with more value. Our average 3.31% premium increase from 1 April 2024 is lower than both inflation and wage growth and remains below the 10-year industry average of 3.8%. At the same time, we have continued to invest in new products, services, and programs to support our customers' health and wellbeing. We have also stuck by our promise to not profit from COVID with our customer support standing at $1.46 billion – the largest of any health insurer in Australia to date.

Our 2024 financial performance demonstrates the ongoing resilience of the resident Health Insurance business. While both the industry and Medibank continue to grow, we have been deliberate in our response to the ongoing competitive environment and remain disciplined in how we manage the business for the long term. This result also reflects strong growth in Medibank Health including the contribution of our increased investment in Myhealth. Our ongoing strong capital position continues to place us well to fund our future growth.

Our remuneration strategy has been developed to recognise our people for responsibly executing Medibank's strategy, role-modelling behaviours and achieving business objectives that increase value for our customers, and shareholders, and meet community expectations. Supporting this strategy, our remuneration framework reinforces our risk management framework, linking individual performance and behaviours with achieving business objectives that support Medibank's long-term financial success.

Changes to Key Management Personnel

During October 2023 Medibank announced that Andrew Wilson would be stepping down from the role of Group Lead – Chief Executive Amplar Health after being a member of the executive leadership team for 13 years to take on the role of Group Chief Medical Officer on a part time basis.

Following that move, Robert Read was appointed to the role of Group Lead – Amplar Health. Rob has broad experience in health including delivering customer led strategies, driving business growth and operational management.

Changes to the Board

During September 2023 Medibank announced that non-executive director Anna Bligh AC would not stand for re-election and would retire from the Board at the conclusion of the Medibank Annual General Meeting on 22 November 2023. Anna joined the Board prior to Medibank's public listing in 2014 and played a critical role in Medibank's transformation over the past ten years into a health company.

Following the retirement of Anna, Medibank announced the appointment of Jay Weatherill AO as a non-executive director effective 18 March 2024. Jay has had a distinguished career in public office and brings expertise across a wide range of public policy areas including reform of social services.

Changes to Medibank's executive remuneration framework

During the year the Board approved several changes to the executive remuneration framework to address the requirements of APRA's Prudential Standard CPS 511 Remuneration (CPS 511) and further enhance the focus on our customers in our remuneration structures. Key changes for 2024 include:

- The introduction of customer service satisfaction in the short-term incentive (STI) plan and the addition of a new brand sentiment performance hurdle in the long-term incentive (LTI) plan to give material weight to non-financial measures.
- To satisfy deferral requirements, the STI deferral period increased from one year to a maximum of five years for the CEO and four years for other Executive KMP, while the percentage of STI deferred decreased from 50% to 40%.
- LTI is now deferred over a period of six years for the CEO and five years for other Executive KMP, starting from the beginning of the performance period, with pro-rata release after year four.

Short-term incentives

Medibank delivered solid operational and financial performance in 2024 with behaviours aligned to our values and purpose of 'better health for better lives'. Group operating profit and Health Insurance revenue growth outcomes were between threshold and target levels of performance, while Service Net Promoter Score (sNPS) exceeded stretch expectations.

These performance outcomes resulted in STI awards for Executive KMP that averaged 61% of their maximum opportunity. In the Board's view, incentive awards reflect an appropriate outcome based on overall company performance in 2024.

Long-term incentives

Medibank's 2022 LTI was tested following the completion of the performance period on 30 June 2024 with the following outcomes:

- Full vesting against the earnings per share compound annual growth rate (EPS CAGR) measure with a result of 12.6% over the performance period.
- Partial vesting against the TSR measure with a performance rank at the 66th percentile against our comparator group.
- It is likely that there will be no vesting against the market share growth measure, however this will be confirmed once APRA releases the June Quarterly private health insurance statistics.

Executive KMP remuneration and non-executive director fees

Following a review of fixed remuneration levels of Executive KMP members against the median of Medibank's market comparator group, the fixed remuneration of Executive KMP was increased by an average of 4.3%, effective 1 July 2024. This includes a 4.25% increase for the Chief Executive Officer (CEO), David Koczkar, his first since July 2022. Fixed remuneration increases are inclusive of the superannuation guarantee increase effective 1 July 2024 and are in line with the increases planned for the broader salaried population.

Long-term incentive opportunity has been increased from 65% to 75% of fixed remuneration for Executive KMP and from 150% to 175% of fixed remuneration for the CEO to align with market practice and increase focus on delivering sustainable business performance over the long term.

Board and committee fees were also reviewed against the median of Medibank's market comparator group with a 4.25% increase in Board and Committee fees agreed. These changes are the first in two years, and the aggregate fee spend for non-executive directors remains below the total fee pool of $2,300,000 approved by shareholders in the annual general meeting in 2018.

To align Medibank's non-executive director fee cap with our market comparator group and to provide sufficient headroom and flexibility to manage Board succession planning and future changes to Board and Committee structures, shareholder approval will be sought at the Annual General Meeting (AGM) in November 2024 to increase the annual non-executive director fee cap by $700,000 to $3,000,000. If approved, this will represent the first increase in the fee cap in six years.

To further align interests of non-executive directors with those of shareholders, effective 1 July 2024, non-executive directors will be required to have a shareholding in the company equal in value to at least one year of their pre-tax base fee. Non-executive directors will have five years from the effective date of this change to attain the new required shareholding level.

Shareholders are encouraged to vote to adopt the report at our annual general meeting in November.

Yours sincerely,

Dr Tracey Batten
Chair, People and Remuneration Committee

REMUNERATION REPORT

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1. Key management personnel overview

Medibank's key management personnel (KMP) includes all non-executive directors and executives who have authority and responsibility for planning, directing and controlling the activities of Medibank. In 2024, KMP were as follows:

Key Management Personnel	Position	Term as KMP
David Koczkar	Chief Executive Officer (CEO)	Full-year
Milosh Milisavljevic	Group Lead – Chief Customer Officer	Full-year
Robert Read	Group Lead - Amplar Health	From 13 November 2023
Mark Rogers	Group Lead – Chief Financial Officer & Group Strategy	Full-year
Non-executive directors		
Mike Wilkins	Chair	Full-year
Tracey Batten	Non-executive Director	Full-year
Gerard Dalbosco	Non-executive Director	Full-year
Peter Everingham	Non-executive Director	Full-year
David Fagan	Non-executive Director	Full-year
Kathryn Fagg	Non-executive Director	Full-year
Linda Bardo Nicholls	Non-executive Director	Full-year
Jay Weatherill	Non-executive Director	From 18 March 2024
Former KMP		
Andrew Wilson	Group Lead – Chief Executive Amplar Health	Ceased as KMP on 18 December 2023
Former Non-executive director		
Anna Bligh	Non-executive Director	Retired 22 November 2023

2. Summary of remuneration outcomes

Key remuneration outcomes for Executive KMP and non-executive directors during the year are summarised below, with more detailed information contained throughout the report.

Executive Key Management Personnel

Fixed remuneration	• Fixed remuneration for Executive KMP including the CEO increased by an average of 4.3% effective 1 July 2024. • Fixed remuneration of the CEO, David Koczkar, was increased by 4.25% to $1,615,900, effective 1 July 2024.
Short-term incentive (STI)	• STI awards for Executive KMP reflected Performance of Group operating profit and Health Insurance revenue growth were between threshold and target levels of performance, while Service Net Promoter Score (sNPS) exceeded stretch expectations. • Short-term incentive (STI) outcomes for Executive KMP in line with terms of the plan and at an average of 61% of their maximum opportunity. • 40% of STI awards for Executive KMP delivered in the form of performance rights which are subject to deferral of up to five years for the CEO and four years for other Executive KMP members. • STI target percentages for Executive KMP members, including the CEO, have been maintained at current levels.
Long-term incentive (LTI)	• Medibank's 2022 LTI was tested following the completion of the performance period on 30 June 2024 and resulted in a vesting outcome of 63.7% in line with the terms of the grant. • This outcome reflects full vesting against the EPS CAGR measure with a result of 12.6% which includes costs associated with the cybercrime event, partial vesting against the TSR measure with a performance rank at the 66th percentile against our comparator group. It is likely that there will be no vesting against the market share growth measure, however this will be confirmed once APRA releases the June Quarterly private health insurance statistics. • 2025 LTI opportunity for the CEO has been increased from 150% to 175% of fixed remuneration. • 2025 LTI opportunity percentages for Executive KMP other than the CEO have been increased from 65% to 75% of fixed remuneration.

Non-executive directors

Non-executive director fees	• The annual base fee for the Chair was increased by 4.25% to $478,000, and the annual base fee for other non-executive directors was increased by 4.25% to $177,250, both effective 1 July 2024. • Committee chair fees and committee membership fees were increased by an average of 4.2% effective 1 July 2024 to $42,950 and $21,450 respectively. • The aggregate non-executive director fee spend remains below the approved total fee pool of $2,300,000. • Medibank will seek shareholder approval to increase the annual non-executive director fee cap by $700,000 to $3,000,000 at the Annual General Meeting (AGM) in November 2024.

3. Medibank's remuneration strategy

At Medibank, we believe that remuneration has a key influence on behaviour and is valuable in reinforcing our culture. Our people are guided by our purpose and values which are anchored to the core pillars of our culture – health and wellbeing, our people and customers, and our performance.

Our remuneration strategy has been developed to reward our people for responsibly executing Medibank's strategy, role-modelling behaviours that strengthen our purpose and values-based culture and achieving business objectives that increase value for our customers and shareholders. Supporting this strategy, our remuneration framework is designed to link reward to business outcomes, individual performance and behaviour, support Medibank's long-term financial success and risk management framework, and comply with APRA's CPS 511.

The diagram below illustrates the relationship between Medibank's remuneration strategy, reward framework and the timeline of when 2024 remuneration is delivered.

Medibank's remuneration strategy

Focus employees on responsibly executing Group strategy to increase customer and shareholder value with behaviours aligned to Medibank's values and purpose

Attract and **retain** key talent through competitive and fair fixed remuneration	**Incentivise** high performance through variable, at risk payments	**Reward** employees for the achievement of business outcomes aligned with Medibank's culture	**Align** the interests of executives with increasing long-term customer and shareholder value

Medibank's total target reward framework

Total fixed remuneration (TFR)	• Determined with reference to capability, experience, the complexity of the role, as well as median pay levels of Medibank's comparator group • Paid on a fortnightly basis in base salary and superannuation	
	Performance measures	**Delivery**
Short-term incentive (STI)	For an STI to be awarded: • Individuals must pass a risk, compliance, and behaviour gateway; and • Medibank must achieve a baseline Group operating target Performance measures: • Group operating profit • Health Insurance revenue growth • Service Net Promoter Score (sNPS) • Role-specific metrics	CEO and other Executive KMP: • 60% cash • 40% performance rights deferred for up to 5 years for the CEO and up to 4 years for other Executive KMP
Long-term incentive (LTI)	• Earnings per share compound annual growth rate • Relative total shareholder return • Growth of Medibank's private health insurance market share • Customer Net Promoter Score (cNPS)	Performance rights with a 3-year performance period and deferral after vesting of: • 3 years for the CEO • 2 years for other Executive KMP

Supported by Medibank's Consequence Management Policy and the Malus & Clawback policy. The P&RC and Risk Committee may apply discretion to ensure appropriate alignment of remuneration outcomes to Medibank's risk framework and Code of Conduct.

CEO – 2024 remuneration timeline

		FY24	FY25	FY26	FY27	FY28	FY29	FY30
TFR	Base salary + super							
STI	Cash		60%					
	Deferred			8%	8%	8%	8%	8%
LTI	Relative total shareholder return (30%)							
	EPS CAGR (30%)							
	PHI market share growth (20%)					33%	33%	34%
	Customer NPS (20%)							

Other Executive KMP – 2024 remuneration timeline

		FY24	FY25	FY26	FY27	FY28	FY29
TFR	Base salary + super						
STI	Cash		60%				
	Deferred			10%	10%	10%	10%
LTI	Relative total shareholder return (30%)						
	EPS CAGR (30%)						
	PHI market share growth (20%)					50%	50%
	Customer NPS (20%)						

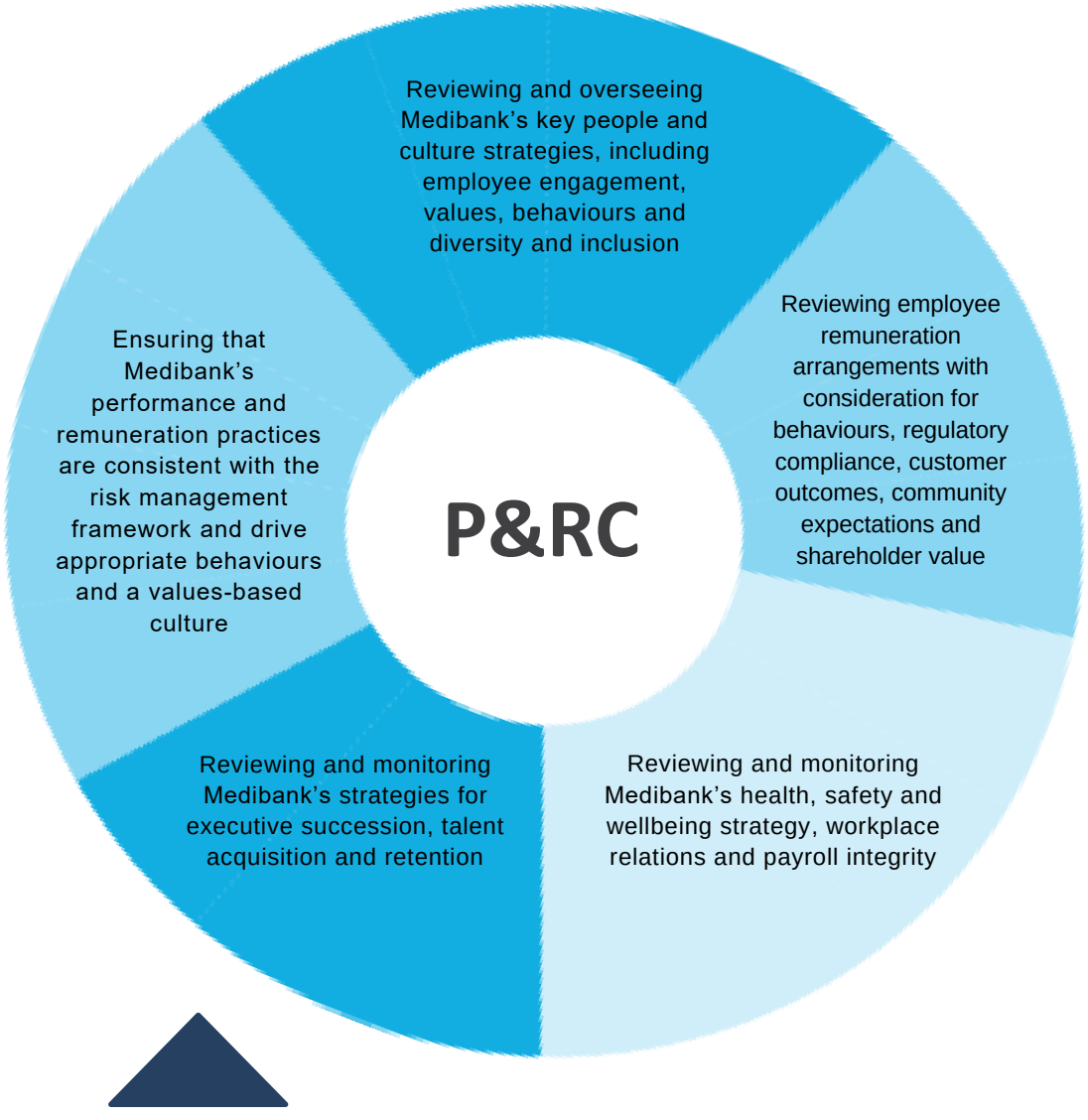
● date earned/vested ● date granted ● eligible for payment or exercise

4. Remuneration governance

Medibank has a robust governance framework in place to ensure that our remuneration and performance practices are fair, reasonable and aligned with the requirements outlined in our risk management framework. Our governance framework also considers regulatory compliance, customer outcomes, community expectations and the delivery of sustainable shareholder value.

4.1 The role of the Board in remuneration

The People and Remuneration Committee (P&RC) is a committee of the Board. The diagram below outlines the role of the P&RC in assisting and advising the Board on people and culture policies and practices, including remuneration:



Independent remuneration consultant

- Ernst & Young provides information to assist the P&RC in making remuneration decisions and recommendations to the Board.
- The work undertaken by Ernst & Young in 2024 did not constitute a remuneration recommendation.

While there are four permanent members of the P&RC, a standing invitation exists to all non-executive directors to attend meetings. The Chief Executive Officer (CEO) and Group Lead - People, Spaces & Sustainability are also invited to attend P&RC meetings, except where matters associated with their own performance or remuneration are considered. Specific governance activities with respect to the P&RC include regular reviews of the P&RC Charter to ensure consideration of changing regulations, guidelines and best practice and an annual audit of committee minutes against the P&RC Charter. For P&RC meeting attendance information, refer to the table on page 17 of the directors' report.

4.2 Executive remuneration policies

4.2.1 Performance evaluation of Executive KMP members

At the outset of each performance year, the Board determines the measures against which Executive KMP will be assessed. The measures are a combination of Medibank (Company) and role-specific performance measures that are aligned to the achievement of Medibank's customer and financial milestones set out in the annual report. Aligned with Medibank's Group-wide performance framework 'Impact Bigger', the role-specific measures for Executive KMP are known as 'Impact Goals'. Impact Goals are designed to be ambitious, aspirational and shift expectations from delivering at a base level against core job requirements to driving strong, impactful performance. The Impact Goals adopted by each Executive KMP then form the basis for the Impact Goals adopted by their leadership team members and respective teams to ensure all employees across the Group are working towards a shared and consistent strategy.

At the completion of the performance year, Executive KMP are individually assessed against the risk, compliance and behaviour gateway which is outlined in section 6.3. Executive KMP are then attributed an individual performance outcome against a 5-point rating scale (with a minimum rating of 3 required to receive a short-term incentive (STI) award) that assesses Executive KMP performance and behaviours against business outcomes and achievement of role-specific performance measures. The individual performance ratings of Executive KMP are then combined with performance against Company measures to determine STI outcomes.

With respect to fixed remuneration adjustments, consideration is given to role-specific performance, experience, the complexity of the role and Medibank's market comparator group. Additional detail on STI performance measures are included in sections 6 and 7 of this report and further information on fixed remuneration levels for Executive KMP is outlined in section 6.2.

The CEO provides his performance assessment of each Executive KMP, and other Executive Leadership Team (ELT) members, to the Board for consideration. The Chair, in consultation with the Board, assesses the performance, behaviour and conduct of the CEO. The Board has ultimate discretion over final individual performance outcomes for all ELT members to ensure alignment with Medibank performance, customer outcomes, community and shareholder expectations.

4.2.2 Malus and clawback of executive performance-based remuneration

Medibank's Malus and Clawback Policy provides the Board with discretion to reduce, cancel, or recover performance-based awards made to employees in certain circumstances and subject to applicable laws, including the following:

- Serious misconduct, fraud or dishonesty by the employee.
- Any behaviour, act or omission by the employee that impacts on the Group's reputation or long-term financial soundness.
- A material misstatement of the Group's financial statements.
- The Board becomes aware of any other action or behaviour that it determines (acting in good faith) has resulted in the employee receiving an inappropriate benefit.

The Malus and Clawback Policy provides that if any of these events occur the Board may, in its absolute discretion, withhold an employee's performance-based payments, require the repayment of all, or part of, previous performance-based awards, lapse previously deferred and unvested performance-based rewards, or otherwise alter an employee's remuneration subject to applicable laws.

Malus provisions allow Medibank to reduce or cancel the award before it has been paid, while clawback provisions allow an organisation to, subject to applicable laws, recover a performance-based award after it has been paid (or share awards vested).

4.2.3 Executive shareholding requirements

Executive KMP are subject to a Minimum Shareholding Policy that is designed to strengthen their alignment with customers and shareholders by requiring them to hold Medibank shares with a value equivalent to 100% of their annual fixed remuneration within five years of appointment to the Executive Leadership Team. The policy does not require a person to purchase shares, however they are restricted from selling their vested employee equity holdings (other than to satisfy income tax obligations) until they meet the minimum shareholding requirement.

All Medibank shares and unvested performance rights that are subject to a tenure-based hurdle held by, or on behalf of, the person (for example within a family trust or self-managed superannuation fund where they are the beneficial owner) will count towards satisfaction of the minimum shareholding requirement.

As at 30 June 2024, progress towards the minimum shareholding requirement for each Executive KMP is provided below:

Executive KMP[3]	Minimum shareholding requirement $[1]	Value of eligible shareholdings as at 30 June 2024 $[2]	Minimum shareholding requirement timeline
David Koczkar	1,550,000	5,321,830	Requirement satisfied
Milosh Milisavljevic	900,000	581,526	22 June 2026
Robert Read	700,000	-	13 November 2028
Mark Rogers	1,070,000	2,999,397	Requirement satisfied

1. Minimum shareholding requirement based on each persons' total fixed remuneration (TFR) as at 30 June 2024.
2. Holding value is calculated with reference to the total number of eligible shares or performance rights held by each person, multiplied by the closing price of Medibank's shares on 30 June 2024 ($3.73).
3. Andrew Wilson ceased to be an Executive KMP on 18 December 2023 and was not subject to this policy as at 30 June 2024.

4.2.4 Share Trading Policy

We have a Share Trading Policy to ensure that non-executive directors and all employees understand their obligations in relation to dealing in Medibank shares. The Share Trading Policy describes restrictions on buying and selling Medibank shares.

In addition, non-executive directors, all senior executives, and employees with potential access to inside information are deemed to be 'Restricted Employees.' They are required to seek approval before dealing in Medibank shares and are subject to share trading blackouts prior to financial result announcements and other times, as required. The policy also prohibits employees from entering transactions relating to Medibank shares which limit their economic risks, including in relation to the long-term incentive (LTI) Plan and equity-based component of the STI Plan.

Medibank's Share Trading Policy can be found within the corporate governance section on our website.

4.2.5 Termination provisions in Executive KMP contracts

All current Executive KMP are employed under ongoing contracts with notice periods set at 3 months (employee) and 6 months (employer), or in the case of the CEO, 6 months (both employee and employer). Termination provisions included in Executive KMP contracts are limited to 6 months payment of fixed remuneration, in lieu of notice.

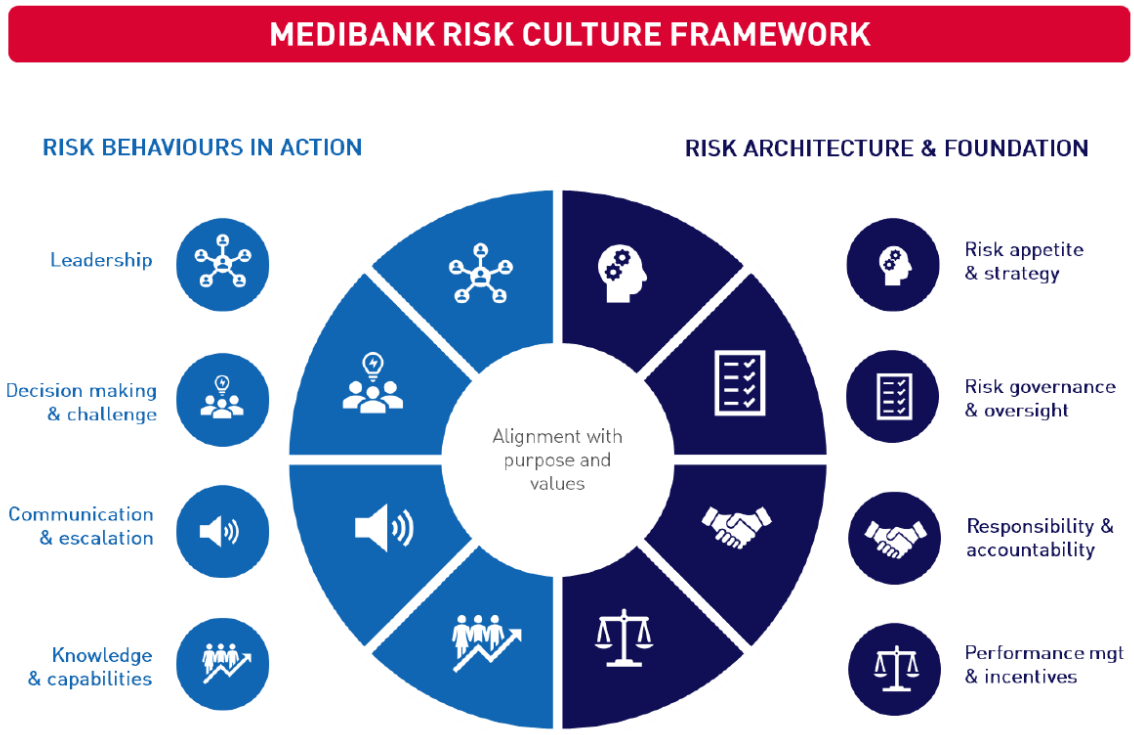
If an Executive KMP is assessed by the Board as a 'good leaver' (meaning they cease employment by reason of death, serious disability, permanent incapacity, retirement, redundancy or with Board approval), the cash STI award in respect of the performance year in which they leave would be paid on a pro rata basis at the end of the STI performance period. The deferred component of the STI award will be paid in cash (rather than performance rights) on a pro rata basis with payment deferred on the same terms outlined in the STI plan rules. Any previously deferred STI remains restricted until the applicable exercise date, unless determined otherwise by the Board. Performance rights issued as LTI are retained on a pro rata basis by a 'good leaver'. Retained performance rights remain unvested and subject to the same vesting conditions that will be assessed at the end of the performance period. Further details of the termination provisions that relate to the STI and LTI plans are detailed in section 6 of this report.

