2023

Annual Report.

Contents

Acknowledgement of Indigenous peoples

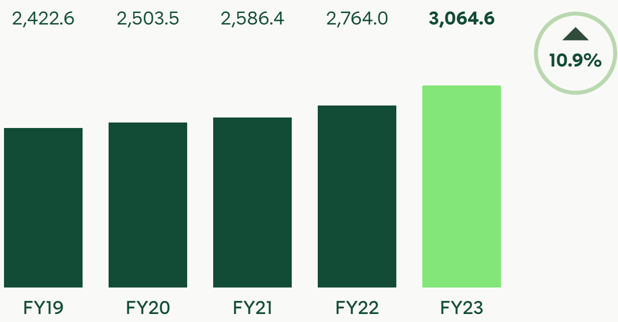
nib operates and supports employees, members, travellers and participants from all corners of the world. Our organisation acknowledges and respects the custodianship that Indigenous and First Nations peoples have on their lands and waterways.

nib acknowledges Aboriginal and Torres Strait Islander peoples as the First Australians and pays respect to Elders past and present across all the lands on which we operate.

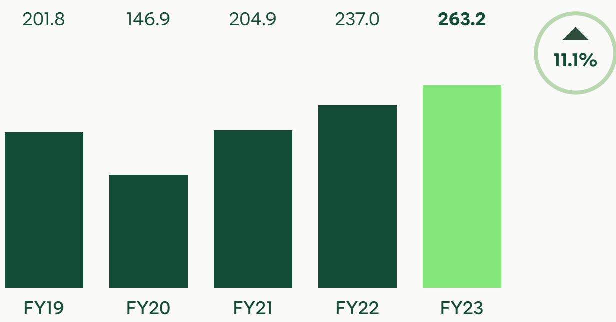
nib holdings limited
ABN 51 125 633 856

Group performance highlights

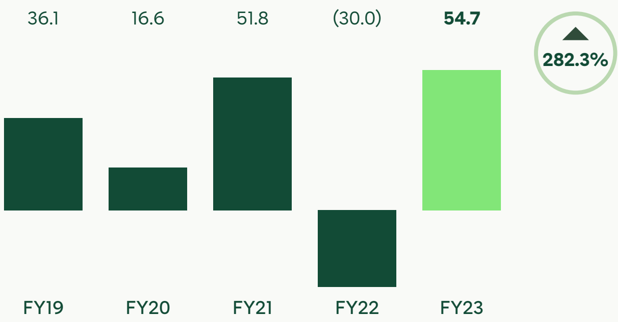
Total revenue[1] $m



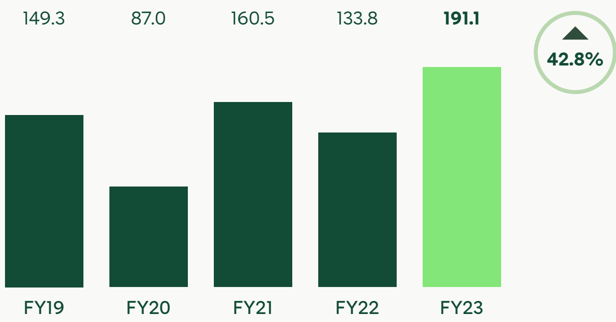
Underlying operating profit $m



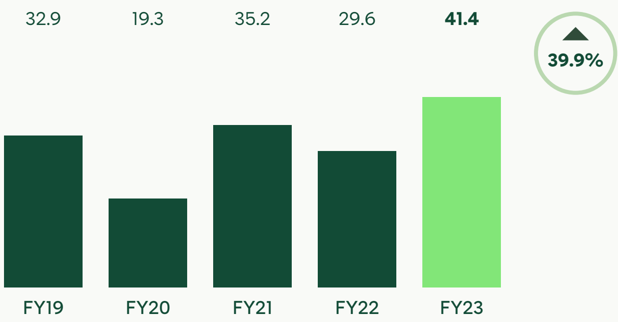
Net investment income $m



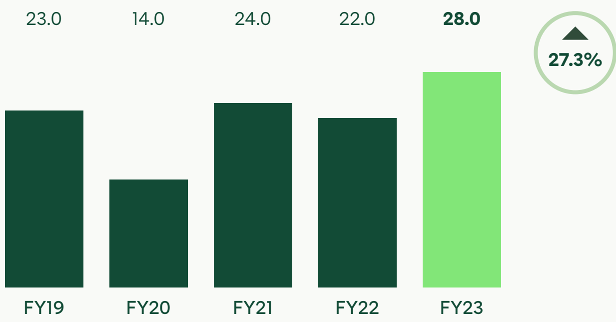
Net profit after tax $m



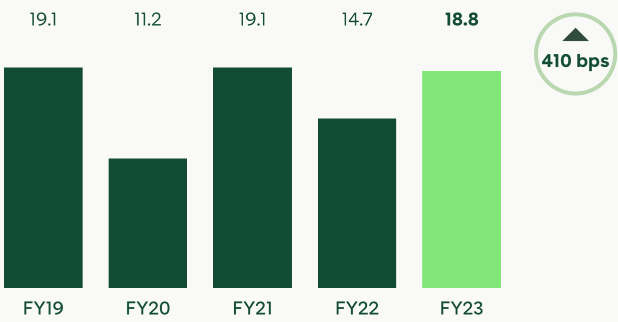
Statutory EPS[2] cps



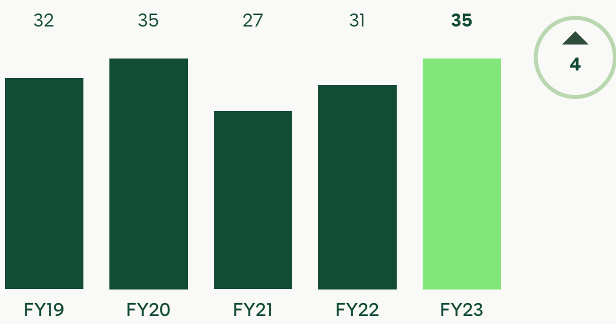
Dividends cps



Return on invested capital[3] %



Group NPS



1. Group underlying revenue restated as Group revenue.
2. Statutory EPS includes losses from discontinued operations.
3. ROIC calculated using average shareholders' equity including non-controlling interests and average interest-bearing debt over a rolling 12-month period.

Our purpose:
Your better health and wellbeing

Deliver deep insight and guidance about how to best achieve personal health and wellbeing goals and manage risk.

Connect with a wide ecosystem of relevant products, services, programs and providers.

Render it all accessible and affordable with insurance and other related financial protection and supports.

Vision

nib is widely recognised and acknowledged as a company concerned with the health and wellbeing of its members, travellers and NDIS participants. They choose nib because they believe we will help them maintain good health and improve health and related outcomes. And that nib backs it up with relevant and effective insurance, financial support and plan management.

People's confidence in nib draws upon our demonstrated capability in applying advanced data science and predictive analytics to better understand how individual health and wellbeing goals can be achieved. The idea of "personalising" health and wellbeing differentiates nib in the market; we eschew a "one size fits all" approach.

We guide and connect members, travelers and participants with a wide network of healthcare and disability services, products and providers. Connection may be physical, virtual/ digital or at home depending upon personal needs, preferences and circumstances. We assist "informed choice" of providers through transparent quality and price data.

Deep insight into disease risk and disability solutions also supports providers in meeting the needs of their patients and clients. It also supports their own business models and business objectives. Our technology especially makes for a more comprehensive, integrated and continuous approach to management and care. It also allows providers to monitor, diagnose, treat and support patients and participants within more appropriate and efficient settings of care including their home.

Managing health and wellbeing as well as accessing providers is made more possible and affordable by health, travel and disability insurance as well as other complementary financial products.

Members, travellers and participants have options in how they contact and engage with nib. Digital and online service is industry leading. Service quality as it relates to timeliness, effectiveness, and satisfaction is high.

Our commitment to the health and wellbeing of entire communities and success in improving access to healthcare, disability support and outcomes highlights our efforts in ensuring the communities in which we operate are sustainable and us meeting our "social contract".

Business strategy

We apply data science and predictive analytics in developing deep insight into the health risk of individuals and how it may be best managed. Similar analytics assist participants in how they might achieve their goals. We equip them with integrated online and digital tools for seamless engagement with us as well as the healthcare system and disability support (**personalisation**).

