



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 member 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 does not operate a General Fund and as such, the Health Benefits Fund, as outlined below, is also the Insurer.

Year Ended 30 June 2024	Private Health Insurer AUD \$'000
Capital Base	
Accounting Net Assets	21,700.6
Regulatory adjustments applied in the calculation of Common Equity Tier 1 Capital	170.7
Common Equity Tier 1 Capital	21,871.3
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	-
Total Capital Base	21,871.3
Prescribed Capital Amount	
Insurance Risk Charge	4,062.5
Asset Risk Charge	678.1
Asset Concentration Risk Charge	-
Operational Risk Charge	384.3
Less: Aggregation Benefit	490.2
Tax Benefits	-
Total Prescribed Capital Amount	4,634.7
Total Prescribed Capital Amount (Prudential Standard Minimum)	5,000.0
Capital Surplus	
(Total Capital Base minus Total Prescribed Capital Amount - Prudential Standard minimum)	16,871.3
<i>Capital Adequacy Multiple (CAM)</i> <i>(Total Capital Base divided by Total Prescribed Capital Amount - Prudential Standards minimum)</i>	4.37