5. Risk and remuneration

A key focus for Medibank's Board and the P&RC is ensuring our remuneration policies and practices are consistent with our risk management framework, aligned with prudent risk taking and support the effective management of financial and non-financial risks.

5.1 Risk culture

An engaged culture is contingent on alignment between purpose, values, behaviours and strategic direction. With a focus on ensuring we do the right thing for our people, customers and community, Medibank's purpose and values provide guidance for the behaviours we expect of our employees. The Risk Culture Framework, outlined below, articulates the key elements that influence and shape our risk culture in terms of behaviours and practices. Our current suite of measurements (behavioural metrics and survey responses) fully aligns with the framework elements and risk behaviours to ensure they provide the right insights and conditions for positive action.



Our Risk Culture Framework builds on Medibank's Code of Conduct which sets out the way we work at Medibank via the establishment of standards of behaviour and conduct expected from all employees. The code not only emphasises the importance of compliance with legal obligations, it also clearly outlines our responsibility toward our employees, our customers, and the wider community. In adhering to these principles, we strive to create a culture that goes beyond mere compliance, to one that fosters a genuine commitment to ethical decision-making and responsible practices. The behaviours that support our risk culture include:

- Leaders at all levels championing risk management, setting a clear tone and role modelling appropriate risk behaviours.
- Openness to consider diverse viewpoints and to provide constructive challenge and feedback across the organisation.
- Risk issues are openly communicated across the organisation and supported by an environment where people feel safe to speak up.
- Level of skills and training, processes, systems and data across the 3 Lines of Defence to support effective risk management practices and behaviours.

5.2 Alignment of remuneration with prudent risk taking

We believe that the effective alignment of remuneration with the risk appetite set by the Board is critical to our remuneration strategy and framework. Under Medibank's Group-wide performance framework 'Impact Bigger', at the end of each financial year all employees are assessed against their personal scorecard, which is a combination of financial and non-financial measures, including performance against their risk, compliance and behaviour obligations. Through the performance assessment process, both positive and negative risk, compliance and behaviour outcomes are considered as part of a holistic performance assessment. Employees are then attributed an outcome against a five-point rating scale (with a minimum rating of three required to receive an STI award) that assesses Executive KMP performance and behaviours against business outcomes and achievement of role-specific performance measures. This then informs remuneration and performance-based incentive outcomes for the period.

The management of financial and non-financial risks by senior executives is reviewed by the Risk Management Committee (RMC). As part of this review the RMC considers the effective operation of divisional risk committees, incident identification, audit findings, remediation actions, health and safety, and feedback on risk culture from employees. In addition, the Hub Lead – Group Risk & Chief Risk Officer, Group Lead – People, Spaces & Sustainability and Group Lead – Trust, Legal & Compliance are specifically tasked with notifying the Board of any relevant risk and compliance outcomes and/or conduct which may impact performance and remuneration outcomes for Executive KMP (including the CEO) and other senior executives.

Further, as outlined throughout this report, Medibank's executive reward framework includes long-term deferral across both our STI Plan and long-term incentive (LTI) Plan to ensure risk outcomes are considered over extended periods.

5.3 Consequence management

A well understood and consistently applied consequence management process is a key part of our risk culture and ensures risk, compliance and behaviour outcomes are aligned with remuneration outcomes. Consequences of employees breaching Medibank's Code of Conduct are clearly articulated and may include an employee attending further training or counselling, a formal written warning being applied, or in certain circumstances, termination of employment. The issue of a final written warning automatically results in the employee being given an 'unsatisfactory' performance rating for the relevant performance period, meaning the individual is ineligible for any performance-based reward outcome or fixed remuneration increase. Medibank's STI plan rules also clearly articulate that failure to meet the risk, compliance and behaviour gateway in any given performance period will lead to ineligibility for a STI award for the performance period.

In 2024, eight employees were issued with final written warnings following a breach of Medibank's Code of Conduct, or another Medibank Group policy. In all cases, each employee received a performance rating of 'unsatisfactory' and was ineligible for any applicable performance-based incentive or fixed remuneration increase. A further nine individuals in 2024 had their employment terminated following an incident of misconduct. Further details on consequence management can be found in our Sustainability Report 2024.

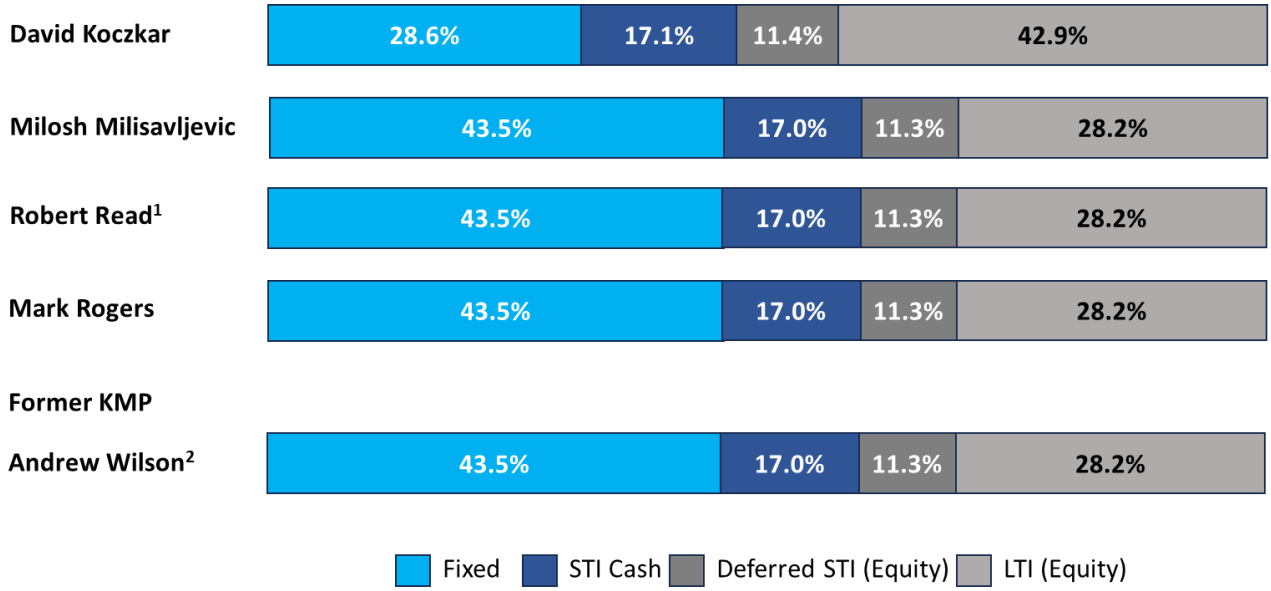
6. Executive KMP remuneration components

Target remuneration for Executive KMP is designed to reward sustained business performance with behaviours aligned with Medibank's values and purpose that increases value for both, customers and shareholders. The Board aims to find a balance between:

- Fixed and at-risk remuneration.
- Short-term and long-term remuneration.
- Remuneration delivered in cash and deferred equity.

6.1 2024 target remuneration mix

The 2024 target remuneration mix for Medibank's Executive KMP is shown below.



1. Robert Read's remuneration mix reflects his Group Lead – Amplar Health position applicable from 13 November 2023.
2. Andrew Wilson's remuneration mx reflects his prior role as Group Lead – Chief Executive Amplar Health.

6.2 Total fixed remuneration (TFR)

Total fixed remuneration (TFR) is the fixed portion of remuneration and includes base salary and employer superannuation contributions. Fixed remuneration is determined with reference to the executive's capabilities, experience, the complexity of the role, as well as median pay levels for similar roles at companies in the ASX 11-100 (excluding mining and energy companies). This ensures that fixed remuneration is set at competitive levels and enables Medibank to attract and retain high quality executives. Further details of Medibank's comparator group of companies is outlined in section 14 of this report. The table below outlines the current TFR settings for Executive KMP.

6.2.1 Total fixed remuneration

Executive KMP	30 June 2024 $	1 July 2024 $
David Koczkar	1,550,000	1,615,900
Milosh Milisavljevic	900,000	930,000
Robert Read[1]	700,000	750,000
Mark Rogers	1,070,000	1,105,000
Former Executive KMP		
Andrew Wilson[2]	1,020,000	Not applicable

1. This represents Robert Read's TFR as at 30 June 2024 following his appointment as Group Lead – Amplar Health.
2. This represents Andrew Wilson's TFR as at 18 December 2023, being the date he ceased to be Executive KMP.

6.3 Short-term incentive (STI)

STI is an at-risk element of remuneration, which is designed to reward executives for the creation of customer and shareholder value during the financial year. Executives must pass two separate gateways to participate in the plan. Once both gateways are achieved, executives have the opportunity to earn a percentage of their fixed remuneration as an incentive, based on company and individual performance.

6.3.1 STI gateways

For an STI award to be made to an executive, the following gateways must be achieved:

Risk, compliance and behaviour gateway

Individually assessed, the risk, compliance and behaviour gateway requires executives to:

- Adhere to Medibank's Code of Conduct which covers standards of behaviour and conduct which includes anti-harassment, anti-discrimination and anti-bribery and corruption obligations. Our Code of Conduct requires all employees to not only comply with our legal obligations, but also to act ethically and responsibly in relation to our customers, colleagues and the community.
- Complete all mandatory compliance training which includes privacy, cyber-security, health and safety, bullying and harassment, bribery and corruption and meeting our legal, ethical and governance requirements.
- Ensure that the risks in respect of their position are well managed. Multiple factors are considered when assessing risk management (including environment, social and corporate governance and climate risks where relevant), which differ based on an executive's role. Common elements include the effective operation of divisional risk committees, incident identification, audit findings, remediation actions, health and safety, and feedback on risk culture from employees.

Assessment of the risk, compliance and behaviour gateway is also subject to feedback provided by the Hub Lead – Group Risk & Chief Risk Officer, Group Lead – People, Spaces & Sustainability and Group Lead – Trust, Legal & Compliance as outlined in section 5.2.

Financial gateway

Assessed at the Group level, Medibank must achieve a baseline Group operating profit target for an STI to be awarded.

6.3.2 STI performance measurement

The Board determines challenging levels of performance for each Medibank and role-specific STI performance measure. When setting performance expectations the Board considers numerous factors, including Medibank's strategic objectives, prior year performance, the external environment, customer outcomes and shareholder expectations. The Board also ensures that performance levels are set for the current year in the context of achieving longer term customer and financial strategic goals. Further detail on each performance measure is outlined in section 7.1.

At the completion of the performance year, an assessment is first made on the achievement of the STI gateways. If achieved, executives are then assessed against the company and role-specific performance measures to determine STI award outcomes. There is a threshold level of performance for each Medibank and role-specific measure as set by the Board that needs to be achieved for an STI award to be paid (for that element of the award). For an executive to achieve a target STI award, performance against Medibank and role-specific measures must be at the target level of performance as set by the Board (for that element of the award) and delivered with behaviours aligned with Medibank's purpose and values.

For an executive to achieve a stretch STI award, performance against all Medibank and role-specific measures must be at or above stretch performance as set by the Board (for that element of the award) and delivered with behaviours aligned with Medibank's values and purpose. This would represent exceptional performance, well above that of Medibank's strategic plan.

6.3.3 Key features of the STI plan

Over what period is performance assessed?	The STI performance period is the financial year 1 July to 30 June.
How are STI payments delivered?	60% of STI awarded to Executive KMP is paid as cash, with the remaining 40% provided in the form of deferred performance rights that are subject to a one year service condition.

When are STI payments made?	The cash component of STI is paid following the release of audited financial results, with performance rights for the deferred STI component granted shortly thereafter.
What is the deferral period for the deferred STI component?	Performance rights are deferred for: • up to five years for the CEO, with 20% of the deferred amount released each year following the conclusion of the service period; and • up to four years for other KMP, with 25% of the deferred amount released each year following the conclusion of the service period. The exercise of each tranche is subject to the assessment by the Board of the application of Medibank's Malus and Clawback policy to the relevant tranche and after the relevant annual results are announced to the ASX.
What method is used to determine the number of performance rights granted to each participant as part of the deferred STI?	Performance rights under the STI plan are granted at face value. The deferred STI value for each Executive KMP is divided by the volume weighted average share price (VWAP) of Medibank shares to determine the number of units granted.
Are deferred STI performance rights entitled to receive a dividend payment?	Deferred STI performance rights do not attract dividends during the deferral period. To align participant outcomes with shareholders, on exercise of these performance rights additional Medibank shares are granted to ensure each participant receives a benefit equivalent to any dividends paid during the deferral period on the rights being exercised.
What gateways apply to the STI plan?	For an STI award to be made to Executive KMP, both the risk, compliance and behaviour gateway, and the financial gateway must be achieved. Further detail on these gateways is outlined in section 6.3.1.
What are the performance measures under the STI plan?	Performance measures under the STI plan are determined by the Board at the commencement of each performance period. For 2024, the performance measures were: • Group operating profit (excluding investment income). • Health Insurance premium revenue growth. • Customer Service Satisfaction. • Role-specific metrics. Section 7.1 of this report provides a detailed description of Medibank's STI performance measures and a description of how the organisation has performed against each measure in 2024. Actual target values are not disclosed as this is considered commercially sensitive information.
Does Medibank have a malus and clawback policy that applies to the STI plan?	Medibank has a Malus and Clawback Policy that provides discretion to the Board to reduce, cancel, or recover (clawback) any award made under the STI plan to employees in certain circumstances subject to applicable laws. Further detail on this policy is outlined in section 4.2.2.
What happens to STI entitlements if an executive leaves Medibank?	If an executive is a 'good leaver' (meaning they cease employment by reason of death, serious disability, permanent incapacity, retirement, redundancy, or with Board approval), pro rata payment of STI applies. Section 4.2.5 provides additional information on the treatment of STI for people deemed as 'good leavers' by the Board. Other than in the case of dismissal, an executive who ceases employment after meeting the service period will retain the deferred STI performance rights which

	will remain subject to malus and clawback and will be released as per the deferral schedule.
In what circumstances are STI entitlements forfeited?	In the event an executive is not considered a 'good leaver' (meaning they cease employment for any reason other than death, serious disability, permanent incapacity, retirement, redundancy or with Board approval), the executive will forfeit any payment under the STI plan, including any unvested deferred STI grants, unless otherwise determined by the Board.

6.3.4 Annual STI opportunity

The target and maximum annual STI opportunity as a percentage of total fixed remuneration for each Executive KMP is outlined in the table below.

	2024 & 2025	
Executive KMP	**Target**	**Maximum**
David Koczkar	100%	150%
Milosh Milisavljevic	65%	120%
Robert Read[1]	65%	120%
Mark Rogers	65%	120%
Former Executive KMP		
Andrew Wilson[2]	65%	120%

1. Robert Read's target and maximum STI opportunity reflect his new position of Group Lead – Amplar Health.
2. Andrew Wilson's STI opportunity refers only to 2024 and is based on his previous role as an Executive KMP.

6.4 Long-term incentive (LTI)

LTI is an at-risk element of remuneration designed to reward executives for delivering sustainable business performance over the long term. Given the nature of the private health insurance industry and the fact that it is highly regulated, the Board considers it appropriate to measure long term performance over a three-year period with deferral conditions applying to vested awards. A three-year performance period with the additional deferral conditions, strikes a balance between providing a reasonable period to align reward with shareholder return and the LTI acting as a vehicle for executive motivation and retention. Each year executives are eligible to receive an LTI which is calculated as a percentage of their fixed remuneration. This incentive is subject to performance hurdles that will be tested at the end of the three-year performance period. Based on performance against these hurdles a percentage of the incentive will be retained by the executive with the remainder being forfeited. Vested performance rights are subject to a deferral period of up to three years for the CEO and up to 2 years for other Executive KMP.

6.4.1 Key features of the LTI plan

What is the aim of the LTI plan?	The Medibank LTI plan is designed to: • Align the interests of executives more closely with the interests of customers and shareholders, by providing an opportunity for those executives to receive an equity interest in Medibank through the granting of performance rights. • Assist in the motivation, retention and reward of executives over the performance and deferral periods.
What are performance rights?	Performance rights issued to executives under the LTI plan are conditional rights for the participant to subscribe for fully paid ordinary shares in Medibank. Each performance right entitles the executive to subscribe for one ordinary share if the performance hurdles are met at the conclusion of the performance period. No amount is payable by the participant upon exercise of the performance rights once they have vested.

What method is used to determine the number of performance rights granted to each participant?	Performance rights under the LTI plan are granted at face value. Each participant receives a percentage of their fixed remuneration in LTI (refer to section 6.4.2 for details). This amount is then divided by the face value of Medibank shares. For the 2024 LTI plan, the number of performance rights granted to each participant was determined using the volume weighted average price of Medibank shares on the ASX during the 10 trading days up to and including, 30 June 2023. This average price was $3.56.
What is the performance period for 2024 LTI plan?	The performance period for the 2024 LTI plan is three financial years commencing 1 July 2023.
When is the LTI delivered?	Following the three-year performance period any performance rights that meet the performance hurdles vest and are then subject to a deferral period of up to three years for the CEO and up to 2 years for other KMP.
What is the deferral period for LTI?	Vested performance rights are deferred for: • Up to three years for the CEO, with one third being exercised each year starting at the beginning of the year following the end of the performance period. • Up to two years for other KMP, with half being exercised at the beginning of the year following the end of the performance period, and the remaining amount being exercised shares in the following year. The exercise of each tranche is subject to the assessment by the Board of the application of Medibank's Malus and Clawback policy to the relevant tranche and after the relevant annual results are announced to the ASX.
What are the performance hurdles under the 2024 LTI plan?	Performance rights issued under the 2024 LTI plan are subject to four separate performance hurdles, providing for an appropriate balance of financial and non-financial performance: • 30% of the performance rights are subject to a performance hurdle based on Medibank's earnings per share compound annual growth rate (EPS CAGR) over the performance period. The starting point for EPS will be calculated using Medibank's underlying profit as at 30 June 2023 and the performance period for the EPS performance hurdle will run for 3 years from 1 July 2023 through to 30 June 2026. Further detail on the profit measure used in the calculation of EPS is provided in section 6.4.3. • 30% of the performance rights are subject to a relative total shareholder return (TSR) performance hurdle, measured over the performance period. Medibank's relative TSR will be compared to a comparator group comprising companies with a market capitalisation positioned within the ASX 11-100 (excluding mining and energy companies). • 20% of the performance rights are subject to a performance hurdle based on the growth of Medibank's private health insurance market share (as reported by APRA) over the performance period. • 20% of the performance rights are subject to a performance hurdle based on Brand Sentiment, measured as the change in Medibank's Customer Net Promotor Score over the performance period. These performance hurdles were chosen by the Board as they are aligned with the interests of our customers and shareholders and represent well understood and transparent mechanisms to measure performance and provide a strong link between executive reward, customer outcomes, and shareholder wealth creation. The performance hurdles under the 2024 LTI plan have threshold levels which need to be achieved before vesting commences. Details of these thresholds are outlined in the vesting schedule in section 6.4.3.

When do the performance rights vest?	Performance hurdles are assessed as soon as practicable after the completion of the relevant performance period. The number of performance rights that vest (if any) will be relative to the achievement against the performance hurdles. See section 6.4.3 for the vesting schedule associated with each performance hurdle.
Are the performance hurdles re-tested?	No. Performance hurdles are only tested once at the end of the performance period. Any performance rights that remain unvested at the end of the performance period are immediately forfeited.
Are LTI performance rights entitled to receive a dividend payment?	LTI performance rights do not attract a dividend during the performance period, as they are still subject to performance hurdles that will determine the number of rights that convert to ordinary Medibank shares. Vested performance rights do not attract dividends during the deferral period. However, on exercise of the vested performance rights, additional Medibank shares are granted to ensure each participant receives a benefit equivalent to any dividends paid during the deferral period on the rights being exercised.
Does Medibank have a malus and clawback policy that applies to the LTI plan?	Medibank has a Malus and Clawback Policy that provides discretion to the Board to reduce, cancel, or recover (clawback) any award made under the LTI Plan to an employee in certain circumstances subject to applicable laws. Further detail on this policy is outlined in section 4.2.2.
What happens to LTI entitlements if a participant leaves Medibank?	If a participant is a 'good leaver' (meaning they cease employment by reason of death, serious disability, permanent incapacity, retirement, redundancy, or with Board approval), a portion of the performance rights held (granted, but not vested) by that participant on cessation of employment will be forfeited on a pro rata basis according to a formula which takes into account the length of time the participant has held the performance rights relative to the performance period for the grant. The retained performance rights will remain unvested and will be tested at the end of the performance period against the existing performance hurdles. Vested performance rights remain subject to deferral conditions.
In what circumstances are LTI entitlements forfeited?	LTI entitlements are forfeited if performance hurdles are not met. In the event a participant is not considered a 'good leaver' (meaning they cease employment for any reason other than death, serious disability, permanent incapacity, retirement, redundancy or with Board approval), the performance rights held (granted, but not vested) by that participant on cessation of employment will be automatically forfeited.

The annual LTI allocation value as a percentage of TFR for each Executive KMP is outlined in the table below.

6.4.2 Annual LTI allocation

	2024	2025
Executive KMP	**LTI allocation value as % of TFR**	**LTI allocation value as % of TFR**
David Koczkar	150%	175%
Milosh Milisavljevic	65%	75%
Robert Read[1]	65%	75%
Mark Rogers	65%	75%
Former Executive KMP		
Andrew Wilson[2]	65%	Not applicable

1. Robert Read's 2024 LTI opportunity reflects his new position of Group Lead – Amplar Health.
2. Andrew Wilson's 2024 LTI opportunity reflects his prior role as Group Lead – Chief Executive Amplar Health.

6.4.3 LTI hurdles explained

Each year, the Board reviews the LTI targets and vesting conditions in the context of Medibank's operating environment. In addition to the FY23 LTI measures of EPS CAGR, Relative TSR and Medibank's private health insurance (PHI) market share growth, Brand Sentiment has been added as a new hurdle from FY24 to improve the balance between financial and non-financial measures. The Board is committed to setting targets which are appropriately challenging for management to meet while not being unattainable and which ultimately support the delivery of strong outcomes for our customers and shareholders. The vesting schedules for EPS CAGR, Relative TSR and PHI market share growth for FY24 remain consistent with the schedules applied to the FY23 LTI offer.

2024 EPS performance rights (30% of award)

The Board approved maintaining a threshold EPS CAGR target of 3% for the 2024 LTI grant. Details of the vesting schedule are outlined in the table below:

Medibank's EPS CAGR over the performance period	**Percentage of EPS performance rights that vest**
Less than 3% EPS CAGR	Nil
Between 3% and 7% EPS CAGR	Straight-line pro rata vesting between 50% and 100%
Above 7% EPS CAGR	100%

Medibank's performance against the EPS hurdle is calculated based on the compound annual growth rate (CAGR) of Medibank's EPS over the performance period. EPS is based on underlying profit, which adjusts statutory net profit after tax (NPAT) where appropriate, for short-term outcomes that are expected to normalise over the medium to longer term, most notably in relation to the level of gains or losses from investments, due to the limited control that management has over these outcomes.

2024 TSR performance rights (30% of award)

The Board approved maintaining the vesting schedule for the TSR hurdle. Medibank's TSR will be compared against companies within the ASX 11-100 (excluding mining and energy companies), which is the same comparator group used for executive and non-executive remuneration benchmarking. For any of the 2024 TSR performance rights to vest, Medibank must achieve the threshold TSR ranking over the performance period. The percentage of the 2024 TSR performance rights that vest, if any, will be based on Medibank's TSR ranking at the end of the performance period, as set out in the following vesting schedule:

Medibank's TSR rank in the 2024 comparator group	**Percentage of TSR performance rights that vest**
Less than 50th percentile	Nil
Between the 50th and 75th percentile	Straight-line pro rata vesting between 50% and 100%
Above 75th percentile	100%

The TSR of Medibank and other companies within the comparator group, expressed as a compound annual rate of return, will be comprised of:

a) The change in share price of each company over the performance period. The change in share price is calculated using the volume weighted average price (VWAP) of each entity over the 20 trading days leading up to and including the performance period start and end dates. The VWAP at the end of the performance period will be adjusted for any stock splits that occur during the performance period.

b) The value of all dividends and other shareholder benefits paid by each company during the performance period assuming that:

   i. The dividends and shareholder benefits are reinvested in the relevant company at the closing price of the securities on the date the dividend or shareholder benefit was paid.

   ii. Franking credits are disregarded.

The entities comprising the 2024 comparator group are determined at the commencement of the performance period. If the ordinary shares or stock of a member of the 2024 comparator group is not quoted on the ASX at the end of the performance period (for example if the member has been delisted for any reason), then it will be excluded from calculations of the TSR calculation, unless the Board, acting in good faith and in its absolute discretion, determine otherwise. In exercising its discretion, the Board may have regard to such matters it deems relevant including (but not limited to) the length of time that the member was quoted on the ASX during the performance period.

2024 market share performance rights (20% of award)

The Board approved maintaining a threshold private health insurance (PHI) market share growth target of 25 basis points. Details of the vesting schedule are set out below:

Medibank's PHI market share growth	**Percentage of market share performance rights that vest**
Less than 25 basis points	Nil
Between 25 basis points 75 basis points	Straight-line pro rata vesting between 50% and 100%
Above 75 basis points	100%

2024 brand sentiment performance rights (20% of award)

In response to CPS 511 requirements, the Board introduced brand sentiment as a new performance hurdle in the LTI. Brand sentiment is assessed as the change in Medibank's Customer Net Promoter Score over the performance period. Customer Net Promoter Score is a key customer advocacy metric that measures the likelihood of people recommending Medibank or ahm to their families and friends.

The percentage of brand sentiment performance rights that vest, if any, will be based on Medibank's performance against the brand sentiment hurdle over the performance period, as set out in the following vesting schedule.

