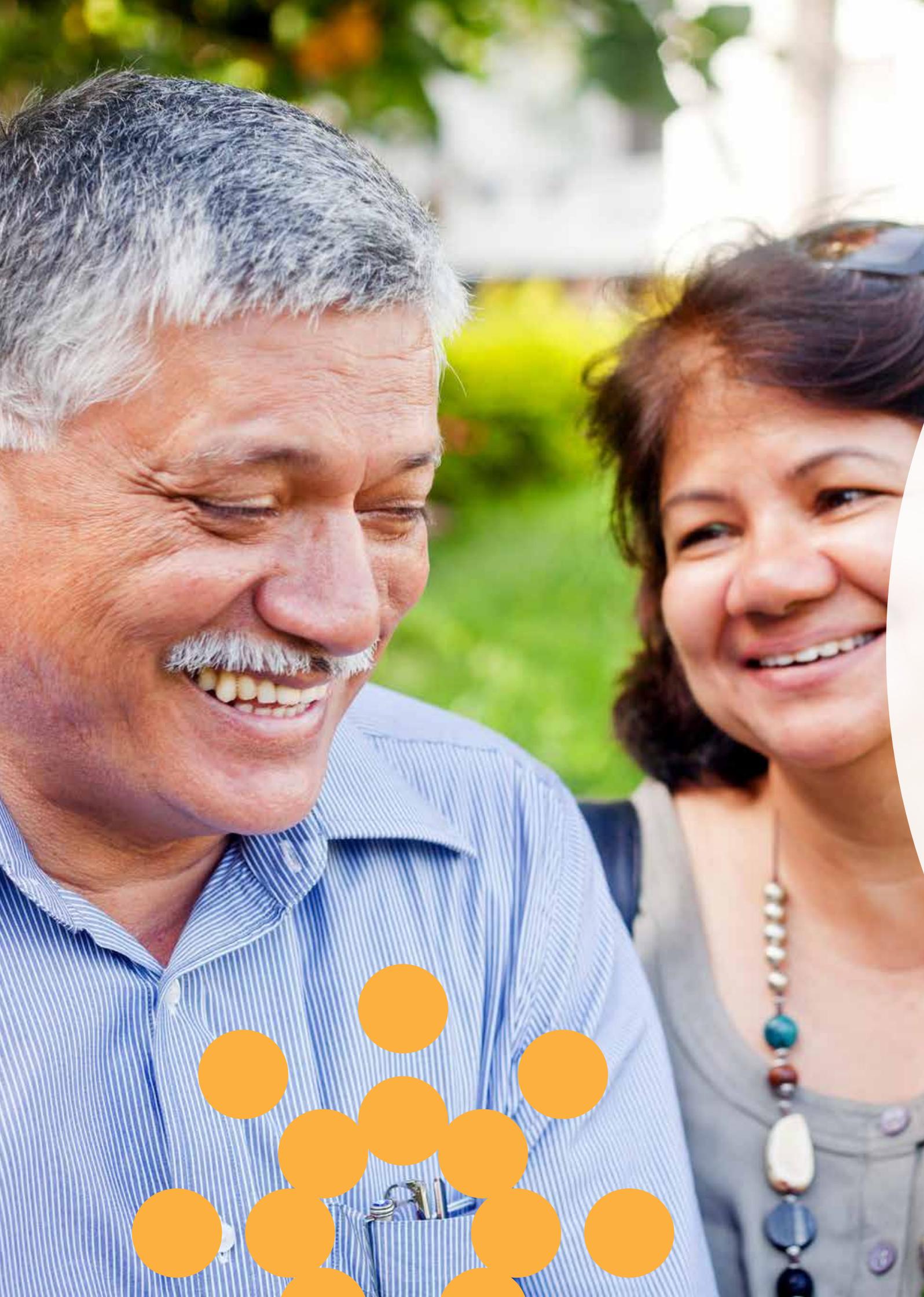


Annual Report

2022





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CBHS 
GROUP
BELONG TO MORE



About CBHS



FY22 in review

In another challenging year: Support when members needed it most

It has, without doubt, been another year full of challenges. We've navigated the unfolding conflict in Ukraine, domestic inflation, widespread flooding, and of course, the Omicron strain of COVID-19. All have played a part in placing further pressure on our health system and economy. The turbulence has impacted many Australians on a uniquely personal level, so our goal throughout has been to increase support for our members.

- Our COVID-19 support initiatives for members continued to grow, totalling around \$35 million.
- We deferred annual premium increases for the third time; and gave back over \$7 million to members through Extras premium refunds. This recognised that members had not been able to use certain health services as normal during the pandemic.
- With wider community safety in mind, we supported our own teams with time off to receive their COVID-19 vaccines and special pandemic leave if needed.
- We also made support available to flood-impacted members through a premium relief package.

Our people: Flexible working and future-proofing

In June 2022, we welcomed our teams to the new premises at Hassall Street in the heart of Parramatta. The contemporary environment facilitates collaboration, connection and teamwork, and will produce savings for the business over the long term through a more appropriate occupancy footprint for our new working style.

We're proud to be a flexible workplace, which means our staff benefit from a balance of time in the office and working from home. The new CBHS Group head office sets us up for future success and will help us build on our strong culture through retaining talent and attracting great people to the CBHS team.

Highlights from our 2022 employee engagement survey



More Value under the spotlight

With extended wait times in overstretched public hospitals, it's no surprise that our membership is growing as Australians seek timely access to healthcare. While this is pleasing to see, as cost-of-living pressures increase we need to continue to demonstrate the value of private health cover.

Belong to More is not just a catchphrase at CBHS. Members really do get **more** from our health cover. We bring the Belong to More philosophy to life through providing members access to innovative and preventative health solutions. Here's a snapshot:

- We launched the **Ramsay Integrated Cancer Care Program** pilot at Sydney's St George Private Hospital. The pilot program will support our members through their cancer journeys – both during and after treatment – to help them get back on their feet sooner.
- Together with East Sydney Private Hospital, we launched a **short-stay joint replacement surgery** program. This program is one of the first Australian collaborative approaches to first-time hip and knee replacements. Members taking part spend less time in hospital and return to the comfort of home sooner.
- Members with particular health challenges continued to enjoy free access to the award-winning **CSIRO Total Wellbeing Diet** through our **Better Living programs**.
- Our in-house healthcare professionals presented **health and wellbeing webinars** on fitness, nutrition and positive mindset. These were streamed for members via Facebook Live and are available on-demand from our webinar library.

Connection to Commonwealth Bank

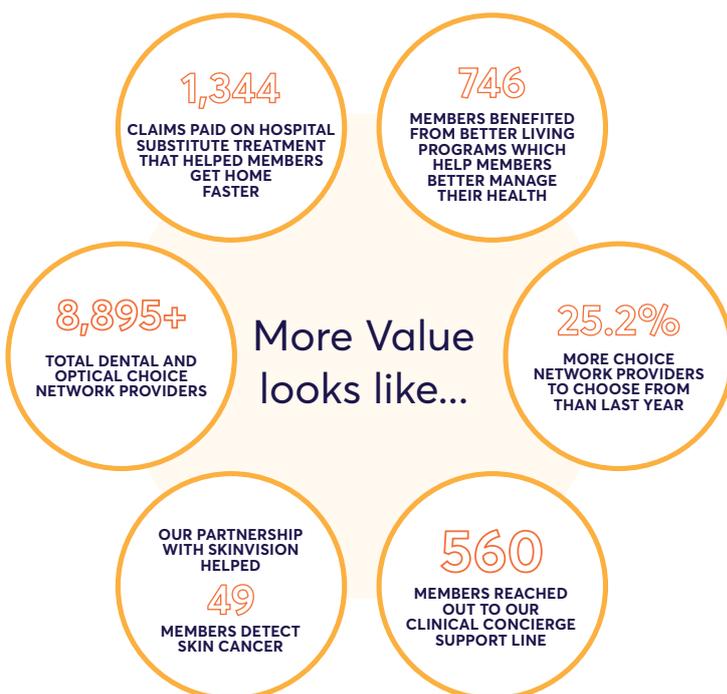
Our Health Hub team – a joint initiative between CBHS and Commonwealth Bank of Australia (CBA) – continues to deepen relationships with the employee community across the CBA Group. The team has been a key collaborator on CBA's Wellness Week, Well-Come Back Week and Wellness Expos, as well as running bespoke business unit sessions and an everyday calendar of activities all year.

While many CBA staff are fortunate to be based near one of the seven physical hubs, Health Hub activities are also focused on bringing the 'Hub' experience to all staff. Our team has engaged with the CBA community nationwide through the mobile Hub2U program and a dedicated wellness calendar for the extensive branch network.

We regularly receive wonderful feedback from CBA staff who found their healthier and happier selves as a result of having access to the Health Hub professionals.

"Isolation can be challenging with mental and physical health but the regular interactions via email and exercise classes were great for the body and mind."

"This challenge improved my motivation to get strong. I've increased my walking to 60kms per week and incorporated strength exercises at least twice per week. Turned 50 last year - on the journey to feeling fabulous!"





CONNECTED TO CBA

Virtual health and wellbeing PROGRAMS AND SUPPORT bank-wide:



On another exciting note – we’ve announced our sixth year of support for Can4Cancer. In 2022, we’ll be the exclusive Wellbeing Partner for the Can4Cancer 21km Walks around the country. We’re also supporting all Can4Cancer participants to meet their training goals through dedicated resources.

Cardless claiming is the latest innovation to improve our member and provider experiences. This exciting initiative was launched to selected providers by CommBank Health in collaboration with CBHS, in October 2021. Cardless claiming is a feature of CommBank Health’s new generation of merchant Smart Health terminals. Smart Health is an end-to-end solution that enables providers to streamline payments, process instant claims and promote their practice. We’re now looking forward to more providers adopting Smart Health, enabling cardless claiming to be available more widely. This innovation is more important than ever, with Australians increasingly doing business through their smartphones without physical wallets and cards.

Enhancing digital capabilities for a better member experience

As a member-owned, not-for-profit health fund, we reinvest profits back into the fund to improve experiences for our members. That includes making it easier to interact with us.

Our Chatbot, named Carey after our CARE Values, has already handled more than 63,000 interactions with our members and potential members since going live in July 2021. Carey provides our CBHS website visitors 24/7 support to help find the information they need.

Growth in downloads of our mobile app also illustrates the ever-increasing appetite for digital solutions – the CBHS Health app passed 103,000 downloads in FY22. The app enables members to interact with us from the palm of their hand while they’re on the go. Cardless claiming at participating providers adds a further enhancement to the app.

CBHS International – celebrating growth

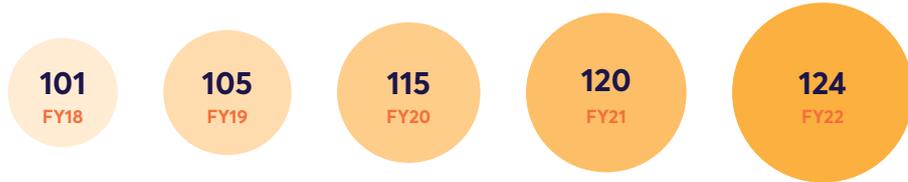
With international borders re-opened, CBHS International (part of CBHS Corporate) is growing, with record sales results in the final quarter of the financial year. With a net growth of more than 9,000 members in FY22, the early growth indications are positive, as this part of the business emerges from COVID-19 travel restrictions.

We’ve delivered a host of programs and support specific to the unique needs of our International members, including a new app for faster and easier claiming. These will help members to navigate the Australian healthcare system and save on out-of-pocket healthcare costs while working or studying in Australia.

Highlights

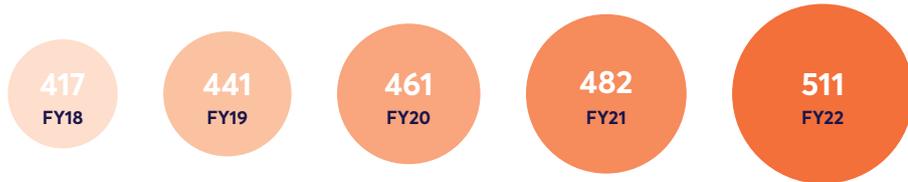
Now with over 124,000 memberships, CBHS Group continues to provide more members with peace of mind

3.3% increase in membership
(thousands)



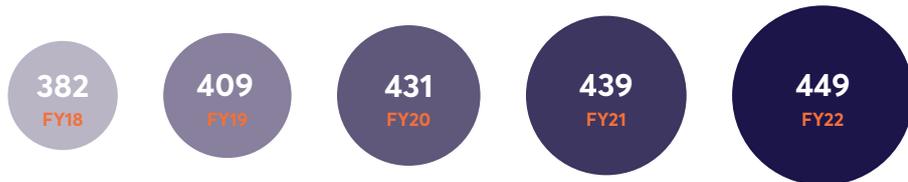
Membership growth continues to be strong.

6.0% increase in premium revenue
(\$millions)



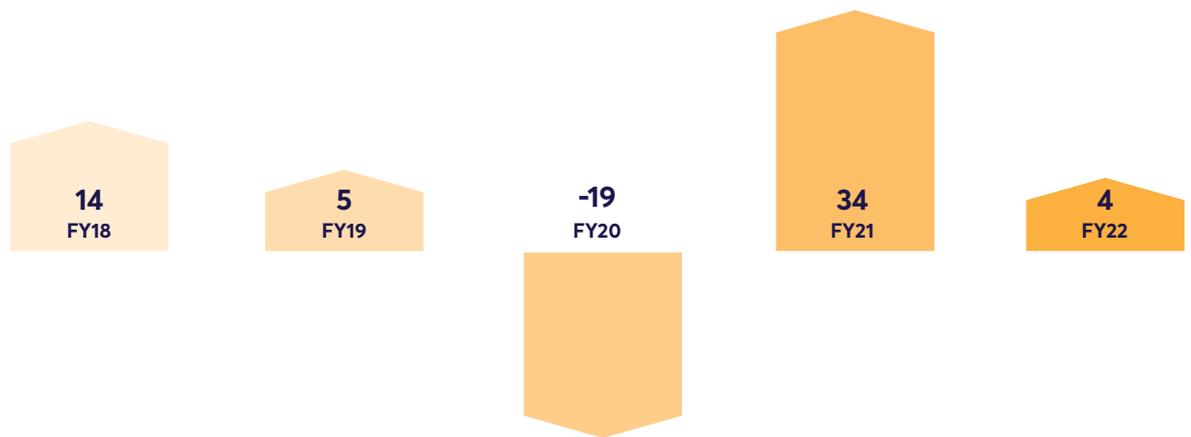
Increase in premium revenue is driven by membership growth and premium increases.