This insight and engagement becomes our core capability and competitive advantage. With that we are able to:

PHI expansion

Expand our value proposition and differentiate nib in existing private health insurance (PHI) markets by making membership as much about supporting good health as it is the treatment of sickness and injury. We grow the PHI market and our share.

New markets

Enter and grow in other healthcare markets with non-PHI offerings. Differentiate and grow our travel, life (living benefits) and NDIS businesses. Leverage these markets as a segue for PHI membership.

Cost containment and affordability

Better contain healthcare treatment and claims cost inflation through more precise and effective disease prevention and management. Pass through this efficiency to members and travellers in the form of more competitive premiums and/or improved service and benefits. Apply similar cost rigour to the NDIS.

Honeysuckle Health

Capture revenue and economic value from existing healthcare providers through Honeysuckle Health and its wide range of health risk management products and services.

Government and 3rd party programs

Aspire to manage healthcare and improve outcomes within discrete communities on behalf of Government and other healthcare payers.

In pursuit of these goals, we continue to develop organisational, talent and advanced technological capability across the Group (**organisational capability**).

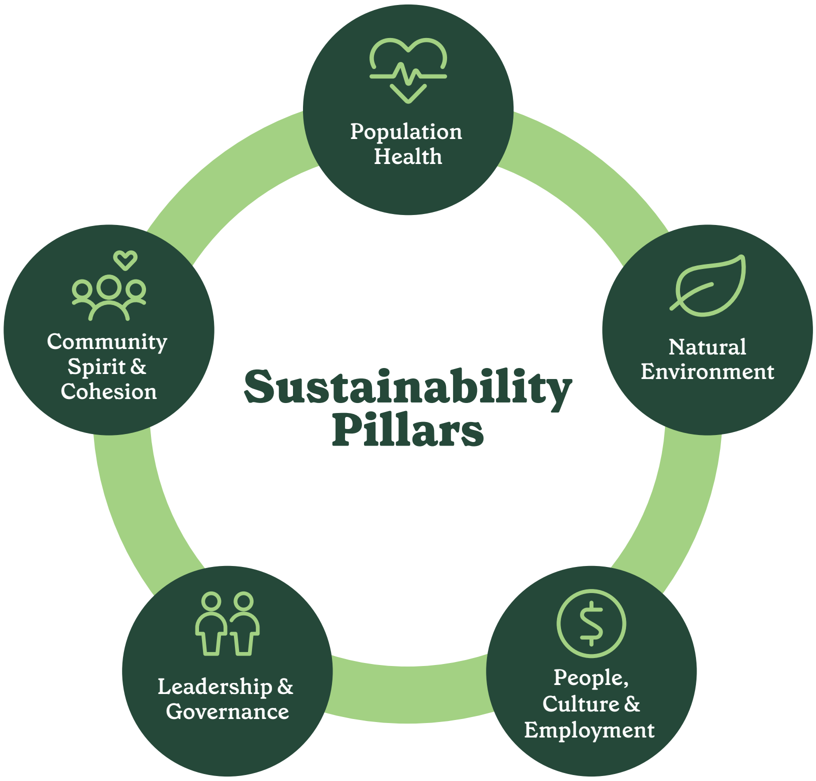
Sustainability

Our purpose and vision

Our purpose is the better health and wellbeing of our members, travellers and participants, as well as the communities we serve.

Our vision is to play a meaningful role in maintaining good health and improving health and related outcomes for people and their communities, especially in reducing gaps in access to care and outcomes within discrete communities.

We also recognise the influence of a wide range of social, economic and environmental factors and the role we can play, however modest, in aligning these with our purpose. They include a sense of acceptance and inclusion, meaningful employment and economic security, as well as a clean and sustainable natural environment.



Our FY23 highlights include:

- Almost 19,000 members enrolled in health management programs (annual target 12,000).
- Over 25,000 member HealthChecks includes our Well@nib, skin checks, health risk assessment and Good Health Plan.
- Launch of nib Innovate Reconciliation Action Plan including our support for the Uluru Statement from the Heart.
- Achieved a group employee engagement score of 81% up from 75% in FY22.
- Over 250,000 people reached via nib foundation's Prevention Partnerships.
- Completed a new climate change scenario analysis to improve nib's climate change resilience.
- All leaders identified as having executive potential within the next 5 years completed the Leading Business and Strategy Development Program.
- Introduced sustainability metrics into our executive STI scorecard.
- Released our third Modern Slavery Statement. More than 30 suppliers completed continuous improvement plans to manage modern slavery risk.
- Refreshed our group wide Compliance Management Framework.

Operating and Financial Review

for the year ended 30 June 2023

Chairman's Report

nib is pursuing a business strategy that is as much about people's good health and wellbeing as it is about high quality private health insurance, and we are doing so with determination. That's not to downplay the importance of our core private health insurance business, but we embrace emerging consumer expectations and new trends and developments in healthcare, especially those enabled by technology. Expectations such as being able to meet a wide range of healthcare needs in a single place, be that physical, digital, or even at home, and developments such as the power of machine learning to predict disease risk are already upon us.

As this report details, progress in FY23 was impressive. Importantly, our strategic focus on an enhanced value proposition has clearly not compromised our economic foundations. To the contrary, innovation that supports good health and wellbeing are complementary. Attribution can be imprecise but in FY23 our flagship Australian Residents Health Insurance (arhi) policyholders grew at 4.7%, which we anticipate will be more than double that of the entire Australian private health insurance market. This suggests something of our focus is at work. We are New Zealand's second largest private health insurer, and policyholder growth across the NZ business was at 3.2%.

Our private health insurance business also continued to support medical and allied treatment. Through the combination of arhi, the 189,944 foreign workers and students we cover, and our business in New Zealand, we funded 417,370 hospital admissions and more than 4 million allied treatments, such as dental and optical. Total Group coverage accounted for $2.2 billion in benefits paid[1], up from $2.1 billion last year.

We're especially proud of the success we have keeping people healthy and out of hospital. Predictive analytics and machine learning helps us identify those at risk of disease or hospitalisation and, intervene. nib offers a growing portfolio of health management programs that have cut unplanned hospital readmission rates. We are also striving to provide new types of patient-focused care. Our chemotherapy at home program means that, at the direction of their specialist, a nurse can visit a member at home avoiding the stress and expense that a hospital visit can entail.

In his report, Mark highlights numerous other achievements in FY23. We have navigated a pandemic and emerged in a strong position, which is an enormous credit to everyone at nib. Shareholders can take confidence from the growth across the Group's businesses, some of which were troubled by COVID-19 and the unprecedented impact that had on families, communities, and businesses.

Our underlying operating profit for FY23 was $263.2 million, up 11.1%, and net profit after tax was $191.1 million. nib Group's underlying revenue rose to just above $3 billion for the first time, a stunning achievement for a company started by a handful of steelworkers in Newcastle just over 70 years ago. In addition, in March 2023 nib entered the ASX 100.

The Board determined a final dividend of 15.0 cents per share, bringing the full year dividend to 28.0 cents per share fully franked. The full year dividend represents an earnings payout ratio of 68.7%.

Your Board of Directors and I are very excited about our ambitions for nib and our business prospects. Growth in the provision of healthcare is a part of the economy that continues every year. Today it accounts for roughly 10% of gross domestic product and may double in the next 50 years as Australia's population ages, the nation becomes wealthier, and technology makes it ever more possible to ensure good health and longevity.

An evolving part of our business strategy is how we might apply the capabilities and technologies we are developing at a population level. We predict and manage disease risk for individuals and can apply that theory to groups and communities. This strategy is at the heart of nib's sustainability agenda. We have a focus on communities that suffer gaps in access to health outcomes. These gaps are most pronounced in indigenous populations in Australia and New Zealand.

Our quest for operating in a way that improves the sustainability of the communities we serve goes beyond healthcare. nib is unable to solve chronic medical specialist and GP shortages in remote parts of Australia, or the housing crisis afflicting our major cities. We can bring data to the table, with our partner Cigna Corporation through our joint venture Honeysuckle Health, to better predict and manage population health issues. And we can continue to invest in Midnight Health, a med-tech company that has provided around 95,000 telehealth consultations in FY23, and scripts-to-the-door across 70% of Australia's most remote post codes. In healthcare we can have the greatest sustainability impact.