Medibank's brand sentiment (Customer Net Promotor Score)	**Percentage of brand sentiment performance rights that vest**
Less than 4.6	Nil
Between 4.6 and 10.6	Straight-line pro rata vesting between 50% and 100%
Above 10.6	100%

7. Linking remuneration and performance in 2024

7.1 2024 short-term incentive (STI) performance scorecard

Gateways

Both the Financial Gateway and the Risk, Compliance & Behaviour Gateway (in respect of each of the Executive KMP's roles) were met. The following table details the 2024 STI performance scorecard measures, weightings, and assessment.

Measure	Description	CEO	Executive KMP[1]	2024 Outcomes
Group operating profit	Group operating profit represents the core financial measure for the annual STI Plan and reflects the Board's belief that it is the best measure of underlying business performance and value created for customers and shareholders over the performance period. Group operating profit for the purposes of the 2024 STI is inclusive of cybercrime event related expenses.	45%	35%	Above Threshold
Health Insurance premium revenue growth	Measured alongside the core metric of Group operating profit, the focus of this measure is sustainable and profitable revenue growth to ensure optimal value creation for customers and shareholders.	20%	25%	Above Threshold
Customer Service Satisfaction	Measured by Service NPS which is a key customer advocacy metric that measures the likelihood of customers who have had an interaction with the organisation, recommending Medibank or ahm to their families and friends.	20%	20%	Stretch
Role-specific big goals	Aligned to one or more of the following milestones: **1. Deliver leading experiences** – Continue to achieve a high level of customer and employee advocacy by creating personalised and connected customer experiences, empowering our people and collaborating with our communities to make a difference. **2. Differentiate our insurance business** – We aim to achieve market share and net policy holder growth (including growth in the Medibank brand) and to deliver $20m productivity savings in FY24-FY25 including $10m in FY24. **3. Expand in health** – We aim to achieve at least 15% p.a. organic segment profit growth and to invest $150m - $250m in total to grow Medibank Health inorganically between FY24 and FY26 as suitable opportunities arise by focusing growth on prevention and integrated care models, scaling and connecting our health business and bringing benefits back to our core.	15%	20%	Ranging between above threshold to above target.

1. The weighting of performance measures for Andrew Wilson was Group Operating Profit 22.5%, Health Insurance Premium Revenue Growth 15%, Customer Service Satisfaction 12.5% and role specific goals 50% during his time as an Executive KMP in FY24.

7.2 Medibank's 2024 financial performance

Medibank's 2024 annual financial performance is provided in the table below in addition to the average 2024 STI award achieved by Executive KMP, as a percentage of maximum opportunity. This table illustrates the relationship between the key indicators of shareholder wealth creation and STI outcomes for Executive KMP.

Measure	2024	2023[1]	2022	2021	2020
Health Insurance premium revenue growth	4.0%	4.2%	2.7%	2.1%	1.3%
Group operating profit[1]	$699.8m	$648.4m	$594.1m	$528.3m	$461.0m
Group net profit after tax (NPAT)	$492.5m	$308.6m	$393.9m	$441.3m	$315.0m
Dividend	16.6 cents p/s	14.6 cents p/s	13.4 cents p/s	12.7 cents p/s	12.0 cents p/s
Share price as at 1 July	$3.52	$3.25	$3.16	$2.99	$3.49
Share price as at 30 June	$3.73	$3.52	$3.25	$3.16	$2.99
Average Executive KMP STI as a percentage of maximum opportunity	61%	0%	72%	70%	0%

1. The 2023 Group operating profit and NPAT have been restated to reflect the application of AASB 17 *Insurance Contracts*. Remuneration outcomes were not revised.

7.3 2024 STI awards

The table below provides a summary of STI awards for the 2024 performance year.

Executive KMP	Target STI $	Total STI achieved $	STI cash (60%) $	STI deferred (40%) $	Total STI achieved as % of target	Total STI achieved as % of max opportunity
David Koczkar	1,550,000	1,611,340	966,804	644,536	104%	69%
Milosh Milisavljevic	585,000	662,424	397,454	264,970	113%	61%
Robert Read[1]	288,750	302,533	181,520	121,013	105%	57%
Mark Rogers	695,500	787,548	472,529	315,019	113%	61%
Former Executive KMP						
Andrew Wilson[2]	306,000	316,038	189,623	126,415	103%	56%

1. The 2024 STI outcome for Robert Read corresponds to the period from 13 November 2023 when he became an Executive KMP.
2. The 2024 STI outcome for Andrew Wilson corresponds to the period between 1 July 2023 and 18 December 2023 when he ceased to be an Executive KMP.

7.4 2022 Long-term incentive plan outcomes

Medibank's 2022 LTI was tested following the completion of the performance period on 30 June 2024. The Board determined it was appropriate to allow the LTI to vest in line with the terms of its grant, with a vesting outcome of 63.7% The table below outlines the outcomes against the EPS CAGR and Relative TSR performance hurdles. It is likely that there will be no vesting against the market share growth measure, however this will be confirmed once APRA releases the June Quarterly private health insurance statistics.

Performance hurdle	Weighting	Outcome	Vesting percentage
EPS CAGR	35%	12.6%	100%
Relative TSR	35%	66th Percentile	82%
Market Share	30%	TBC	TBC
Total 2022 LTI vesting percentage			**63.7%**

The performance rights under the 2022 LTI Plan that do not vest because of the performance hurdle outcomes not being met will lapse immediately.

The 2023 and 2024 LTI plans remain in restriction and will be assessed against their performance hurdles at the completion of the 2025 and 2026 financial years respectively.

8. 2024 actual remuneration (Non-IFRS disclosure)

The table below represents the 2024 'actual' remuneration for Executive KMP and includes all cash payments made in relation to 2024, in addition to deferred short-term incentive (STI) and long-term incentive (LTI) awards that vested in 2024.

Statutory remuneration disclosures prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards differ to the numbers presented below, as they include (among other benefits) expensing for equity grants that are yet to realise or may never be realised. The statutory remuneration table for Executive KMP is presented in section 9.

Executive KMP	Base salary and superannuation $	Cash STI for performance to 30 June 2024 $	Total cash payments in relation to 2024 $	Deferred equity awards that vested in 2024[1] $	Total 2024 actual remuneration $	Equity awards that lapsed in 2024[2] $
David Koczkar	1,550,000	966,804	2,516,804	1,357,517	**3,874,321**	285,099
Milosh Milisavljevic	897,528	397,454	1,294,982	409,245	**1,704,227**	59,303
Robert Read[3]	417,308	181,520	598,828	-	**598,828**	-
Mark Rogers	1,068,846	472,529	1,541,375	888,325	**2,429,700**	274,701
Former Executive KMP						
Andrew Wilson[4]	510,000	189,623	699,623	867,335	**1,566,958**	285,099

1. Deferred equity awards that vested in 2024 relate to 2022 STI deferred performance rights (including shares allocated as dividend equivalent for the deferral period as per plan rules) and 2021 LTI performance rights that vested during the year.
2. Equity awards that lapsed in 2024 relate to the portion of the 2021 long-term incentive (LTI) performance rights that lapsed following the testing of the performance hurdles in July 2023.
3. The values for Robert Read correspond to the period from 13 November 2023 when he became an Executive KMP.
4. The values for Andrew Wilson correspond to the period between 1 July 2023 and 18 December 2023 while he was an Executive KMP.

9. Statutory remuneration tables

9.1 Statutory remuneration table

The following table has been prepared in accordance with Section 300A of the *Corporations Act 2001* and details the statutory accounting expense of all remuneration-related items for Executive KMP. In contrast to the table in section 8 that details 2024 actual remuneration, the table below includes accrual amounts for equity awards being expensed throughout 2024 that are yet to, and may never, be realised.

Executive KMP	Financial year	Short-term benefits				Post-employment benefits	Long-term benefits		Equity-based benefits	Other	Total remuneration $
		Salary $[1]	Short-term incentive (STI) $	Other $	Non-monetary benefits $[2]	Superannuation $	Leave $[3]	Deferred STI $	Performance rights $[4]	Termination benefits $	
David Koczkar	**2024**	**1,551,381**	**966,804**	**-**	**17,655**	**27,500**	**51,485**	**-**	**1,841,679**	**-**	**4,456,504**
	2023	1,536,560	-	-	18,082	27,500	59,869	-	1,616,992	-	3,259,003
Milosh Milisavljevic	**2024**	**872,912**	**397,454**	**-**	**17,498**	**27,500**	**120,780**	**-**	**496,071**	**-**	**1,932,215**
	2023	769,948	-	-	13,897	27,500	56,347	-	419,506	-	1,287,198
Robert Read[5]	**2024**	**416,942**	**181,520**	**-**	**9,388**	**40,994**	**10,070**	**-**	**158,294**	**-**	**817,208**
	2023	-	-	-	-	-	-	-	-	-	-
Mark Rogers	**2024**	**1,042,713**	**472,529**	**-**	**18,888**	**27,480**	**124,875**	**-**	**496,608**	**-**	**2,183,093**
	2023	1,013,573	-	-	15,891	25,408	110,493	-	634,380	-	1,799,745
Former Executive KMP											
Andrew Wilson[6]	**2024**	**488,348**	**189,623**	**-**	**11,072**	**12,726**	**1,084**	**-**	**127,421**	**-**	**830,274**
	2023	957,739	-	-	20,929	25,456	50,213	-	612,467	-	1,666,804
Total Executive KMP	**2024**	**4,372,296**	**2,207,930**	**-**	**74,501**	**136,200**	**308,294**	**-**	**3,120,073**	**-**	**10,219,294**
	2023	4,277,820	-	-	68,799	105,864	276,922	-	3,283,345	-	8,012,750

1. Salary includes annual base salary paid on a fortnightly basis and annual leave entitlements accrued, but not taken, during the year which are expected to be taken in the next 12 months.
2. Non-monetary benefits may include death, total and permanent disablement insurance, salary continuance insurance, subsidised Medibank health insurance and fringe benefits that are on the same terms and conditions that are available to all employees of the Group.
3. Long-term leave comprises an accrual for long service leave and annual leave entitlements accrued, but not taken, during the year which are not expected to be taken in the next 12 months.
4. Performance rights include equity-based remuneration incurred during the relevant financial year. The values are based on the grant date fair value amortised on a straight-line basis over the performance period and any reversals required by *AASB 2 Share-based Payments*.
5. The values for Robert Read correspond to the period from 13 November 2023 when he became an Executive KMP.
6. The values for Andrew Wilson correspond to the period between 1 July 2023 and 18 December 2023 while he was an Executive KMP.

9.2 Performance-related remuneration statutory table

The following table provides an analysis of the non-performance-related (fixed remuneration) and performance-related (short-term incentive (STI) and long-term incentive (LTI) components of the 2024 remuneration mix for Medibank's Executive KMP as detailed in the 'statutory remuneration table'.

Executive KMP	*Non-performance related*	*Performance-related*			Total performance-related remuneration
	Fixed remuneration[1]	Cash STI	Deferred STI[2]	LTI[3]	
David Koczkar	37.0%	21.7%	7.2%	34.1%	63.0%
Milosh Milisavljevic	53.8%	20.6%	6.9%	18.7%	46.2%
Robert Read	58.4%	22.2%	7.4%	12.0%	41.6%
Mark Rogers	55.6%	21.6%	7.2%	15.6%	44.4%
Former Executive KMP					
Andrew Wilson [4]	61.8%	22.8%	7.6%	7.8%	38.2%

1. Fixed remuneration includes the accounting expense from all columns of the 'statutory remuneration table' other than 'cash STI', 'performance rights' and 'deferred STI'.
2. Deferred STI includes the 2024 accounting expense of the 2024 deferred STI component within the 'performance rights' column of the 'statutory remuneration table'.
3. LTI includes the 2024 accounting expense of the 2022, 2023 and 2024 LTI component within the 'performance rights' column of the 'statutory remuneration table'.
4. The values for Andrew Wilson correspond to the period between 1 July 2023 and 18 December 2023 while he was an Executive KMP.

10. Executive KMP equity awards

10.1 Executive KMP equity award transactions

Details of 2024 Executive KMP equity award transactions and outstanding holdings granted in previous years are set out below.

Executive KMP	Award Type[1]	Balance 1 July 2023	Acquired During 2024[2]		Vested During 2024[3]		Lapsed During 2024[4]		Other Changes	Balance 30 June 2024[5]	
			Units	Value	Units	Value	Units	Value		Units	Value
David Koczkar	Long-term incentive	1,654,311	653,088	1,795,992	128,726	471,137	77,896	285,099	-	2,100,777	5,020,423
	Short-term incentive	240,566	14,875	51,616	255,441	886,380	-	-	-	-	-
	Ordinary shares	1,042,597	-	-	384,167	1,357,517	-	-	-	1,426,764	5,321,830
Milosh Milisavljevic	Long-term incentive	373,063	164,324	451,891	26,777	98,004	16,203	59,303	-	494,407	1,186,691
	Short-term incentive	84,472	5,223	18,124	89,695	311,242	-	-	-	-	-
	Ordinary shares	39,433	-	-	116,472	409,245	-	-	-	155,905	581,526
Robert Read[6]	Long-term incentive	-	127,808	351,472	-	-	-	-	51,959	179,767	461,937
	Short-term incentive	-	-	-	-	-	-	-	-	-	-
	Ordinary shares	-	-	-	-	-	-	-	-	-	-
Mark Rogers	Long-term incentive	617,648	195,364	537,251	124,033	453,961	75,055	274,701	-	613,924	1,469,473
	Short-term incentive	117,888	7,289	25,293	125,177	434,364	-	-	-	-	-
	Ordinary shares	554,918	-	-	249,210	888,325	-	-	-	804,128	2,999,397
Former Executive KMP											
Andrew Wilson[7]	Long-term incentive	622,125	186,234	512,144	128,726	471,137	77,896	285,099	(601,737)	-	-
	Short-term incentive	107,529	6,649	23,072	114,178	396,198	-	-	-	-	-
	Ordinary shares	1,168,960	-	-	242,904	867,335	-	-	(1,411,864)	-	-

1. Long-term incentive corresponds to performance rights awarded under the LTI plan that are subject to performance hurdles. Short-term incentive represents performance rights awarded under the STI plan. Ordinary shares include all Medibank shares held by the executive or related parties.
2. Represents the maximum number of equity awards that may vest to each Executive in respect to their time as KMP during 2024. The minimum potential outcome for the equity awards is 0. The values are calculated using the fair value as at grant date. The fair value at grant has been based on a valuation by independent external consultants in accordance with accounting standard AASB 2 Share Based Payments. The fair values for the 2022, 2023 and 2024 long-term incentive (LTI) grants are used for accounting purposes only as all LTI grants are made using the face value, as outlined in section 6.4. Unit prices have been rounded to the nearest cent.

3. Awards that vested in 2024 relate to the 100% vesting of 2022 Deferred STI award (including shares allocated as dividend equivalent for the deferral period as per plan rules) and the 62.3% vesting of 2021 LTI award (granted 26 November 2020) following the assessment of performance hurdles. Performance rights that vested were automatically exercised and no payment was required from participants. Executives received one ordinary share for each performance right that vested during the financial year. The value of vested awards is calculated using the closing share price on vesting date.
4. Awards that lapsed in 2024 relate to the 37.7% of the 2021 LTI award that did not meet the performance hurdle and subsequently lapsed.
5. The value of unvested STI is determined by the number of units at 30 June 2024 multiplied by the unit price at grant. The value of unvested LTI is determined by the number of units at 30 June 2024 multiplied by the fair value at grant. The value of ordinary shares is determined by multiplying the number of ordinary shares at 30 June 2024 by the closing price of Medibank shares on the same date.
6. Robert Read's equity award acquired during 2024 corresponds to equity awards granted following his commencement as an Executive KMP on 13 November 2023. Other changes correspond to equity awards granted prior to becoming an Executive KMP.
7. Andrew Wilson ceased to be a KMP on 18 December 2023 and therefore Andrew's unvested balance as at 30 June 2024 has been adjusted to reflect no further holdings as an Executive KMP.

10.2 Overview of unvested equity awards and fair value assumptions

All awards are subject to continued employment, malus and clawback provisions.

Award	Award type	Performance start date	Performance end date[1]	Grant date	Performance measure	Weighting	Unit price at grant	Fair value at grant[2]
2024 LTI Performance Rights	LTI	1/07/2023	30/06/2026	11/12/2023	EPS	30%	3.56	3.16
					Market Share	20%	3.56	3.16
					TSR	30%	3.56	1.78
					Brand Sentiment	20%	3.56	3.16
2023 LTI Performance Rights	LTI	1/07/2022	30/06/2025	6/12/2022	EPS	35%	3.19	2.63
					Market Share	30%	3.19	2.63
					TSR	35%	3.19	1.19
2022 Deferred STI performance rights	STI	1/07/2022	15/09/2023	6/12/2022	Service	100%	3.58	3.58
2022 LTI performance rights	LTI	1/07/2021	30/06/2024	3/12/2021	EPS	35%	3.13	2.72
					Market Share	30%	3.13	2.72
					TSR	35%	3.13	1.62
2021 Deferred STI performance rights	STI	1/07/2021	15/09/2022	3/12/2021	Service	100%	3.55	3.55

2021 LTI performance rights	LTI	1/07/2020	30/06/2023	26/11/2020	EPS	35%	3.02	2.54
					Market Share	30%	3.02	2.54
					TSR	35%	3.02	1.58

1. The performance end date represents the earliest possible date the performance rights may vest, being the end of the performance period. The actual vesting and exercise date will be at a time and manner determined by the Board, with Medibank to notify the holder at that time.
    - FY22 – FY23 LTI: Performance rights that vest are automatically exercised and no payment is required from participants. Any performance rights that don't vest at this point will immediately expire.
    - FY24 LTI: Following the three-year performance period any performance rights that meet the performance hurdles vest and are then subject to a deferral period of up to three years for the CEO and up to two years for other KMP. Any performance rights that don't vest will immediately expire. Performance rights that meet the deferral conditions are automatically exercised and no payment is required from participants.
2. Fair value of LTI performance rights has been calculated as at the start of the performance period.

11. Non-executive director remuneration and framework

Non-executive director fees are determined by the Board and reflect the role, market benchmarks and Medibank's objective to attract highly skilled and experienced independent non-executive directors. All non-executive directors are required to hold a minimum number of shares in Medibank to align with shareholder interests.

11.1 Non-executive director remuneration

Component	Delivered	Description
Base fee	Cash and superannuation	The base fee represents remuneration for service on the Medibank Board. The base fee for the Chair represents the entire remuneration for that role.
Committee fees	Cash and superannuation	Committee fees represent remuneration for chairing, or membership of, Board committees.

11.1.1 Non-executive director fee cap

Under Medibank's Constitution, the total fees paid in any financial year to all non-executive directors for their services (excluding, for these purposes, the salary of any executive director) must not exceed, in aggregate, the amount fixed at Medibank's annual general meeting in 2018 at $2,300,000 per annum (fee cap).

11.1.2 Non-executive director remuneration

Under Medibank's Constitution, the Board is responsible for determining the total amount paid to each non-executive director as remuneration for their services. In making this determination, the Board has taken into account the level of work required for the role and has regard to the median remuneration paid to non-executive directors of companies positioned within the ASX 11-100 (excluding mining and energy companies).

Following the annual benchmarking exercise and the position of non-executive directors against the median of the benchmark group, non-executive director base and committee fees have been increased by 4.25% for 2025. Based on the composition of the Board, non-executive director fee spend for 2025 will be $2,105,050 against the approved cap of $2,300,000.

Non-executive director fees applicable throughout 2024 and 2025 are set out in the table below:

Position	2024 $	2025 $
Chair	458,500	478,000
Non-executive directors	170,000	177,250
Committee chair fees		
Audit Committee	41,200	42,950
Risk Management Committee	41,200	42,950
People and Remuneration Committee	41,200	42,950
Investment and Capital Committee	41,200	42,950
Committee membership fees		
Audit Committee	20,600	21,450
Risk Management Committee	20,600	21,450
People and Remuneration Committee	20,600	21,450
Investment and Capital Committee	20,600	21,450

11.2 Non-executive director superannuation

Medibank meets its obligations under the Superannuation Guarantee legislation by paying superannuation contributions in respect of non-executive directors to their nominated complying superannuation funds up to the concessional contribution limits. Superannuation contributions for non-executive directors are drawn from the overall fees paid to non-executive directors.

As permitted under the Superannuation Guarantee legislation, people with multiple employers can elect to be exempt from the superannuation guarantee where contributions are likely to take them over the annual concessional contribution cap. If a non-executive director applies and receives an exemption from superannuation guarantee payments, Medibank will make those payments in cash.

11.3 Shareholding policy for non-executive directors

Medibank has a Minimum Shareholding Policy that requires non-executive directors to acquire shares with a value equal to one year's base fee after tax over a period of five years. Non-executive directors do not participate in, or receive, any performance-based remuneration as part of their role and do not participate in any equity plans that operate within Medibank.

As at 30 June 2024, all non-executive directors have met the minimum shareholding requirement. Further details of current non-executive director shareholdings are provided in section 13.

To further align interests of non-executive directors with those of shareholders, effective 1 July 2024, non-executive directors will be required to have a shareholding in the company equal in value to at least one year of their pre-tax base fee. Non-executive directors will have five years from the effective date of this change to attain the new required shareholding level.

12. 2024 non-executive director remuneration statutory table

Non-executive director	Financial year	Short-term benefits		Post-employment benefits	Total $
		Cash salary and fees $	Non-monetary[1] $	Superannuation $	
Mike Wilkins	**2024**	**458,500**	**5,087**	**-**	**463,587**
	2023	453,452	4,818	6,812	465,082
Tracey Batten	**2024**	**208,793**	**3,039**	**23,008**	**234,840**
	2023	210,549	2,792	22,143	235,484
Gerard Dalbosco	**2024**	**231,800**	**3,254**	**-**	**235,054**
	2023	209,840	2,747	22,851	235,438
Peter Everingham	**2024**	**191,665**	**3,533**	**21,120**	**216,318**
	2023	191,837	3,315	20,175	215,327
David Fagan	**2024**	**208,793**	**3,610**	**23,008**	**235,411**
	2023	210,548	3,118	22,143	235,809
Kathryn Fagg	**2024**	**190,237**	**155**	**20,963**	**211,355**
	2023	191,837	143	20,175	212,155
Linda Bardo Nicholls	**2024**	**231,800**	**3,255**	**-**	**235,055**
	2023	232,691	2,812	-	235,503
Jay Weatherill[2]	**2024**	**54,886**	**-**	**6,037**	**60,923**
	2023	-	-	-	-
Former non-executive directors					
Anna Bligh[3]	**2024**	**75,343**	**5,647**	**8,325**	**89,315**
	2023	191,837	3,343	20,175	215,355
Total non-executive director remuneration	**2024**	**1,851,817**	**27,580**	**102,461**	**1,981,858**
	2023	1,892,591	23,088	134,474	2,050,153

1. Non-monetary benefits may include death, total and permanent disablement insurance, salary continuance insurance, subsidised Medibank health insurance and fringe benefits that are on the same terms and conditions that are available to all Medibank employees.
2. Jay Weatherill's 2024 remuneration reflects his commencement date as non-executive director of 18 March 2024.
3. Anna Bligh's 2024 remuneration reflects her retirement date from the Medibank Board of 22 November 2023.

13. Non-executive director ordinary shareholdings

Non-executive director	Balance 30 June 2023	Acquired during the year	Other changes	Balance 30 June 2024	Minimum shareholding requirement $[1]	Shareholding Value at 30 June 2024 $[2]	Minimum shareholding requirement timeline
Mike Wilkins	100,000	-	-	100,000	229,250	373,000	Requirement satisfied
Tracey Batten	50,000	-	-	50,000	85,000	186,500	Requirement satisfied
Gerard Dalbosco	72,832	-	-	72,832	85,000	271,663	Requirement satisfied
Peter Everingham	40,000	-	-	40,000	85,000	149,200	Requirement satisfied
David Fagan	47,016	-	-	47,016	85,000	175,370	Requirement satisfied
Kathryn Fagg	32,750	-	-	32,750	85,000	122,158	Requirement satisfied
Linda Bardo Nicholls	45,000	5,400	-	50,400	85,000	187,992	Requirement satisfied
Jay Weatherill[3]	-	-	11,600	11,600	85,000	43,268	18 March 2029
Former non-executive director							
Anna Bligh[4]	44,623	-	(44,623)	-	-	-	Not applicable

1. Minimum shareholding requirement based on annual non-executive director base fees for 2024 and an assumed tax rate of 50% Effective 1 July 2024, non-executive directors will be required to have a shareholding in the company equal in value to at least one year of their pre-tax base fee.
2. Value has been calculated with reference to the total number of eligible shares held by each non-executive director, multiplied by the closing price of Medibank's shares on 30 June 2024 ($3.73).
3. Jay Weatherill commenced as a non-executive director on 18 March 2024, and therefore his balance at 30 June 2023 was zero
   Other changes correspond to Medibank shares acquired prior to commencing as a non-executive director.
4. Anna Bligh ceased to be a KMP on 22 November 2023 and therefore her balance at 30 June 2024 has been adjusted to reflect no further holdings as a KMP

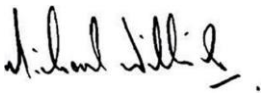
14. Medibank's comparator group

As outlined throughout this report, Medibank uses a comparator group for the purposes of benchmarking executive and non-executive director remuneration and for the assessment of Medibank's relative total shareholder return (TSR) performance under its long-term incentive (LTI) plan. Medibank's comparator group is the ASX 11-100, excluding mining and energy companies. In any given year, there may be changes in the mining and energy companies excluded from Medibank's comparator group due to companies either falling outside the ASX 11-100 or companies no longer being considered exclusively as a mining or energy company.

15. Loans and other transactions with KMP

During 2023 and 2024 there were no loans to KMP or any of their related parties. Certain key management personnel hold director positions in other entities, some of which transacted with the Group during the current and prior reporting periods. All transactions that occurred were in the normal course of business on terms and conditions no more favourable than those available on an arm's length basis.