2.3% increase in net claims
(\$millions)



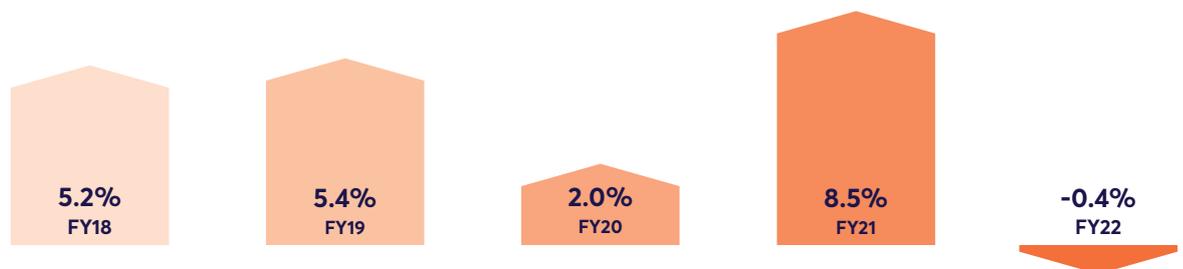
Metric	Value
Increase in membership	3.3%
Increase in premium revenue	6.0%

Profit impacted by investment returns
(\$millions)



CBHS Group has recorded a profit of \$4.1m in FY22. The decrease in profit is due to the significantly lower investment returns in FY22.

-0.4% investment returns in 2022



Investment returns decreased by \$27.1m in FY22 compared to the prior financial year, with global and local markets impacted by inflation, supply shortages and concerns of potential economic recession.

1.8% increase in net assets
(\$millions)



Net assets have increased by a modest \$4.0m in FY22.



-0.4%
Investment returns



1.8%
Increase in net assets

Investment portfolio

CBHS' portfolio has a balanced investment strategy which balances investment returns and capital preservation.





“

“We’ve been members for almost 40 years, and CBHS covered us for all the births of our children, sporting injuries, ankle and knee reconstructions, glasses, dental, and surgeries. Now you’re looking after our three sons and their children, giving me peace of mind for their future health care. You’ve just been part of our lives for so long, I can’t imagine you not being there when we need you.”

”

– Julie Z
CBHS member

Five year history

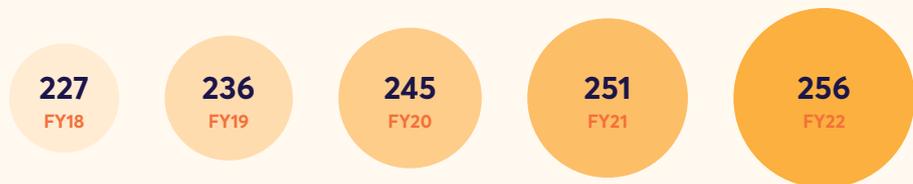
(in \$'000 unless otherwise indicated)

	2022	2021	2020	2019	2018
Income Statement					
Direct premium revenue	510,720	482,319	461,486	440,506	416,977
Net claims incurred	(449,213)	(438,780)	(430,819)	(409,173)	(382,187)
Net movement in unexpired risk liability	-	13,531	(10,820)	(2,711)	-
Underwriting and other expenses	(46,986)	(43,122)	(42,170)	(39,020)	(34,120)
Underwriting result	14,521	13,948	(22,323)	(10,398)	670
Investment income	(3,819)	23,271	5,909	15,594	14,095
Other income	641	664	648	1,392	507
Depreciation and amortisation	(7,264)	(3,799)	(3,460)	(1,660)	(981)
Finance costs	(62)	(88)	(128)	-	-
Profit/(loss) before tax	4,017	33,996	(19,354)	4,928	14,291
Income tax benefit/(expense)	61	(176)	67	(34)	(26)
Profit/(loss) after tax	4,078	33,820	(19,287)	4,894	14,265
Balance Sheet					
Current assets	172,802	141,793	134,590	90,987	96,000
Non-current assets	264,049	232,015	202,502	224,653	205,872
Total assets	436,851	373,808	337,092	315,640	301,872
Current liabilities	197,086	144,440	141,814	102,166	93,406
Non-current liabilities	9,959	3,642	3,372	1,768	1,654
Total liabilities	207,045	148,082	145,186	103,934	95,060
Net assets	229,806	225,726	191,906	211,706	206,812
Reserves					
Retained earnings	229,806	225,726	191,906	211,706	206,812
Total reserves	229,806	225,726	191,906	211,706	206,812

Delivering value to members

255,506 people now experience the benefits of CBHS Group membership

Insured persons
(thousands)



Claims ratio



CBHS' member focus ensures we give back more to members than the industry average.

Claims ratio comparison relates only to APRA defined Health Insurance Business (HIB) which has been sourced from APRA Private Health Insurance Quarterly Statistical Report.

Management expense ratio



Management expenses are tracking marginally above industry average, impacted by investment activity and some one-off costs.

Management expense ratio comparison relates only to APRA defined Health Insurance Business (HIB) which has been sourced from APRA Private Health Insurance Quarterly Statistical Report.

Message from the Chair

Peter MacCuspie
Chair



In my fifth year as Chair, I am pleased on behalf of the Board, to present the 2022 Annual Report.

This year we entered a third year of the global COVID-19 pandemic. Novel virus strains and restrictions continued to throw new challenges and uncertainty our way. We have all had to adapt to changed circumstances, and even changed lives. Throughout the turbulence, our greatest concern at CBHS is always how we can best support you, our members.

In Australia, our two-tier system of public and private health has provided incredible support to our population. Every hospital system in the world has been challenged by the period we have just had, but due to the heroic efforts of so many people every day we have come through it as well as any country.

"I'm proud that CBHS, as a not-for-profit member-owned fund, has continued to support our members during these challenging times on both a health and financial basis."

In fact, our total pandemic support package has increased to around \$35m.

In the latter months of FY22, rising inflation and increases in the cost of living began to occupy the forefront of Australians' minds. We know many of you will be among those impacted by these tough economic conditions, and that affordability and value of our products will be an increasing focus for you.

Meanwhile, we will do all that we can to continue to offer value in our health cover, by providing innovative health and wellbeing solutions and member benefits in easily accessible

ways. Maintaining private health cover also ensures that our members and their families can access hospital and preventative healthcare in a timely manner, particularly at this time when the public health system is under significant pressure.

We are seeing a slow but steady increase in benefit payments which suggests that our CBHS Group community is accessing the healthcare system and deriving value in their cover.

Strategy execution

Our commitment to building healthier and happier communities is anchored in executing our strategic objectives effectively. A particular highlight for me is linked to our focus on developing a dynamic and thriving culture.

The CBHS Executive Leadership Team has done a wonderful job at connecting and leading their teams successfully through working from home to our new flexible working environment, while making great progress on our strategic objectives as a business.

Financial results

This year's financial results were again pleasing, despite ongoing uncertainty associated with COVID-19 and volatile economic conditions, due in part to global factors.

The CBHS Group membership base continues to expand, including significant growth in our International business, with now more than 255,500 people insured. This represents a 3.3% increase in total memberships from the previous year, delivering premium revenue of \$511m.

Net claims increased to \$449.2m resulting in a claims payout ratio of 87.8%. We also continue to appropriately reserve for deferred claims liabilities associated with COVID-19.

Our investment income was however, below our forecasts, due to declining equity markets and increases in interest rates impacting valuations of our fixed interest investments. Global markets have been impacted by COVID-19 and the

geopolitical situation in Ukraine and Russia. CBHS Group was not immune to this volatility. The fund operates a diversified investment portfolio, and we view our investment returns on a multi-year horizon. Although we have seen a decline in our investments this financial year, this does follow the particularly strong returns we experienced in FY21. Despite this volatility, our prudent approach to capital requirements has ensured the CBHS Group's capital position has remained stable.

"We continue to use some of our capital to support our members during COVID-19."

Stuart is an experienced director, with extensive strategic and operational experience in the health insurance and financial services industries. The Board and I are very much looking forward to working with Stuart.

Thank you to my fellow Board members, Board members of CBHS Corporate Health, our Executive Leadership Team, and our staff, for their hard work and commitment to our members during another extraordinary year. And of course, thank you to you, our members for your continued loyalty and support throughout these unprecedented times.



Peter MacCuspie
Chair
12 September 2022

Looking to the future

In FY23, we'll continue to build on our CBHS culture, living the CARE values and keeping members at the heart of everything we do. The Board and the Executive Leadership Team are committed to ensuring our strategic initiatives address the value in maintaining your cover.

We'll also continue to proactively engage with the Government, regulatory bodies and industry associations to help create positive change for members of health funds at an industry level.

And, of course, we'll be working closely with our partners at the CBA to support initiatives to benefit members, like cardless claiming through CommBank Smart Health, as well as providing innovative health and wellbeing services to the CBA community via our Health Hubs.

Thank you

My special thanks go to our Deputy Chair, Marielle Latour, for her insight and contributions to CBHS. Marielle retired from the CBHS Board in May 2022 after serving her maximum 12 year tenure as a Director.

I would also like to extend a warm welcome to new CBHS Board member, Stuart Rodger, who was appointed in May 2022 as a Non-Executive Independent Director.

**OUR TOTAL PANDEMIC SUPPORT
PACKAGE IS NOW AROUND
\$35 MILLION
FOR MEMBERS**



Message from Group CEO

Helen Troup
Group Chief Executive Officer



This past financial year has been another one full of challenge and change – but one element that has been unwavering is our commitment to you, our members. The connection to our member community has never been stronger. Our members are at the heart of everything we do. These are not just words on a page, but a value that our team lives and breathes, shaping our strategy and the services and support we deliver.

We are driven to provide exceptional service, and throughout FY22 launched a number of initiatives to expand the options available for our members. These included digital solutions like Carey the chatbot – a support agent available 24/7 to help members navigate our website, cardless claiming, and a new app for faster and easier claiming for our international business.

The health and wellbeing of our members has and always will be our priority – it underpins our brand promise of *Belong to More*. We have continued to invest in our suite of programs that support your health and happiness and deliver *more* value.

This year, more members than ever are choosing options for health services in their home. This minimises time in hospital and helps them get back to doing what they love, faster.

Our Better Living programs, which provide support, guidance and tools to help you achieve your health goals, have expanded.

A particular highlight was making SkinVision, the digital skin check app, available. This puts the power of skin health in your hands, as you can instantaneously check that 'spot' and then be connected to experts in skin health for advice and support.

We continue to partner with doctors and hospitals to develop new and improved models of care – during both treatment and recovery.

Another important relationship is with the Commonwealth Bank (CBA). After two years of limited and virtual interactions, it has been energising for our teams to be able to reconnect in person with the CBA community. From meeting with Retired Officers, to being part of new starters programs, our connection to CBA is what our organisation is built on.

Our involvement in supporting CBA's employee wellness initiatives is a great example of where our vision of building healthier and happier communities comes alive.

The ever-expanding Health Hub program is realising tangible health benefits, as illustrated in this story:

"I signed up to have my blood glucose and cholesterol checked... I was surprised to be told my LDL cholesterol was so high I needed to see my doctor... In doing so, it identified an underlying genetic cholesterol condition I did not know about. I have since been under the care of a specialist.

Speaking with the specialist helped also diagnose my father's genetic condition – familial hypercholesterolemia. It really helped my family because we didn't have answers to why he died so suddenly... If left undiagnosed I could have suffered the same fate as my father. I am only 37, I eat very clean, and I am very active, which means my GP wouldn't have checked unless I had asked. Without medication I would not be able to improve my cholesterol to a safe level. I really want to thank whoever organised this event for changing my life and giving my family a bit of closure."

Turning to performance, our Chair, Peter MacCusprie, has covered our financial results highlighting our strength and sustainability going forward. We are proud to be a member-owned, not-for-profit health fund where these good results are reinvested back into *your* fund.

This year we, again, took this ethos one step further by refunding premiums and deferring premium increases as part of our commitment to not profit from the pandemic.

While the uncertainty on the long-term impact of COVID-19 means we have to take a prudent and responsible financial reserve position, you can be assured this commitment is enduring.

Our business continues to grow and with borders re-opened, this is particularly the case for our International business.

Growth is complemented by our retention rate, which is particularly impressive due to strong loyalty from our members – this also translates into strong advocacy with your referrals being a key source of our growth.

All of these achievements would not be possible without the dedication of our amazing people. In our 2022 staff survey our people overwhelmingly told us they feel supported and engaged. After two years of working remotely, this reflects the strength of our values and leadership team.

Our people are happy at work and feel a strong connection to our purpose – and there's no doubt this flows through to how we take care of our members and each other.

With a culture of member-first, flexibility and inclusion - this sets CBHS apart. We're excited to connect face-to-face again, working together from our new purpose-built premises.

To team CBHS, thank you for your commitment and incredible efforts in supporting each other and our members. You embody what makes CBHS a truly member-driven organisation.

To our members, we only exist because of you. Thank you for your continued loyalty, and the trust you put in us to care for you and your families.

Looking forward, our focus remains on delivering MORE for you, as we work together to build healthier and happier communities.



Helen Troup
Group Chief Executive Officer
12 September 2022

Corporate Governance Statement

This statement outlines the key aspects of the corporate governance framework of CBHS Health Fund Limited and its wholly owned subsidiary CBHS Corporate Health Pty Ltd for the year ended 30 June 2022.