Before concluding, it would be remiss of me if I did not mention our entry into Australia's National Disability Insurance Scheme (NDIS). As we have in healthcare for over 70 years, we see a role for ourselves in better connecting NDIS participants with the products and services so vital to them. In FY23, we raised $158.1 million in capital and we have acquired four NDIS plan managers, with more to come. We aspire to improve the wellbeing of those in the NDIS, their families, carers, and communities.

I would also like to welcome our two new Non-Executive Directors, Jill Watts and Brad Welsh. Their appointment in July 2023 broadens nib's perspectives and aligns with our strategy. Ms Watts and Mr Welsh will stand for election at the 2023 Annual General Meeting in November. Their appointment follows the retirement of Ms Lee Ausburn as a Non-Executive Director last year. I thank Lee for her nine years of service to nib.

Finally, thanks to my fellow Board members, our Executive Management and the wider team at nib. nib's result and the impact we make on the health and wellbeing of growing numbers of Australians and New Zealanders reflects the hard work, dedication and creativity our people show every day.

David Gordon

1. Total claims incurred including claims handling expenses for underwriting segments only.

Managing Director's Report

Our solid financial performance in FY23 is testimony to nib's resilience throughout and in the aftermath of the most serious pandemic in more than 100 years. It crippled healthcare systems that ultimately we rely upon as a value proposition; it disrupted workforces and brought widespread economic stagnation. Yet in our Australian Residents Health Insurance business (arhi) we grew membership well ahead of anticipated industry rates and supported needed treatment across the spectrum of our coverage. Growth was equally important in our adjacent businesses.

David has already explained our vision for the company is to become as much a health management company as we are a private health insurer. We're not trying to manufacture every element of healthcare, rather orchestrate people's ability to meet most of their healthcare needs in a single place. We call it our Payer to Partner (P2P) transformation.

It's a lofty ambition when you consider the complexity, breadth, and depth of healthcare. However, with sure intent, system architecture, a sense of genuine partnership, and technology it's very possible. Progress in FY23 supports this confidence.

Highlights include:

- Support for over 19,000 members with health management programs delivered largely by Honeysuckle Health, our joint venture with Cigna Corporation
- Midnight Health, which has provided telehealth GP consultations and scripts-to-the-door for tens of thousands of Australians, many of whom live in remote parts of Australia
- Our partnership with virtual GP service 24-7MedCare, which provides students, workers and Australian resident health members with 24-hour access to GP telehealth via the nib app
- Our app, which beyond having excellent private health functionality, now boasts an ability to fill a prescription, have it delivered, purchase a wide range of healthcare products, take a health check and create a good health plan
- nib's GreenPass has grown as a recognised entry point into private health benefits, offering skin and health checks, and discounts for popular health and wellness brands.

The Group financial results speak for themselves and are set out in detail throughout this report. Worth observing here is how we've been able to grow earnings notwithstanding COVID-19 difficulties encountered by parts of the business. Travel has never been more profitable for nib; and our international inbound health business is in very good order.

Over the course of the pandemic, members postponed or found it difficult to access hospital and other healthcare services. Acknowledging this short-term saving, we pre-emptively compensated members with low premium price rises that we deferred, premium credits, cash back, expanded COVID-19 treatment cover, and additional benefits at no extra cost to members. We have valued our full pandemic support package at over $181 million.

A special reserve associated with the pandemic called the deferred claims liability ended on 30 June 2023. That's not to suggest we can predict how claims volumes play out as the pandemic continues to unwind. Yet we're comfortable it can be absorbed in the manner that claims growth and inflation are absorbed.

We have a philosophy that success relies upon constant experimentation and innovation within existing business operations and in finding new opportunities. We believe the only form of long-term competitive advantage is constant short term advantage. We've had the odd failure but overall, it's served us very well. In the past 20 years, our core arhi business has grown premium revenue at a cumulative annual growth rate of 9.4%. Two decades ago, there were no earnings other than arhi. In FY23, earnings from other businesses accounted for 15.3% of the Group underlying total. Our annualised total shareholder return[1] since listing in 2007 has been 22.1% against ASX 200 of 4.9%. An investment of $1,000 in nib in 2007 would now be worth over $21,000, assuming dividends were reinvested.

I wrote last year of our shift to hybrid working. We've experienced a page-turning moment in organisational theory, and today, piling our people into an office five days a week is no longer the norm. Rather, and subject to meeting technology and health and safety requirements, about 1,880 people work from wherever they choose. For many that is from home. We acknowledge the importance of regular social contact, and we know that for some, home isn't an option. Nevertheless, across a much-reduced footprint, we only require people to come into a hub when warranted, including for training, coaching, planning, project coordination and celebration. Leadership at all levels are expected to have a contact compact with their people.

My brag about our progress over the last 20 years shouldn't be interpreted as a recipe for complacency. Nothing could be further from reality. In many ways we are just finding our groove especially given the opportunities promised by technology. Into the future, people will choose nib because it's an entirely different value proposition and because we help them navigate healthcare seamlessly and conveniently. They will come to believe that being a member of nib, whether that's someone who holds a health policy, a traveller or an NDIS participant with nib, will mean they're more likely to be healthy and well. Part of this conviction will be the reliability of our science and a recognition of the role of social and behavioural factors in health and wellbeing.

I'd like to thank our people at nib and our healthcare providers and partners for their crucial role in making FY23 another successful year. nib is just one component in a significant healthcare universe, but like never before, we have opportunities to have an even greater impact. We intend to realise that potential.

Mark Fitzgibbon

1. Source: Bloomberg. Total shareholder return represents the simple return over the holding period due to the change in share price plus dividends reinvested on a net basis. Since NHF float for the period 2/11/2007 to 30/06/2023.

Operating and Financial Review

for the year ended 30 June 2023

The Review of Operations provides commentary on financial performance for the 12 months to 30 June 2023 (FY23) compared to the 12 months to 30 June 2022 (FY22) unless otherwise stated. Policyholder growth figures are for the 12 months to 30 June 2023.

nib Group

$3.1b	$191.1m	$263.2m	41.4cps	$54.7m	28.0cps
total Group revenue	**NPAT**	**Group UOP**	**statutory EPS**	**net investment income**	**full year dividend**
up 10.9%	up 42.8%	up 11.1%	up 39.9%	up 282.3%	up 27.3%

nib Group reported an underlying operating profit (UOP) of $263.2 million compared with $237.0 million last year, an increase of 11.1%. Statutory operating profit of $243.6 million was up 6.3% (FY22: $229.2 million). Group revenue of $3.1 billion (up 10.9%) benefited from policyholder growth across the Australian residents, international workers and students and New Zealand businesses as well as a strong recovery from nib Travel.

Our Australian Residents Health Insurance (arhi) recorded policyholder growth of 4.7%, its strongest growth rate since FY15. Both the International Inbound Health Insurance (iihi) and nib Travel businesses returned to profit after reporting losses in FY22 due to the impacts of the COVID-19 pandemic. FY23 premium revenue for the iihi business was at its highest level ever, with the mix of policyholders shifting further towards workers. Gross written premium and UOP for nib Travel were at record highs since acquisition in July 2015.

nib Thrive, our National Disability Insurance Scheme (NDIS) plan management business contributed $3.1 million to Group UOP with four plan management business acquisitions completed during the year. nib now provides plan management services to over 27,000 NDIS participants.

During the year we saw numerous indicators of a shift towards post-pandemic settings. The Australian Government in September 2022 announced an end to mandatory isolation requirements and in the following May, the World Health Organisation declared an end to the pandemic. Consistent with this, nib saw increased claiming, especially in the second half of FY23. Despite this, claims activity for the whole year remained below our pre-COVID expectations. Group claims expense[1] increased 6.6%. The deferred claims liability (DCL) was released in full during the year.

In FY23, nib continued to invest in technology to deliver key improvements in member experience as well as strategic initiatives to support its Payer to Partner (P2P) strategy. nib's P2P strategy is as much about helping members stay well as it is about paying claims when members are sick. Underlying underwriting expenses increased 14.5% due to an uplift in marketing to support growth, investment in IT capability including cybersecurity and cloud migration, addition of new businesses and a one-off non-cash impairment of software intangibles and right of use assets totalling $14.7 million. There was also an impairment of acquired GU Health intangibles of $4.0 million resulting from the review of the useful life of customer contracts.