This report is made in accordance with a resolution of the directors.



Mike Wilkins AO
Chair

David Koczkar
Chief Executive Officer

22 August 2024
Melbourne

Auditor's Independence Declaration

As lead auditor for the audit of Medibank Private 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 Medibank Private Limited and the entities it controlled during the period.

Marcus Laithwaite
Partner
PricewaterhouseCoopers

Melbourne
22 August 2024

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Consolidated statement of comprehensive income

For the financial year ended 30 June 2024

	Note	2024 $m	2023 (restated) $m
Insurance revenue	2(b) 4(a)	**7,623.1**	**7,086.4**
Insurance service expenses			
Incurred claims	4(a)	(6,289.3)	(6,057.1)
Other insurance service expenses	3	(619.5)	(566.6)
		(6,908.8)	**(6,623.7)**
Insurance service result		**714.3**	**462.7**
Other operating revenue	2(b)	222.8	173.3
Other expenses	3	(400.5)	(335.3)
Share of net profit/(loss) from equity accounted investments	16(b)	(7.1)	(1.4)
Profit before net investment income and income tax		**529.5**	**299.3**
Net investment income	6(a)	182.2	138.6
Profit for the year before income tax		**711.7**	**437.9**
Income tax expense	15(a)	(215.3)	(129.3)
Profit for the year		**496.4**	**308.6**
Total comprehensive income for the year, net of tax		**496.4**	**308.6**
Profit and total comprehensive income for the year attributable to:			
Equity holders of the parent entity		492.5	308.6
Non-controlling interests		3.9	-
		496.4	**308.6**

	Note	cents	cents
Earnings per share attributable to ordinary equity holders of the parent entity - basic and diluted	5(b)	**17.9**	**11.2**

The above statement should be read in conjunction with the accompanying notes.

The Group has adopted AASB 17 *Insurance Contracts* and has restated the comparative periods. The impacts of adoption are detailed in Note 20.

Consolidated statement of financial position

As at 30 June 2024

	Note	30 Jun 2024 $m	30 Jun 2023 (restated) $m	1 July 2022 (restated) $m
Current assets				
Cash and cash equivalents		691.0	420.6	596.7
Trade and other receivables		39.5	41.2	35.0
Financial assets at fair value	6(b)	3,048.2	2,866.8	2,854.5
Tax receivable		-	97.8	-
Other assets		27.6	25.9	19.3
Total current assets		**3,806.3**	**3,452.3**	**3,505.5**
Non-current assets				
Property, plant and equipment	9	205.0	70.5	88.4
Intangible assets	10	467.0	328.1	332.3
Deferred tax assets	15(c)	142.1	62.4	88.5
Equity accounted investments	16(b)	58.7	117.6	103.7
Other assets		6.3	3.5	6.0
Total non-current assets		**879.1**	**582.1**	**618.9**
Total assets		**4,685.4**	**4,034.4**	**4,124.4**
Current liabilities				
Trade and other payables		145.4	99.8	92.5
Lease liabilities	13(a)	31.7	30.9	30.2
Borrowings	7(c)	34.9	-	-
Insurance contract liabilities	4(a)	1,636.1	1,370.1	1,312.2
Tax liability		48.7	-	117.0
Provisions and employee entitlements	11	118.0	94.0	104.6
Total current liabilities		**2,014.8**	**1,594.8**	**1,656.5**
Non-current liabilities				
Trade and other payables		18.4	15.0	9.9
Lease liabilities	13(a)	151.7	24.4	46.7
Insurance contract liabilities	4(a)	165.8	135.9	80.8
Provisions and employee entitlements	11	29.6	20.6	23.1
Total non-current liabilities		**365.5**	**195.9**	**160.5**
Total liabilities		**2,380.3**	**1,790.7**	**1,817.0**
Net assets		**2,305.1**	**2,243.7**	**2,307.4**
Equity				
Contributed equity	8(a)	85.0	85.0	85.0
Reserves	8(b)	152.3	233.5	434.3
Retained earnings		2,068.4	1,925.2	1,788.1
Total equity (attributable to equity holders of the parent entity)		**2,305.7**	**2,243.7**	**2,307.4**
Non-controlling interests		(0.6)	-	-
Total equity		**2,305.1**	**2,243.7**	**2,307.4**

The above statement should be read in conjunction with the accompanying notes.

The Group has adopted AASB 17 *Insurance Contracts* and has restated the comparative periods. The impacts of adoption are detailed in Note 20.

Consolidated statement of changes in equity

For the financial year ended 30 June 2024

	Note	Total equity (attributable to equity holders of the parent entity)				Non-controlling interests	Total equity
		Contributed equity $m	Reserves $m	Retained earnings $m	Total $m	$m	$m
Balance at 1 July 2022, as previously reported		**85.0**	**25.7**	**1,834.9**	**1,945.6**	**-**	**1,945.6**
Adjustment on initial application of AASB 17, net of tax		**-**	408.6	(46.8)	**361.8**	**-**	**361.8**
Balance at 1 July 2022 (restated)		**85.0**	**434.3**	**1,788.1**	**2,307.4**	**-**	**2,307.4**
Profit for the year		-	-	308.6	**308.6**	-	**308.6**
Other comprehensive income		-	-	-	**-**	-	**-**
Total comprehensive income for the year		**-**	**-**	**308.6**	**308.6**	**-**	**308.6**
Dividends paid	5(a)(i)	-	-	(374.5)	**(374.5)**	-	**(374.5)**
Movement in COVID-19 reserve, net of tax	8(b)(i)		(203.0)	203.0	**-**		**-**
Acquisition and settlement of share-based payment, net of tax		-	(4.5)	-	**(4.5)**	-	**(4.5)**
Share-based payment transactions		-	6.7	-	**6.7**	-	**6.7**
Balance at 30 June 2023 (restated)		**85.0**	**233.5**	**1,925.2**	**2,243.7**	**-**	**2,243.7**
Profit for the year		-	-	492.5	**492.5**	3.9	**496.4**
Other comprehensive income		-	-	-	**-**	-	**-**
Total comprehensive income for the year		**-**	**-**	**492.5**	**492.5**	**3.9**	**496.4**
Dividends paid	5(a)(i)	-	-	(426.9)	**(426.9)**	(2.9)	**(429.8)**
Movement in COVID-19 reserve, net of tax	8(b)(i)	-	(77.6)	77.6	**-**	-	**-**
Non-controlling interest from acquisition of subsidiary	16(b)(i)	-	-	-	**-**	(1.3)	**(1.3)**
Other movements in non-controlling interests		-	-	-	**-**	(0.3)	**(0.3)**
Acquisition and settlement of share-based payment, net of tax		-	(6.9)	-	**(6.9)**	-	**(6.9)**
Share-based payment transactions		-	3.3	-	**3.3**	-	**3.3**
Balance at 30 June 2024		**85.0**	**152.3**	**2,068.4**	**2,305.7**	**(0.6)**	**2,305.1**

The above statement should be read in conjunction with the accompanying notes.

The Group has adopted AASB 17 *Insurance Contracts* and has restated the comparative periods. The impacts of adoption are detailed in Note 20.

Consolidated statement of cash flows

For the financial year ended 30 June 2024

	Note	2024 $m	2023 $m
Cash flows from operating activities			
Premium receipts		7,910.3	7,148.1
Medibank Health receipts		246.5	192.4
Other receipts		1.1	4.5
Payments for claims and levies		(6,271.0)	(5,996.4)
Payments to suppliers and employees		(886.2)	(846.5)
Income taxes paid		(132.2)	(317.6)
Net cash inflow from operating activities	14	**868.5**	**184.5**
Cash flows from investing activities			
Interest received		119.9	71.2
Investment management expenses		(4.8)	(5.0)
Proceeds from sale of financial assets		1,377.0	1,761.2
Purchase of financial assets		(1,492.6)	(1,703.6)
Purchase of equity accounted investments	16(b)	(15.5)	(25.9)
Payments for the purchase of businesses, net of cash acquired	16(b)	(37.2)	-
Dividends received from equity accounted investments	16(b)	-	2.5
Purchase of plant and equipment		(7.0)	(7.8)
Purchase of intangible assets		(50.6)	(34.1)
Net cash inflow/(outflow) from investing activities		**(110.8)**	**58.5**
Cash flows from financing activities			
Purchase of shares to settle share-based payment		(7.5)	(4.9)
Lease principal and interest payments	13	(48.7)	(39.7)
Borrowings repayments	7(c)	(1.3)	-
Dividends paid to non-controlling interests		(2.9)	-
Dividends paid to equity holders of the parent entity	5(a)(i)	(426.9)	(374.5)
Net cash outflow from financing activities		**(487.3)**	**(419.1)**
Net increase/(decrease) in cash and cash equivalents		**270.4**	**(176.1)**
Cash and cash equivalents at beginning of the year		420.6	596.7
Cash and cash equivalents at end of the year		**691.0**	**420.6**

The above statement should be read in conjunction with the accompanying notes.

SECTION 2: OPERATING PERFORMANCE

Overview

This section outlines the basis on which the Group's financial statements are prepared. Specific accounting policies are described in the note to which they relate.

Note 1: Basis of preparation

(a) Corporate information

Medibank Private Limited ("Medibank") is a for-profit company incorporated in Australia, whose shares are publicly traded on the Australian Securities Exchange (ASX).

The financial statements of Medibank for the financial year ended 30 June 2024 were authorised for issue in accordance with a resolution of the directors on 22 August 2024. The directors have the power to amend and reissue the financial statements.

(b) Basis of preparation

The financial statements are general purpose financial statements which:

- Are for the consolidated entity ("the Group") consisting of Medibank ("parent entity") and its subsidiaries.
- Have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the *Corporations Act 2001*.
- Have been prepared under the historical cost convention, with the exception of financial assets measured at fair value.
- Are presented in Australian dollars, which is Medibank's functional and presentation currency.
- Have been rounded in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* to the nearest hundred thousand dollars unless otherwise stated.
- Adopt all new and amended accounting standards that are mandatory for 30 June 2024 reporting periods, but do not apply any pronouncements before their operative date. Refer to Note 20 for further information.

Where necessary, comparative financial information has been updated for changes in classification of amounts in the current reporting period, including to reflect the adoption of AASB 17 *Insurance Contracts*.

(c) Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Medibank as at 30 June 2024 and the results for the financial year then ended. In preparing the consolidated financial statements, all transactions between controlled entities are eliminated in full. When control of an entity commences or ceases during a financial year, the results are included for that part of the year during which control existed. Refer to Note 16(b) for further information on acquisitions during the period and Note 16 for the summary group structure.

(d) Critical accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the 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 4: Insurance contracts.
- Note 10: Intangible assets.
- Note 12: Contingent liabilities.

SECTION 2: OPERATING PERFORMANCE

Overview

This section explains the operating results of the Group for the year, and provides insights into the Group's result by reference to key areas, including:

- Results by operating segment
- Other operating expenses
- Insurance service result
- Shareholder returns

Note 2: Segment information

Segment Reporting Accounting Policy

Operating segments are identified based on the separate financial information that is regularly reviewed by the Chief Operating Decision Maker (CODM). The term CODM refers to the function performed by the Chief Executive Officer (CEO) in assessing performance and determining the allocation of resources across the Group.

(a) Description of segments

Segment information is reported on the same basis as the Group's internal management reporting structure at the reporting date. Transactions between segments are carried out on an arm's length basis and are eliminated on consolidation. The Group is not reliant on any one major customer.

For the financial year ended 30 June 2024, the Group was organised for internal management reporting purposes into two reportable segments, Health Insurance and Medibank Health.

Health Insurance	Offers private health insurance products including hospital cover and ancillary cover, as stand-alone products or packaged products that combine the two. Hospital cover provides members with health cover for hospital treatments, whereas ancillary cover provides members with health cover for healthcare services such as dental, optical and physiotherapy. The segment also offers health insurance products to overseas visitors and overseas students.
	Health insurance revenue recognition accounting policy Insurance revenue is the amount of expected premium receipts allocated over the coverage period. For contracts of one year or less the allocation is based on the passage of time. For other contracts, the allocation reflects the expected pattern of risk. Adjustments made to past premiums are recognised as a reduction in insurance revenue.
Medibank Health	Derives its revenue from a range of activities including contracting with government and corporate customers to provide health management and in-home care services, as well as providing a range of telehealth and primary care services in Australia. In addition, the Group distributes travel, life and pet insurance products on behalf of other insurers as part of a broader strategy to retain members and leverage its distribution network.
	Medibank Health revenue recognition accounting policy Medibank Health revenue is reported within Other operating revenue and is recognised when services are provided to the customer and at an amount the Group will be entitled to receive in relation to providing the services. A contract liability is recognised within trade and other payables in the consolidated statement of financial position when the Group has an obligation to transfer services to a customer for which it has already received consideration from the customer (or an amount of consideration is receivable). Contract liabilities are recognised as revenue when the services are provided.

SECTION 2: OPERATING PERFORMANCE

Note 2: Segment information (continued)

(b) Segment information provided to the CEO

The CEO measures the performance of the Group's reportable segments based on the operating profit of the segments. The segment information provided to the CEO for the year ended 30 June 2024 is as follows.

2024	Note	Health Insurance $m	Medibank Health $m	Total $m
Revenue				
Total segment revenue	(i)	7,903.0	360.1	**8,263.1**
Inter-segment revenue		-	(87.3)	**(87.3)**
Revenue from external customers		**7,903.0**	**272.8**	**8,175.8**
Operating profit		**692.3**	**60.4**	**752.7**
Items included in segment operating profit:				
Depreciation and amortisation		(64.3)	(21.2)	**(85.5)**
Interest income from loans to associates		-	0.3	**0.3**
Share of net profit/(loss) from equity accounted investments	16(b)	-	(4.1)	**(4.1)**

2023 (restated)		Health Insurance $m	Medibank Health $m	Total $m
Revenue				
Total segment revenue	(i)	7,600.4	277.1	**7,877.5**
Inter-segment revenue		-	(70.5)	**(70.5)**
Revenue from external customers		**7,600.4**	**206.6**	**7,807.0**
Operating profit		**651.3**	**44.2**	**695.5**
Items included in segment operating profit:				
Depreciation and amortisation		(64.4)	(9.3)	**(73.7)**
Interest income from loans to associates		-	0.2	**0.2**
Share of net profit/(loss) from equity accounted investments	16(b)	-	(0.2)	**(0.2)**

(i) Segment health insurance revenue is after $50.0 million (2023: $33.3 million) of transfers between the Group's other operating segments in relation to the loyalty program and excludes insurance revenue related movements in the COVID-19 reserve which comprise the premium deferral cost of $39.9 million (2023: $209.4 million) and cash give back cost of $290.0 million (2023: $337.9 million).

SECTION 2: OPERATING PERFORMANCE

Note 2: Segment information (continued)

(c) Other segment information

(i) Segment operating profit or loss

A reconciliation of segment operating profit to the profit for the year before income tax of the Group is as follows:

	Note	2024 $m	2023 (restated) $m
Total segment operating profit		**752.7**	**695.5**
Unallocated to operating segments:			
Corporate operating expenses		(52.9)	(47.1)
Group operating profit		**699.8**	**648.4**
Net investment income	6(a)	182.2	138.6
Cybercrime expenses	(i)	(39.8)	(46.4)
Other income/(expenses)	(ii)	(19.7)	(12.6)
Movement in COVID-19 reserve	(iii)	(110.8)	(290.1)
Profit for the year before income tax		**711.7**	**437.9**

(i) Expenses incurred in relation to the Group's cybercrime event of $39.8 million (2023: $46.4 million). These costs include office and administration expense of $17.4 million (2023: $22.0 million), employee benefits expense of $13.4 million (2023: $15.6 million), information technology expense of $9.0 million (2023: $7.6 million) and nil marketing expense (2023: $1.2 million). Refer to Note 12 for further information.

(ii) Other income/(expenses) of $19.7 million (2023: $12.6 million) is comprised of mergers and acquisition expenses of $3.8 million (2023: $1.4 million), non-cash adjustment on step-acquisition of the Myhealth Medical Group of $(2.9) million (refer to Note 16(b) for further information), net sublease rent, acquisition intangible amortisation and interest on lease liabilities.

(iii) Movement in the COVID-19 reserve is not included within Segment operating profit. Refer to Note 8(b) for further details.

(ii) Segment assets and segment liabilities

No information regarding segment assets and segment liabilities has been disclosed, as these amounts are not reported to the CEO for the purpose of making strategic decisions.

(iii) Geographic information

Segment revenue based on the geographical location of customers has not been disclosed, as the Group derives all of its revenues from its Australian operations.

SECTION 2: OPERATING PERFORMANCE

Note 3: Other operating expenses

The table below provides an analysis of other operating expenses incurred by the Group. Other operating expenses excludes incurred claims, share of profit/(loss) from equity accounted investments, net investment income and income tax expense.

	2024 $m	2023 (restated) $m
Medical services expense	(38.0)	(27.6)
Employee benefits expense [1]	(508.0)	(455.5)
Office and administration expense	(123.3)	(108.8)
Marketing and commissions expense	(172.2)	(150.6)
Information technology expense	(85.3)	(78.1)
Depreciation and amortisation expense	(89.4)	(79.5)
Finance expense	(3.8)	(1.8)
Other expenses	**(1,020.0)**	**(901.9)**

(1) Includes superannuation expense of $38.1 million (2023: $33.0 million).

Note 4: Insurance contracts

This note provides information on the Group's insurance contracts, including the Group's insurance service result and insurance contract liabilities. Refer to Note 20 for details of the impact of adopting AASB 17.

Insurance contracts accounting policy
An insurance contract arises when the Group accepts significant insurance risk from another party by agreeing to compensate them from the adverse effects of a specified uncertain future event. The significance of insurance risk depends on both the probability and magnitude of an insurance event.

Once insurance cover has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk significantly reduces during the period. With the exception of travel, life and pet insurance, for which the Group does not act as an underwriter, all other types of insurance cover are insurance contracts.

The Group applies the premium allocation approach (PAA) for the measurement of its insurance contracts. The carrying amount of a group of insurance contracts at the end of each reporting period is the sum of the liability for remaining coverage (LFRC) and the liability for incurred claims (LFIC).

The LFRC represents the Group's obligation to provide future insurance services in relation to 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*. Under the PAA the LFRC is measured as premiums received less amounts recognised as insurance revenue for coverage that has already been provided.

The LFIC represents the present value of the estimated future payments arising from claims incurred at the end of each reporting period under insurance cover issued by the Medibank health insurance fund and other incurred insurance service expenses. This replaces the outstanding claims liability, including any claims payables, under the previously applicable AASB 1023 *General Insurance Contracts*.

SECTION 2: OPERATING PERFORMANCE

Note 4: Insurance contracts (continued)

The Group has announced various customer give backs as part of its commitment to return permanent net COVID-19 savings to policyholders. The treatment of these differs depending on the mechanism used to provide the give back to policyholders. Where a premium deferral has been provided, the reduced premium received from policyholders is recognised in the consolidated statement of comprehensive income on a passage of time basis over the policy coverage period. Customer give backs that are provided as one-time cash payments have been recognised within the LFIC when the Group formally announces the give back, with a corresponding reduction to insurance revenue in the consolidated statement of comprehensive income. The provision is utilised as amounts are returned to policyholders. A provision of $293.0 million (2023: $136.1 million) has been recognised in the LFIC at 30 June 2024 in relation to customer give backs.

(a) Insurance service result

The insurance service result includes insurance revenue, offset by directly attributable insurance service expenses. Insurance revenue reflects the consideration the Group expects to be entitled to in exchange for providing insurance contract services. Insurance service expenses include expenses that are directly attributable to fulfilling a group of insurance contract and include claims incurred, other directly attributable insurance service expenses and changes to past service. Other expenses not meeting the above categories are included in other operating expenses in the consolidated statement of profit and loss.

	Note	2024 $m	2023 (restated) $m
Insurance revenue		**7,623.1**	**7,086.4**
Insurance service expenses			
Claims incurred	(i)	(6,251.3)	(5,944.7)
Changes relating to past service		46.5	13.6
Movement in risk adjustment for non-financial risk		2.6	(20.2)
Net Risk Equalisation Special Account payments		(29.3)	(36.8)
State levies		(62.4)	(67.0)
Incurred claims, excluding claims handing costs		**(6,293.9)**	**(6,055.1)**
Movement in claims handling costs for incurred claims		4.6	(2.0)
Incurred claims	(ii)	**(6,289.3)**	**(6,057.1)**
Other insurance service expenses		(619.5)	(566.6)
Total insurance service expenses		**(6,908.8)**	**(6,623.7)**
Insurance service result		**714.3**	**462.7**

(i) Claims incurred are after the elimination of transactions with the Group's other operating segments of $82.8 million (2023: $68.2 million).

(ii) Incurred claims consist of amounts paid and payable to hospital, medical and ancillary providers which consists of claims paid and payable, changes in claims liabilities, change in amounts receivable from and payable to the Risk Equalisation Special Account, applicable state levies and costs incurred in health management services. Incurred claims comprise actual claims and is not adjusted for movements in COVID-19 reserve.

Health insurance revenue recognition accounting policy

Insurance revenue is the amount of expected premium receipts allocated over the coverage period. For contracts of one year or less the allocation is based on the passage of time. For other contracts, the allocation reflects the expected pattern of risk. Adjustments made to past premiums are recognised as a reduction in insurance revenue.

The Australian Government contributes a rebate towards eligible policyholder's premium and pays this directly to the Group. This rebate is recognised within insurance revenue in the consolidated statement of comprehensive income.

SECTION 2: OPERATING PERFORMANCE

Note 4: Insurance contracts (continued)

(a) Insurance service result (continued)

Net Risk Equalisation Special Account levies and rebates accounting policy

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 members 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. Estimates of amounts payable or receivable are provided in the LFIC for periods where determinations have not yet been made. This includes an estimate of risk equalisation for unpresented and outstanding claims.

(b) Reconciliation of movement in insurance contract liabilities

The table below provides an analysis of the movement in the net carrying amounts of insurance contract liabilities.

		2024				2023			
			Liability for incurred claims				Liability for incurred claims		
		Liability for remaining coverage $m	Present value of future cash flows $m	Risk adjustment for non-financial risk $m	Total insurance contract liabilities $m	Liability for remaining coverage $m	Present value of future cash flows $m	Risk adjustment for non-financial risk $m	Total insurance contract liabilities $m
Insurance contract liabilities at 1 July		**690.7**	**759.6**	**55.7**	**1,506.0**	**587.7**	**769.8**	**35.5**	**1,393.0**
Insurance revenue		**(7,623.1)**	**-**	**-**	**(7,623.1)**	**(7,086.4)**	**-**	**-**	**(7,086.4)**
Insurance service expenses									
Claims incurred	4(a)(i)	-	6,251.3	(2.6)	**6,248.7**	-	5,944.7	20.2	**5,964.9**
Changes relating to past service		-	(46.5)		**(46.5)**	-	(13.6)		**(13.6)**
Net Risk Equalisation Special Account payments		-	29.3	-	**29.3**	-	36.8	-	**36.8**
State levies		-	62.4	-	**62.4**	-	67.0	-	**67.0**
Incurred claims, excluding claims handing costs		**-**	**6,296.5**	**(2.6)**	**6,293.9**	**-**	**6,034.9**	**20.2**	**6,055.1**
Movement in claims handling costs for incurred claims		-	(4.6)	-	**(4.6)**	-	2.0	-	**2.0**
Incurred claims	4(a)(ii)	**-**	**6,291.9**	**(2.6)**	**6,289.3**	**-**	**6,036.9**	**20.2**	**6,057.1**
Other insurance service expenses		-	619.5	-	**619.5**	-	566.6	-	**566.6**
Total insurance service expenses		**-**	**6,911.4**	**(2.6)**	**6,908.8**	**-**	**6,603.5**	**20.2**	**6,623.7**
Insurance service result		**(7,623.1)**	**6,911.4**	**(2.6)**	**(714.3)**	**(7,086.4)**	**6,603.5**	**20.2**	**(462.7)**
Other movements	4(b)(i)	**(166.8)**	**157.2**	**-**	**(9.6)**	**41.3**	**(50.7)**	**-**	**(9.4)**
Cash flows									
Premium receipts		7,910.3	-	-	**7,910.3**	7,148.1	-	-	**7,148.1**
Payments for claims and other expenses		-	(6,890.5)	-	**(6,890.5)**	-	(6,563.0)	-	**(6,563.0)**
Total cash flows		**7,910.3**	**(6,890.5)**	**-**	**1,019.8**	**7,148.1**	**(6,563.0)**	**-**	**585.1**
Insurance contract liabilities at 30 June		**811.1**	**937.7**	**53.1**	**1,801.9**	**690.7**	**759.6**	**55.7**	**1,506.0**

(i) Includes the movement between LFRC and LFIC in relation to the recognition and subsequent utilisation of the customer give back provision of $(156.9) million (2023: $52.2 million), as well as movements in balances that do not form part of insurance contract liabilities.

Of the LFIC balance, $989.6 million (2023: $811.1 million) has an expected maturity (based on the present value of future cash flows) of one year or less and $1.2 million (2023: $4.2 million) has an expected maturity of 13 to 24 months.

SECTION 2: OPERATING PERFORMANCE

Note 4: Insurance contracts (continued)

(b) Reconciliation of movement in insurance contract liabilities (continued)

Liability for incurred claims (LFIC) accounting policy

The LFIC provides for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported. It is measured as the present value of the estimated future payments arising from claims incurred at the end of each reporting period under insurance cover issued by the Medibank health insurance fund and other incurred insurance service expenses.

The liability also allows for an estimate of claims handling costs, which comprises all direct expenses of the claims department and general administrative costs directly attributable to the claims function. These include internal and external costs incurred from the negotiation and settlement of claims. The allowance for claims handling costs at 30 June 2024 is 1.5% of the outstanding claims liability (2023: 2.5%).

