

## Disclosures required under Prudential Standard HPS 110 Capital Adequacy

### Prudential Capital Requirement

The Company 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.

As required by HPS 110, the Company has a Board-approved Capital Management Plan (CMP) which defines its approach to risk and capital management and sets out the target level of capital, which exceeds the minimum regulatory prescribed capital requirement, together with triggers and actions to follow in the case of an adverse stress event.

The Company's capital management objectives are to safeguard its ability to continue as a going concern, so that it has the capacity to pay all eligible customer benefits, invest in health management programs to support members, and to ensure that the business can meet all financial commitments.

The table below sets out the Company's annual disclosure of its APRA regulatory capital position at 30 June 2024. The Company operates a General Fund (GF) in addition to the Health Benefits Fund (HBF) within the Insurer entity and is required to disclose capital information for both the HBF, and the total Insurer as outlined below.

Year Ended 30 June 2024	Private Health Insurer AUD \$'000	Health Benefits Fund AUD \$'000
<b>Capital Base</b>		
Accounting Net Assets	145,435.4	138,656.6
Regulatory adjustments applied in the calculation of Common Equity Tier 1 Capital	502.3	502.3
<b>Common Equity Tier 1 Capital</b>	<b>145,937.7</b>	<b>139,158.9</b>
Additional Tier 1 Capital	-	-
Regulatory adjustments applied in the calculation of additional Tier 1 Capital	-	-
Tier 2 Capital	-	-
Regulatory adjustments applied in calculation of additional Tier 2 Capital	-	-
<b>Total Capital Base</b>	<b>145,937.7</b>	<b>139,158.9</b>
<b>Prescribed Capital Amount</b>		
Insurance Risk Charge	30,007.8	30,007.8
Asset Risk Charge	26,764.5	26,733.2
Asset Concentration Risk Charge	-	-
Operational Risk Charge	8,974.2	8,974.2
Less: Aggregation Benefit	12,740.8	12,740.8
Tax Benefits	-	-
<b>Total Prescribed Capital Amount</b>	<b>53,005.7</b>	<b>52,974.3</b>
<b>Capital Surplus (Total Capital Base minus Total Prescribed Capital Amount)</b>	<b>92,932.0</b>	<b>86,184.6</b>
<i>Capital Adequacy Multiple (CAM) (Total Capital Base divided by Total Prescribed Capital Amount)</i>	2.75	2.63