One-off transactions, M&A and business implementation costs increased year on year mainly due to the acquisition of four NDIS plan management businesses and integration of the life and living benefits business in nib NZ.

In FY23, nib invested $27.0 million in Midnight Health and now holds an equity stake of 74.4%. Midnight Health is a start-up digital health company that provides platforms for online consultations, e-prescriptions and delivery of treatments.

Improved investment market conditions drove net investment income to $54.7 million compared to a loss of $30.0 million in FY22. Net profit after tax (NPAT) was $191.1 million (FY22 $133.8 million), an increase of 42.8%.

Statutory earnings per share was up 39.9% to 41.4 cents per share due to the $84.7 million turnaround in investment income and higher Group UOP. This was only partially diluted by the 23 million new shares issued as part of the capital raise in the first half of the financial year. nib completed a $158.1 million capital raise to fund its entry into the NDIS plan management sector.

Throughout FY23, nib continued to provide value and support to members. After announcing its lowest premium increase in 20 years in 2022, nib announced a 2.72% premium increase in 2023, its second lowest in 20-years. The premium rise was also delayed six months to 1 October 2023. This premium increase deferral was part of nib's COVID-19 member support package following lower claims volumes throughout the pandemic. nib also provided $5.0 million to the nib foundation, to support programs that generate broad health benefits to the community. Since inception, the nib foundation has invested about $25 million in community health programs.

More than three years on from the introduction of flexible work, nib has found overwhelming employee support for its hybrid work model. Employee engagement grew to 81% favourable in FY23, up from 75% the previous year. Wellbeing benchmarks and inclusion measures have also risen and remain above global benchmarks.

The nib Group is in a strong capital position and continues to meet required capital levels under stressed conditions. In September 2022, APRA released a new private health insurance capital framework, which came into effect from 1 July 2023. At 30 June 2023, under the revised standards, nib health funds held a capital base of $489.0 million, which is $238.1 million above the prescribed capital amount (PCA), with a PCA ratio of 1.95x.

The Board declared a final dividend of 15.0 cents per share fully franked, resulting in a full year dividend of 28.0 cents per share (FY22: 22.0 cps). The full year dividend represents a payout ratio of 68.7% of FY23 NPAT. The final dividend has a record date of 5 September 2023 and will be paid to shareholders on 3 October 2023. The Dividend Reinvestment Plan is available to eligible shareholders.

1. Net claims incurred includes claims handling.

Australian Residents Health Insurance (arhi)

$2.4b	$222.9m	4.7%	+34
premium revenue	**UOP**	**net policyholder growth**	**net promoter score**
up 6.1%	down 7.3%		up 4

nib's arhi business reported a net policyholder growth rate of 4.7%, which is more than double the anticipated industry average and the best growth rate in 8 years.

Underlying operating profit of $222.9 million was 7.3% lower than FY22 reflecting an expected reduction in net margin towards target levels.

Net premium revenue was up 6.1% to $2.4 billion which includes the impact of the 2023 price increase deferral. nib's six-month deferral to 1 October 2023 is part of nib's COVID-19 member support package, following lower claims volumes experienced throughout the pandemic. The price increase at 2.72% is our second lowest in 20-years and below the industry average of 2.90%.

arhi added 31,342 policyholders to its membership base in FY23. There was strong growth across both the partner and broker channels. While approximately half of all sales were new to private health, net growth also benefited from increased switching. Lapse rates remain below pre-pandemic[1] levels.

Claims expense increased 6.0% on the prior financial year. Both hospital and ancillary claiming returned closer to pre-pandemic[1] levels with claims (including state levies, excluding risk equalisation and COVID-19 provisions) up 17.8% on FY22. Risk equalisation (excluding COVID-19 provisions) similarly increased, up 10.6% but remains below pre-pandemic levels. The deferred claims liability has been unwound in full.

Marketing expenses grew 13.4% due to increased marketing investment and higher commissions from increased policy sales. Other expenses increased 24.9% with enhancements in IT capability including cybersecurity and cloud migration as well as clinical advisory and uplifts to support business growth.

Net margin of 8.9% remains high due to strong growth and a favourable claims environment. However, this is lower than FY22 net margin of 10.2% reflecting the gradual return to our stated target range of 6-7%.

arhi's net promoter score improved to +34 (FY22: +30) reflecting the positive impact on member service from an engaged workforce.

We continue to make progress in our pursuit to improve the health and wellbeing of our arhi members through our Payer to Partner strategy. During the year we launched five programs, Advara HeartCare, Healthy Weight For Life Essentials, Perx, Osara and Joint Fit. We have also accelerated our Healthcare @ Home strategy through our partnership with Honeysuckle Health and now have in-home services for chemotherapy, rehabilitation, dialysis, wound care and IV treatments.

1. FY19 is pre-pandemic for comparison purposes. Lapse rate in FY19 was 13.4%.

International Inbound Health Insurance (iihi)

$151.4m
premium revenue
up 22.4%

$23.0m
UOP
up 2,190.9%

15.7%
net policyholder growth

+51 | +47
NPS iwhi | ishi
up 8 | no change

The International Inbound Health Insurance business (iihi) returned to profit in FY23, reporting a UOP of $23.0 million compared to a loss of $1.1 million in FY22. This performance was driven by growth with premium revenue at its highest level, at $151.4 million up 22.4% on FY22. Policyholder numbers grew to 189,944, record high and growth rate of 15.7%. Combined sales were the highest ever and 17.4% ahead of pre-pandemic[1] performance.

Gross margin improved to 42.2% with the shift in mix to workers increasing revenue per member. Claims expense increased by 2.0% to $87.5 million (FY22: $85.8 million) due to the increase in policyholders and claims inflation, offset by an unwinding of pandemic impacts.

The management expenses increase was mainly driven by commissions supporting policyholder growth.

Automation, efficiency and digital experience initiatives throughout the year delivered net promoter scores of +51 for international workers and +47 for international students (FY22 iwhi: +43, ishi: +47).

FY23 also brought strong engagement from iihi members with nib's Payer to Partner offerings with iihi members participating in more than 12,000 in-app telehealth consultations. nib's continued investment in technology was rewarded with international students and workers making up more than half of nib's chatbot interactions. Machine learning and AI underlie nib's use of technology, and have led to more accurate responses and assistance tailored to international members.

1. FY23 combined sales for iihi were 17.4% ahead of FY19 sales.

New Zealand

$330.4m	$34.2m	3.2%	+35
premium revenue up 13.2%	**UOP** up 50.7%	**net policyholder growth**	**net promoter score** up 1

nib New Zealand (nib NZ) delivered an underlying operating profit of $34.2 million for FY23, up from $22.7 million in FY22. FY23 results include a 12-month UOP contribution of $2.3 million from the life and living insurance business compared to a two-month contribution of $0.1 million in FY22[1].

Premium revenue grew 13.2% to $330.4 million, driven by total policyholder growth of 3.2% across all businesses. Resident PHI policyholder growth was 3.8% and this growth was mostly across group and advisor channels. International students members continued to recover post pandemic.

Claims increased 15.7% mainly as a result of policyholder growth and claims inflation with lower claiming rates in the prior year.

Commissions and marketing expenses increased 12.9% as a result of higher sales, this excludes a one-off deferred acquisition cost credit in FY23 unwinding from a write-off in FY22. Other management expenses increased 11.2% with continued investment in IT systems and process efficiency as well as integration of the life and living and OrbitProtect businesses.

nib's partnership with Ngāti Whātua Ōrākei has focused on improving the health and wellbeing outcomes of the Auckland hapū (Māori sub-tribe). Through this initiative, nib provided over 5,400 hapū members with tailored private health insurance that covered a wide range of medical needs in FY23 and continued to evolve bespoke health management programs aimed at supporting a holistic approach to wellbeing. We also continued to work with other iwi (Māori tribe) entities to provide options under the newly developed Toi Ora Health Plan.

nib NZ's net promoter score increased to +35 (FY22: +34). Uplifts in service levels and member experience and a decrease in processing times drove improved member satisfaction.