Key estimate

The LFIC includes the expected claims payments and expenses required to settle any insurance contract obligations. The LFIC estimate with respect to claims is based on an actuarial assessment of the hospital, ancillary and overseas claim categories.

Hospital and overseas	Calculated using statistical methods adopted for all service months but with service levels for the most recent service month (hospital) or two service months (overseas) being based on the latest forecast adjusted for any observed changes in payment patterns.
Ancillary	Calculated using statistical methods adopted for all service months.

The critical assumption is the extent to which claim incidence and development patterns are consistent with past experience. Adjustments are then applied to reflect any unusual or abnormal events that may affect the estimate of claims levels such as major variability to claims processing volumes.

The process for establishing the LFIC involves consultation with internal actuaries (including the Chief Actuary), claims managers and other senior management. The process includes monthly internal claims review meetings attended by senior management.

Key estimate

The risk adjustment reflects the compensation required for bearing uncertainty about the amount and timing of cash flows that arises from non-financial risk. The risk adjustment applied to the Group's outstanding claims central estimate (i.e. the claims reserve within the LFIC) at 30 June 2024 is 12.2% (2023: 12.2%). The risk adjustment is based on an analysis of past experience, including comparing the volatility of past payments to the adopted outstanding claims estimate. The risk adjustment has been estimated to equate to the Group's objective of achieving a probability of adequacy of at least 98% (2023: 98%).

Liability for remaining coverage (LFRC) accounting policy

The LFRC is measured as premiums received less amounts recognised as insurance revenue for coverage that has been provided. The LFRC is not adjusted for the effect of financial risk and it is not adjusted to reflect the time value of money, as the Group expects that the time of providing the services is close to the related premium due date.

Insurance acquisition costs are expensed as incurred and are included within profit or loss.

Onerous contracts accounting policy

Insurance contracts are onerous when the LFRC is insufficient to pay future claims and other insurance service expenses attributable to the contracts. The Group's contracts are assumed not to be onerous unless facts and circumstances indicate otherwise. If there are facts and circumstances that indicate contracts may be onerous, a loss component is recognised in profit or loss if the carrying amount of the LFRC is less than the estimated fulfilment cash flows. No onerous contracts have been identified in the current or prior reporting periods.

SECTION 2: OPERATING PERFORMANCE

Note 4: Insurance contracts (continued)

(c) Impact of changes in key variables on the LFIC

The key variables in the measurement of the LFIC include the claims central estimate, risk margin and weighted average term to settlement. A 10% increase/decrease in the claims central estimate would result in a $30.1 million decrease/increase to profit after tax and equity (2023: $31.1 million). A 1% movement in other key variables, including risk margin and weighted average term to settlement, would result in an insignificant decrease/increase to profit after tax and equity.

(d) Insurance risk management

The Group provides private health insurance products including hospital cover and ancillary cover, as stand-alone products or packaged products that combine the two, for Australian residents, overseas students studying in Australia and overseas visitors to Australia. These services are categorised as two types of contracts: hospital and/or ancillary cover.

The table below sets out the key variables upon which the cash flows of the insurance contracts are dependent.

Type of contract	Detail of contract workings	Nature of claims	Key variables that affect the timing and uncertainty of future cash flows
Hospital cover	Defined benefits paid for hospital treatment, including accommodation, medical and prostheses costs.	Hospital benefits defined by the insurance contract or relevant deed.	Claims incidence and claims inflation.
Ancillary cover	Defined benefits paid for ancillary treatment, such as dental, optical and physiotherapy services.	Ancillary benefits defined by the insurance contract or relevant deed.	Claims incidence and claims inflation.

Insurance risks and the holding of capital in excess of prudential requirements are managed through the use of claims management procedures, close monitoring of experience, the ability to vary premium rates, and risk equalisation.

Mechanisms to manage risk

Claims management	Strict claims management ensures the timely and correct payment of claims in accordance with policy conditions and provider contracts. Claims are monitored monthly to track the experience of the portfolios.
Experience monitoring	Monthly financial and operational results, including portfolio profitability and prudential capital requirements, are reported to management committees and the Board. Results are also monitored against industry for insurance risks and experience trends as published by the regulator, APRA.
Prudential capital requirements	All private health insurers must comply with prudential capital requirements to maintain adequate capital against the risks associated with its activities. The new Private Health Insurance Capital Framework came into effect on 1 July 2023, and included a revised HPS 110 Capital Adequacy standard. The new standard requires private health insurers to have a Board-approved Internal Capital Adequacy Assessment Process (ICAAP). The ICAAP involves an integrated approach to risk and capital management, based around assessing the level of, and appetite for, risk in the business and ensuring that the level and quality of capital is appropriate for that risk profile.

SECTION 2: OPERATING PERFORMANCE

Note 4: Insurance contracts (continued)

(d) Insurance risk management (continued)

Mechanisms to manage risk (continued)

Prudential capital requirements (continued)	Medibank's ICAAP Summary Statement Policy (ICAAPSS policy) defines our approach to capital management and sets out the target level of capital and the processes and framework to achieve this outcome, including the triggers and actions to follow in the case of an adverse stress event. Medibank's capital management objective is to maintain a strong financial risk profile and capacity to pay all eligible customer benefits, invest in the growth of our business to provide a return to shareholders and to meet financial commitments. Capital is managed against the ICAAPSS policy and performance is reported to the Board on a monthly basis. The Board has a target level of capital which is in excess of the minimum regulatory prescribed capital requirements. The level of capital must also comply with the requirements in Medibank's Liquidity Management Policy, to ensure sufficient liquidity is available to fund all payments as and when they fall due. In June 2023 APRA announced an additional capital adequacy requirement of $250 million for Medibank, with effect from 1 July 2023, following a review of the 2022 cybercrime event. As a result, we have temporarily increased Health Insurance business related capital to offset this supervisory adjustment.
Ability to vary premium rates	The Group can vary future premium rates subject to the approval of the Minister for Health.
Risk equalisation	Private health insurance legislation requires resident private health insurance contracts to meet community rating requirements. This prohibits discrimination between people on the basis of their health status, gender, race, sexual orientation, religious belief, age (except as allowed under Lifetime Health Cover provisions), increased need for treatment or claims history. To support these restrictions, all private health insurers must participate in the Risk Equalisation Special Account.
Concentration of health risk	The Group has health insurance contracts covering hospital and ancillary cover, and private health insurance for overseas students and visitors to Australia. There is no significant exposure to concentrations of risk because contracts cover a large volume of people across Australia.
COVID-19 reserve	The COVID-19 reserve was created on transition to AASB 17 *Insurance Contracts.* It represents the expected future payments required due to the COVID-19 pandemic impacting availability and accessibility to surgeries and other health services and therefore is deducted from capital. The Group also created a sub-portfolio within the Health Fund Investment Portfolio with the express purpose of funding claims deferred due to COVID-19 and customer give backs. The sub-portfolio also supports the amount held for the APRA supervisory adjustment.

SECTION 2: OPERATING PERFORMANCE

Note 5: Shareholder returns

(a) Dividends

(i) Dividends paid or payable

	Cents per fully paid share	$m	Payment date
2024			
2023 final fully franked dividend	8.30	228.6	5 October 2023
2024 interim fully franked dividend	7.20	198.3	20 March 2024
2023			
2022 final fully franked dividend	7.30	201.0	29 September 2022
2023 interim fully franked dividend	6.30	173.5	22 March 2023

(ii) Dividends not recognised at the end of the reporting period

On 22 August 2024, the directors determined a final fully franked ordinary dividend for the six months ended 30 June 2024 of 9.40 cents per share. The dividend is expected to be paid on 26 September 2024 and has not been provided for as at 30 June 2024.

(iii) Franking account

Franking credits available at 30 June 2024 for subsequent reporting periods based on a tax rate of 30% are $483.7 million (2023: $533.6 million).

(iv) Calculation of dividend paid

Medibank's target dividend payout ratio for the 2024 financial year is 75-85% (2023: 75-85%) of full year normalised net profit after tax (underlying NPAT). Normalised net profit after tax is calculated based on statutory net profit after tax attributable to equity holders of the parent entity, adjusted for short-term outcomes that are expected to normalise over the medium to longer term, most notably in relation to the level of gains or losses from investments and movement in credit spreads, and for one-off items, especially those that are non-cash, such as impairments. Underlying NPAT is also adjusted for the net movement in the COVID-19 reserve.

	2024 $m	2023 (restated) $m
Profit for the year - after tax, attributable to equity holders of the parent	**492.5**	**308.6**
Normalisation for growth asset returns	7.0	(4.7)
Normalisation for defensive asset returns – credit spread movement	(6.7)	(6.8)
Normalisation for movement in COVID-19 reserve	77.6	203.0
Underlying NPAT	**570.4**	**500.1**

Dividends accounting policy

A liability is recorded for any dividends determined on or before the reporting date, but that have not been distributed at that date.

SECTION 2: OPERATING PERFORMANCE

Note 5: Shareholder returns (continued)

(b) Earnings per share (EPS)

	2024	2023 (restated)
Basic and diluted earnings per share attributable to ordinary equity holders of the parent entity (cents)	17.9	11.2
Profit for the year attributable to ordinary equity holders of the parent entity ($m)	492.5	308.6
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	2,754,003,240	2,754,003,240

Basic EPS accounting policy

Basic EPS is calculated by dividing the profit attributable to equity holders of Medibank by the weighted average number of ordinary shares outstanding during the reporting period.

Diluted EPS accounting policy

Diluted EPS is calculated as basic EPS with an adjustment to the figures used in the determination of basic EPS to take into account:

- The after income tax effect of any interest and other financing costs associated with dilutive potential ordinary shares.
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

SECTION 3: INVESTMENT PORTFOLIO AND CAPITAL

Overview

This section provides insights into the Group's exposure to market and financial risks and outlines how these risks are managed. This section also describes how the Group's capital is managed.

Note 6: Investment portfolios

This note provides information on the net investment income and the carrying amounts of the financial assets residing in the two investment portfolios: the Health Fund Investment Portfolio (including the sub-portfolio) and the Non-Health Fund Investment Portfolio.

Health Fund Investment Portfolio
The Health Fund Investment Portfolio is managed in accordance with the requirements of the Board approved Capital Management Policy, APRA regulatory requirements and the overall objective of achieving a capital base that is both stable and liquid. Consequently, the asset allocation of the Health Fund Investment Portfolio is skewed towards defensive assets (less risky and generally lower returning) rather than growth assets (riskier but potentially higher returning). The Board approved short-term target asset allocation for the Health Fund Investment Portfolio is 20%/80% for growth and defensive assets, and the long-term Strategic Asset Allocation (SAA) is 25%/75% for growth and defensive assets. The target asset allocation and SAA have been revised to 18% growth and 82% defensive assets from the 2025 financial year.

The Short-term Operational Cash (STOC) sub-portfolio is in place to fund claims deferred due to COVID-19 and customer give backs. It also includes $167.0 million (2023: nil) to support the amount held for the APRA supervisory adjustment. Given the sub-portfolio's short-term nature, it is managed separately from the target asset allocation framework. This sub-portfolio is permitted to invest in bank deposits, short-term domestic money market securities with a minimum credit rating of A-1+ and Fixed Income assets with a minimum credit rating of AA-.

Non-Health Fund Investment Portfolio
The Non-Health Fund Investment Portfolio is designed to provide the Group with additional liquidity and financial flexibility. The portfolio resides outside of the health fund and is not subject to the same regulatory requirements as the Health Fund Investment Portfolio. The CFO has delegation from the Investment and Capital Committee to manage the portfolio in accordance with the Board approved Non-Health Fund Investment Management Policy and investment strategy. The Non-Health Fund Investment Portfolio is permitted to invest in bank deposits, short-term domestic money market securities with a minimum credit rating of A-1+ and Fixed Income assets with a minimum credit rating of AA-.

Portfolio composition

	2024 $m	2023 $m	2024 %	2023 %	Target asset allocation
Growth					
Australian equities	127.0	153.2	4.5%	5.7%	6.0%
International equities	109.9	121.3	3.9%	4.5%	5.0%
Property	151.9	174.4	5.4%	6.6%	7.0%
Infrastructure	98.3	94.7	3.5%	3.5%	2.0%
Total Growth (1)	**487.1**	**543.6**	**17.3%**	**20.3%**	**20.0%**
Defensive					
Fixed income	1,670.7	1,542.1	59.5%	57.7%	60.0%
Cash (2)	651.6	587.1	23.2%	22.0%	20.0%
Total Defensve	**2,322.3**	**2,129.2**	**82.7%**	**79.7%**	**80.0%**
Total Health Insurance Fund	**2,809.4**	**2,672.8**	**100.0%**	**100.0%**	**100.0%**
Short-term operational cash portfolio (STOC)	642.9	393.8			
Non-Health Fund Investment portfolio	234.5	211.2			
Total investment portfolio	**3,686.8**	**3,277.8**			
Operational cash	52.4	9.6			
Total cash and cash equivalents and financial assets at fair value	**3,739.2**	**3,287.4**			

SECTION 3: INVESTMENT PORTFOLIO AND CAPITAL

Note 6: Investment portfolios (continued)

(1) The average allocation to growth assets over the 12 months ending 30 June 2024 was 19.1% (2023: 20.6%).
(2) For investment portfolio purposes, cash comprises cash and cash equivalents of $691.0 million (2023: $420.6 million), plus cash with longer maturities of $484.2 million (2023: 342.0 million), less Non-Health Fund Investment portfolio cash of $12.9 million (2023: $1.5 million), less short-term operational cash of $410.9 million (2023: 159.6 million), less cash allocated to the fixed income portfolio of $47.4 million (2023: 4.8 million). Cash and cash equivalents as reported in the statement of financial position also include operational cash of $52.4 million (2023: $9.6 million) which is not reported above.

Financial assets at fair value accounting policy

Investments in listed and unlisted equity securities held by the Health Fund Investment Portfolio are accounted for at fair value through profit or loss (FVTPL). Fixed income investments held by the Health Fund Investment Portfolio are also accounted for at FVTPL, as the Group applies the fair value option to eliminate an accounting mismatch. Transaction costs relating to these financial assets are expensed in the consolidated statement of comprehensive income. These assets are subsequently carried at fair value, with gains and losses recognised within net investment income in the consolidated statement of comprehensive income.

Non-Health Fund Investment Portfolio
Fixed income assets held by the Non-Health Fund Investment Portfolio are accounted for at fair value through other comprehensive income (FVOCI) as the objective of these assets is to collect contractual cash flows and to sell the assets if required, and the contractual cash flows are solely payments of principal and interest. These assets are measured at fair value, with unrealised gains and losses recognised within equity in other comprehensive income. When the assets are derecognised, the cumulative unrealised gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss. Interest income is recognised within net investment income in the consolidated statement of comprehensive income using the effective interest method.

For financial assets measured at FVOCI, the Group applies the general impairment approach under AASB 9, which requires the recognition of a loss allowance based on either 12-month expected credit losses or lifetime expected credit losses depending on whether there has been a significant increase in credit risk since initial recognition. Expected credit losses do not reduce the carrying amount of the financial asset in the statement of financial position, which remains at fair value. Instead, a loss allowance is recognised in other comprehensive income as the accumulated impairment amount.

Key judgement and estimate

Fair value measurement may be subjective, and investments are categorised into a hierarchy depending on the level of subjectivity involved in the valuation techniques used to measure fair value. The hierarchy is described in Note 6(b).

The fair value of level 2 financial instruments is determined using a variety of valuation techniques, which make assumptions based on market conditions existing at the end of each reporting period. Valuation methods include quoted market prices or dealer quotes for similar instruments, yield curve calculations using the mid yield, vendor or independent developed models.

The fair value of level 3 financial instruments is determined using inputs that are not based on observable market data.

SECTION 3: INVESTMENT PORTFOLIO AND CAPITAL

Note 6: Investment portfolios (continued)

(a) Net investment income

Net investment income is presented net of investment management fees in the consolidated statement of comprehensive income.

	2024 $m	2023 $m
Interest income [1]	131.4	86.0
Trust distributions	37.5	27.2
Net gain/(loss) on fair value movements on financial assets	8.1	34.8
Net gain/(loss) on disposal of financial assets	11.4	(4.4)
Investment management expenses	(4.6)	(5.0)
Interest expense	(1.6)	-
Net investment income	**182.2**	**138.6**

(1) Includes interest income of $11.4 million (2023: $6.7 million) relating to financial assets at fair value through other comprehensive income (Non-Health Fund Investments).

Net investment income accounting policy

Net investment income includes:

- Interest income on financial assets and interest expense on borrowings, which is recognised using the effective interest method.
- Trust distribution income derived from financial assets at FVTPL, which is recognised when the Group's right to receive payments is established.
- Gains or losses arising from changes in the fair value of financial assets measured at FVTPL.
- Investment management fees.

(b) Fair value hierarchy

The Group's financial instruments are categorised according to the following fair value measurement hierarchy:

- Level 1: Quoted prices (unadjusted current bid price) in active markets for identical assets or 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 the Group's financial assets measured and recognised at fair value on a recurring basis.

30 June 2024	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Financial assets at fair value through profit or loss				
Australian equities [1]	-	127.0	-	**127.0**
International equities [1]	-	109.9	-	**109.9**
Property [1]	-	-	151.9	**151.9**
Infrastructure [1]	-	-	98.3	**98.3**
Fixed income	65.1	2,274.4	-	**2,339.5**
Financial assets at fair value through other comprehensive income - Fixed income	-	221.6	-	**221.6**
Balance at 30 June 2024	**65.1**	**2,732.9**	**250.2**	**3,048.2**

SECTION 3: INVESTMENT PORTFOLIO AND CAPITAL

Note 6: Investment portfolios (continued)

(b) Fair value hierarchy (continued)

30 June 2023	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Financial assets at fair value through profit or loss				
Australian equities [1]	-	153.2	-	**153.2**
International equities [1]	-	121.3	-	**121.3**
Property [1]	-	-	174.4	**174.4**
Infrastructure [1]	-	-	94.7	**94.7**
Fixed income	58.7	2,054.8	-	**2,113.5**
Financial assets at fair value through other comprehensive income - Fixed income	-	209.7	-	**209.7**
Balance at 30 June 2023	**58.7**	**2,539.0**	**269.1**	**2,866.8**

(1) Australian equities, international equities, property and infrastructure are indirectly held through unit trusts.

The Group's other financial instruments, being trade and other receivables and trade and other payables, are not measured at fair value. The fair value of these instruments has not been disclosed, as due to their short-term nature, their carrying amounts are assumed to approximate their fair values.

Transfers between fair value hierarchy levels are recognised from the date of effect of the transfer. There were no transfers between the fair value hierarchy levels during the year.

Fair value measurements using significant unobservable market data (level 3)
The Group's investments in infrastructure and property financial assets are classified within level 3 of the fair value hierarchy. These assets are held in unlisted unit trusts and are valued at the redemption value per unit as reported by the managers of such 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 which results in limited price transparency.

The following table presents the changes in level 3 financial assets during the period.

	Infrastructure $m	Property $m	Total $m
Balance at 1 July 2023	**94.7**	**174.4**	**269.2**
Disposals	-	(15.2)	(15.2)
Net unrealised gain/(loss) on fair value movements	3.6	(7.3)	(3.7)
Balance at 30 June 2024	**98.3**	**151.9**	**250.3**

A 10% increase/decrease in the redemption price would decrease/increase the fair value of the level 3 financial assets by $25.0 million (2023: $26.9 million).

Note 7: Financial risk management

This note reflects risk management policies and procedures associated with financial instruments. The Group's principal financial instruments comprise cash and cash equivalents (short-term money market instruments), fixed income assets (floating rate notes, asset-backed securities, syndicated loans, fixed income absolute return funds and hybrid investments), property assets, infrastructure assets, Australian equities and international equities.

SECTION 3: INVESTMENT PORTFOLIO AND CAPITAL

Note 7: Financial risk management (continued)

A strategic asset allocation is set and reviewed at least annually by the Board and establishes the target and maximum and minimum exposures in each investment class. Transacting in individual investments is subject to the delegation of authorities and approval process that is established and reviewed by the Investment and Capital Committee (ICC). Trading of derivative instruments for purposes other than risk management cannot be undertaken, unless explicitly approved by the ICC. The Group was in compliance with this policy during the current and prior reporting periods.

The main risks arising from the Group's financial instruments are market risk, credit risk and liquidity risk. Primary responsibility for the consideration and control of financial risks rests with the ICC under the authority of the Board. The Board reviews and agrees policies for managing each of the risks identified, including the setting of limits for trading in derivatives, foreign currency contracts and other instruments. Limits are also set for credit exposure and interest rate risk.

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

(i) Interest rate risk

Description	The risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.
Exposure	The Group has exposure to Australian variable and global fixed interest rate risk in respect of its cash and cash equivalents (2024: $691.0 million, 2023: $420.6 million) and fixed income assets (2024: $2,561.1 million, 2023: $2,323.2 million). Both classes of financial assets have variable interest rates and are therefore exposed to cash flow movements if these interest rates change. The Group regularly analyses its interest rate exposure and resets interest rates on longer-term investments every 90 days on average. At balance date, the Group's fixed income assets had a modified duration of 0.2 years (2023: 0.5 years). The Group also has exposure to variable interest rate risk in respect of its borrowings (2024: $34.9 million, 2023: nil).
Sensitivity	A 50bps increase/decrease in interest rates for the entire reporting period, with all other variables remaining constant, would have resulted in a $8.2 million increase/decrease to profit after tax and equity (2023: $5.2 million). The sensitivity analysis has been conducted using assumptions from published economic data.

(ii) Foreign currency risk

Description	The risk that the fair value of a financial instrument will fluctuate because of changes in foreign exchange rates.
Exposure	All of the Group's financial assets with a non-AUD currency exposure are fully economically hedged, except for International equities which are unhedged. At balance date, international equities financial assets (2024: $109.9 million, 2023: $121.3 million) had net exposure to foreign currency movements.
Sensitivity	A 10% increase/decrease in foreign exchange rates, with all other variables remaining constant, would have resulted in a $8.5 million decrease/increase to profit after tax and equity (2023: $9.4 million) in the AUD valuation of international equities financial assets. Balance date risk exposures represent the risk exposure inherent in the financial instruments.

SECTION 3: INVESTMENT PORTFOLIO AND CAPITAL

Note 7: Financial risk management (continued)

(a) Market risk (continued)

(iii) Price risk

Description	The risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.
Exposure	The Group is exposed to price risk in respect of its fixed income assets primarily due to movements in credit spreads. This risk is managed through active management of credit exposures and credit spread duration. The Group's equity price risk arises from investments in property, infrastructure, Australian equities and international equities. It is managed by setting and monitoring objectives and constraints on investments, diversification plans and limits on investments in each country, sector and market.
Sensitivity	These investments are exposed to short-term fluctuations in price with their fair value movements being recorded in the consolidated statement of comprehensive income. Price risk is managed by taking a longer-term view of the investment portfolio. The following sensitivity analysis is based on the equity price risk exposures on the average monthly balances during the period and shows the impact on profit after tax and equity if market prices had moved, with all other variables held constant.

	2024 $m		2023 $m	
	+10.0%	-10.0%	+10.0%	-10.0%
Australian equities	9.0	(9.0)	10.3	(10.3)
International equities	7.4	(7.4)	7.7	(7.7)
Property	11.5	(11.5)	12.8	(12.8)
Infrastructure	6.8	(6.8)	5.2	(5.2)

In relation to fixed income assets, a 25bps increase/decrease in credit spreads, with all other variables remaining constant, would have resulted in a $7.2 million decrease/increase to profit after tax and equity (2023: $7.4 million). Balance date risk exposures represent the risk exposure inherent in the financial instruments.

(b) Credit risk

(i) Cash and cash equivalents and financial assets at fair value

Description	The risk of potential default of a counterparty, with a maximum exposure equal to the carrying amount of these instruments.
Exposure	Credit risk exposure is measured by reference to exposures by ratings bands, country, industry and instrument type. The Investment Management Policy limits the majority of internally managed credit exposure to A- or higher rated categories for long-term investments, and A2 or higher for short-term investments (as measured by external rating agencies such as Standard & Poor's). Departures from this policy and the appointment of external managers require Board approval. The Group does not have any financial instruments to mitigate credit risk and all investments are unsecured (except for covered bonds, asset-backed securities and mortgage-backed securities). However, the impact of counterparty default is managed through the use of Board approved limits by counterparty and rating and diversification of counterparties.

SECTION 3: INVESTMENT PORTFOLIO AND CAPITAL

Note 7: Financial risk management (continued)

(b) Credit risk (continued)

(i) Cash and cash equivalents and financial assets at fair value (continued)

Sensitivity	The Group's cash and fixed income portfolios are subject to counterparty exposure limits. These limits specify that no more than 50% (2023: 50%) of the cash portfolio can be invested in any one counterparty bank and no more than 10% (2023: 10%) in any one counterparty corporate entity. In the Group's fixed income portfolio, the maximum amounts that can be invested in any one counterparty bank and any one counterparty corporate entity are 50% (2023: 50%) and 15% (2023: 15%) of the portfolio respectively. As at 30 June 2024 and 2023, the counterparty exposure of the Group was within these limits.

(ii) Trade and other receivables

Description	Due to the nature of the industry and value of individual policies, the Group does not request any collateral nor is it the policy to secure its premiums in arrears and trade and other receivables. The Group regularly monitors its premiums in arrears and trade and other receivables, with the result that exposure to bad debts is not significant. The credit risk in respect to premiums in arrears, incurred on non-payment of premiums, will only persist during the grace period of 63 days as specified in the Fund Rules, after which the policy may be terminated. The Group is not exposed to claims whilst a membership is in arrears, although a customer can settle their arrears up to the 63 day grace period and a claim for that arrears period will then be paid. Trade and other receivables are monitored regularly and escalated when they fall outside of terms. The use of debt collection agencies may be used to obtain settlement.
Exposure	There are no significant concentrations of credit risk on trade and other receivables within the Group.