CBHS Group refers to CBHS Health Fund Limited (CBHS) and CBHS Corporate Health Pty Ltd (CBHS Corporate).

For the purposes of the Corporate Governance Statement, a Standard refers to an Australian Prudential Regulation Authority (APRA) Prudential Standard.

The Governance Standard was developed to ensure that private health insurers are managed prudently. This aims to ensure that boards have access to appropriate independent expertise and that the board includes directors who have suitable competencies and experience to understand the relevant business issues and risks they are likely to encounter.

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

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

This statement is current as at 12 September 2022 and has been approved by the CBHS Board.

Lay solid foundations for oversight of management

The Board and Management

The CBHS Board provides overall strategic guidance for CBHS. It is accountable to its members for the performance and governance of CBHS and effective oversight of Management.

Management is responsible for implementing the CBHS Board-approved strategy and performance objectives and for carrying out the day-to-day management of the CBHS Group.

Board Charter

The roles and responsibilities of the CBHS Board are set out in the Board Charter. The Board Charter was last reviewed and approved in February 2022. The responsibilities of the CBHS Board include, but are not limited to:

- Monitoring the performance of the business against implementation of CBHS' strategy;
- Oversight of the Executive Leadership Team including regular monitoring and assessment of the Group CEO and Executive Leadership Team in achieving Board approved strategies, budgets and key performance indicators;
- Oversight of financial reporting requirements including regular monitoring of CBHS' financial results, condition and forecasts;
- The establishment of a Risk Management Framework which assesses, monitors and manages CBHS' key financial and non-financial risks; and
- Ensuring effective communication with members and other key stakeholders.

“

CBHS contacted me while I was still in hospital, laying in bed. They just wanted to see how I was going and what they could do for me. I could not believe a health society would do that - usually you hear the horror stories. I was so pleased, I felt at ease. It was super impressive. It could not have been more comforting to have them call to see how I was going and then set the pathway forward for me as a patient.

”

– Colin W
CBHS member



Delegation of authority

The Board has delegated to the Group CEO and the Executive Leadership Team the responsibility for running the day-to-day business of the CBHS Group.

The Group CEO may authorise the Executive Leadership Team to further delegate to their direct reports in accordance with the Group Delegations of Authority Policy. The Group CEO remains accountable for all delegated authorities.

Fit and proper reviews

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

Directors and Executive Management fit and proper reviews

The full fit and proper checks include:

- A review of current qualifications, skills, knowledge and experience;
- An Australian Federal Police check;
- An Australian Securities & Investments Commission (ASIC) banned and disqualified persons check;

- APRA's Disqualifications Register check;
- APRA's Enforceable Undertakings Register check;
- ACCC's Undertakings Register check;
- ACCC's Infringement Notices Register;
- AUSTRAC's Enforceable Undertakings Register;
- AUSTRAC's Infringement Notices Register;
- AUSTRAC's Remedial Directions Register;
- AUSTRAC's Written Notices Register;
- General internet searches; and
- A bankruptcy check.

Director and Executive Leadership Team agreements

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

Company Secretary

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

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

Diversity and inclusion

The CBHS Group has a Group Fair Workplace Policy, which states that the CBHS Group is committed to ensuring that all employees enjoy equal employment opportunities.

During hiring and promotion processes, CBHS is committed to ensuring gender equality, diversity and inclusion.

CBHS has completed the reporting of its gender equality indicators in its Workplace Gender Equality Agency (WGEA) report during this reporting period. A copy of the Public WGEA Report 2022 is available on the CBHS website.

Performance of the Board, its Committees and individual Directors

In accordance with the Governance Standard, a Board Renewal and Performance Assessment Policy has been developed to assist the Board in discharging its responsibilities to ensure the sound and prudent management of CBHS. The Board performance evaluation is an annual process which provides for an assessment of individual Directors, Committees and the Board collectively against a pre-agreed set of objectives.

An externally facilitated Board performance evaluation is being conducted in 2022 to assist with identifying any skill gaps and enhancing the Board's efficiency

and effectiveness. The Board also annually reviews the performance of existing Directors who, having retired and being eligible for re-election, submitted a nomination to the Board as part of the 2022 Board election process. The Company Secretary formally discusses the results of the performance review with the Chair which is then shared with the Board as a whole.

Performance of the Executive Leadership Team

The performance of the Executive Leadership Team is reviewed on a half yearly and yearly basis by the Group CEO.

During the yearly review, the Group CEO presents the performance results of the Executive Leadership Team to the People and Remuneration Committee.

Deed of Access, Insurance and Indemnity for Directors and Officers

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

Structure of the Board

Composition of the Board

The CBHS Constitution provides that there must be a minimum of five Directors and no more than seven Directors, excluding the Group CEO and currently permits a maximum of two Directors who are not members of CBHS.

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

In addition to the Group CEO as an Executive Director, the Board currently comprises six Independent Non-Executive Directors, five of whom are CBHS members. A Director is considered independent if they are a Non-Executive Director who is not a member of Management and are free of any business or other relationship that could materially interfere with the exercise of their unfettered and independent judgement or could reasonably be perceived to do so.

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

Details of the number of times the Boards and its Committees met including the individual attendances throughout 2021-22 are provided in the Director's Meeting section on page 28. In addition to Board meetings, an annual Strategy Day was held in May 2022.



The Board has not established a Nomination Committee, preferring that this function be performed by the whole Board. The People and Remuneration Committee assists in the provision of nomination recommendations, advice and research as instructed by the Board.

Tenure and retirement of Directors

The CBHS Constitution specifies that a Director must retire from office at the third Annual General Meeting after the Director was elected or last re-elected. If no election of Directors is scheduled to occur at an Annual General Meeting, then at least two Directors must retire from office at the Annual General Meeting.

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

Director	Appointed	Last Elected at an AGM
Peter MacCuspie (Chair)	2015	2021
Marielle Latour Retired effective 19 May 2022	2010	2019
Fintan Thornton	2012	2021
Andrew Smith Retired effective 3 September 2021	2016	N/A
Adrian Hondros	2017	2019
Jay MacGregor	2017	2020
Nicolette Rubinsztein	2018	2020
Helen Troup	2021	N/A
Stuart Rodger	2022	N/A

The current Directors who nominated to be re-elected at the 2022 Annual General Meeting are:

- Adrian Hondros, having reached his maximum tenure of three years; and
- Stuart Rodger, having been appointed as a Director on 23 May 2022, following the retirement of Marielle Latour.

Having received no other nominations and given that the number of candidates for election was equal to the number of vacancies on the CBHS Board, the current Directors seeking re-election will be declared elected at the 2022 Annual General Meeting by the Returning Officer, Nicole Nott.

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

Board skills matrix

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

The skills matrix was reviewed and approved by the People and Remuneration Committee in March 2022 and is used when reviewing the current mix of skills on the Board, new Director candidates, including those Directors who have retired and are eligible for re-election.

Information on the Directors' relevant qualifications and experience can be found on pages 26-27.

Director induction and education

Newly appointed Directors participate in an induction program which involves sessions with the Executive Leadership Team, appointed actuary, appointed auditor, other advisers, and key stakeholders to assist in understanding the business.

The Board has scheduled education sessions specific to the health insurance industry and other topics which may affect the CBHS Group and its members.

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

Act ethically and responsibly

Conflict of interests

Directors are required to comply with the requirements of section 191 of the *Corporations Act 2001* concerning the disclosure and appropriate management of transactions which involve their interest.

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

Where necessary, the Board will evaluate whether a Director should participate in situations where the interests of the Directors might affect, or appear to affect, decision making by the Board.



||

I had a routine surgery that went wrong. I was rushed back to hospital a week later for emergency surgery that ended up with a stay on life support in intensive care. CBHS covered everything including a nurse and cleaner at home while I recovered. You even subsidised my very expensive wound dressings! The total payout was over \$30,000. Extremely happy.

– Lucy L
CBHS member

||

Code of conduct

The CBHS Group has a Group Ethics Policy which establishes a culture of openness, trust and integrity in business practices. This policy outlines acceptable principles to be applied to Directors, the Executive Leadership Team and all employees.

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

Reporting under the Modern Slavery Act

In December 2021, the CBHS Group published its second Modern Slavery Statement (MSS) under the Modern Slavery Act 2018 (Cth). A copy of the CBHS Group's MSS is available on the CBHS website or at modernslaveryregister.gov.au

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

Committees

To assist the CBHS Board in carrying out its responsibilities, the CBHS Board has established four Committees, being the Audit Committee, Risk Committee, Asset and Liability Committee and People and Remuneration Committee.

Each Committee operates under a Charter, which was reviewed and approved by the CBHS Board in February 2022. Each Charter sets out the Committee's role, responsibilities, membership and delegated authorities.

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

Details of the number of times the Committees met throughout 2021-22 and the individual attendances of the members at those meetings is contained on page 28.

Audit Committee

The Audit Committee assists the Board in fulfilling its statutory and fiduciary responsibilities relating to and including:

- overseeing and reviewing the integrity of CBHS' financial reporting;
- the effectiveness of CBHS' internal control, financial reporting environment and risk management framework; and
- ensuring the independence and effectiveness of the external and internal audit functions.

The Audit Committee is made up of three independent Non-Executive Directors and between its members comprises accounting and financial expertise and a sufficient understanding of the health insurance industry.

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

The Committee's members were/are:

Marielle Latour (Chair)

Retired effective 19 May 2022

Fintan Thornton (Chair)

Appointed as Chair effective 19 May 2022

Jay MacGregor

Stuart Rodger

Appointed effective 23 May 2022

Internal audit

CBHS has an in-house internal auditor.

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

The Head of Internal Audit utilises co-sourcing arrangements with the private sector for the provision of additional and specialised internal audit services.

The Head of Internal Audit meets with the Audit Committee on a regular basis without any of the Executive Leadership Team being present.

External audit

CBHS has appointed Rod Balding of PricewaterhouseCoopers (PwC) to audit the records and financial statements of CBHS for the 2022 financial year and to perform various regulatory and compliance audits.

In line with current legislation, CBHS requires that the lead partner is changed after five years of being appointed. Mr Balding replaced Renae Cooper of PwC in November 2021.

The external auditor meets with the Audit Committee on a regular basis without any of the Executive Leadership Team being present.

Risk Committee

The Risk Committee assists the Board in fulfilling its statutory and fiduciary responsibilities relating to:

- overseeing the implementation and operation of CBHS' risk management framework and internal compliance and control systems;
- compliance with the Risk Management Prudential Standard; and
- to ensure that financial and non-financial risks are clearly identified and well managed.

The Risk Committee has three members who are independent Non-Executive Directors.

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

The Committee's members were/are:

Jay MacGregor (Chair)

Marielle Latour

Retired effective 19 May 2022

Fintan Thornton

Stuart Rodger

Appointed effective 23 May 2022

Asset and Liability Committee

The Asset and Liability Committee is responsible for assisting the Board with:

- developing, reviewing and monitoring the strategy and policies for:
 - o capital;
 - o liquidity; and
 - o investment activities
- recommending appropriate investments; and
- monitoring the performance of CBHS' investment advisors.

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

The Committee's members were/are:

Fintan Thornton

Retired as Chair effective 23 May 2022

Stuart Rodger

Appointed as Chair effective 23 May 2022

Jay MacGregor

Gerard Parlevliet (Non-Director Committee member)

People and Remuneration Committee

The People and Remuneration Committee is responsible for assisting the Board with:

- reviewing remuneration arrangements for executives, Non-Director Committee members and Directors;
- ensuring that CBHS' remuneration policies and practices are consistent with remuneration strategy objectives, the risk management framework, aligns with prudent risk taking and supports the long-term financial soundness and business strategies of the CBHS Group;
- monitoring the effectiveness of CBHS' strategies for executive succession planning and, training and talent management;
- reviewing people and organisational culture strategies, including employee engagement, values and behaviours; and
- monitoring CBHS Group's Health, Safety and Wellbeing strategy and performance.

The People and Remuneration Committee has three members who are independent Non-Executive Directors.

The Committee's members are:

Nicolette Rubinsztein (Chair)

Adrian Hondros

Peter MacCuspie

Safeguard the integrity of corporate reports

Annual financial accounts

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

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

External Auditor

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

Respect the rights of members

CBHS information and governance

A Corporate Governance section is available on the CBHS website. This provides members with easily accessible information on CBHS and how it is governed.

Corporate Governance communication

Members have the option to send and receive communications in relation to Corporate Governance matters electronically.

Private Health Insurance code of conduct

CBHS complies with Private Health Insurance Code of Conduct (Code). The Code is designed to help consumers by providing clear information and transparency and extends to staff training, product information and documentation, notifications to members, dispute resolution processes, and privacy obligations.

The Code is based on a voluntary accreditation that is administered by Private Healthcare Australia (PHA). The Code forms the basis in which the employees of the CBHS Group perform their work by requiring CBHS to operate its business in an open and honest manner with members, employees, providers, the regulator and the health insurance industry.

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

Recognise and manage risk

Risk management strategy

The CBHS Group has an effective risk management framework that not only protects the business from unnecessary risks or losses but also assists the Board to take appropriate levels of risk to achieve CBHS' objectives.

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

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

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

Remunerate fairly and responsibly

People and Remuneration Committee

The People and Remuneration Committee supports the Board in all remuneration matters.

Non-Executive Director remuneration

The aggregate remuneration of independent Non-Executive Directors is determined by the CBHS members at a general meeting, as specified in the Constitution. The Board's aim when recommending an aggregate amount to members, is to recommend an amount which provides CBHS with the necessary degree of flexibility to enable it to retain the services of highly experienced Directors. Member approval was last received at the Annual General Meeting held on 7 November 2019, where members approved an aggregate remuneration of \$500,000 per annum and will be considered at the 2022 AGM. The aggregate sum is divided between the Directors as agreed by the Board.

Details of Directors' remuneration are set out in note 22.