1. nib nz insurance limited (previously Kiwi Insurance Limited, acquired on 29 April 2022).

nib Travel

$224.1m
GWP
up 132.2%

$14.0m
UOP
up 289.2%

85.9%
policy sales growth

+45
net promoter score
down 7

nib Travel rebounded strongly in FY23, reporting an underlying operating profit of $14.0 million compared to a loss of $7.4 million in FY22. This is the highest recorded UOP since nib acquired the business.

Gross written premium of $224.1 million was up 132.2% on FY22 and well above pre-pandemic levels. Travel demand and travel insurance value propositions drove policy sales to over 728,000 with growth across domestic and international markets. Operating income increased by 142.9% to $113.2 million, over the same period last year. The numbers reflect the solid recovery of the business in FY23 after three years of major disruptions caused by the COVID-19 pandemic.

Acquisition costs, which include marketing and commissions, increased 137.3%, broadly in line with the rise in sales. However, operating expenses (excluding commissions and marketing) only increased 33.1%, with a strong focus on sustainable costs and efficiencies.

nib Travel has continued its focus on digitisation. Key achievements in FY23 included the introduction of a new modernised claims system and implementation of a single customer view to improve efficient servicing of travellers.

Our UK and EU business has officially been accredited as a Great Place to Work. This was based on an independent, anonymous employee survey by the Great Place to Work Institute and speaks to the culture, engagement, pride and trust that our staff have in the business and their leaders.

A net promoter score (NPS) of +45 was achieved as operations capacity adapted to sharp increases in volumes. While NPS was lower than FY22 result of +52, it was an increase from the 1H23 result of +41.

nib Thrive

$14.6m
NDIS fee income

$3.1m
UOP

27,373
participants

4
plan manager acquisitions completed

In October 2022, nib raised $135.0 million via an institutional placement and a further $23.1 million via a share purchase plan in November 2022 to fund its entry into the National Disability Insurance Scheme (NDIS) plan management sector.

nib has since launched nib Thrive, the brand name for its NDIS plan management business, and completed the acquisition of four plan managers. The acquisition of Maple Plan was completed in November 2022, Peak Plan Management in February 2023, Connect Plan Management in March 2023 and All Disability in May 2023. These acquisitions added over 250 employees to the nib Group. As at 30 June 2023, nib manages the plans of 27,373 NDIS participants.

For FY23, nib Thrive reported an underlying operating profit of $3.1 million comprising NDIS fee income of $14.6 million and operating expenses of $11.5 million.

nib aims to help people living with disability and long-term health needs overcome their challenges, achieve their goals, and improve the quality of their life. Plan managers provide customer service as well as claims handling and processing functions when a participant receives treatment or services from a provider. Due to the complexity of the NDIS, an increasing number of participants choose to use plan managers, which are funded by the NDIS outside their plan budget. NDIS plan management is similar to the services nib provides every day to its more than 1.6 million Australian and New Zealand health insurance customers[1]. nib sees an opportunity to play a leading role in improving the NDIS participant experience, as well as helping to address some of the challenges around sustainable funding facing the Australian Government in the years ahead.

In June 2023, nib entered into an agreement to acquire NDIS marketplace platform, Kynd. The acquisition was completed in July 2023. Kynd is a purpose-built digital platform, offering a marketplace that enables people who use the NDIS, their carers and support coordinators to search, compare and book a range of support services.

Following the 2023 financial year end, nib entered into agreements to purchase two more NDIS plan management businesses. This means that, following completion, nib Thrive group will provide plan management services to around 37,000 participants. The nib Thrive group is well on track to provide plan management services to around 50,000 participants by FY25.

1. Persons covered for arhi and nib NZ.

Five Year Summary

nib		2023 $m	2022 $m	2021 $m	2020 $m	2019 $m
Consolidated Income Statement						
Net premium revenue		2,911.5	2,703.4	2,548.8	2,439.6	2,340.8
Net claims incurred[1]		(2,203.6)	(2,066.3)	(1,985.5)	(1,933.4)	(1,811.4)
Gross margin		**707.9**	**637.1**	**563.3**	**506.2**	**529.4**
Movement in policy liabilities		1.1	(0.3)	-	-	-
Other underwriting revenue		6.5	6.4	3.8	3.5	3.6
Management expenses		(439.4)	(383.9)	(337.4)	(332.2)	(329.1)
Underwriting result		**276.1**	**259.3**	**229.7**	**177.5**	**203.9**
Other income		145.0	51.5	24.1	60.1	77.2
Other expenses		(153.5)	(68.2)	(44.1)	(86.7)	(78.3)
Share of net profit / (loss) of associates and joint ventures		(4.4)	(5.6)	(4.8)	(4.0)	(1.0)
Underlying operating profit		**263.2**	**237.0**	**204.9**	**146.9**	**201.8**
Amortisation and impairment of acquired intangibles		(10.7)	(7.7)	(16.8)	(18.4)	(10.2)
One-off transactions, merger, acquisition and new business implementation costs		(8.9)	(0.1)	(2.1)	(13.6)	(7.0)
Statutory operating profit from continuing operation		**243.6**	**229.2**	**186.0**	**114.9**	**184.6**
Finance income and costs		(13.8)	(6.7)	(6.8)	(9.7)	(7.7)
Net investment income		54.7	(30.0)	51.8	16.6	36.1
Profit before tax		**284.5**	**192.5**	**231.0**	**121.8**	**213.0**
Tax		(92.8)	(57.5)	(70.5)	(34.8)	(63.7)
NPAT from continuing operations		**191.7**	**135.0**	**160.5**	**87.0**	**149.3**
Profit / (loss) from discontinued operations		(0.6)	(1.2)	-	-	-
NPAT		**191.1**	**133.8**	**160.5**	**87.0**	**149.3**
Consolidated Balance Sheet						
Total assets		2,130.0	1,880.4	1,702.8	1,677.8	1,554.1
Equity		983.9	734.3	706.2	603.1	632.2
Debt		245.9	260.9	232.3	232.9	233.9
Share Performance						
Number of shares	m	483.4	459.1	457.7	456.8	455.6
Weighted average number of shares – basic	m	475.6	458.4	457.2	456.1	455.4
Weighted average number of shares – diluted	m	475.6	458.4	457.2	456.1	455.4
Basic earnings per share[2]	cps	41.4	29.6	35.2	19.3	32.9
Diluted earnings per share[2]	cps	41.4	29.6	35.2	19.3	32.9
Share price at year end	$	8.45	7.38	6.51	4.62	7.68
Dividend per share - ordinary	cps	28.00	22.00	24.00	14.00	23.00
Dividend payout ratio - ordinary	%	68.7	74.4	68.2	71.0	70.0
Other financial data						
ROIC[3]	%	18.8	14.7	19.1	11.2	19.1
Group underlying operating revenue	$m	3,063.0	2,761.3	2,576.7	2,503.2	2,421.6
Operating cash flow	$m	246.7	337.6	108.7	207.6	184.5