Trade and other receivables accounting policy

Trade and other receivables are non-interest bearing and generally due for settlement within 7 - 30 days. These receivables are initially measured at fair value and subsequently at amortised cost using the effective interest method, less a loss allowance for expected credit losses. The carrying value of trade and other receivables is considered to approximate fair value, due to the short-term nature of the receivables.

Collectability of trade receivables is reviewed on an ongoing basis. The Group applies the simplified impairment approach, where expected lifetime losses are assessed based on historical bad and doubtful debt roll rates and adjusted for forward looking information where required. Any impairment loss on trade receivables is recognised within other expenses in the consolidated statement of comprehensive income.

(iii) Counterparty credit risk ratings

The following tables provide information regarding the Group's credit risk exposure at balance date in respect of the major classes of financial assets. Amounts are classified according to the short-term and equivalent long-term credit ratings (as per published Standard & Poor's correlations) of the counterparties. Assets that fall outside the range AAA to BBB are classified as non-investment grade. The Group's maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of those assets in the consolidated statement of financial position.

SECTION 3: INVESTMENT PORTFOLIO AND CAPITAL

Note 7: Financial risk management (continued)

(b) Credit risk (continued)

(iii) Counterparty credit risk ratings (continued)

Short-term rating Long-term rating 2024	A-1+ AAA $m	A-1+ AA $m	A-1 A $m	A-2 BBB $m	B & below BB & below $m	Not rated $m	Total $m
Cash and cash equivalents	-	691.0	-	-	-	-	**691.0**
Financial assets at fair value							
Australian equities	-	-	-	-	-	127.0	**127.0**
International equities	-	-	-	-	-	109.9	**109.9**
Property	-	-	-	-	-	151.9	**151.9**
Infrastructure	-	-	-	-	-	98.3	**98.3**
Fixed income	364.3	721.6	749.9	197.6	7.6	298.5	**2,339.5**
Financial assets at fair value through other comprehensive income	-	221.6	-	-	-	-	**221.6**
Total	**364.3**	**1,634.2**	**749.9**	**197.6**	**7.6**	**785.6**	**3,739.2**

Short-term rating Long-term rating 2023	A-1+ AAA $m	A-1+ AA $m	A-1 A $m	A-2 BBB $m	B & below BB & below $m	Not rated $m	Total $m
Cash and cash equivalents	-	420.6	-	-	-	-	**420.6**
Financial assets at fair value							
Australian equities	-	-	-	-	-	153.2	**153.2**
International equities	-	-	-	-	-	121.3	**121.3**
Property	-	-	-	-	-	174.4	**174.4**
Infrastructure	-	-	-	-	-	94.7	**94.7**
Fixed income	326.1	649.2	400.0	338.2	7.7	392.3	**2,113.5**
Financial assets at fair value through other comprehensive income	-	209.7	-	-	-	-	**209.7**
Total	**326.1**	**1,279.5**	**400.0**	**338.2**	**7.7**	**935.9**	**3,287.4**

The not rated fixed income assets relate to investments in unrated unit trusts. The majority of the underlying securities held by these unit trusts are investment grade assets and Senior Loans.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet cash commitments associated with financial instruments. It may result from either the inability to sell financial assets quickly at their fair values; or a counterparty failing on repayment of a contractual obligation; or insurance liability falling due for payment earlier than expected; or inability to generate cash inflows as anticipated.

In order to maintain appropriate levels of liquidity, the Health Fund Investment Portfolio's target asset allocation is to hold 20% (2023: 20%) of its total investment assets in cash/bank deposits and highly liquid short-term money market instruments and fixed income securities. The Short-term Operational Cash (STOC) sub-portfolio invests cash/bank deposits and highly liquid short-term money market instruments and fixed income securities. The Non-Health Fund Investment Portfolio provides the Group with additional liquidity and financial flexibility over and above the Fund's target allocation.

Trade payables and other financial liabilities mainly originate from the financing of assets used in ongoing operations such as property, plant and equipment and investments in working capital. These assets are considered by the Group in the overall liquidity risk. To monitor existing financial liabilities as well as to enable an effective overall controlling of future risks, the Group has established comprehensive risk reporting that reflects expectations of management of expected settlement of financial liabilities.

The following table summarises the maturity profile of the Group's financial liabilities based on the remaining undiscounted contractual cash flow obligations. Cash flows for financial liabilities without fixed amount or timing are based on the conditions existing at 30 June 2024.

SECTION 3: INVESTMENT PORTFOLIO AND CAPITAL

Note 7: Financial risk management (continued)

(c) Liquidity risk (continued)

	Under 6 months $m	6 to 12 months $m	1 to 2 years $m	Over 2 years $m	Total contractual cash flows $m	Carrying amount $m
2024						
Trade and other payables [1]	138.8	6.6	11.7	6.7	**163.8**	**163.8**
Lease liabilities [2]	23.6	19.0	34.3	148.6	**225.5**	**183.4**
Borrowings [3]	34.9	-	-	-	**34.9**	**34.9**
2023 (restated)						
Trade and other payables [1]	97.2	2.6	5.9	9.1	**114.8**	**114.8**
Lease liabilities [2]	18.4	17.6	14.9	10.6	**61.5**	**55.3**

(1) Contractual cash flows greater than 6 months primarily relate to the loyalty program.
(2) Refer to Note 13 for further information on lease liabilities.
(3) The Myhealth Medical Group has $34.9 million (2023: not applicable) of secured borrowings at variable interest rates. Refer to Note 16(b) for further information on the acquisition of the Myhealth Medical Group.

Trade and other payables accounting policy

Trade and other payables are non-interest bearing and are initially measured at fair value and subsequently at amortised cost using the effective interest method. The carrying value of trade and other payables is considered to approximate fair value, due to the short-term nature of the payables.

Loyalty program accounting policy

Where the amount of health insurance revenue includes a loyalty component, revenue is allocated to this component based on the relative estimated stand-alone selling price. The component of loyalty revenue is initially deferred as a liability on the consolidated statement of financial position, and subsequently recognised in the consolidated statement of comprehensive income upon redemption when Medibank is obliged to provide the specified goods or services itself.

Borrowings accounting policy

Borrowings are held by the Myhealth Medical Group and are initially recognised at fair value, less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised.

Note 8: Equity

(a) Contributed equity

Contributed equity consists of 2,754,003,240 fully paid ordinary shares at $0.03 per share. Ordinary shares entitle their holder to one vote, either in person or by proxy on a poll, at a general meeting of Medibank, and in a reduction of capital, the right to repayment of the capital paid up on the shares.

Ordinary shares entitle their holders to receive dividends and, in the event of winding up Medibank, entitle their holders to participate in the distribution of the surplus assets of Medibank.

SECTION 3: INVESTMENT PORTFOLIO AND CAPITAL

Note 8: Equity (continued)

(b) Reserves

	Note	2024 $m	2023 (restated) $m
Equity reserve [1]		17.8	17.8
Share-based payments reserve [2]		6.5	10.1
COVID-19 reserve	(i)	128.0	205.6
Total		**152.3**	**233.5**

(1) During the 2009 financial year, the parent entity entered into a restructure of administrative arrangements, which gave rise to an equity reserve representing the difference between the book value of the net assets acquired from Medibank Health Solutions Pty Ltd (formerly Health Services Australia Pty Ltd) and the total purchase consideration.

(2) The share-based payments reserve is used to record the cumulative expense recognised in respect of performance rights issued to participating employees. Refer to Note 18 for further information.

(i) COVID-19 reserve

The COVID-19 reserve was created on transition to AASB 17 *Insurance Contracts* and represents the expected future payments required due to the COVID-19 pandemic impacting availability and accessibility to surgeries and other health services. Medibank has committed to return permanent net claims savings due to COVID-19 to policyholders. Accordingly, the balance of this reserve at the reporting date represents the claims savings to date that have not yet been utilised, net of tax.

The opening balance of the COVID-19 reserve at 1 July 2022 of $408.6 million arises from the derecognition of the $448.3 million deferred claims liability balance, which is unable to be recognised under AASB 17. It also includes $135.5 million in relation to the cost of the previously announced premium deferral give backs that are still to be expensed. Derecognised deferred tax assets of $175.2 million in relation to these items have also been recognised within the reserve.

Subsequently, the reserve is measured by comparing the difference between the actual and expected volume of insured surgical, non-surgical and ancillary procedures. Where actual claims are below expected claims, the reserve is increased by the amount of claims savings. Where actual claims exceed expected claims, the reserve is decreased by the amount utilised. In addition, the reserve is further utilised for the cost of any premium deferrals or one-time cash give backs that are returned to eligible policyholders.

The table below provides a reconciliation of the movement in the COVID-19 reserve during the period.

	2024 $m	2023 (restated) $m
Balance at beginning of period	205.6	408.6
Lower/(higher) than expected claims	219.1	256.9
Premium deferral cost	(39.9)	(209.4)
Cash give back cost	(290.0)	(337.9)
COVID-19 impact	-	0.3
Tax effect of movements	33.2	87.1
Balance at end of period	**128.0**	**205.6**

Key estimate

The determination of the level of expected claims is a key estimate which is based on statistical analysis of the estimated underlying claims growth per Single Equivalent Unit per policy (PSEU) that would have occurred if the COVID-19 pandemic did not eventuate. It has then been applied to the average actual number of PSEUs.

SECTION 4: OTHER ASSETS AND LIABILITIES

Overview

This section provides insights into the operating assets used and liabilities incurred to generate the Group's operating result. Refer to Note 4 for further information on insurance contract liabilities.

Note 9: Property, plant and equipment

(a) Closing net carrying amount

	Note	2024 $m	2023 $m
Plant and equipment		12.2	11.4
Leasehold improvements		72.7	10.5
Assets under construction		3.3	5.7
Right-of-use assets	13	116.8	42.9
Total property, plant and equipment		**205.0**	**70.5**

(b) Reconciliation of the net carrying amount

	Plant and equipment $m	Leasehold improvements $m	Assets under construction $m	Total $m
2024				
Gross carrying amount	30.6	172.4	3.3	**206.3**
Accumulated depreciation and impairment	(18.4)	(99.7)	-	**(118.1)**
Net carrying amount	**12.2**	**72.7**	**3.3**	**88.2**
Net carrying amount at 1 July	**11.4**	**10.5**	**5.7**	**27.6**
Acquisition of business	2.6	13.1	-	**15.7**
Additions [(1)]	1.1	51.3	6.7	**59.1**
Transfers in/(out)	-	8.5	(9.1)	**(0.6)**
Depreciation expense	(2.9)	(10.7)	-	**(13.6)**
Net carrying amount at 30 June	**12.2**	**72.7**	**3.3**	**88.2**
2023				
Gross carrying amount	26.9	99.5	5.7	**132.1**
Accumulated depreciation and impairment	(15.5)	(89.0)	-	**(104.5)**
Net carrying amount	**11.4**	**10.5**	**5.7**	**27.6**
Net carrying amount at 1 July	**10.0**	**16.8**	**7.1**	**33.9**
Additions	1.1	1.8	2.5	**5.4**
Transfers in/(out)	2.2	1.7	(3.9)	**-**
Depreciation expense	(1.9)	(9.8)	-	**(11.7)**
Net carrying amount at 30 June	**11.4**	**10.5**	**5.7**	**27.6**

(1) Additions to leasehold improvements relate to the recognition of the new Melbourne corporate office lease. Refer to Note 13(a) for further information.

SECTION 4: OTHER ASSETS AND LIABILITIES

Note 9: Property, plant and equipment (continued)

(c) Property, plant and equipment capital expenditure commitments

	2024 $m	2023 $m
Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities	1.2	1.7

Property, plant and equipment accounting policy

Refer to Note 13 for the accounting policy for right-of-use assets.

Property, plant and equipment is carried at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item and any subsequent expenditure eligible for capitalisation. Repairs and maintenance costs are recognised in the consolidated statement of comprehensive income during the period in which they are incurred.

Depreciation
Property, plant and equipment is depreciated using the straight-line method over the estimated useful life as follows:

Plant and equipment	2 - 15 years
Leasehold improvements	the lease term
Assets under construction	not depreciated until in use

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Disposal
The gain or loss on disposal of property, plant and equipment is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs). These gains or losses are included in the consolidated statement of comprehensive income.

Note 10: Intangible assets

	Note	Goodwill $m	Customer contracts, relationships and brand $m	Software $m	Assets under construction $m	Total $m
2024						
Gross carrying amount		402.1	98.4	549.3	44.4	**1,094.2**
Accumulated amortisation and impairment		(78.4)	(89.7)	(459.1)	-	**(627.2)**
Net carrying amount		**323.7**	**8.7**	**90.2**	**44.4**	**467.0**
Net carrying amount at 1 July		**204.5**	**0.3**	**89.6**	**33.7**	**328.1**
Acquisition of business	16(b)	119.2	8.7	1.4	-	**129.3**
Additions		-	-	8.3	42.3	**50.6**
Transfers in/(out)		-	-	31.6	(31.6)	**-**
Amortisation expense		-	(0.3)	(40.7)	-	**(41.0)**
Net carrying amount at 30 June		**323.7**	**8.7**	**90.2**	**44.4**	**467.0**
2023						
Gross carrying amount		282.9	89.7	508.0	33.7	**914.3**
Accumulated amortisation and impairment		(78.4)	(89.4)	(418.4)	-	**(586.2)**
Net carrying amount		**204.5**	**0.3**	**89.6**	**33.7**	**328.1**
Net carrying amount at 1 July		**204.5**	**1.7**	**99.8**	**26.3**	**332.3**
Additions		-	-	10.3	25.7	**36.0**
Transfers in/(out)		-	-	18.3	(18.3)	**-**
Amortisation expense		-	(1.4)	(38.8)	-	**(40.2)**
Net carrying amount at 30 June		**204.5**	**0.3**	**89.6**	**33.7**	**328.1**

SECTION 4: OTHER ASSETS AND LIABILITIES

Note 10: Intangible assets (continued)

Goodwill accounting policy

Goodwill is carried at cost less accumulated impairment losses. Goodwill is not amortised and is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

Key estimate

Refer to Note 10(a) for further information on the assumptions used in the recoverable amount calculations.

Software accounting policy

Software is carried at cost less accumulated amortisation and impairment losses. Costs capitalised include external direct costs of acquiring software, licences and service, and payroll related costs of employees' time spent on the project. Assets are capitalised where there is control of the underlying software asset and where they will contribute to future financial benefits, through revenue generation and/or cost reduction.

Amortisation is calculated on a straight-line basis over the expected useful lives of the software (1.5 to 10 years).

Customer contracts, relationships and brand accounting policy

Customer contracts and relationships and brands acquired as part of a business combination are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses.

Amortisation is calculated on a straight-line basis over the expected useful lives (customer contracts and relationships: 5 to 12 years, brand: 10 years).

Customer contracts and relationships are assessed for indicators of impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

(a) Impairment tests for goodwill – key assumptions and judgements

Below is a summary of the Group's goodwill allocation to cash generating unit (CGU) and the key assumptions made in determining the recoverable amounts.

	2024			2023		
	Goodwill allocation $m	Growth rate %	Pre-tax discount rate %	Goodwill allocation $m	Growth rate %	Pre-tax discount rate %
Health Insurance	96.2	2.5	11.4	96.2	2.5	11.4
Medibank Health Telehealth	11.1	2.5	11.9	11.1	2.5	11.7
Medibank Health Home Care	97.2	2.5	11.9	97.2	2.5	11.7

On 5 January 2024, MH Solutions Investments Pty Ltd increased its shareholding in the Myhealth Medical Group (Myhealth) (refer to Note 16(b) for further details). The difference between the consideration paid and the identifiable assets and liabilities of Myhealth of $119.2 million, has been recorded as goodwill. This goodwill represents an increased focus on primary care and preventative care, and profitability of the acquired business. The goodwill is non-deductible for tax purposes and is expected to be allocated to the Myhealth cash-generating unit upon the finalisation of the acquisition accounting. No indicators or impairment exists for this goodwill.

SECTION 4: OTHER ASSETS AND LIABILITIES

Note 10: Intangible assets (continued)

(a) Impairment tests for goodwill – key assumptions and judgements (continued)

Forecast future cash flows	The recoverable amounts of the CGUs are based on value in use (VIU) calculations, which use a three-year cash flow projection per the Group's Board approved Corporate Plan. A terminal value has been assumed in the VIU calculations.
Discount rates	Estimated future cash flows are discounted using post-tax discount rates which reflect risks specific to each CGU. The equivalent pre-tax discount rates are disclosed above.
Growth rates	The growth rates do not exceed the long-term average growth rates for the businesses in which the CGUs operate as per industry forecasts.
Other key assumptions	The key assumptions underpinning the cash flows are specific to each CGU and the industry in which it operates. The assumptions applied are based on management's past experience and knowledge in the market in which the CGU operates. They include the following: • Health Insurance CGU: Key assumptions include policyholder growth and future health insurance revenue rate rises, along with claims growth and claims inflation. • Medibank Health Telehealth CGU: The forecast cash flows contain key assumptions around customer contracts, including contract renewals, new wins and losses. • Medibank Health Home Care group of CGUs: Comprises acquired and internally developed in-home care businesses. Goodwill has been allocated to the Home Care CGUs as the Group derives strategic and operational synergies, and the Group monitors business performance at the combined Home Care level. The forecast cash flows contain key assumptions around volumes of services performed across geographic areas, expected contract renewals and new wins and losses.

There are no reasonably possible changes in key assumptions that could have resulted in an impairment loss in the current or prior reporting periods.

Goodwill impairment accounting policy

Goodwill is allocated to CGUs, or groups of CGUs, at which the goodwill is monitored and where the synergies of the business combination are expected.

An impairment loss is recognised if the CGU's carrying amount exceeds its recoverable amount. The recoverable amount of a CGU is the higher of its fair value less costs of disposal and VIU. In assessing VIU, estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU.

(c) Intangible assets capital expenditure commitments

	2024 $m	2023 $m
Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities	0.3	-

SECTION 4: OTHER ASSETS AND LIABILITIES

Note 11: Provisions

	Note	2024 $m	2023 (restated) $m
Current			
Employee entitlements		85.1	65.3
Provisions	11(a)	32.9	28.7
Total current		**118.0**	**94.0**
Non-current			
Employee entitlements		16.4	14.4
Provisions	11(a)	13.2	6.2
Total non-current		**29.6**	**20.6**

(a) Movements in provisions

Movements in provisions, other than employee entitlements, are as follows:

	Commissions $m	Make good $m	Workers compensation $m	Corporate loyalty benefits $m	Other $m	Total $m
Balance at 1 July 2023	**7.8**	**4.0**	**4.3**	**16.8**	**2.0**	**34.9**
Acquisition of business [1]	-	8.0	-	-	-	**8.0**
Additional provision	8.1	0.5	2.1	2.0	14.9	**27.6**
Amounts utilised during the year	(7.4)	(0.7)	(0.9)	(3.7)	(11.7)	**(24.4)**
Balance at 30 June 2024	**8.5**	**11.8**	**5.5**	**15.1**	**5.2**	**46.1**
Balance comprised of:						
Current	8.5	3.4	0.7	15.1	5.2	**32.9**
Non-current	-	8.4	4.8	-	-	**13.2**

(1) Relates to the acquisition of the Myhealth Medical Group. Refer to Note 16(b) for further information.

(i) Commissions provision

This provision relates to estimated commissions payable to third parties in relation to the acquisition of health insurance contracts.

(ii) Make good provision

The Group recognises a provision for the estimated costs that may be incurred in restoring leased premises to their original condition at the end of their lease term. These costs are included in the cost of the right-of-use assets.

(iii) Workers compensation provision

The parent entity is self-insured for workers' compensation claims. Provisions are recognised based on claims reported and an estimate of claims incurred but not reported. These provisions are determined on a discounted basis, using an actuarial valuation performed at each reporting date. The parent entity has entered into $10.0 million (2023: $10.0 million) of bank guarantees in relation to its self-insured workers compensation obligations.

(iv) Corporate loyalty benefits provision

This provision relates to estimated incentives payable to third parties in relation to the acquisition of corporate health insurance contracts.

SECTION 4: OTHER ASSETS AND LIABILITIES

Note 11: Provisions (continued)

Provisions accounting policy

Provisions are recognised when:
- The Group has a present legal or constructive obligation as a result of past events.
- It is probable that an outflow of resources will be required to settle the obligation.
- The amount has been reliably estimated.

Provisions are measured at management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Employee entitlements accounting policy

This provision incorporates annual leave, long service leave, bonus plans and termination payments.

Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits, are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

Liabilities for bonuses are based on a formula that takes into consideration the performance of the employee against targeted and stretch objectives, the profit of the Group and other financial and non-financial key performance indicators. The Group recognises a provision when it is contractually obliged or where there is a past practice that has created a constructive obligation.

Other long-term employee benefit obligations
Liabilities for long service leave are measured at the present value of expected future payments using the projected unit credit method, taking into account expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using high quality corporate bond yields with terms that closely match the estimated future cash outflows. The obligations are presented as current liabilities in the consolidated statement of financial position if the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

Termination benefits
Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits.

Note 12: Contingent liabilities

(a) Cybercrime event

The Group was subject to a cybercrime in October 2022 which resulted in a data breach. Specific contingent liabilities in relation to the cybercrime that may impact the Group as known at this reporting period are set out below. The outcome and any potential financial impacts of the matters below are currently unknown, and as such no provision has been recognised for these matters. The outcome of these matters could impact the financial results, cashflows and financial position of the Group.

It is not currently practicable to estimate the potential financial impact, if any, of these claims.

SECTION 4: OTHER ASSETS AND LIABILITIES

Note 12: Contingent liabilities (continued)

(a) Cybercrime event (continued)

AIC civil penalty proceedings

On 5 June 2024, Medibank received notice of civil penalty proceedings filed in the Federal Court of Australia by the Australian Information Commissioner (AIC) in relation to the cybercrime. The proceedings relate to the AIC's own investigation into the cybercrime and allege that Medibank breached Australian Privacy Principle 11.1.

If Medibank is found to have breached Australian Privacy Principle 11.1, the AIC alleges that the interference with individuals' privacy was either serious and/or repeated within the meaning of section 13G(a) & (b) of the *Privacy Act 1988 (Cth)*, and the AIC seeks penalties of up to $2.2 million per contravention. The AIC alleges either one or two contraventions, or separate contraventions in respect of each individual whose personal information Medibank held during the relevant period (alleged to be 9.7 million individuals).

Medibank is defending the civil penalty proceedings.

OAIC representative complaint

Maurice Blackburn, in collaboration with Bannister Law and Centennial Lawyers, has lodged a representative complaint with the OAIC alleging Medibank has breached its privacy obligations and seeks compensation for loss and damage, including but not limited to distress and injury to feelings and humiliation. The representative complaint is under investigation by the OAIC.

Medibank is defending the representative complaint.

Consumer class actions

Medibank received notice of two separate consumer class actions filed in the Federal Court of Australia in relation to the cybercrime. On 1 August 2023 these proceedings were consolidated into a single consumer class action. The consolidated consumer class action is being brought by Baker & McKenzie on behalf of persons who were Medibank or ahm health insurance customers between 21 December 2001 and 12 October 2022, and persons who provided personal information to Medibank or ahm for the purpose of obtaining a quote for insurance but did not become a customer.

The consolidated statement of claim includes allegations of breach of contract, contraventions of the Australian Consumer Law, and breach of equitable obligations of confidence. The amount claimed is unspecified, however remedies sought include damages, declarations for contraventions of the *Privacy Act*, injunctive relief requiring Medibank to take reasonable steps to destroy or deidentify personal information which Medibank no longer needs to retain, interest and costs.

Medibank is defending this consolidated consumer class action proceeding.

Shareholder class actions

Medibank received notice of two separate shareholder class actions filed in the Supreme Court of Victoria. On 6 September 2023 these proceedings were consolidated into a single shareholder class action. The consolidated shareholder class action is being brought jointly by Quinn Emanuel and Phi Finney McDonald on behalf of persons who acquired an interest in Medibank shares or entered into equity swap confirmations of Medibank shares during the period 1 July 2019 to 25 October 2022.

The consolidated statement of claim includes allegations of misleading or deceptive conduct and that Medibank breached its continuous disclosure obligations under the *Corporations Act 2001* and ASX Listing Rules by not disclosing to the market information relating to alleged deficiencies in its cyber security systems. The amount claimed is unspecified, however remedies sought include damages, interest and costs.

Medibank is defending this consolidated shareholder class action proceeding.

SECTION 4: OTHER ASSETS AND LIABILITIES

Note 12: Contingent liabilities (continued)

(b) Other contingency matters (excluding cybercrime event)

The Group has issued $23.2 million of bank guarantees to third parties for various operational and legal purposes, including $10.0 million (2023: $10.0 million) in relation to its self-insured workers compensation obligations (refer to Note 11(a)(iii)) and other guarantees relating to conditions set out in property agreements. It is not expected that these guarantees will be called upon.

In addition to the items noted above in relation to the cybercrime event, the Group is exposed from time to time to contingent liabilities which arise from the ordinary course of business, including:

- Losses which might arise from claims and litigation.
- Investigations from internal reviews and by regulatory bodies such as the ACCC, APRA, ATO, ASIC or other regulatory bodies into past conduct on either industry-wide or Group specific matters.

It is anticipated that the likelihood of any unprovided liabilities arising from these other contingency matters is not material or are not at a stage to support a reasonable evaluation of the likely outcome.

Key judgement and estimate

Contingent liabilities are possible obligations whose existence will be confirmed only on the occurrence or non-occurrence of uncertain future events outside the Group's control, or present obligations that are not recognised because it is not probable that a settlement will be required or the value of such a payment cannot be reliably estimated.

Judgement is exercised to identify whether a present obligation exists and also in estimating the probability, timing, nature and quantum of the outflows that may arise from past events.