Group Chief Executive Officer remuneration

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

Executive Leadership Team remuneration

CBHS Group's policy in respect of the Executive Leadership Team incorporates remuneration that is competitively set so that the CBHS Group can attract, motivate and retain high calibre executive leaders and promote a high-performance culture. The policy contains variable pay for performance elements which link reward with the strategic goals and performance of the CBHS Group as well as individual performance. The People and Remuneration Committee reviews remuneration annually through a process that also considers relevant comparative remuneration in the market.

Directors' report

The Directors submit their report, together with the consolidated financial statements of the CBHS Group consisting of CBHS Health Fund Limited (CBHS) and CBHS Corporate Health Pty Ltd (CBHS Corporate) for the year ended 30 June 2022. Throughout the report the consolidated entity is referred to as CBHS Group.

Board of Directors

The following persons held office as Directors during the financial year:

- Peter MacCuspie, Chair
- Marielle Latour, Deputy Chair (retired effective 19 May 2022)
- Fintan Thornton, Deputy Chair
- Andrew Smith (resigned effective 3 September 2021)
- Adrian Hondros
- Jay MacGregor
- Nicolette Rubinsztein
- Helen Troup (appointed effective 3 September 2021)
- Stuart Rodger (appointed effective 23 May 2022)





Information on Directors

Peter MacCuspie

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

Mr MacCuspie is a professional Non-Executive Director. He has over 25 years of experience in a variety of roles. He was a Director of Big Sky Credit Union / Building Society for 12 years that saw the business through mergers and targeted growth, and expanded member capital over 15 times, as well as an open-source business Strategic Data. He has experience in a wide range of governance settings including charities through the MedicAlert Foundation and Agribusiness, for over seven years with Dodgshun Medlin. His current role encompasses automotive services with his role as Chairman of Club Assist owned by the Australian automotive clubs.

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

Marielle Latour

Marielle Latour was appointed to the Board in May 2010 and remained a Director until her retirement from the CBHS Board effective 19 May 2022. Ms Latour was the Deputy Chair, Chair of the Audit Committee and was a member of the Risk Committee. Ms Latour is currently a Director of CBHS' subsidiary company, CBHS Corporate Health.

Ms Latour holds an Executive MBA, a Bachelor of Economics and is a Graduate of the Australian Institute of Company Directors.

Fintan Thornton

Fintan Thornton was appointed to the Board in November 2012 and was elected as Deputy Chair on 19 May 2022. He is the Chair of the Audit Committee and a member of the Risk Committee.

Mr Thornton has over 20 years financial services experience. Mr Thornton's current role is Head of Institutional Solutions at Allianz Retire Plus. Mr Thornton was previously Head of Superannuation and Head of Strategy and Implementation in Colonial First State's Distribution team and Head of Employee Superannuation at the Commonwealth Bank. Prior to joining the Commonwealth Bank, Mr Thornton worked as a consulting actuary for Willis Towers Watson and Russell Investments. Mr Thornton's consulting experience is predominantly in superannuation (including complex defined benefit arrangements) where he advised companies and superannuation funds on asset/liability matters, risk management, communications, governance and strategy development. Amongst other appointments, Mr Thornton was actuary to Qantas Airways, Reserve Bank of Australia and the NZ Government.

Mr Thornton holds a Bachelor of Actuarial Mathematics and Statistics degree, is a Fellow of the Australian Actuaries Institute and is a Graduate of the Australian Institute of Company Directors.

Andrew Smith

Andrew Smith commenced with CBHS in March 2016 as the Group Chief Executive Officer and was appointed to the Board as an Executive Director in November 2016. Mr Smith resigned as Group CEO and Executive Director effective 3 September 2021.

Mr Smith holds a Bachelor of Commerce and a Master of Business Administration. He is a member of the Institute of Chartered Accountants in Australia and New Zealand and is a Fellow of the Australian Institute of Company Directors.

Adrian Hondros

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

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

Mr Hondros is currently also a Director of the Count Financial Board and Esfam Biotech. He has been a Director of several financial services organisations, including Director of Commonwealth Private Limited, Chairman of Commonwealth Private Limited, Trustee Director of Commonwealth Bank's Group Super Board and Chair of its Investment Committee.

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

Jay MacGregor

Jay MacGregor was appointed to the Board in May 2017 and is Chair of the Risk Committee and is a member of the Audit Committee and Asset and Liability Committee. Mr MacGregor has over 25 years' experience in financial markets in Australia and London including as the former Managing Director, Institutional Equities for the Institutional Banking and Markets division of the Commonwealth Bank where he was responsible for the Bank's Equity Capital Markets, wholesale equities and equity trading activities.

Prior to this, Mr MacGregor held senior roles at UBS Investment Bank and Citi Global Markets Australia. Mr MacGregor is currently a Director of Renew Power Group Pty Ltd. Mr MacGregor holds Bachelor Degrees in Law and Commerce and a Masters Degree in Finance from the University of NSW.

Nicolette Rubinsztein

Nicolette Rubinsztein was appointed to the Board in March 2018 and was appointed Chair of the People and Remuneration Committee, effective 28 August 2020.

Ms Rubinsztein is currently a Non-Executive Director at Zurich/One Path Insurance, UniSuper, and Greenpeace. Ms Rubinsztein is Chair of the Greenpeace Audit Committee and was President of the Actuaries Institute in 2019. She has previously held senior positions at Colonial First State, BT Funds Management and Towers Perrin.

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

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

Helen Troup

Helen Troup was appointed to the role of Group Chief Executive Officer and Executive Director in September 2021. Ms Troup is also a Director of CBHS' subsidiary company, CBHS Corporate Health. Ms Troup is a member of Private Healthcare Australia's Audit Committee.

Ms Troup has been a successful CEO for the last 15 years, leading businesses in the Australian and New Zealand financial services industries. She has over 25 years' experience in insurance, superannuation, and funds management.

Previously Ms Troup was the Managing Director of CommInsure, the life insurance and general insurance companies owned by the Commonwealth Bank of Australia. Prior to this, she was the Head of Life and Health (Australia and New Zealand) for global reinsurer Swiss Re. From 2008 to 2011, Helen was CEO of ING New Zealand, which was a market leading provider of insurance, funds management, asset management and property management solutions.

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

An active industry participant, Ms Troup has previously served as a Director on the Insurance Council of Australia Board and as a member of the Financial Services Council Life Board Committee, both in Australia and New Zealand. She is a current member of Chief Executive Women.

Stuart Rodger

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

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

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

Mr Rodger is deeply experienced in the health insurance industry and earlier in his career, the financial services industry. Mr Rodger's insurance work has given him extensive exposure to boards' responsibilities for risk recognition and management, customer protection, and a strategic approach to longer term uncertainty.

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

Information on Non-Director committee members

Gerard Parlevliet

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

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

Mr Parlevliet has been involved in the Australian superannuation industry for over 28 years, including 23 years in senior executive management roles within Group Super. In 2013, Mr Parlevliet was awarded a National Achievement Award as Chief Investment Officer of the Year.

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

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

Directors meetings

The number of Directors meetings (including Committee meetings) and the number of meetings attended by each of the Directors of CBHS Health Fund and CBHS Corporate during the financial year were:

Directors	BOARD CBHS		AUDIT COMMITTEE CBHS	
	No. of meetings eligible to attend	No. of meetings attended	No. of meetings eligible to attend	No. of meetings attended
Peter MacCuspie	8	7	-	1
Marielle Latour*	7	7	4	4
Fintan Thornton**	8	8	5	5
Andrew Smith***	2	2	-	1
Adrian Hondros	8	7	-	-
Jay MacGregor	8	7	5	5
Nicolette Rubinsztein	8	8	-	-
Helen Troup***	6	7	-	5
Stuart Rodger****	1	2	1	2

Directors/ Committee members	PEOPLE AND REMUNERATION COMMITTEE CBHS		ASSET AND LIABILITY COMMITTEE CBHS		RISK COMMITTEE CBHS	
	No. of meetings eligible to attend	No. of meetings attended	No. of meetings eligible to attend	No. of meetings attended	No. of meetings eligible to attend	No. of meetings attended
Peter MacCuspie	4	4	-	-	-	1
Marielle Latour*	-	-	-	-	4	4
Fintan Thornton**	-	-	3	3	4	4
Andrew Smith***	-	1	-	1	-	1
Adrian Hondros	4	4	-	-	-	-
Jay MacGregor	-	-	4	4	4	4
Nicolette Rubinsztein	4	4	-	-	-	-
Helen Troup***	-	4	-	3	-	4
Stuart Rodger****	-	-	1	1	-	1
Gerard Parlevliet	-	-	4	4	-	-

Directors	BOARD CBHS CORPORATE		AUDIT COMMITTEE CBHS CORPORATE		RISK COMMITTEE CBHS CORPORATE	
	No. of meetings eligible to attend	No. of meetings attended	No. of meetings eligible to attend	No. of meetings attended	No. of meetings eligible to attend	No. of meetings attended
Henry Capra***	10	10	-	3	-	3
Marielle Latour	10	10	4	4	4	4
Claudia Bels	10	10	4	4	4	4
Dario Molina***	10	10	-	4	-	4
Andrew Smith***	3	3	-	1	-	1
Hugh Podmore	10	8	4	2	4	2
Helen Troup***	7	9	-	4	-	4

Key:

* Retired from the Board, Chair of Audit Committee and a member of the Risk Committee on 19 May 2022

** Retired as Chair of the Asset and Liability Committee and appointed as Deputy Chair and Chair of Audit Committee on 19 May 2022

*** Attended Committee meetings as an observer

**** Appointed as a Director and as a member of the Audit Committee, Risk Committee and Chair of Asset and Liability Committee on 23 May 2022

Indemnification of Directors and Officers

During the financial year, CBHS paid a premium in respect of a contract insuring past and present Directors, Company Secretaries and Executive Officers of CBHS against any liability incurred as Director, Secretary or Executive Officer to the extent permitted by the *Corporations Act 2001*. In accordance with commercial practice, the contract of insurance prohibits disclosure of the terms of the policy including the nature of the liability insured against and the amount of the premium.

Consistent with the provisions of CBHS' Constitution, CBHS has entered into deeds of indemnity, insurance and access with past and present Directors, Company Secretaries and Executive Officers. Under these deeds, CBHS indemnifies past and present Directors, Company Secretaries and Executive Officers against liabilities incurred as a Director, Company Secretary or Executive Officer to the extent permitted by the *Corporations Act 2001*.

Principal activities

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

Dividends

The Constitution of the parent entity, CBHS Health Fund Limited, prohibits the payment of dividends. Subject to the *Corporations Act 2001* and the *Private Health Insurance (Prudential Supervision) Act 2015*, the Directors of CBHS Corporate Health Pty Ltd may:

- declare or determine that a dividend is payable,
- fix a record date for the dividend, and the amount and time for payment, and
- authorise the payment to, or at the direction of, each shareholder entitled to the dividend.

During the financial year, CBHS Corporate did not declare a dividend and no dividends were paid.

Review of operations

The profit after tax for the financial year was \$4.1m (2021 \$33.8m). CBHS is exempt under section 50-30 of the *Income Tax Assessment Act 1997* from paying income tax. The subsidiary, CBHS Corporate Health Pty Ltd is a tax paying entity. Income tax has been recognised based on the Group Income Tax Policy as set out in Note 5. A review of operations and the results for the financial year are set out in the Chair and Group CEO's message.

Changes in state of affairs

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

Subsequent events

There have been no events post end of financial year which have significantly affected, or may significantly affect, the CBHS Group, the results of those operations or the state of affairs of the CBHS Group.

Environmental regulation

The company has assessed whether there are any particular or significant environmental regulations which apply to it and has determined that there are none.

Non-audit services

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

Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the year are provided in Note 21 to the financial statements.

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

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

Auditor's independence declaration

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 31 of the Annual Report.

Future developments

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

Rounding of amounts

The CBHS Group is of a kind referred to ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' Report and financial report. Amounts in the Directors' Report and financial report have been rounded off to the nearest thousand dollars in accordance with the instrument.

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

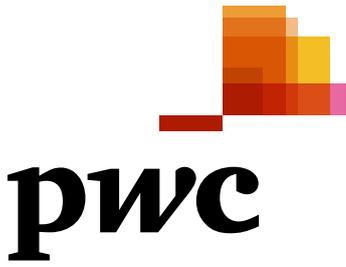
On behalf of the Directors.

Peter MacCuspie
Chair

Helen Troup
Group Chief Executive Officer & Executive Director

Dated 12 September 2022





Auditor's Independence Declaration

As lead auditor for the audit of CBHS Health Fund Limited for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been:

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

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

A handwritten signature in black ink, appearing to read 'R. Balding', with a large, sweeping flourish underneath.

R Balding
Partner
PricewaterhouseCoopers

Sydney
12 September 2022

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Liability limited by a scheme approved under Professional Standards Legislation.