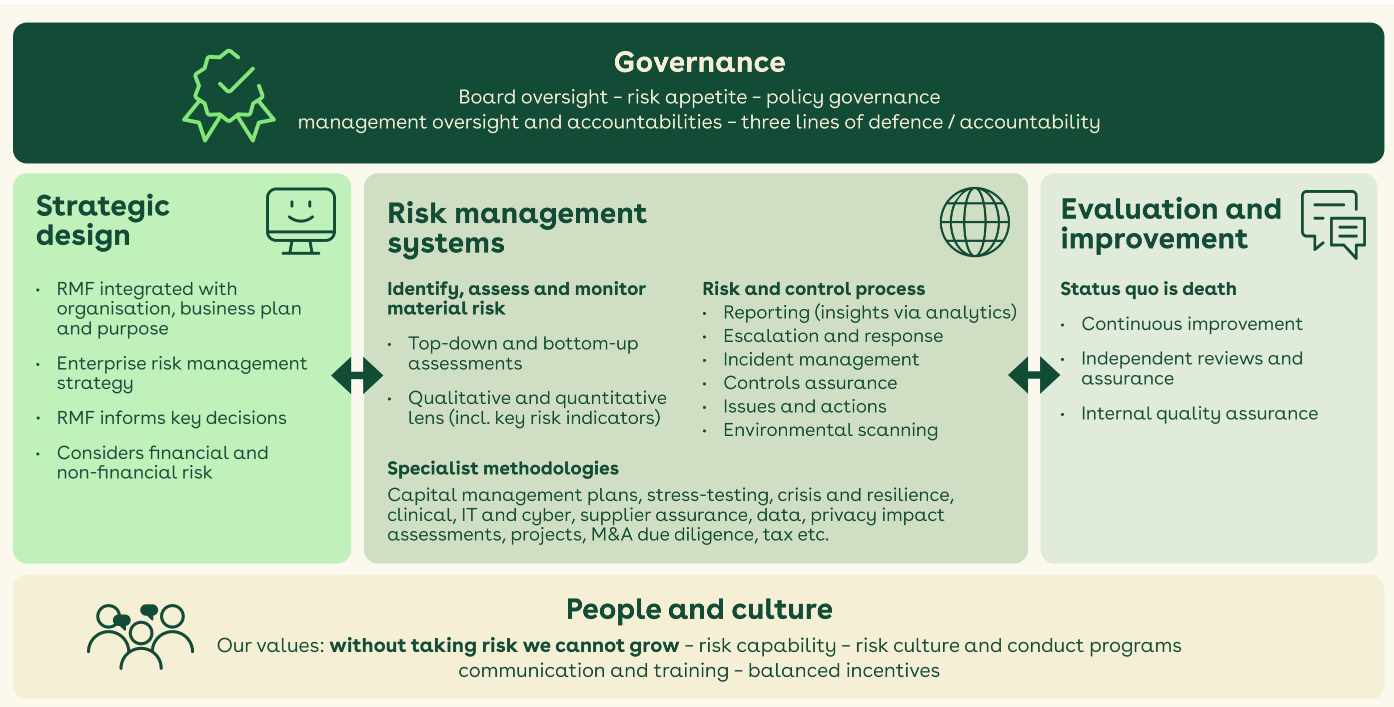
1. Net incurred claims differs to the face of the Consolidated Income Statement and Segment Reporting as this table includes claims handling expenses in management expenses.
2. Earnings per share includes losses from discontinued operations.
3. ROIC calculated using average shareholders' equity attributable to owners of nib holdings limited and average interest-bearing debt over a rolling 12 month period.

Managing material risks and uncertainties

nib has established policies and systems for the oversight and management of material business risks. Our Risk Management Framework enables us to navigate the changing landscape, and ensure we make informed risk decisions within our risk appetite and tolerances.

nib's Risk Management Framework is made up of both "formal" parts, like our Risk Management Strategy, Risk Appetite Statement (RAS) and the defined responsibilities for the Board and Employees, and more "informal" parts, like our values and risk culture. The framework is applied as part of the usual decision-making processes in nib's day-to-day operations, when undertaking strategic planning, implementing strategic initiatives, managing our capital, establishing our investment strategy, reviewing our product design or launching a new business.

Enterprise Risk Management Framework



Further information regarding how nib recognises and manages risk is detailed in our Corporate Governance Statement, which is available on our website at nib.com.au

nib continues to closely monitor the impacts of emerging uncertainties on its risk profile. nib will carry on making enhancements to its control systems in order to optimise outcomes related to both financial and non-financial risks.

Managing material risks and uncertainties *continued*

The material risks and uncertainties that could affect nib's operations, strategies and overall performance are listed in the table below.

Risk description	Risk appetite and management strategies
Insurance risks	
Claims inflation and affordability The risk of rapidly inflated claims costs derived from health service providers (including hospitals, ancillary providers and medical specialists). Impacts could include lower affordability of health insurance products, weaker financial margins and profitability.	nib maintains structured management systems for monitoring claims behaviours and experience, including processes to validate timely and accurate payment of claims in accordance with policy conditions. A high priority is placed upon the negotiation, establishment and renewal of key provider contracts, to ensure acceptable terms, service utilisation rates and claiming processes are in place. nib recognises the importance of improving product value and affordability for members, resulting in ongoing strategic investments in initiatives including: development of provider networks to improve price certainty and value, tools to assist members in making informed financial decisions and a Payer to Partner (P2P) strategy to target chronic conditions through Health Management Programs. A strong focus also exists on premium affordability through the annual pricing submission process. Further details on claims inflation risk are included in Notes to the Consolidated Financial Statement 3 a).
Government policies and regulations Risks relating to potentially significant and/or unexpected changes to the regulatory policy settings and incentives for private health insurance, e.g. risk equalisation arrangements supporting the community rating principle, PHI Rebates and Life Time Health Cover Loading. Financial impacts resulting from this risk could be either positive or negative.	nib actively monitors early developments in PHI policy via industry, media and government circulars, channels and forums. nib is an active contributor to PHI reforms consultation processes conducted by regulators including Australian Prudential Regulation Authority (APRA) and the Department of Health and Aged Care, in order to help shape improved outcomes for nib members. nib's risk analysis processes include impact assessment of potential changes arising from government policy and resulting changes to products e.g. sustainable premium pricing. nib is represented within industry forums including Private Healthcare Australia (PHA) and seeks to work collaboratively with other industry stakeholders to present practical solutions. As reforms go-live, nib maintains appropriate resources for external communications (members, strategic partners, media, investor relations) to ensure effective communication and understanding of changes to targeted audiences. nib invests in rapid implementation of initiatives to improve customer value and lower costs Further details on risk equalisation are included in Notes to the Consolidated Financial Statement 3 a).
Pricing risk A risk of forecasting errors may lead to pricing errors, caused by key control failures. This may result in a range of negative outcomes including: impacts on achievement of nib's strategic goals, material financial impact, regulatory issues and/or impacts on annual pricing approvals.	nib has a low appetite for process errors relating to pricing. Operational controls in place to mitigate risks associated with pricing and forecasting involving process, people and systems. In particular, actuarial models are utilised that are based on historical claims cost and forecasting of claims inflation. Review of pricing recommendations is undertaken by nib's Appointed Actuary. COVID-19 has created additional challenges for our pricing processes in Australia and New Zealand. Further details on pricing risk are included in Notes to the Consolidated Financial Statement 3 a).

Risk description	Risk appetite and management strategies
Financial risks	
Investment and capital management Risks related to the performance of nib's investment portfolio, impacting profitability, financial position and ensuring stake-holder expectations are fulfilled.	nib has a low risk appetite for having insufficient capital to act as a buffer against the financial impacts of severe but plausible stress events. nib's Audit Committee (formerly Investment Committee) provides oversight of this risk. The Committee considers the investment strategy and investment risk management practices, investment performance in order to meet Return on Investment (ROI) objectives and outlook, and compliance with the investment component of nib's Capital Management Plan.
General economic conditions The environment in which nib operates may experience challenging conditions as a result of general uncertainty about future Australian and international economic conditions.	nib recognises that its performance is impacted by the broader Australian economic conditions such as inflation, interest rates, exchange rates, credit markets, consumer and business spending and employment rates which are outside nib's control. nib monitors economic conditions and completes regular stress testing of key variables to validate capital management planning processes.
Strategic risks	
Performance of adjacent (non-Australian Residents Health Insurance) businesses nib has diversified its business outside the core arhi business including International (Inbound) Health Insurance, a health and life insurance business in New Zealand, nib Travel insurance and nib Thrive. The performance of these adjacent businesses impacts on nib's overall operating result and profits.	The industry-specific impacts of COVID-19 on nib's travel and inbound international health insurance in recent years are an example of this risk in practice. The key risk mitigation strategies for this diversification strategy involve detailed financial analysis, monitoring and leveraging from establishing capital management capabilities. Furthermore, compliance with Board and regulatory capital management requirements within individual businesses provides mitigation against contagion risks i.e. in the event of prolonged periods of financial stress impacting the adjacent businesses. In terms of the latest strategic initiatives, nib is pursuing aligned transformation opportunities including P2P, digitisation, entry into the NDIS sector and enhanced organisation capability. These risks are controlled by strategic planning and prioritisation processes that are overseen and approved by the Board. Adjacent business opportunities involve detailed analysis on risk opportunities – considering potential upside and downside.
Operational risks	
Business continuity Risks of events such as natural disasters or a major failure or inadequacy in information technology systems may have an adverse impact on nib's earnings, assets and reputation.	nib has a low risk appetite for major business disruption events and therefore invests in highly resilient practices, systems, providers and people. A business continuity management framework is in place and overseen by Senior Management and the Board Risk and Reputation Committee. The COVID-19 pandemic is a recent example of a significant business continuity event that has required nib to activate its mitigation strategies to ensure effective continuity of service. Similarly, for other notable types of operational risks such as data management, outsourcing, fraud, people, and health and safety risks, nib oversees these risks via management, divisional risk committees, the Management Risk Committee and the Board Risk and Reputation Committee.
Cyber security This risk involves a failure to mitigate/manage a cyber attack or major security incident. Such an issue could result in adverse impacts to nib's members, disruption to business continuity, non-compliance with regulations and data standards and negative reputational effects.	As part of nib's increased investment and reliance on technology to conduct an efficient and cost effective business, nib has similarly invested in a proportionate cyber security controls systems and framework. nib's approaches and governance practices for cyber security risks have been developed in accordance with relevant international technology standards, taking consideration of applicable industry and regulatory standards e.g. during FY23, nib obtained recertification for ISO 27001:2013 Information Security. Oversight is provided by the Management Risk Committee and the Board Risk and Reputation Committee.