Note 13: Leases

(a) Group as a lessee

The Group has lease agreements for corporate and retail properties and medical clinics. Rental payments are generally fixed, with differing clauses to adjust the rental to reflect increases in market rates. These clauses include fixed incremental increases, market reviews and inflation escalation clauses during a lease on which contingent rentals are determined. No operating leases contain restrictions on financing or other leasing activities. Management have determined it is not reasonably certain that any of its leases will be extended or terminated.

As at 30 June 2024, the Group has recognised the lease in relation to its new Melbourne corporate office. This has resulted in the recognition of a right-of-use asset and lease liability, and non-cash leasehold improvements additions of $48.7 million (refer to Note 9).

The table below sets out the carrying amounts of the right-of-use asset and the movements during the year.

	2024 $m	2023 $m
Balance at 1 July	**42.9**	**54.5**
Acquisition of business [(1)]	68.7	-
Net additions	40.0	16.0
Depreciation expense	(34.8)	(27.6)
Balance at 30 June	**116.8**	**42.9**

(1) Relates to the acquisition of the Myhealth Medical Group. Refer to Note 16(b) for further information.

SECTION 4: OTHER ASSETS AND LIABILITIES

Note 13: Leases (continued)

(a) Group as a lessee (continued)

The table below sets out the carrying amounts of the lease liabilities and the movements during the year.

	2024 $m	2023 $m
Balance at 1 July	**55.3**	**76.9**
Acquisition of business [(1)]	85.6	-
Net additions	87.4	16.3
Accretion of interest	3.8	1.8
Lease payments	(48.7)	(39.7)
Balance at 30 June	**183.4**	**55.3**
Balance comprised of:		
Current	31.7	30.9
Non-current	151.7	24.4

(1) Relates to the acquisition of the Myhealth Medical Group. Refer to Note 16(b) for further information.

The maturity profile of the Group's lease liabilities based on contractual undiscounted payments is provided in Note 7(c).

Leases accounting policy

As a lessee
At inception of a contract, the Group assesses whether a contract is, or contains, a lease by determining whether it has the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to restore the underlying asset less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use or the end of the lease term. In addition, the right-of-use is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate. In determining the incremental borrowing rate, the following components are considered:

- Reference rate (incorporating currency, environment, term).
- Financing spread adjustment (incorporating term, indebtedness, entity, environment).
- Lease specific adjustment (incorporating asset type).

The interest expense recognised on the lease liability is measured at amortised cost using the effective interest method. The lease liability is remeasured when there is a change in future lease payments, with a corresponding adjustment made to the carrying amount of the right-of-use asset (or profit or loss if the carrying amount of the right-of-use asset has been reduced to zero).

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases (leases with a term of 12 months or less) and leases of low value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

SECTION 4: OTHER ASSETS AND LIABILITIES

Note 13: Leases (continued)

(b) Group as a Lessor

Finance lease receivables of $4.1 million have been recognised by the Group at 30 June 2024 (2023: $0.6 million). These are presented within other assets in the consolidated statement of financial position.

Leases accounting policy

As a lessor
The Group acts as an intermediate lessor for some leases of medical clinics. The Group's interest in the head lease and sublease are accounted for separately. At the sublease commencement, the Group determines whether it is a finance or operating lease by assessing whether the lease transfers substantially all of the risks and rewards of ownership to the lessee, with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

Note 14: Reconciliation of profit after income tax to net cash flow from operating activities

	Note	2024 $m	2023 (restated) $m
Profit for the year		**496.4**	**308.6**
Non-cash items			
Depreciation and amortisation		89.4	79.5
Non-cash share-based payments expense		3.3	6.7
Share of (profit)/loss from equity accounted investments	16(b)	7.1	1.4
Other non-cash items		1.8	1.8
Investing and financing items			
Net realised loss/(gain) on financial assets		(11.4)	4.4
Net unrealised loss/(gain) on financial assets		(8.1)	(34.8)
Interest income		(129.8)	(86.0)
Trust distributions		(37.5)	(27.2)
Investment management expenses		4.6	5.0
Interest paid - leases	13	3.8	1.8
(Increase)/decrease in operating assets			
Trade and other receivables		9.9	(5.5)
Other assets		2.7	(4.1)
Income tax receivable/liability		146.3	(214.8)
Net deferred tax assets		(63.3)	26.5
Increase/(decrease) in operating liabilities			
Trade and other payables		35.7	13.2
Insurance contract liabilities		295.9	113.0
Provisions and employee entitlements		21.7	(5.0)
Net cash inflow from operating activities		**868.5**	**184.5**

Cash and cash equivalents accounting policy

Cash and cash equivalents comprise short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant change in value. These investments have original maturities of three months or less and include cash on hand, short-term bank bills, term deposits and negotiable certificates of deposit.

Amounts in cash and cash equivalents are the same as those included in the consolidated statement of cash flows.

SECTION 5: OTHER

Overview

This section includes additional information that must be disclosed to comply with Australian Accounting Standards, the *Corporations Act 2001* and the Corporations Regulations.

Note 15: Income tax

Tax consolidation legislation

Medibank and its wholly owned Australian controlled entities are members of a tax consolidated group. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are offset in the consolidated financial statements.

The entities in the tax consolidated group entered into a tax sharing agreement which limits the joint and several liability of the wholly owned entities in the case of a default by the head entity, Medibank.

The entities have also entered into a tax funding agreement under which the wholly owned entities fully compensate Medibank for any current tax payable and are compensated by Medibank for any current tax receivable.

Myhealth Medical Holdings Pty Ltd and its controlled subsidiaries are not part of the Medibank tax consolidated group.

(a) Income tax expense

	2024 $m	2023 (restated) $m
Current tax	277.0	98.6
Deferred tax	(62.0)	31.4
Adjustment for tax of prior period	0.3	(0.7)
Income tax expense	**215.3**	**129.3**

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	2024 $m	2023 (restated) $m
Profit for the year before income tax expense	**711.7**	**437.9**
Tax at the Australian tax rate of 30%	213.5	131.4
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible expenses	0.2	0.8
Tax offset for franked dividends	(2.5)	(3.6)
Share of (profit)/loss from equity accounted investments	2.1	0.4
Other items	1.7	1.0
	215.0	**130.0**
Adjustment for tax of prior period	0.3	(0.7)
Income tax expense	**215.3**	**129.3**

SECTION 5: OTHER

Note 15: Income tax (continued)

(c) Deferred tax assets and liabilities

Deferred tax balances comprise temporary differences attributable to following items.

	2024 $m	2023 (restated) $m
Recognised in the income statement		
Trade and other receivables	1.4	1.1
Financial assets at fair value through profit or loss	(17.6)	(16.3)
Property, plant and equipment	(30.1)	(12.0)
Intangible assets	(2.8)	(6.3)
Trade and other payables	45.2	22.9
Employee entitlements	29.4	23.9
Insurance contract liabilities	91.4	35.3
Provisions	11.2	8.9
Business capital costs	0.6	0.2
Other (liabilities)/assets	13.0	4.3
	141.7	**62.0**
Recognised directly in other comprehensive income		
Actuarial gain on retirement benefit obligation	0.4	0.4
	0.4	**0.4**
Net deferred tax assets	**142.1**	**62.4**

Income tax accounting policy

Current taxes

The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period and includes any adjustment to tax payable in respect of previous periods.

Deferred taxes

Deferred income tax is calculated using tax rates that are expected to apply when the related asset is realised, or the liability is settled. Deferred income tax is provided on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements, other than for the following:

- Where they arise from the initial recognition of goodwill.
- Where they arise from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.
- For temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Offsetting balances

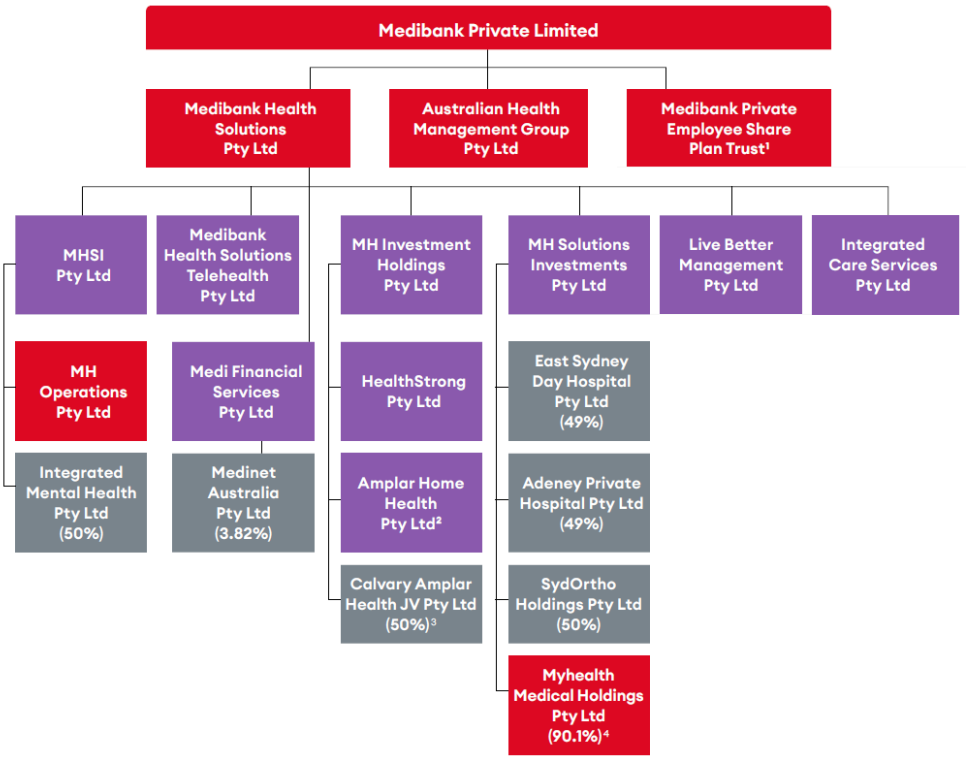
Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

SECTION 5: OTHER

Note 16: Group structure

(a) Group structure

The summary Medibank Group structure is shown below. All entities, unless otherwise stated, are 100% controlled.



These subsidiaries are wholly owned by Medibank Health Solutions Pty Ltd and have been granted relief from the necessity to prepare financial reports in accordance with the *ASIC Corporations (Wholly owned Companies) Instrument 2016/785*.

These entities are equity accounted investments. Refer to Note 16(b) for further information.

(1) Refer to Note 18(a) for further information on the Employee Share Plan Trust.

(2) Home Support Services Pty Ltd changed its name to Amplar Home Health Pty Ltd on 28 July 2023.

(3) Calvary Medibank JV Pty Ltd changed its name to Calvary Amplar Health JV Pty Ltd on 26 October 2023.

(4) On 5 January 2024, MH Solutions Investments Pty Ltd increased its shareholding in Myhealth Medical Holdings Pty Ltd from 49.0% to 90.1%. Refer to Note 16(b) for further information.

Controlled entities (subsidiaries)

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over it. Non-controlling interests in the results and equity of controlled entities are shown separately in the consolidated statement of comprehensive income, balance sheet and statement of changes in equity.

Acquisition accounting policy

The acquisition method is used to account for the acquisition of subsidiaries. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred and the liabilities incurred. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired, is recorded as goodwill. On acquisition, any non-controlling interests in the acquiree are measured at either fair value or at the non-controlling interest's proportionate share of the net identifiable assets acquired.

SECTION 5: OTHER

Note 16: Group structure (continued)

(b) Equity accounted investments

As at 30 June 2024 the Group held the following investments in associates and joint ventures:

Name of company	Principal activity	Place of incorporation	Type	Ownership interest % 2024	2023
East Sydney Day Hospital Pty Ltd	Short stay hospital	Australia	Associate	49.00%	49.00%
Calvary Amplar Health JV Pty Ltd	Medical services	Australia	Joint Venture	50.00%	50.00%
Myhealth Medical Holdings Pty Ltd	Medical services	Australia	Associate	(i)	49.00%
Adeney Private Hospital Pty Ltd	Short stay hospital	Australia	Associate	49.00%	49.00%
Medinet Australia Pty Ltd	Digital health services	Australia	Associate	3.82%	3.82%
SydOrtho Holdings Pty Ltd	Short stay hospital	Australia	Joint Venture	50.00%	50.00%
Integrated Mental Health Pty Ltd	Short stay hospital	Australia	Joint Venture	50.00%	50.00%

The following table shows the Group's aggregated interests in equity accounted investments.

	2024 $m	2023 $m
Balance at 1 July	**117.6**	**103.7**
Additions	15.5	17.8
Disposals	(67.3)	-
Dividends received	-	(2.5)
Share of net profit/(loss) for the year	(7.1)	(1.4)
Balance at 30 June	**58.7**	**117.6**

(i) Myhealth Medical Holdings Pty Ltd

On 5 January 2024, MH Solutions Investments Pty Ltd increased its shareholding in the Myhealth Medical Group (Myhealth) from 49.0% to 90.1% for cash consideration of $50.8 million and contingent consideration of $1.0 million.

The transaction resulted in Medibank gaining control of Myhealth and accordingly has been accounted for as a step-acquisition with a non-cash adjustment of $(2.9) million being recognised in the statement of comprehensive income following the derecognition of the investment in association balance of $67.3 million.

The provisional fair values of net assets acquired include $119.2 million of goodwill, $8.7 million of brand intangible assets, $1.3 million non-controlling interests and $12.9 million of other net liabilities.

(ii) Other

During the period, Medibank subscribed for additional shares in SydOrtho Holdings Pty Ltd for $8.3 million, Adeney Private Hospital Pty Ltd for $2.8 million, East Sydney Day Hospital Pty Ltd for $1.0 million and Integrated Mental Health Pty Ltd for $3.4 million.

Equity accounted investments accounting policy

The Group's associates and joint ventures, which are entities over which the Group has significant influence or joint control, are accounted for using the equity method. Under this method, the investment in associate or joint venture is initially recognised at cost and is increased or decreased to recognise the Group's share of profit or loss. Dividends received from an associate or joint venture reduce the carrying amount of the investment. Equity accounting of losses is restricted to the Group's interest in the associate or joint venture. The Group's share of profit or loss for the period is reflected in the consolidated statement of comprehensive income. Investments in associates and joint ventures are tested for impairment if an event occurs that has an impact on the estimated future cash flows from the net investment. Equity accounting is discontinued from the date when the investment ceases to be an associate or a joint venture.

SECTION 5: OTHER

Note 16: Group structure (continued)

(c) Parent entity financial information

(i) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2024 $m	2023 (restated) $m
Statement of financial position		
Current assets	3,624.7	3,368.2
Total assets	4,317.4	3,942.8
Current liabilities	1,864.6	1,583.9
Total liabilities	2,136.9	1,817.3
Equity		
Contributed equity	85.0	85.0
Reserves		
Equity reserve	6.3	6.3
Share-based payment reserve	6.5	10.1
COVID-19 reserve	128.0	205.6
Retained earnings	1,954.7	1,818.5
Total equity	**2,180.5**	**2,125.5**
Profit for the year	**485.5**	**299.0**
Total comprehensive income	**485.5**	**299.0**

(ii) Guarantees entered into by parent entity

The parent entity has entered into $10.0 million (2023: $10.0 million) of bank guarantees in relation to its self-insured workers compensation obligations and $1.0 million of bank guarantees relating to conditions set out in property agreements. Refer to Note 11(a)(iii) for further information on the provision for workers compensation.

(iii) Contingent liabilities of the parent entity

Refer to Note 12 for details of the contingent liabilities of the parent entity.

(iv) Parent entity capital expenditure commitments

	2024 $m	2023 $m
Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities		
Property, plant and equipment	1.2	1.7
Intangible assets	0.3	-

Parent entity financial information accounting policy

The financial information for the parent entity, Medibank, 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.
- Assets or liabilities arising under tax funding arrangements with the tax consolidated entities are recognised as current assets or current liabilities.

SECTION 5: OTHER

Note 17: Related party transactions

(a) Transactions with equity accounted investments

	2024 $m	2023 $m
Transactions with equity accounted investments		
Claims incurred	(5.3)	(3.8)
Services received	(1.1)	(0.6)
Services provided	3.5	6.6
Interest received	0.3	0.2
Outstanding balances with related parties		
Amounts payable	(0.3)	(0.1)
Amounts receivable	1.1	0.5
Loan receivable	2.9	2.9

The related party transactions include amounts for the reimbursement of costs incurred as well as the payment of policyholder claims and receipts in relation to services rendered, which are provided under normal commercial terms.

(b) Key management personnel remuneration

	2024 $	2023 $
Short-term benefits	8,534,124	6,262,298
Post-employment benefits	238,661	240,338
Long-term benefits	308,294	276,922
Share-based payments	3,120,073	3,283,345
Total key management personnel	**12,201,152**	**10,062,903**

Refer to the remuneration report for further details of the composition of the key management personnel.

(c) Transactions with other related parties

Certain key management personnel hold director positions in other entities, some of which transacted with the Group during the current and prior reporting periods. All transactions that occurred were in the normal course of business on terms and conditions no more favourable than those available on an arm's length basis.

Note 18: Share-based payments

(a) Share-based payments arrangements

Performance rights to acquire shares in Medibank are granted to members of the Executive Leadership Team (ELT), Senior Executive Group (SEG) and other selected senior employees as part of Medibank's short-term incentive (STI) and long-term incentive (LTI) plans. These plans are designed to:

- Align the interests of participating employees more closely with the interests of customers and shareholders by providing an opportunity for those employees to receive an equity interest in Medibank.
- Assist in the motivation, retention and reward of participating employees.

Performance rights granted do not carry any voting rights.

Medibank has an Employee Share Plan Trust to manage its share-based payments arrangements. Shares allocated by the trust to the employees are acquired on-market prior to allocation. The Trust held nil shares at 30 June 2024.

SECTION 5: OTHER

Note 18: Share-based payments (continued)

(i) LTI offer

Under the LTI Plan, performance rights were granted to selected employees as part of their remuneration. Performance rights granted under the LTI Plan are subject to the following performance hurdles:

- 30% of the performance rights (2023: 35%) will be subject to a vesting condition based on Medibank's earnings per share compound annual growth rate (EPS CAGR) over the performance period.
- 30% of the performance rights (2023: 35%) will be subject to a relative total shareholder return (TSR) vesting condition, measured over the performance period against a comparator group of companies.
- 20% of the performance rights (2023: 30%) will be subject to a performance hurdle based on the growth of Medibank's private health insurance market share (as reported by APRA) over the performance period.
- 20% of the performance rights (2023: nil) will be subject to a performance hurdle based on Brand Sentiment, measured as the change in Medibank's Customer Net Promoter Score over the performance period.

Each performance hurdle under the LTI Plan has a threshold level of performance which needs to be achieved before vesting commences. Details of these thresholds are outlined in the remuneration report. The vesting conditions for performance rights in grants will be tested over a three-year performance period commencing on 1 July of the relevant period. Following the three-year performance period, any performance rights that meet the performance hurdles vest with deferral conditions applying to specific employees as follows:

- Up to 3 years for the CEO, with one third converting to shares each year starting at the beginning of the year following the end of the performance period.
- Up to 2 years for ELT members and other specified senior executives, with half converting to shares at the beginning of the year following the end of the performance period, and the remaining amount converting to shares in the following year.

Upon satisfaction of vesting conditions, and deferral conditions, each performance right will convert into a fully paid ordinary share on a one-for-one basis.

LTI performance rights do not attract a dividend during the performance period, as they are still subject to performance hurdles that will determine the number of rights that convert to ordinary Medibank shares. Vested performance rights subject to deferral conditions do not attract dividends during the deferral period. On exercise of deferred vested performance rights, additional Medibank shares are granted to ensure each participant receives a benefit equivalent to any dividends paid during the deferral period on the rights being exercised.

The number of rights granted in the 2024 grants were determined based on the monetary value of the LTI award, divided by the volume-weighted average share price of Medibank shares on the ASX during the 10 trading days up to and including 30 June 2023. This average price was $3.56.

(ii) Annual STI offer

Under the Group's STI Plan, 60% of STI awarded to ELT members and other specified senior executives is paid in cash after the announcement of financial results. The remaining 40% is provided in the form of performance rights granted under the Performance Rights Plan that are subject to a 1 year service condition. Performance rights are deferred for:

- Up to 5 years for the CEO with 20% of the deferred amount released each year following the conclusion of the service period.
- Up to 4 years for ELT members and other specified senior executives, with 25% of the deferred amount released each year following the conclusion of the service period.

Once deferral conditions are met, each performance right will convert into a share on a one-for-one basis, subject to any adjustment required to ensure that the participant receives a benefit equivalent to any dividends paid by Medibank during the deferral period on the rights being exercised.

The number of rights to be granted will be determined based on the monetary value of the STI award, divided by the volume-weighted average share price over the 10 trading days up to and including the payment date of cash STI.

SECTION 5: OTHER

Note 18: Share-based payments (continued)

Share-based payments accounting policy
The fair value of the performance rights is recognised as an employee benefits expense, with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the performance rights granted, which includes any market performance conditions and the impact of any non-vesting conditions, but excludes the impact of any service and non-market performance vesting conditions. Non-market vesting conditions are included in assumptions about the number of performance rights that are expected to vest.

The total expense is recognised over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At the end of each reporting period, the Group revises its estimates of the number of awards that are expected to vest based on the non-market vesting conditions. The impact of the revision to original estimates, if any, is recognised in profit or loss, with a corresponding adjustment to equity.

(b) Performance rights - Group

	Number of equity instruments	
	2024	**2023**
Outstanding at 1 July	**8,745,148**	**7,670,453**
Granted (1)	3,341,835	4,118,306
Forfeited (2)	(452,955)	(535,324)
Exercised (1) (3)	(2,047,251)	(1,319,276)
Lapsed (4)	(765,002)	(1,189,011)
Outstanding at 30 June	**8,821,775**	**8,745,148**
Exercisable at 30 June	**-**	**-**

(1) Instruments granted and exercised includes the additional Medibank shares received on the vesting of deferred STI performance rights as a benefit equivalent to any dividends paid during the deferral period.
(2) Forfeited relates to instruments that lapsed on cessation of employment.
(3) Performance rights are exercised as soon as they vest.
(4) Lapsed relates to instruments that lapsed on failure to meet the performance hurdles.

(c) Fair value of performance rights granted

Below is a summary of the fair values of the 2023 and 2024 LTI plans and the key assumptions used in determining the valuation. The fair value was determined by an independent valuation expert and takes into account the terms and conditions upon which they were granted.

	TSR performance rights		EPS and market share performance rights		Brand sentiment performance rights
	2024	**2023**	**2024**	**2023**	**2024 (1)**
Grant date	11 December 2023	6 December 2022	11 December 2023	6 December 2022	11 December 2023
Date of commencement of service and performance period	1 July 2023	1 July 2022	1 July 2023	1 July 2022	1 July 2023
Expected vesting date	30 June 2026	30 June 2025	30 June 2026	30 June 2025	30 June 2026
Fair value	$1.78	$1.19	$3.16	$2.63	$3.16
Share price at grant date	$3.51	$2.93	$3.51	$2.93	$3.51
Dividend yield (per annum effective)	4.1%	4.2%	4.1%	4.2%	4.1%
Franking rate	100.0%	100.0%	100.0%	100.0%	100.0%
Risk free discount rate (per annum)	3.95%	3.06%	n/a	n/a	n/a
Volatility	18%	21%	n/a	n/a	n/a

(1) New performance hurdle introduced in the 2024 LTI plan based on the change in Medibank's Customer Net Promoter Score.

SECTION 5: OTHER

Note 19: Auditor's remuneration

During the year the following fees were paid or payable for services provided by the auditor of Medibank, its related practices and non-related audit firms:

	Note	2024 $	2023 $
PricewaterhouseCoopers Australia (PwC):			
Amounts received or due and receivable by the Company's auditor for:			
- An audit or review of the financial report of the Company and any other entity within the Group		2,172,799	1,883,676
Other assurance services in relation to the Company and any other entity within the Group:			
- Audit of regulatory compliance returns		556,468	325,200
- Accounting and other assurance services		242,775	180,208
Other services in relation to the Company and any other entity within the Group:			
- Other non-audit services [(1)]		261,350	-
Total remuneration of PwC		**3,233,392**	**2,389,084**

(1) Other non-audit services include regulatory reviews and consulting services.

Note 20: Other

(a) New and amended standards adopted

The Group applied AASB 17 *Insurance Contracts* 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. There have not been any further changes from what was disclosed in the 31 December 2023 consolidated interim financial report.

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 the Group's accounting policies or on the consolidated financial report. The Group has not adopted any standards, 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*. The Group has adopted AASB 17 using the full retrospective approach, under which the reclassifications and adjustments arising from the new standard have been recognised in the opening consolidated statement of financial position at 1 July 2022. Significant changes to key estimates and judgements resulting from the application of AASB 17 are set out below and in Note 4. Disclosure of the new accounting policies is also included in the relevant notes as appropriate.

Recognition

The 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 the 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. The Group provides only health insurance contracts which are managed together and are subject to similar health-related risks. Accordingly, one portfolio of health insurance contracts has been identified that is further disaggregated into profitable contracts and onerous contracts (if applicable). These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. These groups are not subsequently reconsidered.

SECTION 5: OTHER

Note 20: Other (continued)

AASB 17 *Insurance Contracts* (continued)

Measurement
The standard introduces a new general measurement model (GMM) for accounting for insurance contracts. However, a simplified premium allocation approach (PAA), similar in nature to the previous measurement basis under AASB 1023 *General Insurance Contracts*, is permitted if the coverage period of the contracts is less than a year or provided there is not a material difference between the PAA and what would have been recognised under the GMM.

The majority of the Group's contracts automatically qualify for the simplified PAA as the coverage period of each contract in the Group is one year or less. For those policies with a coverage period of greater than a year the Group has developed a model and methodology to assess their eligibility to apply the 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 (LFRC) determined under the PAA would not differ materially from the one that would be produced when applying the GMM. On this basis the Group has applied the PAA model to all of its insurance contracts.