Consolidated statement of comprehensive income

Revenue	Notes	2022 \$'000	2021 \$'000
Direct premium	(2)	510,720	482,319
Total Revenue		510,720	482,319
Net claims incurred	(3)	(449,213)	(438,780)
Net movement in unexpired risk liability	(17b)	-	13,531
Salaries and employee benefit expense	(4)	(30,063)	(27,774)
Other underwriting expenses	(4)	(16,923)	(15,348)
Total claims and expenses		(496,199)	(468,371)
Underwriting result		14,521	13,948
Investment income	(2)	(3,819)	23,271
Other income	(2)	641	664
Depreciation and amortisation expense	(4)	(7,264)	(3,799)
Finance cost	(12c)	(62)	(88)
Profit before income tax		4,017	33,996
Income tax benefit/(expense)	(5)	61	(176)
Profit after income tax		4,078	33,820
Other comprehensive income		-	-
Profit for the period		4,078	33,820
Total comprehensive income for the year		4,078	33,820

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

Consolidated statement of financial position

As at 30 June	Notes	2022 \$'000	2021 \$'000
Current assets			
Cash and cash equivalents	(6)	26,760	17,321
Trade and other receivables	(7)	16,245	14,477
Deferred acquisition costs	(8)	1,097	1,195
Financial assets at fair value through profit or loss	(9)	128,700	108,800
Total current assets		172,802	141,793
Non-current assets			
Deferred acquisition costs	(8)	2,491	909
Financial assets at fair value through profit or loss	(9)	236,331	212,180
Fixture, fittings and equipment	(10)	4,266	559
Intangible assets	(11)	15,090	17,215
Right-of-use assets	(12a)	5,630	972
Deferred tax assets	(5)	241	180
Total non-current assets		264,049	232,015
Total assets		436,851	373,808
Current liabilities			
Trade and other payables	(13)	12,960	12,626
Claims liability	(15)	107,794	77,613
Unearned premium liability	(16)	64,875	47,528
Unexpired risk liability	(17)	-	-
Lease liabilities	(12b)	1,021	884
Provisions	(14)	10,436	5,789
Total current liabilities		197,086	144,440
Non-current liabilities			
Provisions	(14)	3,104	3,289
Lease liabilities	(12b)	6,855	353
Total non-current liabilities		9,959	3,642
Total liabilities		207,045	148,082
Net assets		229,806	225,726
Reserves			
Retained earnings		229,806	225,726
Total reserves	(18)	229,806	225,726

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the financial year ended 30 June	Accumulated profits		Contributed capital		TOTAL	
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2020		191,906	-			191,906
Profit for the year		33,820	-			33,820
Balance at 30 June 2021	(18)	225,726	-			225,726
Balance at 1 July 2021		225,726	-			225,726
Profit for the year		4,078	-			4,078
Balance at 30 June 2022	(18)	229,806	-			229,806

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

Consolidated statement of cash flows

For the financial year ended 30 June		2022	2021
	Notes	\$'000	\$'000
Cash flows from operating activities			
Receipts from members		526,421	487,431
Payments to members, employees and suppliers		(462,522)	(470,143)
Net cash flow provided by operating activities	(6a)	63,899	17,288
Cash flows from investing activities			
Payments for fixture, fittings, equipment and intangibles		(6,058)	(4,738)
Proceeds from sale of financial assets at fair value through profit or loss		34	138
Interest and investment income received		2,322	1,886
Net payments for financial assets at fair value through profit or loss		(49,820)	(14,712)
Net cash outflows from investing activities		(53,522)	(17,426)
Cash flows from financing activities			
Principal elements of lease payments		(938)	(1,051)
Net cash outflow from financing activities		(938)	(1,051)
Increase/(decrease) in cash and cash equivalents		9,439	(1,189)
Cash and cash equivalents at the beginning of financial year		17,321	18,510
Cash and cash equivalents at the end of financial year	(6)	26,760	17,321

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

Notes to the financial statements

1) Summary of significant accounting policies

CBHS Health Fund Limited is a public company, limited by guarantee, incorporated and domiciled in Australia. The nature of the operations and principal activity of CBHS is to provide health insurance and related wellbeing services to current and former employees of the Commonwealth Bank of Australia Group, their partners, family members and employees of current and former CBA subsidiaries. CBHS Corporate Health Pty Ltd (CBHS Corporate), a wholly-owned subsidiary, is a private company, limited by shares, incorporated and domiciled in Australia. The nature of the operations and principal activity of CBHS Corporate is to provide health insurance and wellbeing services to domestic, overseas working visa and overseas student customers.

Basis of preparation

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. The company is of a kind referred to in ASIC Corporation (*Rounding in Financial/Directors' Reports*) Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts have been rounded off in the financial report to the nearest thousand dollars or, in certain circumstances, to the nearest dollar in accordance with that instrument. All amounts are presented in Australian Dollars being the functional and presentation currency.

The financial statements were authorised for issue by the Directors on 12 September 2022. The Directors have the power to amend and reissue the financial statements.

Comparatives

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with the current year.

Statement of compliance

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

Historical cost convention

The financial report has been prepared on the basis of historical cost, as modified by certain exceptions, the most significant of which is the measurement of financial assets at fair value and the measurement of the insurance liabilities (being claims liability, unearned premium liability and unexpired risk liability) at present value.

Going concern

As at 30 June 2022, the CBHS Group had a net current asset deficiency of \$24,284,000 (2021: \$2,647,000) and generated a net profit after tax of \$4,078,000 (2021: profit after tax \$33,820,000). The net current asset deficiency is primarily a result of COVID-19 related measures and in particular the recognition of the deferred claims liability due to the deferral of elective surgery. This liability will commence being wound back in the financial year 2023. In addition, the non-current financial assets at fair value through profit or loss are generally liquid funds and can generally be converted to cash if required to settle obligations. The Directors are therefore of the view the CBHS Group will be able to realise sufficient cash flows over the next 12 months and beyond and are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

New and amended standards adopted

The following standards became effective for the annual reporting period commencing on 1 July 2021 but did not have a material impact on the CBHS Group's accounting policies or financial statements:

- AASB 2020-4 and AASB 2021-3 Amendments to Accounting Standards – COVID-19-Related Rent Concessions
- AASB 2020-8 Amendments to Accounting Standards - Interest Rate Benchmark Reform Phase 2

New standards and interpretations not yet adopted by the CBHS Group

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2022 reporting periods and have not been adopted early by the CBHS Group. The CBHS Group's assessment of the impact of these new standards and interpretations is set out below:

i. AASB 17 Insurance Contracts

AASB 17 *Insurance Contracts* is effective for reporting periods beginning on or after 1 January 2023 and will replace AASB 4 *Insurance Contracts*, AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts*. The CBHS Group will apply AASB 17 for the annual period beginning 1 July 2023.

The standard introduces a new general measurement model for accounting for insurance contracts. However, a simplified premium allocation approach, similar in nature to the Group's existing measurement basis under AASB 1023 is permitted in certain circumstances (such as for short-duration contracts).

The CBHS Group has formed a project team to assess the potential impact on its financial statements. This

includes identifying changes to accounting policies, reporting requirements, systems, processes and controls and consideration of industry interpretations and regulatory responses.

The CBHS Group expects to apply the simplified premium allocation approach to all of its insurance contracts. While key estimates and judgements in relation to the measurement of the CBHS Group's claims liability are expected to remain largely the same under the new standard, the impact of AASB 17 on the recognition, measurement and classification of the COVID-19 deferred claims liability and customer give backs is currently being evaluated by the CBHS Group.

Substantial changes in the presentation of the financial statements and disclosures are also expected under AASB 17.

ii. AASB 9 Financial Instruments

AASB 9 was issued during 2014 and replaces existing accounting requirements for financial instruments. Accounting standards currently permit deferral of adoption of AASB 9 to insert financial periods beginning on or after 1 January 2023. The CBHS Group has elected to apply this exemption as it meets the relevant criteria, including that the CBHS Group does not engage in any significant activity unconnected with insurance, and the carrying amount of the insurance liabilities within the scope of AASB 1023 exceeds 80% of the carrying amount of the CBHS Group's total liabilities.

The following information is provided to assist users in comparing the CBHS Group's financial statements with entities which have adopted AASB 9:

Impact on financial assets

The CBHS Group's investments are currently designated as fair value through profit or loss on initial recognition and are subsequently remeasured to fair value at each reporting date. Adoption of AASB 9 does not result in any changes to accounting for these investments. Financial assets within the scope of AASB 1023, such as premiums receivable, are outside the scope of AASB 9 and are unaffected by the new requirements. Trade and other

receivables also include other financial assets with a relatively small carrying value which are measured at amortised cost, the majority of which are receivable within 12 months. The application of AASB 9 is not expected to materially impact these balances.

Impact on financial liabilities

Financial liabilities within the scope of AASB 1023, such as claims liability and other insurance liabilities, are outside the scope of AASB 9 and are therefore unaffected by the new requirements. Trade and other payables also include other financial liabilities measured at amortised cost arising from the Group's activities, the accounting for which is materially unchanged by AASB 9.

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

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of CBHS Health Fund Limited ("parent entity") as at 30 June 2022 and the profit and loss of all subsidiaries for the year ended. CBHS Health Fund Limited and its subsidiaries together are referred to in this financial report as the CBHS Group. Subsidiaries are all entities over which the CBHS Group has control.

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

Material subsidiaries

The CBHS Group's principal subsidiaries as at 30 June 2022 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by CBHS, and the proportion of ownership interests held equals the voting rights held by CBHS. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business / Country of incorporation	Ownership interest held by CBHS Health Fund Limited		Principal activities
		2022 %	2021 %	
CBHS Corporate Health Pty Ltd	Australia	100	100	Private health insurance

Notes to the financial statements

The following significant policies have been adopted in the preparation and presentation of the financial report.

Significant accounting policies

a. Insurance contracts

Insurance contracts are defined as those containing significant insurance risk at the inception of the contract, or those where at the inception of the contract there is a scenario with commercial substance where the level of insurance risk may be significant over time. The significance of insurance risk is dependent on both the probability of an insurance event and the magnitude of its potential effect.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period.

The CBHS Group has determined that all current contracts with members are insurance contracts.

b. Goods and services tax

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

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

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

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

c. Critical accounting judgements and estimates

In the application of the CBHS Group's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The critical judgements that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are found in the following notes:

Note number	Description	Page number
14	Remediation provision	52
15	Claims liability	54
17	Unexpired risk liability	56
19	Carrying value of investment in subsidiary	58

d. Other accounting policies

Significant and other accounting policies that summarise the measurement bases used and that are relevant to an understanding of the financial statements are provided in the notes to the financial statements.

Notes to the financial statements

2) Revenue

	2022 \$'000	2021 \$'000
Direct premium revenue (i)	510,720	482,319
Investment income		
Interest income:		
Cash and cash equivalents	5	10
Term deposits	905	1,669
Distributions	9,609	8,439
Net gain on disposal of financial assets	34	137
Net (loss)/gain on fair value movements in financial assets	(14,372)	13,016
Total investment income	(3,819)	23,271
Other income		
Other revenue	30	37
Cost recovery - Health Hubs	611	627
Total other income	641	664

(i) Direct premium revenue is after \$7.3m (2021: nil) of COVID-19 related customer give backs in the form of refunds.

Recognition and measurement

Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the CBHS Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognised.

Premium revenue

Premium revenue comprises premiums from private health insurance contracts held by policy holders.

Premium revenue comprises contributions received from members, inclusive of the Government rebate. The rebate is recognised in the consolidated statement of comprehensive income as premium revenue. Rebates due from the Government but not received at balance date are recognised as receivables.

Premium revenue is recorded on an earned basis, reflecting contributions received adjusted for the opening and closing contributions in advance and arrears. Contributions received in advance are recorded as a liability and contributions in arrears (to the extent recoverable) are recorded as an asset. Premium revenue relating to future financial periods is classified as unearned premium.

Investment income

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

Other income

Other income consists of administration fees charged to international visitors who cancel their memberships prior to or within 30 days of commencement and 50% recovery of Health Hub program costs.

These amounts are recognised when the right to receive payment is established.

Notes to the financial statements

3) Net claims incurred

	2022 \$'000	2021 \$'000
Claims expense		
Claims incurred	373,370	400,408
Increase/(decrease) in deferred claims liability	34,650	(5,765)
Government levies	6,253	6,067
Health benefits risk equalisation trust fund	34,940	38,070
Total net claims incurred	449,213	438,780

Notes to the financial statements

4) Expenses

	2022 \$'000	2021 \$'000
Salaries and employee benefit expenses		
Salaries, bonuses and other costs	27,579	25,538
Superannuation expense	2,484	2,236
Total salaries and employee benefit expenses	30,063	27,774
Other underwriting expenses		
Consultant, actuarial, audit and legal fees	4,703	2,614
Information technology	3,533	3,131
Other expenses	2,804	3,584
Research, advertising and publicity	1,567	1,610
Subscriptions for industry and purchasing associations	1,378	1,044
Electronic claims processing fees	1,073	1,407
Aggregator commissions	937	1,132
Property expense	928	826
Total other underwriting expenses	16,923	15,348
Depreciation and amortisation expenses		
Depreciation expense		
Fixtures, fittings and equipment	365	570
Right-of-use assets	736	792
Total depreciation expenses	1,101	1,362
Amortisation expense		
Software	6,163	2,437
Total amortisation expense	6,163	2,437
Total depreciation and amortisation expense	7,264	3,799

Recognition and measurement

Employee benefits expense

The accounting policy for liabilities associated with employee benefits is set out in note 14.

Other underwriting expenses

With the exception of expenses related to salaries, employee benefit expenses, depreciation and amortisation, all other expenses are classified as underwriting expenses.

Acquisition cost for health insurance contracts

Refer to note 8 for details on deferred acquisitions costs

Depreciation and amortisation

Refer to note 10 for details on depreciation of plant and equipment, note 11 for details on software amortisation and note 12 for depreciation of right-of-use assets.

Notes to the financial statements

5) Income tax expense

	2022 \$'000	2021 \$'000
(a) Income tax expense		
Current tax		
Current tax losses for the year	-	-
Adjustments for current tax of prior years	-	-
Current tax recovery	-	-
Deferred income tax		
Increase/(decrease) in deferred tax assets	61	(176)
Decrease/(increase) in deferred tax liabilities	-	-
Total deferred tax benefit/(expense)	61	(176)
Income tax benefit/(expense)	61	(176)
Income tax (expense)/benefit is attributable to:		
Loss from continuing operations	61	(176)
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations before income tax	(1,501)	(1,587)
Tax at the Australian tax rate of 30% (2021: 30%)	450	476
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Unused tax losses	(389)	(652)
Income tax benefit/(expense)	61	(176)
(c) Deferred tax assets		
The balance comprises temporary differences attributable to:		
Deferred acquisition costs	144	74
Indirect settlement costs	11	8
Accrued audit fees	14	13
Accrued expenses	53	63
Amortisation of software	19	22
	241	180

Notes to the financial statements

	\$'000
Movements	
Balance at 30 June 2021	180
• to profit or loss	61
• to other comprehensive income	-
Balance at 30 June 2022	241
(d) Unused tax losses for which no deferred tax asset has been recognised	
• tax losses from prior year	4,181
• tax losses from current year	389
Cumulative unused tax losses	4,570

6) Cash and cash equivalents

Recognition and measurement

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

CBHS Corporate Health Pty Ltd is a tax paying entity and will be required to pay tax when it starts generating profits. The income tax expense or benefit for the period is the tax payable or receivable on the current period's taxable

income based on the applicable income tax rate adjusted for changes in deferred tax assets and liabilities attributable to temporary differences and tax losses. Deferred tax assets are recognised if it is probable that future taxable amounts will be available to utilise these temporary differences and losses. No deferred tax assets for unused tax losses were recognised this financial year.