Managing material risks and uncertainties *continued*

Risk description	Risk appetite and management strategies
Operational risks	
Regulatory compliance and legal risks Risks relating to failure to comply with specific regulations as part of conducting insurance businesses and meeting listing requirements of the ASX. Non-compliance with regulatory requirements can lead to a range of impacts including financial penalties, cancellation of authorisations and / or negative reputational impacts. Legal risk could involve civil proceedings in courts of various jurisdictions. nib may also be exposed to litigation in the future over claims.	nib will always endeavour to comply with all legal, regulatory and contractual requirements applicable to us. In doing so, we will apply sensible and generally accepted interpretation of the requirements and ensure that our compliance activities meet the expectations of our regulators. nib has a structured approach to risk management which includes a compliance management framework incorporating: compliance strategies and culture and governance practices. nib's framework includes systems and processes for identifying compliance obligations as well as monitoring and measuring compliance performance. Oversight is provided by the Management Risk Committee and the Board Risk and Reputation Committee.

Emerging Risk

Risk description	Risk appetite and management strategies
Environmental, social and governance risks	
Climate change risks Risks of erroneous decisions in relation to strategies to manage climate change risks impacting nib. The risks are potentially transmitted directly through physical environmental drivers as well as indirectly through transitional drivers related to policy and litigation, technology, markets and reputation.	This year nib is publishing its Climate-Related Disclosure report in September 2023, in order to clearly outline our climate risk strategy and to improve disclosure of the financial impacts of climate change on the business. nib's TCFD report covers all entities in the Group. At nib, climate change risks are managed in accordance with the nib Group risk management framework (RMF) in order to ensure appropriate ongoing oversight and management. To better comprehend nib's risk profile and potential opportunities that climate change presents, nib conducted a climate change scenario analysis in FY23 in accordance with the TCFD framework. The analysis identified a number of transition and physical risks for nib Group, as noted in the report. Due to analysis of relatedness and time horizon, climate change risk is not currently determined to be a material financial risk for nib's business in the short term.

Directors' Report

for the year ended 30 June 2023

The Directors of nib holdings limited (Company) present their report on the consolidated entity (Group) consisting of nib holdings limited and the entities it controlled at the end of, or during, the year ended 30 June 2023.

Directors

The following persons were Directors of nib holdings limited during the whole of the financial year and up to the date of this report unless otherwise indicated:

David Gordon	Mark Fitzgibbon
Jacqueline Chow	Peter Harmer
Anne Loveridge	Donal O'Dwyer

Lee Ausburn retired as a Director on 18 November 2022.

Jill Watts and Brad Welsh were appointed as Directors on 27 July 2023.

Principal activities

The principal activities of the nib Group during the financial year were as a private health insurer in Australia and New Zealand, whereby it underwrites and distributes private health insurance to Australian and New Zealand residents as well as international students and visitors to Australia. Through its nib Travel business, it also specialises in the sale and distribution of travel insurance policies globally.

The Group also underwrites and distributes life and living insurance in New Zealand. The Group undertakes specialist health care data science services through its joint venture with Cigna Corporation, Honeysuckle Health.

During the year, nib completed a number of acquisitions of National Disability Insurance Scheme (NDIS) plan managers, and launched nib Thrive, which is the brand name for nib's NDIS business.

Review of operations

Information on the operations and financial position of the Group and its business strategies and prospects is set out in the Operating and Financial Review on pages 4 to 16 of this Annual Report.

Significant changes in the state of affairs

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

Likely developments and expected results from operations

Additional comments on expected results on operations of the Group are included in this Annual Report under Operating and Financial Review on pages 4 to 16.

Further information on likely developments in the operations of the Group have not been included in this Annual Report because the Directors believe it would be likely to result in unreasonable prejudice to the Group.

Dividends

Dividends paid to shareholders during the financial year were as follows:

	2023 $m	2022 $m
Final dividend for the year ended 30 June 2022 of 11.0 cents (2021 – 14.0 cents) per fully paid share paid on 4 October 2022	50.5	64.0
Interim dividend for the year ended 30 June 2023 of 13.0 cents (2022 – 11.0 cents) per fully paid share paid on 3 April 2023	62.7	50.3
	113.2	**114.3**

In addition to these dividends, since the end of the financial year the Directors have recommended the payment of a fully franked final dividend of $72.5 million (15.0 cents per fully paid ordinary share) to be paid on 3 October 2023 out of retained profits at 30 June 2023.

Matters subsequent to the end of the financial year

On 3 July 2023, nib Thrive Pty Limited (a wholly owned subsidiary of nib holdings limited) acquired 100% of purpose-built technology platform, Kynd (kynd.com.au) via an acquisition of all the issued capital in Kynd Group Pty Ltd. Kynd is a digital marketplace for people who use Australia's National Disability Insurance Scheme (NDIS).

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect:

a) the Group's operations in future financial years; or
b) the results of those operations in future financial years; or
c) the Group's state of affairs in future financial years.

Environmental regulation

The Group is not subject to any specific environmental regulation and has not breached any legislation regarding environmental matters.

Information on Directors

Details of the qualifications, experience, special responsibilities and interests in shares and performance rights of the Directors are as follows:

David Gordon - Chair
LLB (University of NSW),
BCom (University of NSW), MAICD

Age: 62
Independent Non-Executive Director

David was appointed to the Board of nib holdings limited in May 2020 and Chair since 29 July 2021. He is also the Chair of the Nomination Committee.

He is also a Director of nib health funds limited.

Industry experience

David has over 30 years' of experience as a director of both public and private companies and in corporate advisory roles to Australian and international organisations. He brings extensive knowledge of mergers and acquisitions, as well as capital raisings, IPOs and joint ventures.

David also has a proven track record in guiding businesses to grow and harness their digital capability to successfully explore and develop new products and markets.

Other business and market experience

David has held a number of senior roles with Freehills (Partner) and boutique investment bank Wentworth Associates (acquired by Investec in 2001). In addition, he founded independent corporate advisory and investment firm, Lexicon Partners in 2001.

Directorships of listed entities

David is currently Chair of Accent Group Limited.

Former directorships of listed entities in the past three years

None.

Other commitments

David is Chair of General Homecare Holdings Pty Ltd, Shippit Pty Ltd and Genesis Capital Manager 1 Pty Ltd.

He is also a Non-Executive Director of international not-for-profit organisation, High Resolves.

Interests in shares and performance rights

Direct: 50,000 shares in nib holdings limited.

Mark Fitzgibbon - Chief Executive Officer and Managing Director
MBA (University of Technology Sydney), MA (Macquarie University), ALCA (Charles Sturt University), FAICD

Age: 63
Executive Director

Mark joined nib in October 2002 as Chief Executive Officer. In 2007 as Managing Director, he led nib through its demutualisation and listing on the Australian Securities Exchange (ASX) being admitted to the S&P/ASX 100 in 2019.

Mark is a Director of nib health funds limited, as well as many other nib holdings limited's subsidiaries. He is also a member of nib holding's Nomination Committee.

Industry experience

Mark has held executive positions at a number of large Australian organisations, including local government councils and peak bodies.