Acquisition costs
For groups of contracts that apply the 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. The Group has elected to apply this option and expense acquisition costs as incurred. This is a change from the previous accounting treatment under AASB 1023 whereby acquisition costs were amortised over the average expected retention period.

COVID-19 accounting
The impact of COVID-19 on the Group saw the recognition of a deferred claims liability and give back provisions in prior periods, both of which have been impacted by the adoption of AASB 17.

The deferred claims liability represented claims that have been deferred as a result of COVID-19. 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. Whilst not related to COVID-19, the provision for bonus entitlements is similar in that it represents the expected future utilisation of unused benefit entitlements and has also been derecognised under AASB 17.

The cost of the deferral of premium rate rise increases (premium deferrals) provided to policyholders has previously been recognised upfront as a provision for premium deferral. 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 customers, such as premium deferrals, are recognised in the consolidated statement of comprehensive income on a passage of time basis over the policy coverage period.

To maintain transparency in relation to the Group's commitment to return any permanent net claims savings due to COVID-19 to policyholders, a newly created COVID-19 equity reserve has been recognised on adoption of AASB 17 and the adjustments arising on the deferred claims liability and premium deferral give backs have been recognised within that reserve (net of tax). Refer to Note 8(b) for further details.

SECTION 5: OTHER

Note 20: Other (continued)

AASB 17 *Insurance Contracts* (continued)

Onerous contracts

AASB 17 requires the identification of 'groups' of onerous contracts. Contracts that are measured under the PAA are assumed not to be onerous unless facts and circumstances indicate otherwise.

The 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. If facts and circumstances are identified that indicate an onerous contract may exist, then detailed testing using the GMM is performed, and any onerous contract losses are required to be recognised in the consolidated statement of comprehensive income. There were no onerous contracts identified on transition, the restated comparative periods, or during the 12-month period to 30 June 2024.

Risk adjustment

AASB 17 requires a risk adjustment to be used in the measurement of insurance contract liabilities. AASB 17 requires an explicit risk adjustment for non-financial risk that represents the Group's compensation required for bearing the uncertainty about the amount and timing of the cash flows that arises from the insurance contracts it issues. The Group uses a confidence level technique to estimate the risk adjustment.

Financial impact on transition to AASB 17 at 1 July 2022

The Group's net assets as at the transition date of 1 July 2022 were increased by $361.8 million. This was comprised of the following adjustments:

1 July 2022	Net assets as at 1 July 2022 $m
As previously reported	**1,945.6**
Derecognition of the deferred claims liability	448.3
Adjustment to the premium deferral provision	135.5
Derecognition of deferred acquisition costs	(82.9)
Derecognition of the provision for bonus entitlements	16.0
Tax effects of the above adjustments	(155.1)
Restated	**2,307.4**

As noted above, the impacts for the deferred claims liability and the premium deferral provision have been separately recognised in a newly created COVID-19 equity reserve. Refer to Note 8(b) for further details. All other opening balance adjustments have been recognised within retained earnings.

The standard also introduces changes to the presentation and disclosure of insurance line items in the statement of comprehensive income and balance sheet. These are provided in the tables below (reclassification adjustments).

SECTION 5: OTHER

Note 20: Other (continued)

AASB 17 *Insurance Contracts* (continued)

Financial impact on transition to AASB 17 at 1 July 2022 (continued)

1 July 2022	Previously reported $m	Measurement adjustments $m	Reclassification adjustments $m	Restated $m
Current assets				
Cash and cash equivalents	596.7	-	-	596.7
Trade and other receivables	225.4	-	(190.4)	35.0
Financial assets at fair value	2,854.5	-	-	2,854.5
Deferred acquisition costs	35.4	(35.4)	-	-
Other assets	19.3	-	-	19.3
Total current assets	**3,731.3**	**(35.4)**	**(190.4)**	**3,505.5**
Non-current assets				
Property, plant and equipment	88.4	-	-	88.4
Intangible assets	332.3	-	-	332.3
Deferred acquisition costs	47.5	(47.5)	-	-
Deferred tax assets	243.6	(155.1)	-	88.5
Equity accounted investments	103.7	-	-	103.7
Other assets	6.0	-	-	6.0
Total non-current assets	**821.5**	**(202.6)**	**-**	**618.9**
Total assets	**4,552.8**	**(238.0)**	**(190.4)**	**4,124.4**
Current liabilities				
Trade and other payables	331.2	-	(238.7)	92.5
Lease liabilities	30.2	-	-	30.2
Claims liabilities	860.9	(457.6)	(403.3)	-
Insurance contract liabilities	-	-	1,312.2	1,312.2
Unearned premium liability	817.5	(145.2)	(672.3)	-
Tax liability	117.0	-	-	117.0
Customer give back provision	178.6	9.7	(188.3)	-
Provisions and employee entitlements	104.6	-	-	104.6
Total current liabilities	**2,440.0**	**(593.1)**	**(190.4)**	**1,656.5**
Non-current liabilities				
Trade and other payables	9.9	-	-	9.9
Lease liabilities	46.7	-	-	46.7
Claims liabilities	10.2	(6.7)	(3.5)	-
Insurance contract liabilities	-	-	80.8	80.8
Unearned premium liability	77.3	-	(77.3)	-
Provisions and employee entitlements	23.1	-	-	23.1
Total non-current liabilities	**167.2**	**(6.7)**	**-**	**160.5**
Total liabilities	**2,607.2**	**(599.8)**	**(190.4)**	**1,817.0**
Net assets	**1,945.6**	**361.8**	**-**	**2,307.4**

The 30 June 2023 comparative financial information has also been restated for the impact of applying AASB 17. The impact on profit for the period and net assets are set out in the tables below.

SECTION 5: OTHER

Note 20: Other (continued)

AASB 17 *Insurance Contracts* (continued)

Financial impact of adoption of AASB 17 at 30 June 2023:

30 June 2023	Previously reported $m	Measurement adjustments $m	Reclassification adjustments $m	Restated $m
Current assets				
Cash and cash equivalents	420.6	-	-	420.6
Trade and other receivables	248.1	-	(206.9)	41.2
Financial assets at fair value	2,866.8	-	-	2,866.8
Deferred acquisition costs	34.8	(34.8)	-	-
Tax receivable	97.8	-	-	97.8
Other assets	25.9	-	-	25.9
Total current assets	**3,694.0**	**(34.8)**	**(206.9)**	**3,452.3**
Non-current assets				
Property, plant and equipment	70.5	-	-	70.5
Intangible assets	328.1	-	-	328.1
Deferred acquisition costs	44.3	(44.3)	-	-
Deferred tax assets	130.8	(68.4)	-	62.4
Equity accounted investments	117.6	-	-	117.6
Other assets	3.5	-	-	3.5
Total non-current assets	**694.8**	**(112.7)**	**-**	**582.1**
Total assets	**4,388.8**	**(147.5)**	**(206.9)**	**4,034.4**
Current liabilities				
Trade and other payables	297.6	-	(197.8)	99.8
Lease liabilities	30.9	-	-	30.9
Claims liabilities	767.3	(261.1)	(506.2)	-
Insurance contract liabilities	-	-	1,370.1	1,370.1
Unearned premium liability	776.8	(39.9)	(736.9)	-
Tax liability	-	-	-	-
Customer give back provision	136.1	-	(136.1)	-
Provisions and employee entitlements	94.0	-	-	94.0
Total current liabilities	**2,102.7**	**(301.0)**	**(206.9)**	**1,594.8**
Non-current liabilities				
Trade and other payables	15.0	-	-	15.0
Lease liabilities	24.4	-	-	24.4
Claims liabilities	10.0	(5.8)	(4.2)	-
Insurance contract liabilities	-	-	135.9	135.9
Unearned premium liability	131.7	-	(131.7)	-
Provisions and employee entitlements	20.6	-	-	20.6
Total non-current liabilities	**201.7**	**(5.8)**	**-**	**195.9**
Total liabilities	**2,304.4**	**(306.8)**	**(206.9)**	**1,790.7**
Net assets	**2,084.4**	**159.3**	**-**	**2,243.7**

30 June 2023	Profit after tax for 12 months ended 30 Jun 2023 $m	Net assets as at 30 Jun 2023 $m
As previously reported	**511.1**	**2,084.4**
Derecognition of the deferred claims liability	(194.5)	253.8
Adjustment to the premium deferral provision	(95.6)	39.9
Derecognition of deferred acquisition costs	3.8	(79.1)
Derecognition of the provision for bonus entitlements	(2.9)	13.1
Tax effects of the above adjustments	86.7	(68.4)
Restated	**308.6**	**2,243.7**

b) New accounting standards and interpretations not yet adopted

There are no other standards, amendments or interpretations that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

SECTION 5: OTHER

Note 20: Other (continued)

(c) Events occurring after the reporting period

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

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

Basis of preparation

This consolidated entity disclosure statement (CEDS) has been prepared in accordance with the *Corporations Act 2001* and includes each entity that was part of the consolidated Medibank Group in accordance with AASB 10 *Consolidated Financial Statements* as at 30 June 2024.

All controlled entities are Australian residents and Australian tax residents. Medibank Private Employee Share Plan Trust is a trust, and all other controlled entities are body corporate entities incorporated in Australia.

Consolidated entity disclosure statement

	% of share capital at 30 June 2024
Medibank Private Limited	N/A
Australian Health Management Group Pty Ltd	100.0%
Medibank Private Employee Share Plan Trust	N/A
Medibank Health Solutions Pty Ltd	100.0%
Medibank Health Solutions Telehealth Pty Ltd	100.0%
Live Better Management Pty Ltd	100.0%
Integrated Care Services Pty Ltd	100.0%
MHSI Pty Ltd	100.0%
MH Operations Pty Ltd	100.0%
Medi Financial Services Pty Ltd	100.0%
MH Investment Holdings Pty Ltd	100.0%
HealthStrong Pty Ltd	100.0%
Amplar Home Health Pty Ltd	100.0%
MH Solutions Investments Pty Ltd	100.0%
Myhealth Medical Holdings Pty Ltd [1]	90.1%
Myhealth Medical Group Pty Ltd [1]	90.1%
Myhealth Management Pty Ltd [1]	90.1%
Doctorbook Pty Ltd [1]	90.1%
Edensor Park Medical Centre Pty Ltd [1]	81.1%
Enfield MP Pty Ltd [1]	72.1%
Medical Academy Pty Ltd [1]	90.1%
Myhealth Airport West Pty Ltd [1]	54.1%
Myhealth Ashmore Pty Ltd [1]	54.1%
Myhealth Auburn Pty Ltd [1]	54.1%
Myhealth Barangaroo Pty Ltd [1]	90.1%
Myhealth Bayside Pty Ltd [1]	67.6%
Myhealth Benowa Pty Ltd [1]	72.1%
Myhealth Benowa Village Pty Ltd [1]	54.1%
Myhealth Blackburn Square Pty Ltd [1]	54.1%
Myhealth Blacktown West Point Pty Ltd [1]	54.1%
Myhealth Bondi Junction Pty Ltd [1]	90.1%
Myhealth Boronia Pty Ltd [1]	54.1%
Myhealth Box Hill Pty Ltd [1]	49.6%
Myhealth Brigadoon Pty Ltd [1]	54.1%
Myhealth Brisbane Showgrounds Pty Ltd [1]	54.1%
Myhealth Broadway Pty Ltd [1]	72.1%
Myhealth Browns Plains Pty Ltd [1]	54.1%
Myhealth Burleigh Waters Pty Ltd [1]	50.5%
Myhealth Burwood Pty Ltd [1]	54.1%
Myhealth Carlton Pty Ltd [1]	72.1%
Myhealth Castle Towers Pty Ltd [1]	54.1%
Myhealth Central Pty Ltd [1]	72.1%
Myhealth Chadstone Pty Ltd [1]	67.6%
Myhealth Chatswood Pty Ltd [1]	90.1%
Myhealth Chermside Pty Ltd [1]	85.6%
Myhealth Clyde North Pty Ltd [1]	81.1%
Myhealth Coolangatta Pty Ltd [1]	46.0%
Myhealth Coomera Pty Ltd [1]	90.1%
Myhealth Corio Pty Ltd [1]	54.1%
Myhealth Cranbourne Pty Ltd [1]	54.1%
Myhealth Cremorne Pty Ltd [1]	89.2%
Myhealth Dandenong Pty Ltd [1]	54.1%
Myhealth Darling Square Pty Ltd [1]	46.0%
Myhealth Diamond Creek Pty Ltd [1]	89.2%
Myhealth Doncaster East Pty Ltd [1]	63.1%
Myhealth Doncaster Pty Ltd [1]	72.1%
Myhealth East Yarrabilba Pty Ltd [1]	46.0%
Myhealth Eastland Pty Ltd [1]	54.1%
Myhealth Edens Landing Pty Ltd [1]	46.0%
Myhealth Edmondson Park Pty Ltd [1]	54.1%
Myhealth Engadine Pty Ltd [1]	90.1%
Myhealth Ermington Pty Ltd [1]	63.1%
Myhealth Fairfield Pty Ltd [1]	72.1%
Myhealth Forest Lake Pty Ltd [1]	54.1%
Myhealth Fortitude Valley Pty Ltd [1]	85.6%
Myhealth Fountain Gate Pty Ltd [1]	72.1%
Myhealth Foxwell Road Pty Ltd [1]	90.1%
Myhealth Garden City Pty Ltd [1]	54.1%
Myhealth Hamilton Pty Ltd [1]	81.1%
Myhealth Hampton Pty Ltd [1]	63.1%
Myhealth Helensvale Pty Ltd [1]	63.1%
Myhealth Highpoint Pty Ltd [1]	54.1%
Myhealth Holmview Pty Ltd [1]	64.0%
Myhealth Hurstville Pty Ltd [1]	54.1%
Myhealth IP Pty Ltd [1]	45.1%
Myhealth Ivanhoe Pty Ltd [1]	81.1%
Myhealth Kable Street Pty Ltd [1]	59.7%
Myhealth Kurrajong Village Pty Ltd [1]	46.0%
Myhealth Leichhardt Pty Ltd [1]	54.1%
Myhealth Lindfield Pty Ltd [1]	90.0%
Myhealth Liverpool Pty Ltd [1]	54.1%
Myhealth Logan Village Pty Ltd [1]	46.0%
Myhealth Macarthur Square Pty Ltd [1]	54.1%
Myhealth Macquarie Park Pty Ltd [1]	72.1%
Myhealth Marketplace Pty Ltd [1]	64.0%
Myhealth Maudsland Pty Ltd [1]	72.1%
Myhealth M-City Monash Pty Ltd [1]	54.1%
Myhealth Meadowbank Pty Ltd [1]	67.6%
Myhealth Medical Baulkham Hills Pty Ltd [1]	46.4%
Myhealth Medical Merrylands Pty Ltd [1]	72.1%
Myhealth Medical Newington Pty Ltd [1]	46.0%
Myhealth Medical Top Ryde Pty Ltd [1]	63.1%
Myhealth Mentone Pty Ltd [1]	63.1%
Myhealth Miranda Pty Ltd [1]	72.1%

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

Consolidated entity disclosure statement (continued)

	% of share capital at 30 June 2024
Myhealth Moreland Pty Ltd [1]	63.1%
Myhealth Nerang Pty Ltd [1]	90.1%
Myhealth Newtown Pty Ltd [1]	54.1%
Myhealth North Eltham Pty Ltd [1]	46.0%
Myhealth North Richmond Pty Ltd [1]	54.1%
Myhealth Northmead Pty Ltd [1]	54.1%
Myhealth Oran Park Pty Ltd [1]	63.1%
Myhealth Pacific Fair Pty Ltd [1]	54.1%
Myhealth Palm Beach Pty Ltd [1]	49.6%
Myhealth Parramatta Pty Ltd [1]	54.1%
Myhealth Penrith Pty Ltd [1]	54.1%
Myhealth Pimpama Pty Ltd [1]	89.2%
Myhealth Pittwater Place Pty Ltd [1]	54.1%
Myhealth Point Cook Pty Ltd [1]	54.1%
Myhealth Potts Point Pty Ltd [1]	54.1%
Myhealth Qld Bne Pty Ltd [1]	90.1%
Myhealth Qld GC Pty Ltd [1]	90.1%
Myhealth Redfern Pty Ltd [1]	54.1%
Myhealth Regents Park Pty Ltd [1]	54.1%
Myhealth Rhodes Pty Ltd [1]	54.1%
Myhealth Ringwood Pty Ltd [1]	54.1%
Myhealth Robina Pty Ltd [1]	67.6%
Myhealth Rockdale Pty Ltd [1]	63.1%
Myhealth Roselands Pty Ltd [1]	90.1%
Myhealth Ryde Pty Ltd [1]	63.1%
Myhealth SB Pty Ltd [1]	85.6%
Myhealth Services Pty Ltd [1]	90.1%
Myhealth Smith Collective Pty Ltd [1]	54.1%
Myhealth South Eveleigh Pty Ltd [1]	54.1%

	% of share capital at 30 June 2024
Myhealth Southland Pty Ltd [1]	54.1%
Myhealth Springwood Pty Ltd [1]	81.1%
Myhealth St Helena Pty Ltd [1]	54.1%
Myhealth Sydney CBD Pty Ltd [1]	36.9%
Myhealth Sydney Harbour Pty Ltd [1]	75.7%
Myhealth Sydney North Pty Ltd [1]	90.1%
Myhealth Sydney SE Pty Ltd [1]	90.1%
Myhealth Sydney West Pty Ltd [1]	90.1%
Myhealth Tamborine Village Pty Ltd [1]	89.2%
Myhealth The Glen Pty Ltd [1]	72.1%
Myhealth Toorak Pty Ltd [1]	90.1%
Myhealth Toowong Pty Ltd [1]	85.6%
Myhealth Treetops Pty Ltd [1]	46.0%
Myhealth Vic New Pty Ltd [1]	90.1%
Myhealth Vic South Pty Ltd [1]	90.1%
Myhealth Warringah Mall Pty Ltd [1]	54.1%
Myhealth Wellington Point Family Practice Pty Ltd [1]	89.2%
Myhealth Wellington Point Pty Ltd [1]	54.1%
Myhealth Wentworth Point Pty Ltd [1]	54.1%
Myhealth Werrington County Pty Ltd [1]	46.0%
Myhealth West Moreton Pty Ltd [1]	54.1%
Myhealth Wetherill Park Pty Ltd [1]	54.1%
Myhealth Woodridge Pty Ltd [1]	64.0%
Myhealth Yarrabilba Pty Ltd [1]	79.3%
Myhealth Zetland Pty Ltd [1]	72.1%
Mymobile Health Pty Ltd [1]	81.1%
Newton Health Pty Ltd [1]	90.1%
The Medical Agency Pty Ltd [1]	90.1%
Wellington Point General Practice Pty Ltd [1]	54.1%

(1) These entities are a part of the Myhealth Medical Holdings Group and have been consolidated with the Medibank Group from 5 January 2024.

The directors declare that, in the opinion of the directors:

(a) the financial statements and notes set out on pages 53 to 103 are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Company and the Group's financial position as at 30 June 2024 and of its performance for the financial year ended on that date; and

(ii) complying with *Australian Accounting Standards,* the *Corporations Regulations 2001* and other mandatory professional reporting requirements;

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

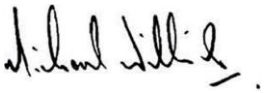
(c) the consolidated entity disclosure statement on pages 104 to 105 is true and correct.

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

This declaration has been made after receiving the declarations required to be made to the directors by the Chief Executive Officer and Chief Financial Officer in accordance with section 295A of the *Corporations Act 2001* for the year ended 30 June 2024.

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

On behalf of the Board,



Mike Wilkins AO
Chair

David Koczkar
Chief Executive Officer

22 August 2024
Melbourne

Independent auditor's report

To the members of Medibank Private Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Medibank Private 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 Group financial report comprises:

- the consolidated statement of financial position 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 consolidated 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.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

Audit scope	*Key audit matters*
Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.	Amongst other relevant topics, we communicated the following key audit matters to the Audit Committee: • Transition to AASB 17 *Insurance Contracts* • Estimation of Liability for Incurred Claims • Contingent liabilities • Reliance on automated processes and controls These are further described in the *Key audit matters* section of our report.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

Key audit matter	*How our audit addressed the key audit matter*
Transition to AASB 17 Insurance Contracts *(Refer to Note 20)* On 1 July 2023, the Group transitioned to reporting under the new accounting standard AASB 17 *Insurance Contracts* (AASB 17) which replaced AASB 1023 *General Insurance Contracts*. The Group has evaluated the requirements of AASB 17 and exercised judgement to develop accounting policies and determine appropriate methodologies to comply with AASB 17. In particular, the cashflows included within the contract boundary of the insurance contracts, the determination of risk adjustment and onerous	Our procedures included: • assessing the significant judgements used by the Group to determine whether the relevant accounting policies met the requirements of AASB 17 • evaluating the appropriateness of cashflows included within the contract boundary of the insurance contract • evaluating the Group's premium allocation approach eligibility analysis for insurance contracts with coverage periods greater than

Key audit matter	How our audit addressed the key audit matter
contract methodologies were deemed to be significant judgemental areas to the overall impact of transition. The new standard has also had a significant impact on the disclosures in the financial statements. Due to the significance of the changes introduced by the standard, we considered the transition to the new standard to be a key audit matter.	one year, including testing the relevant supporting data, the significant assumptions used and scenarios applied, and testing the accuracy of models used • evaluating the appropriateness of the methodology used to determine the risk adjustment, including assessing the model and significant assumptions • evaluating the onerous contract methodology used to identify any groups of onerous contracts on transition • testing the material transition adjustments at 1 July 2022, as AASB 17 was applied retrospectively. We also assessed the reasonableness of the new and restated disclosures in the financial report against the requirements of AASB 17.

Estimation of Liability for Incurred Claims
$990.8m (2023: $815.3m)
(Refer to Note 4)
 	
The Liability for Incurred Claims is recognised in the Insurance Contract Liabilities financial statement line item along with the Liability for Remaining Coverage.
 	
The Liability for Incurred Claims relates to claims received but not assessed and claims incurred but not received by the Group at year end.
 	
The Liability for Incurred Claims is estimated by the Group using actuarial models and is calculated as a central estimate, and a risk adjustment is applied by the Group to reflect the uncertainty in the estimate. The estimate and risk adjustment combined are intended to achieve an actuarially defined probability of adequacy (PoA) of 98% (2023: 98%).
 	
The estimation of the Liability for Incurred Claims involves complex and subjective judgements about future events, both internal and external to the business, including:
• service levels for recent service months
	Our procedures included:
	• evaluating the design of the Group's key controls relevant to the claims reserving process that determines the Group's central estimate (including claims data reconciliations and the Group's review of the estimate)
	• assessing, on a sample basis, whether the key controls relevant to our audit were operating effectively throughout the year
	• together with PwC actuarial experts our procedures included:
	  ○ evaluating the work of management's expert, being the Appointed Actuary, including his professional competence, capability and objectivity
	  ○ considering whether the Group's actuarial methodologies were consistent with actuarial practices and those used in the Private Health Insurance industry

Key audit matter	How our audit addressed the key audit matter
• claims processing delays and pre-admission hospital eligibility checks • historical patterns of claims incidence and processing. We considered this a key audit matter because of the significant judgement and complexity required by the Group in estimating claims liabilities, including the extent to which claims incidence and development patterns are consistent with past experience, and because a small change in assumptions can result in a material change in the estimated liability and corresponding charge to profit for the year.	○ assessing significant assumptions, and any changes to these assumptions, adopted by the Group in estimating the liability for incurred claims with reference to external and internal environmental factors ○ reperforming a selection of calculations over the mathematical accuracy of the Group's actuarial models ○ evaluating the relevant underlying calculations used to derive the risk adjustment, including the significant assumptions • for data used in the claims models, our procedures included assessing, on a sample basis, the relevance and reliability of significant data inputs used in the Group's modelling and measurement of the central estimate. We also assessed the reasonableness of the related disclosures in the financial report against the requirements of AASB 17.
Contingent liabilities *(Refer to Note 12)* Ongoing legal and regulatory matters, as a result of the 2022 cybercrime event, may result in costs associated with litigation, fines and penalties, compensation, and/or other regulatory enforceable actions. Such costs are uncertain and dependent on the outcome of legal and regulatory processes which remain ongoing. We considered this a key audit matter because of the significant judgement that is required by the Group to determine the appropriate recognition, measurement and disclosures of these matters.	Together with PwC legal experts, our procedures included: • developing an understanding of the Group's processes and key controls for identifying and assessing the impact of relevant legal and regulatory matters • evaluating the nature and status of each of the legal and regulatory matters, including the current status of each claim, to determine whether a provision and/or contingent liability is required in accordance with Australian Accounting Standards • assessing the reasonableness of relevant disclosures in the financial report against the requirements of the Australian Accounting Standards.

Key audit matter	How our audit addressed the key audit matter
Reliance on automated processes and controls The Group utilises a number of complex and interdependent Information Technology (IT) systems to capture, process and report a high volume of transactions. We considered this a key audit matter because the: • operations and financial reporting processes of the Group are heavily reliant on IT systems • underlying IT controls over business processes are significant to the financial reporting process.	Together with PwC IT specialists, our procedures included developing an understanding of the Group's IT governance framework, as well as performing testing over the information technology controls designed to mitigate the risk of material errors in the Group's financial report. This included testing of a sample of controls in the following IT control areas: • program changes • access to programs and financial data • computer operations • key automated controls and reports.

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. We have issued a separate opinion on the remuneration 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: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2024.

In our opinion, the remuneration report of Medibank Private Limited for the year ended 30 June 2024 complies with section 300A of the *Corporations Act 2001.*

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

Marcus Laithwaite
Partner

Melbourne
22 August 2024