Notes to the financial statements

	2022 \$'000	2021 \$'000
Cash at bank	9,881	7,965
Cash at call	16,878	9,355
Cash on hand	1	1
Total	26,760	17,321

a) Reconciliation of operating profit to net cash flows from operating activities

For the purpose of the statement of cash flows, cash and cash equivalents includes cash on hand and in the bank net of unpresented cheques and outstanding remittances from 30 June 2022. Cash and cash equivalents at the end of the financial year as shown in the consolidated statement of cash flows is reconciled to the related items in the consolidated statement of financial position as follows:

	2022 \$'000	2021 \$'000
Operating profit	4,078	33,820
Investment income	(10,519)	(10,118)
Interest on lease payments	62	88
Depreciation and amortisation	7,264	3,799
Fair value losses/(gains) on financial assets	14,372	(13,016)
Property, plant and equipment write-off	72	-
Gain on sale of assets	(34)	(137)
Increase in current receivables	(2,175)	(888)
Increase in deferred acquisition costs	(1,484)	(280)
(Decrease)/increase in amount payable for HBREE*	(971)	1,454
(Increase)/decrease in deferred tax asset	(61)	176
Increase in accounts payable and accruals	1,305	69
Increase in unearned premium liability	17,347	5,874
Increase in claims liability	30,181	7,834
Decrease in unexpired risk liability	-	(13,531)
Increase in current provisions	4,647	1,020
(Decrease)/increase in non-current provisions	(185)	1,124
Net cash flow from operating activities	63,899	17,288

* HBREE - Health Benefits Risk Equalisation Expense

Recognition and measurement

Cash and cash equivalents

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

Notes to the financial statements

7) Trade and other receivables

	2022 \$'000	2021 \$'000
Premium receivable (a)	13,635	11,988
Investment income receivable	356	763
Prepayments	1,171	1,236
GST recoverable	272	143
Sundry debtors	811	347
Total	16,245	14,477

(a) Premium receivable comprises two components, the Federal Government's Private Health Insurance Rebate Scheme (PHI Rebate Scheme) \$12,633,000 (2021: \$9,617,000) and members who pay for their contributions in arrears or who are non-financial \$1,001,000 (2021: \$2,372,000).

- The rebate is accrued on a monthly basis and payment is received by the 15th day of the following month.
- The credit period for members who pay their contributions in arrears is 14 days. 5.5% of the Group's members pay for their contributions in arrears while the other 94.5% pay their contributions in advance. Members who fall into arrears by more than 14 days are not charged interest however they are classified as "non-financial" and no benefit will be paid.

Premium receivable for members in arrears at year end is made up of approximately 1,745 (2021: 8,804) members.

Services Australia is the only significant counterparty as at reporting date. Services Australia is the arm of the Federal Government that manages the PHI Rebate Scheme.

Recognition and measurement

Financial assets – trade and other receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'receivables'. Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment.

Impairment of financial assets – trade and other receivables

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

Notes to the financial statements

8) Deferred acquisition costs

	2022 \$'000	2021 \$'000
Current	1,097	1,195
Non-current	2,491	909
Total current assets	3,588	2,104

Movements in deferred acquisition costs are as follows:

	2022 \$'000	2021 \$'000
Opening balance	2,104	1,824
Acquisition costs deferred during the year	2,564	1,555
Amortisation expense	(1,080)	(1,275)
Balance at end of financial year	3,588	2,104

Recognition and measurement

Commissions and merchant fees incurred in obtaining overseas students health insurance contracts are deferred as assets and recognised over the life of the contract where they can be reliably measured and where it is probable that they will give rise to premium revenue that will be

recognised in the consolidated statement of comprehensive income in subsequent reporting periods. The current average amortisation period of the life of the contract is 23.3 months (2021: 22.8 months). All other acquisition costs incurred in obtaining insurance contracts are expensed and not deferred.

Notes to the financial statements

9) Financial assets at fair value through profit or loss

	2022 \$'000	2021 \$'000
Current assets		
Term deposits (a)	128,700	108,800
Total current assets	128,700	108,800
Non-current assets		
Managed multi assets fund	100,628	84,116
Managed fixed interest funds	47,472	38,077
Managed share funds	60,597	66,702
Managed property funds	27,634	23,285
Total non-current assets	236,331	212,180
Total financial assets at fair value through profit or loss	365,031	320,980

(a) These term deposits have maturity dates ranging from 22 July 2022 to 15 June 2023. The weighted average interest rate on these term deposits is 1.25% (2021: 1.20%).

(b) In 2019 CBHS acquired shares in Whitecoat Holdings Pty Ltd. In May 2021, CBHS sold all of its ownership in Whitecoat Holdings Pty Ltd to CBA. The total amount of the sales proceeds was \$5,215,110 plus a maximum earnout payment of \$4,529,000 subject to revenue targets being achieved over a three year period. As at June 2022, the revenue targets have not been met and no financial asset with respect to the earnout has been recognised.

Classification

The CBHS Group has classified its investments as financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in the consolidated statement of comprehensive income in the period in which they arise.

Recognition and measurement

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

In estimating the fair value of financial assets the CBHS Group has adopted the following approach:

- where financial instruments are traded in active markets valuations are determined with reference to unadjusted quoted prices for identical assets.
- where financial instruments are traded in non-active markets the valuations are based on comparable instruments and other valuation techniques.

Assets backing general insurance liabilities

All investments held by the Group have been determined to be assets backing health insurance liabilities, and accordingly are designated as "at fair value through profit or loss".

Notes to the financial statements

10) Fixture, fittings and equipment

	2022 \$'000	2021 \$'000
Gross carrying amount		
Balance as at 1 July	5,338	5,337
Additions	4,143	164
Disposals	(2,052)	(163)
Balance as at 30 June	7,429	5,338
Accumulated depreciation		
Balance as at 1 July	4,779	4,372
Disposals	(1,981)	(163)
Depreciation expense	365	570
Balance as at 30 June	3,163	4,779
Net book value		
Balance as at 30 June	4,266	559

Aggregate depreciation allocated during the year is recognised as an expense and disclosed in note 4 to the financial statements.

Recognition and measurement

Fixture, fittings and equipment

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

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

Fixture, fittings and equipment are assessed for indicators of impairment at each balance sheet date. Such assets

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

The following estimated useful lives are used in the calculation of depreciation:

Description	Useful life
Computer equipment	3 years
Furniture and fittings	7 years
Office equipment	4 years

Notes to the financial statements

11) Intangible assets

Software	2022 \$'000	2021 \$'000
Gross carrying amount		
Balance as at 1 July	21,317	17,908
Additions	4,038	4,637
Disposals	-	(1,165)
Transfer/adjustment	-	(63)
Balance as at 30 June	25,355	21,317
Accumulated amortisation		
Balance as at 1 July	4,102	2,829
Disposals	-	(1,165)
Amortisation and impairment expense	6,163	2,438
Balance as at 30 June	10,265	4,102
Net book value		
Closing balance as at 30 June	15,090	17,215

Intangible assets

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

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

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

Description	Useful life
Software	3-7 years

Notes to the financial statements

12) Right-of-use assets and lease liabilities

a) Right-of-use assets

	2022			2021		
	Properties	Office equipment	Total	Properties	Office equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Right-of-use asset	6,437	139	6,576	2,409	138	2,547
Accumulated depreciation	880	66	946	1,548	27	1,575
Balance as at 30 June	5,557	73	5,630	861	111	972

b) Lease liabilities

	2022 \$'000	2021 \$'000
Current	1,021	884
Non-current	6,855	353
Total	7,876	1,237

c) Amounts recognised in the consolidated statements of comprehensive income

The consolidated income statement shows the following amounts related to leases:

	Notes	2022 \$'000	2021 \$'000
Depreciation charges of right-of-use assets	4	736	792
Interest on lease liabilities		62	88

d) Accounting policy

The Group leases various offices and equipment and the rental contracts are for fixed periods of 1 to 5 years but may have extension options.

In June 2022 CBHS entered into a new office lease following the expiry of the previous office lease. The lease term is for 5 years with an extension option for an additional 5 years. The right-of-use asset will be amortised over 10 years as the CBHS Group expects to exercise the 5 year extension option.

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

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;

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

Notes to the financial statements

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, which is generally the case for leases in the CBHS Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. The incremental borrowing rate used is 3.4% (2021: 5.0%).

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

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

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs;
- any restoration costs; and
- right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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

13) Trade and other payables

	2022 \$'000	2021 \$'000
Amounts due to the Health Benefits Risk Equalisation Trust Fund (a)	8,652	9,623
Accruals (b)	1,531	929
Trade payables (b)	2,777	2,074
Total	12,960	12,626

(a) The credit period provided to the CBHS Group by APRA for amounts due to the Health Benefits Risk Equalisation Trust Fund is 14 days from the date of invoice paid quarterly. Thereafter, interest is charged at 15% on the outstanding balance. The Group has procedures in place to ensure this payment is made by the due date.

(b) For other payables balances, the credit period on purchases of goods and services can vary between 7 and 30 days. No interest is charged on late payments. The Group has procedures in place to ensure all payments are made by the due date.

Health Benefits Risk Equalisation Trust Fund

Under the provisions of the Private Health Insurance Act 2007, all health insurers must participate in the Risk Equalisation Trust Fund (RETF).

The RETF is an estimated provision calculated based on the proportion of hospital and medical claims of all persons aged 55 years and older as well as any person with high cost claims. The final amount payable to the RETF are determined by APRA after the end of each calendar quarter. Estimated provisions for amounts payable are recognised on an accruals basis.

Recognition and measurement

Trade and other payables

Trade payables and other accounts payable are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services.

Notes to the financial statements

14) Provisions

	2022 \$'000	2021 \$'000
Current provision		
Employee benefits	2,475	2,701
Employee performance payments	2,460	2,364
Unallocated premiums	482	567
Doubtful debts	149	157
Makegood	870	700
Remediation (a)	4,000	-
Total current provision	10,436	6,489
Non-current provision		
Employee benefits	1,706	1,574
Employee performance payments	1,398	1,015
Total non-current provision	3,104	2,589
Total provisions	13,540	9,078

(a) A remediation provision has been recognised at 30 June 2022. In determining the remediation provision, management has applied significant judgement in estimating the provision. While management has based their estimate on all available information, facts and circumstances, the nature of the provision is such, that as further information comes to light, the ultimate outcome could be significantly different to the number provided.

Notes to the financial statements

Movement In current provisions

	Employee benefits provision \$'000	Performance payments provision \$'000	Unallocated premiums \$'000	Doubtful debts provision \$'000	Makegood provision \$'000	Remediation provision \$'000	Total \$'000
Balance at 30 June 2021	2,701	2,364	567	157	700	-	6,489
Used during the year	(1,829)	(2,454)	(334)	-	-	-	(4,617)
Unused amounts reversed	(298)	-	-	(61)	-	-	(359)
Additional provisions recognised	1,901	2,550	249	53	170	4,000	8,923
Balance at 30 June 2022	2,475	2,460	482	149	870	4,000	10,436

Movement in non-current provisions

	Long service leave provision \$'000	Performance payments provision \$'000	Total \$'000
Balance at 30 June 21	1,574	1,015	2,589
Used during the year	(58)	(179)	(237)
Unused amounts reversed	-	-	-
Additional provisions recognised	190	562	752
Balance at 30 June 22	1,706	1,398	3,104

Recognition and measurement

Provision

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

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

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

Employee benefits

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

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

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

Employee entitlement expenses and contributions made to superannuation funds by the Group are recognised in the consolidated statement of comprehensive income due.

Notes to the financial statements

15) Claims liability

a) Claims liability

	2022 \$'000	2021 \$'000
Outstanding claims – central estimate of the expected future payments for claims incurred	40,181	42,796
Claims handling costs	1,171	1,243
Risk margin	2,477	2,617
Deferred claims liability	58,450	23,800
Risk equalisation	5,515	7,157
Total claims liability	107,794	77,613

b) Reconciliation of movement in claims liability

	2022 \$'000	2021 \$'000
As at 1 July	77,613	69,779
Claims incurred during the year	(373,370)	(400,407)
Increase/(decrease) in deferred claims liability	34,650	(5,765)
Claims paid during the year	372,786	412,532
Amount over provided on central estimate	(2,031)	(935)
(Decrease)/increase in risk equalisation provision	(1,642)	1,835
(Decrease)/increase in risk margin	(140)	272
(Decrease)/increase in claims handling costs	(72)	302
As at 30 June	107,794	77,613

Notes to the financial statements

Recognition and measurement

Outstanding claims liability

The outstanding claims liability is measured as the central estimate of the present value of expected future payments against claims incurred at the reporting date under health insurance contracts issued by the Group, with an additional risk margin to allow for the inherent uncertainty in the central estimate.

The expected future payments include those in relation to claims reported but not yet paid, claims incurred but not reported, anticipated claims handling costs and the expected payment to the Health Benefits Risk Equalisation Trust Fund.

Claims handling costs include administration costs regarding the processing of these claims.

In assessing the outstanding claims liability, the CBHS Group seeks advice from its Appointed Actuary.

Provision is made during the year for the estimated cost of claims incurred but not settled at balance date, including the cost of claims incurred but not yet reported to the Group.

The estimated cost of claims includes direct expenses to be incurred in settling claims and any risk equalisation related to the hospital and medical portion of claims. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures.

The estimation of claims incurred but not paid is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the CBHS Group, where more information about the claim event is generally available. Claims incurred but not paid may often not be apparent to the CBHS Group until several months later. In calculating the estimated cost of unpaid claims the CBHS Group uses a variety of estimation techniques, generally based upon actuarial analyses of historical experience, which assumes that the development pattern of the current claims will be consistent with past experience. Allowance is made, however for changes or uncertainties which may create distortions in the underlying assumptions or which might cause the cost of unsettled claims to increase or reduce when compared with the cost of previously settled claims including:

- changes in internal or external processes which might accelerate or slow down the payment of claims, compared with the information from previous periods;
- the effects of inflation;
- medical and technological developments;
- increase in membership;
- increase in utilisation; and
- seasonal changes in utilisation.

Given the uncertainty in establishing claims provisions, a risk margin is added to determine the liability balance. The risk margin is based on analysis of the volatility of historical claims experience. This past experience is assumed to be representative of future experience.

Details of specific assumptions used in deriving the outstanding claims liability during the year are detailed in note 25(a).

Risk margin

The outstanding claims risk margin was determined allowing for the relative uncertainty of the outstanding claims central estimates for health insurance contracts issued by the CBHS Group. Uncertainty was analysed by comparing the initial outstanding claims central estimate of past months with that provision again determined after a further period of processing allowing for more accurate estimates of the outstanding claims. The relative differences between the initial central estimate of the provision and the later central estimate of the provision are then analysed to provide a basis from which to set the risk margin.

Although there are some claims paid for health insurance services that have been incurred for more than 12 months, these claims are small in number. Most activity in hospital and medical benefits after more than 12 months of the date of service are reversals due to compensation settlements. This activity is usually around 0.6% of total incurred claims in a month (the Group pays claims that are likely to be subject to compensation when the claimant gives an undertaking that the benefits will be repaid to the CBHS Group upon compensation settlement). Also around 0.5% of ancillary benefit services for which benefits are payable are claimed (and paid) more than 12 months after the date of service. These very small changes in the total incurred claims in any month are reasonably predictable and included in the estimated provision that is determined 12 months after the initial provision date.

The overall provision is intended to have a 75% probability of adequacy.

	2022	2021
Risk margin (CBHS Health Fund)	5.00%	5.00%
Risk margin (CBHS Corporate)	13.0%	10.0%

Deferred claims liability

The liability for deferred claims is measured by estimating the proportion of claims that have not occurred during the financial year due to the delay of elective surgery and temporary closure of general providers as a result of COVID-19.

If cover remains in place, a responsibility exists to provide for these claims that have been deferred given members would have used and therefore claimed on hospital, surgical and ancillary services had the pandemic not arisen. The provision is Management's estimate of the percentage of claims which has not occur during the financial year that are anticipated to be deferred to next year.

The overall provision is intended to have 75% probability of adequacy.

Notes to the financial statements

16) Unearned premium liability

	2022 \$'000	2021 \$'000
Unearned premium liability as at 1 July	47,528	41,653
Deferral of premiums on contracts written in the period	64,875	47,528
Earning of premiums written in previous periods	(47,528)	(41,653)
Unearned premium liability as at 30 June	64,875	47,528

17) Unexpired risk liability

The CBHS Group completed a liability adequacy test as at 30 June 2022 and it was determined that there was no deficiency to recognise (2021: nil).

a) Unexpired risk liability

	2022 \$'000	2021 \$'000
Unexpired risk liability as at 1 July	-	13,531
Decrease of additional risk liability in the period	-	(13,531)
Unexpired risk liability as at 30 June	-	-

b) Movement recognised in the statement of comprehensive income

	2022 \$'000	2021 \$'000
Gross movement in unexpired risk liability	-	(13,531)
Net movement in unexpired risk liability	-	(13,531)
Total movement recognised in the income statement	-	(13,531)

Notes to the financial statements

Recognition and measurement

Liability adequacy test and unexpired risk liability

The liability adequacy test is required to be performed to determine whether the unearned premium liability is adequate to cover the present value of expected cash flows relating to future claims arising from rights and obligations under current insurance contracts, plus an additional risk margin to reflect the inherent uncertainty in the central estimate. In estimating the unexpired risk liability, the CBHS Group uses a variety of estimation techniques, generally based upon actuarial analyses of historical experience. Allowance is made, however for changes or uncertainties which may create distortions in the underlying assumptions, or which might cause the cost of future claims to increase or reduce in a similar manner with the outstanding claims liability.

The liability adequacy test is performed at the level of a portfolio of contracts that are subject to broadly similar risks and that are managed together as a single portfolio.

If the present value of the expected future cash flows relating to future claims plus the additional risk margin to reflect the inherent uncertainty in the central estimate exceeds the insurance liability, then the insurance liability is deemed to be deficient. The CBHS Group applies a risk margin to achieve the same probability of sufficiency for future claims as is achieved by the estimate of outstanding claims liability. The entire deficiency is recognised immediately in the consolidated statement of comprehensive income.

In assessing the unexpired risk liability, the CBHS Group seeks advice from its appointed actuary.

Details of specific assumptions used in deriving the unexpired risk liability during the year are detailed in note 25(b).

18) Total reserves

	2022 \$'000	2021 \$'000
Retained earnings		
Balance at beginning of financial year	225,726	191,906
Operating profit	4,078	33,820
Total retained earnings end of financial year	229,806	225,726
Balance at end of financial year	229,806	225,726

Notes to the financial statements

19) Parent entity financial information

a) Summary financial information

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

	2022 \$'000	2021 \$'000
Balance sheet		
Assets		
Current assets	147,699	126,648
Total assets	429,626	374,096
Liabilities		
Current liabilities	172,168	129,480
Total liabilities	184,018	134,006
Net assets	245,608	240,090
Equity		
Retained profits	245,608	240,090
Total equity	245,608	240,090
Profit or loss for the year	5,518	35,585
Total comprehensive income for the year	5,518	35,585

b) Guarantees entered into by the parent entity

The parent entity entered into guarantees of \$1,261,000 during the financial year (2021: \$646,000).

c) Contingent liabilities of parent entity

The parent entity did not have any contingent liabilities as at 30 June 2022 (2021: nil).

d) Contractual commitments for the acquisition of property, plant or equipment

As at 30 June 2022, the parent entity did not have any commitments for the acquisition of property, plant or equipment (2021: nil).

e) Determining the parent entity financial information

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except as set out below.

i) Investments in subsidiaries

Investments in subsidiaries are accounted for at historical cost less any impairment.

The investment is reviewed annually for indicators of impairment. Should the investment's carrying amount exceed its estimated recoverable amount, the carrying

amount of the investment would be impaired down to its recoverable amount.

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

- Cash flow forecasts based on the latest business plan. These forecasts are based on a combination of historical performance and Management's expectations of future performance with consideration to anticipated market factors.
- Terminal value is calculated using a perpetuity growth formula based on the cash flow forecast for year five.
- Discount rates reflect a beta and market risk premium sourced from observable market information and a specific risk premium appropriate to reflect the nature of the business. The pre-tax discount rate is 12.8% (post-tax 10%).

An impairment assessment has been performed at 30 June 2022, with the recoverable value of the investment in excess of the carrying amount. The valuation is however highly sensitive to a range of assumptions, in particular the cash flow forecasts and discount rate

Notes to the financial statements

20) Related parties

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

Related party transactions

During the financial year, CBHS Health Fund provided management services to CBHS Corporate as set out in a Managed Service Agreement. The value of services provided to CBHS Corporate for the financial year was \$679,826 (2021: \$2,116,075).

21) Remuneration of auditors

	2022 \$	2021 \$
Audit of financial statements	292,196	223,939
Audit and review of regulatory returns	103,746	84,718
Total remuneration for audit and assurance services	395,942	308,657
Taxation services	23,562	22,440
Total remuneration for taxation services	23,562	22,440
Agreed upon procedures	4,200	4,200
Total remuneration for other services	4,200	4,200
Total remuneration of PricewaterhouseCoopers Australia	423,704	335,297

The auditor of the Group is PricewaterhouseCoopers.

Notes to the financial statements

22) Remuneration of Directors and other key management personnel

	2022 \$	2021 \$
a) Directors' remuneration		
Short-term employment benefits	436,755	402,068
Post-employment benefits (statutory superannuation guarantee) (2022:10.0%; 2021: 9.5%)	43,715	36,917
Total Directors' remuneration	480,470	438,985
	2022 \$	2021 \$
b) Other key management personnel remuneration		
Short-term employment benefits	3,711,531	2,931,029
Post-employment benefits (statutory superannuation guarantee) (2022:10.0%; 2021: 9.5%)	205,444	171,015
Total key management personnel remuneration	3,916,975	3,102,044
Total Directors' and other key management personnel remuneration	4,397,445	3,541,029

23) Liability of members

CBHS Health Fund Limited is a company limited by guarantee, incorporated and operating in Australia. The liability of the members is limited. Every voting member of CBHS undertakes to contribute to the assets of CBHS Health Fund Limited, in the event of the company being wound up while still a voting member, or within one year after ceasing to be a voting member, for payment of the debts and liabilities of the company (contracted before ceasing to be a voting member) and of the costs, charges and expenses of winding up for members, shall not exceed ten dollars (\$10.00).

24) Contingent liability

The CBHS Group is exposed to contingent risks and liabilities arising from the conduct of its business. Any potential liability to the CBHS Group, in addition to the provisions already recognised in Note 14, will be contingent upon investigations undertaken on possible risks. As at 30 June 2022, management was not aware of any material contingent liabilities that may affect the financial position of the Group (2021: nil).

Notes to the financial statements

25) Actuarial assumptions and methods

a) Claims liability

Outstanding claims liability

Hospital, Medical, Ambulance and Ancillary cover

With the insured services of these products there can be some months' delay between the incurred service and the service being paid by the Group. The ultimate expected cost for these claims is determined by projecting the known claims reported and paid using historic patterns of claim development.

Actuarial assumptions

The following assumptions have been made in determining the outstanding claims liability or CBHS Health Fund.

Estimate	Key variable 2022 \$'000	Key variable 2021 \$'000
Estimated Medical and ancillary incurred claims cost	\$13,866	\$13,586
Estimated Hospital Incurred claims cost	\$18,433	\$20,063

The following assumptions have been made in determining the outstanding claims liability for CBHS Corporate.

Estimate	Key variable 2022 \$'000	Key variable 2021 \$'000
Estimated Hospital and medical incurred claims cost	\$641	\$399
Estimated ancillary incurred claims cost	\$101	\$114

Estimate %	CBHS Health Fund		CBHS Corporate	
	Key variable 2022 %	Key variable 2021 %	Key variable 2022 %	Key variable 2021 %
Claims handling expense – Hospital	2.5%	2.5%	2.5%	2.5%
Claims handling expense – Medical	5.0%	5.0%	2.5%	2.5%
Claims handling expense – Ancillary	5.0%	5.0%	5.0%	5.0%
Risk equalisation (Outstanding claims component)	15.0%	18.0%	42.2%	35.5%
Risk margin	5.0%	5.0%	13.0%	10.0%

Notes to the financial statements

Process used to determine assumptions

Hospital and Medical incurred claims cost

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

Ancillary incurred claims cost

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

Claims handling expense rate

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

Risk equalisation (Outstanding claims component)

This is determined by applying the projected relationship between net risk equalisation claims and paid claims to the hospital and medical outstanding claims.

Sensitivity analysis

Summary

The Group conducts sensitivity analyses to quantify the exposure to risk of changes in the key underlying variables. The valuations included in the reported results are calculated using certain assumptions about these variables as disclosed.

Impact of changes in key variables CBHS Health Fund

	Key variable change 2022 %	Changes in outstanding claims component* 2022 \$'000	Key variable change 2021 %	Changes in outstanding claims component* 2021 \$'000
Incurring claims	+10	3,672	+10	3,912
	-10	(3,672)	-10	(3,912)
Expense rate	+10	113	+10	122
	-10	(113)	-10	(122)
Risk equalisation (Outstanding claims component)	+10	536	+10	705
	-10	(536)	-10	(705)

*Excludes risk margin

Impact of changes in key variables CBHS Corporate Health Fund

	Key variable change 2022 %	Changes in outstanding claims component* 2022 \$'000	Key variable change 2021 %	Changes in outstanding claims component* 2021 \$'000
Incurring claims	+10	76	+10	53
	-10	(76)	-10	(53)
Expense rate	+10	4	+10	3
	-10	(4)	-10	(3)
Risk equalisation (Outstanding claims component)	+10	15	+10	11
	-10	(15)	-10	(11)

*Excludes risk margin

Notes to the financial statements

Deferred claims liability

The following details the changes in key estimates on the COVID-19 claims liability.

- A 4% increase/decrease in the expected claims level would result in the following (increase)/decrease to the profit/loss after income tax.

		2022	2021
Sensitivity 1	Claims +4%	\$18.2m	\$6.4m
	Claims -4%	(\$18.2m)	(\$6.4m)

- An increase/decrease of 10 percentage points in the adopted savings for COVID-19 hospital claims would result in the following (increase)/decrease to the profit/loss after income tax.

		2022	2021
Sensitivity 2	Hospital savings +10%	(\$4.0m)	(\$4.8m)
	Hospital savings -10%	\$4.0m	\$4.8m

- An increase/decrease of 10 percentage points in the adopted savings for COVID-19 ancillary claims would result in the following (increase)/decrease to the profit/loss after income tax.

		2022	2021
Sensitivity 3	Extras savings +10%	-	(\$1.6m)
	Extras savings -10%	-	\$1.6m

Notes to the financial statements

b) Unexpired risk liability

Actuarial assumptions

The following assumptions have been made in determining the unexpired risk liability. The table below is a combination of the unexpired risk liability from 1) unearned premium liability and 2) insurance contracts to be renewed before the next pricing review.

Estimate	Key variable 2022 \$'000	Key variable 2021 \$'000
Estimated claims cost – CBHS Health Fund	355,111	375,254
Estimated claims cost – CBHS Corporate	2,772	2,913

Estimate %	CBHS Health Fund		CBHS Corporate	
	Key variable 2022 %	Key variable 2021 %	Key variable 2022 %	Key variable 2021 %
Risk equalisation (relating to above estimated claim)	8.7%	9.0%	20.9%	23.3%
Risk margin (HIB)	2.95%	2.95%	9.4%	11.5%
Risk margin (HRB)	-	-	8.5%	9.7%

Process used to determine assumptions

Estimated claims cost

This is determined by projecting the claims from (1) unearned premium liability and (2) renewable contracts to the next pricing review, based on historic reporting patterns.

Risk equalisation (relating to above estimated claim)

The proportion of claims for each product that are claimed under the risk equalisation arrangements is kept constant. The net deficit per single equivalent unit is projected based on using the CBHS Group experience of the average change from quarter to quarter.

The liability is intended to have a 75% probability of adequacy.

Process for determining the risk margin

The risk margin was determined allowing for the relative uncertainty of the budget projection central estimates of benefits. The budget projection is used to determine the likely future claims experience of the unearned premiums and contractual obligations.

Uncertainty was analysed by comparing the nine-month rolling central estimates of budgeted benefits with those actually incurred. The relative differences between the central estimate of the budget forecasts and the actual benefits are then examined on an empirical basis, providing the basis for the selected risk margin.

Notes to the financial statements

Sensitivity analysis

Summary

The CBHS Group conducts sensitivity analyses to quantify the exposure to risk of changes in the key underlying variables. The valuations included in the reported results are calculated using certain assumptions about these variables as disclosed.

Impact of changes in key variables for CBHS Health Fund

	Key variable change 2022 %	Changes in unexpired risk component* 2022 \$'000	Key variable change 2021 %	Changes in unexpired risk component* 2021 \$'000
Estimated claims cost	+10	20,533	+10	26,065
	-10	-	-10	-
Risk equalisation (relating to above estimated claim)	+10	-	+10	-
	-10	-	-10	-

*Excludes risk margin

Impact of changes in key variables for CBHS Corporate Health

	Key variable change 2022 %	Changes in unexpired risk component* 2022 \$'000	Key variable change 2021 %	Changes in unexpired risk component* 2021 \$'000
Estimated claims cost	+10	-	+10	104
	-10	-	-10	-
Risk equalisation (relating to above estimated claim)	+10	-	+10	-
	-10	-	-10	-

*Excludes risk margin

Notes to the financial statements

26) Insurance contracts – risk management policies and procedures

The financial condition and operation of the CBHS Group is affected by a number of key risks including capital and solvency, compliance/governance, financial and liquidity, insurance, investment and credit, operational, people and culture and strategic.

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

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

- Audit Committee and the Risk Committee's responsibility to assist the Board in fulfilling its statutory and fiduciary duties relating to the financial reports, the risk management framework, the independence of the auditors and regulatory compliance;
- Asset and Liability Committee's responsibility to monitor investment-related activities and capital management;
- Board annual endorsement of a) Risk Management Strategy and b) Risk Appetite Statement which sets out the ways in which the CBHS Group will mitigate strategic and operational risks;
- Management of risk and compliance through the utilisation of risk management software;
- Various internal policies and procedures designed to identify and manage risk;
- Management's regular assessment and reporting on compliance and key risks to the Board and relevant Committees;
- Internal Audit function which provides Management and the Board independent assurance of the internal control environment;
- Annual Management Certification and Representation Attestation provided to the Board to certify the accuracy of the representation of financial data and the effectiveness of internal controls;
- Annual Risk Management Declaration, attested by the Chief Risk Officer for the Chairs of the Risk Committee and Board; and
- Monitoring and review of compliance with Solvency and Capital Adequacy standards as required by the *Private Health Insurance (Prudential Supervision) Act 2015*, and the strategic benchmarks set by the Board.

Insurance risk

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

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

Concentration risk

CBHS Health Fund Limited is a not-for-profit private health insurer, exclusively for current and former employees of the CBA, divested CBA businesses as well as their family members.

Credit risk

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

The CBHS Group is exposed to credit risk through the operation of its private health insurance business and management of its financial assets (credit risk of financial assets is addressed in note 28 (f)).

In terms of other financial assets, credit risk relates to the Services Australia rebate receivable (a government organisation administering the Private Health Insurance Government rebate scheme) and premium receivable from policyholders. Premiums in arrears are continuously monitored. No claims are paid on policies whereby members fall into arrears unless the policies fall under Financial Assistance Package extended to members who experienced financial hardship as a result of COVID-19.

Interest rate risk

The CBHS Group's interest rate risk is limited to those of its financial assets in note 28 (d).

All other receivables are non-interest bearing.

Notes to the financial statements

Compliance risk

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

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

- external legal input in relation to the drafting of its health benefits fund rules;
- monitoring and management of compliance obligations through the utilisation of risk management software;
- implementation of a compliance framework including dedicated compliance reviews of operational practices to ensure the CBHS Group complies with all legislative and regulatory requirements and conduct.
- regular documented internal control reviews of changes to regulations.
- completion of the annual Management Certification and Representation process by senior managers; and
- internal audit assessments of compliance arrangements.

Other

Market Risk and Liquidity Risk are addressed at notes 28(d), 28(e) and 28(g).

27) Segment information

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

28) Financial instruments

a) Capital risk management

Capital adequacy and solvency standards are established by APRA and are an integral component of the regulatory reporting framework. APRA issues Solvency and Capital Adequacy Standards (Prudential Standard HPS 100 Solvency Standard (HPS 100) and Prudential Standard HPS 110 Capital Adequacy (HPS 110)), which are designed to ensure that health funds adhere to prudent capital and investment policies.

Capital is managed in accordance with the CBHS Group's Capital Management Policy. It provides a framework for the management and monitoring of capital in line with the Board's risk appetite. This document is underpinned by;

- a Risk Appetite Statement which articulates the risk capacity of the CBHS Group as a whole, appetite for different types of risk and expresses the risk tolerance for each material risk; and
- an Investment Policy Statement which defines the Board's investment beliefs, a strategic asset allocation and specific rules around investments; and
- a Liquidity Management Plan which defines targets and responsibilities of tasks in the management of liquid assets.

The Board can confirm that it was in full compliance with the requirements of the capital standards.

b) Significant accounting policies

Significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which revenue and expenses are recognised in respect of each class of financial asset and liability are disclosed in notes to the financial statements.

c) Financial risk management objective

The CBHS Group's principal financial instruments comprise receivables, payables, and investments (term deposits and managed funds). The CBHS Group manages its exposure to key financial risks in accordance with the CBHS Group's risk management framework. The objective of the risk management framework is to protect the future financial assets of the Group.

The main risks arising from the CBHS Group's financial instruments are market risk (including interest rate and price risk), credit risk and liquidity risk. The CBHS Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate risks and assessments of market forecasts for interest rates. Credit risk and liquidity risk is monitored through the development of rolling cash flow forecasts.

The primary responsibility for identification and control of financial risks rests with the Group Chief Executive Officer, Group Chief Risk Officer and Group Chief Financial Officer.

d) Interest rate risk management

The CBHS Group is exposed to interest rate risk on its investment portfolio and bank deposits. The investment portfolio comprises both fixed and variable interest rate investments. The risk is managed by maintaining a high proportion in fixed interest rate investments. As at 30 June 2022 the fair value of investments with a fixed interest rate was \$128,700,000 (2021: \$108,800,000).

Notes to the financial statements

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

	Weighted average effective interest rate %	2022 \$'000	2021 \$'000
Cash deposits – "24 hour at call"	0.00	16,878	9,355
Term deposits designated at fair value through profit or loss	1.25	128,700	108,800

Interest rate sensitivity analysis

The sensitivity analyses below have been determined on the exposure to interest rate movements on the investment portfolio at reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

A 50 basis point (2021: 25 basis point) increase or decrease is used when reporting interest risk internally and represents management's assessment of the possible change in interest rates.

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

	2022 \$'000 at 50 basis points per annum	2021 \$'000 at 25 basis points per annum
Profit higher from increase in basis points	644	272
Profit lower from decrease in basis points	(644)	(272)

This is mainly attributable to CBHS Group's exposure to variable interest rates on its term deposit investments.

e) Price risks

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

Price risk sensitivity - managed funds

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

	2022 \$'000 at 10% per annum	2021 \$'000 at 5% per annum
Profit higher from increase in percentage	23,633	10,609
Profit lower from increase in percentage	(23,633)	(10,609)

Notes to the financial statements

f) Credit risk management

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

The CBHS Group's investments are with Board approved financial institutions and managed investment schemes. For investments held directly, these instruments are subject to Board approved counterparty limits.

Credit exposure by credit rating:	2022 \$'000	2021 \$'000
Cash and cash equivalents		
A series rating	16,878	9,355
B series rating	-	-
Unrated *	-	-
	16,878	9,355
Financial assets at fair value through the profit or loss		
A series rating	121,700	83,800
B series rating	7,000	25,00
Unrated *	236,331	212,180
	365,031	320,980

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

At reporting date, there are no significant concentrations of credit risk relating to financial instruments designated at fair value through profit or loss. The carrying amount reflected above represents the Group maximum exposure to credit risk.

Notes to the financial statements

g) Liquidity risk management

Liquidity risk arises from the possibility that the Group may be unable to settle a transaction on the due date. The ultimate responsibility for liquidity risk management rests with the Group Chief Executive Officer and Group Chief Financial Officer. The CBHS Group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The CBHS Group

continues to review its Capital Management Plan to assist in managing the CBHS Group's medium and long-term funding and liquidity requirements.

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

	Less than 1 month \$'000	1-3 months \$'000	3 months to 1 year \$'000	1-5 years \$'000	5+ years \$'000	Total \$'000
2022						
Trade and other payables	2,777	8,652	1,531	-	-	12,960
Lease liabilities	156	247	618	4,478	3,480	8,979
2021						
Trade and other payables	2,074	9,623	929	-	-	12,626
Lease liabilities	77	234	586	340	-	1,237

h) Fair value control framework

Fair values are subject to a control framework designed to ensure that they are either determined, or validated, by a function independent of the risk taker. The ultimate responsibility for the determination of fair values lies with the Group Chief Financial Officer who establishes the accounting policies and procedures governing valuation and is responsible for ensuring that these comply with relevant accounting standards. For fair values determined by reference to external quotation or evidenced pricing parameters, independent price determination or validation is utilised.

The fair value measurements have been classified using a fair value hierarchy that reflects the significance of the

inputs used in making the measurements. The fair value hierarchy has the following levels:

- i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- ii) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- iii) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3)

Notes to the financial statements

i) Fair value of financial instruments

As at 30 June 2022, the split of the financial assets at fair value through the profit and loss into the fair value hierarchy is as follows:

2022	Level i: \$'000	Level ii: \$'000	Level iii: \$'000	Total \$'000
Assets <i>Fair value through profit or loss</i>				
Term deposits	128,700	-	-	128,700
Managed multi asset fund	-	100,628	-	100,628
Managed share funds	-	60,597	-	60,597
Managed fixed interest funds	-	47,472	-	47,472
Managed property funds	-	-	27,634	27,634
Total	128,700	208,697	27,634	365,031

As at 30 June 2021, the split of the financial assets at fair value through the profit and loss into the fair value hierarchy is as follows:

2021	Level i: \$'000	Level ii: \$'000	Level iii: \$'000	Total \$'000
Assets <i>Fair value through profit or loss</i>				
Term deposits	108,800	-	-	108,800
Managed multi asset fund	-	84,116	-	84,116
Managed share funds	-	66,702	-	66,702
Managed fixed interest funds	-	38,077	-	38,077
Managed property funds	-	-	23,285	23,285
Total	108,800	188,895	23,285	320,980

29) Additional company information

The registered office and principal place of business of the CBHS Group is:

Level 16, 6 Hassall Street
Parramatta NSW 2150

Directors' declaration

In the Directors' opinion:

- (a) the financial statements and notes set out between pages 32 and 71 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as when they become due and payable.

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

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



Peter MacCuspie
Chair



Helen Troup
Group Chief Executive Officer & Executive Director

Dated 12 September 2022



Independent auditor's report

To the members of CBHS Health Fund Limited.

Our opinion

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

- a. giving a true and fair view of the Group's financial position as at 30 June 2022 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

CBHS' financial report comprises:

- the consolidated statement of financial position as at 30 June 2022
- 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, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

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

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

Independence

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

PricewaterhouseCoopers, ABN 52 780 433 757

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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 2022, 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.

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

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

Auditor's responsibilities for the audit of the financial report

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

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

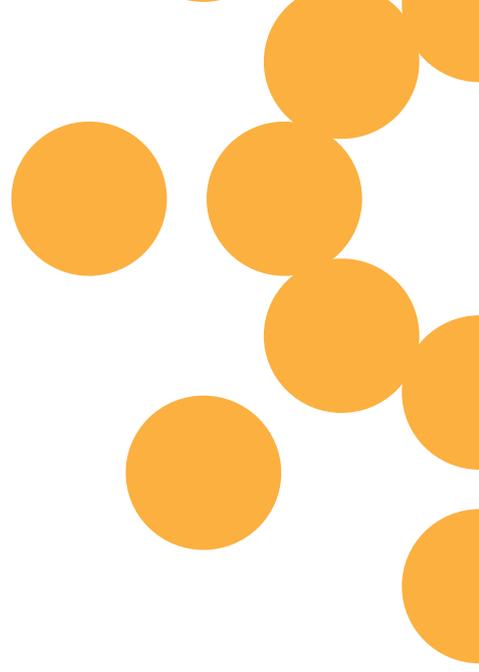
http://www.auasb.gov.au/auditors_files/ar3.pdf.

This description forms part of our auditor's report.

PricewaterhouseCoopers

R Balding
Partner

Sydney
12 September 2022



CBHS Group
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