Leading nib for the past 20 years, Mark has transformed the business from a regionally based (Newcastle, NSW) private health insurer into one of Australia's fastest growing and innovative health funds.

As Managing Director, Mark's strategic focus has been to grow and diversify nib's business and with that earnings by leveraging nib's capability, systems and people. This has seen nib grow significantly in recent years organically and inorganically, both in existing and new markets.

Other business and market experience

Mark has previously served as CEO of both the national and NSW peak industry bodies for licensed clubs, as well as holding several General Manager positions in local government.

Directorships of listed entities

None.

Former directorships of listed entities in the past three years

None.

Other commitments

Mark chairs Honeysuckle Health nib's joint venture with USA based Cigna Corporation.

Interests in shares and performance rights

Direct: 1,743,115 ordinary shares in nib holdings limited.

Indirect: 874,621 ordinary shares in nib holdings limited held by Fitzy (NSW) Pty Ltd.

- 200,632 performance rights under FY20-FY23 Long Term Incentive Plan which may vest from 1 September 2023.
- 314,792 performance rights under FY21-FY24 Long Term Incentive Plan which may vest from 1 September 2024.
- 220,251 performance rights under FY22-FY25 Long Term Incentive Plan which may vest from 1 September 2025.
- 189,748 performance rights under FY23-FY26 Long Term Incentive Plan which may vest from 1 September 2026.

Jacqueline Chow
MBA (Northwestern University, Chicago), BSc (Hons) (University of NSW), GAICD

Age: 51
Independent Non-Executive Director

Jacqueline was appointed to the Board of nib holdings limited in April 2018. She is Chair of the People and Remuneration Committee, and a member of the Nomination Committee, and the Audit Committee.

She is also a Director of nib health funds limited, nib nz limited, nib nz holdings limited and nib nz insurance limited.

Industry experience

Jacqueline has more than 20 years' experience working with global blue-chip consumer product multinationals in a range of executive and non-executive positions in general management, strategy, marketing as well as technology and innovation. Her early career concentrated on business analytics, brand equity and marketing.

With a reputation for driving growth and performance in global businesses, she is passionate about unlocking value through the entire value chain by growing consumer demand through disruptive technologies, innovation and digital platforms.

She has also led company-wide business transformation by driving productivity and efficiencies at every level, as well as embedding leadership behaviours and change.

Jacqueline actively contributes toward ensuring the long-term sustainability of the organisations she serves in the areas of climate scenario impacts, human rights and supply chain resilience.

Other business and market experience

Jacqueline has significant global experience driving strategic growth and innovation across customer and consumer brands for the likes of Fonterra, Campbell Arnott's and the Kellogg Company.

She was previously Deputy Chair of Global Dairy Platform and a Director of Fisher & Paykel Appliances in New Zealand, Dairy Partners Americas, the Riddet Institute (Massey University NZ) and The Arnott's Foundation.

In her former role with McKinsey & Company RTS, she advised clients across resources, retail, financial services, telecommunications and consumer sectors on organisational change and high performance culture.

Directorships of listed entities

Jacqueline is currently a Non-Executive Director of Coles Group Limited, Boral Limited and Charter Hall Group.

Former directorships of listed entities in the past three years

None.

Other commitments

Jacqueline is a Non-Executive Director of the Australia-Israel Chamber of Commerce and a member of Chief Executive Women.

Interests in shares and performance rights

Direct: 25,000 shares in nib holdings limited.

Peter Harmer
Harvard Advanced Management Program

Age: 62
Independent Non-Executive Director

Peter was appointed to the Board of nib holdings limited in July 2021. He is the Chair of the Risk and Reputation Committee and a member of the Nomination Committee and the People and Remuneration Committee.

He is also a Director of nib health funds limited.

Industry experience

Peter has over 40 years' experience in the Australian and international insurance and financial sectors, including over 30 years in a senior executive capacity.

He has a deep understanding of the global insurance and reinsurance markets and has driven the improvement of business and customer experiences through digital innovation. During his career, Peter accelerated digital engagement through re-examining customer journeys to understand pain points and introduced the right tools and technology to help improve the overall customer experience.

In addition, he has been focused on the development and design of agile working methodologies combined with Human Centred Design thinking to ensure best practice in employee productivity, performance, health and wellbeing.

Other business and market experience

Peter was formerly Chief Executive Officer of Insurance Australia Group (IAG), CGU Insurance, Aon Limited UK, Aon Risk Services Australia Pacific and Aon Re Australia and has successfully led business' growth agendas, major acquisitions, and industry roll-ups.

Prior to his role as Chief Executive Officer at IAG, he took up a secondment role as Chief Digital Officer to help drive IAG's digital strategy. This included building a centralised capability to improve the customer experience through the utilisation of new technology and data insights.

Directorships of listed entities

Peter is currently a Non-Executive Director of Commonwealth Bank of Australia, AUB Group Limited, and Tysers Insurance Broker Ltd, which is based in London, UK and is 100% owned by AUB Group Limited.

Former directorships of listed entities in the past three years

Executive Director of Insurance Australia Group (IAG).

Other commitments

Peter is the Chair of Lawcover Insurance Pty Ltd. He is also a member of the Advisory Council for Bain & Company, an Executive Mentor with Merryck & Co ANZ, and a member of the Advisory Council of EXL Services Asia Pacific.

Interests in shares and performance rights

Direct: 19,278 shares in nib holdings limited.

Information on Directors *continued*

Anne Loveridge AM
BA (Hons) (University of Reading), FCA, GAICD

Age: 61
Independent Non-Executive Director

Anne was appointed to the Board of nib holdings limited in February 2017. She is the Chair of the Audit Committee and a member of the Nomination Committee and the Risk and Reputation Committee.

In addition, Anne is a Director of nib health funds limited, nib nz limited, nib nz holdings limited and nib nz insurance limited. She is also Chair of the Audit, Risk and Compliance Committee of nib nz holdings limited.

Industry experience

Anne has over 35 years of experience in the highly regulated financial services sector, including health insurance.

She has extensive knowledge of financial and regulatory reporting, risk management and compliance frameworks. She also has over seven years' experience as a Non-Executive Director for ASX-listed entities in the financial services sector.

Through senior leadership roles, Anne also has championed the role of leadership, performance and culture in successfully driving change.

Formally trained as a Chartered Accountant, Anne has a breadth of experience in financial reporting, auditing, risk, ethics and regulatory affairs following her 31 years with PwC in the UK and Australia, where she was a Senior Audit Partner and Deputy Chair of the Australian Firm until 2015.

In 2023, Anne was awarded as a Member of the Order of Australia for her significant contribution to the theatre administration and to business.

Anne is entitled to receive a retirement benefit from PwC as part of her retirement plan. The amount of the payment was determined at the time of retirement, in 2015, based on role and tenure with the firm. The benefit is not impacted by or related to the financial performance of PwC. Anne has declared her previous relationship with PwC to the nib Board and the Board is satisfied that it does not affect her independence as Non-Executive Director and does not constitute a conflict of interest. The nib Board has in place mechanisms to manage conflicts of interest where they arise.

Directorships of listed entities

Anne is a Non-Executive Director of National Australia Bank Limited and Platinum Asset Management.

Former directorships of listed entities in the past three years

None.

Other commitments

Anne is a Non-Executive Director of Destination NSW. She is also a member of Chief Executive Women.

Interests in shares and performance rights

Direct: 35,000 shares in nib holdings limited.

Donal O'Dwyer
MBA (Manchester Business School), BE (University College, Dublin)

Age: 70
Independent Non-Executive Director

Donal was appointed to the Board of nib holdings limited in March 2016. He is a member of the Audit Committee, People and Remuneration Committee and Nomination Committee.

He is also a Director of nib health funds limited.

Industry experience

Donal has a deep knowledge of the health industry globally, after more than 35 years in senior executive and Non-Executive Director roles within the healthcare products and medical device sectors.

Starting his career as a qualified civil engineer, he went on to gain experience in business, science, engineering, manufacturing and management. During his tenure with Baxter Healthcare, he rose through the ranks from plant manager to President of the Cardiovascular Group Europe, gaining a sound understanding of the inner workings of business strategy and fiscal management, from the floor of the factory through to the boardroom. He then worked for Cordis (the cardiovascular device franchise of Johnson & Johnson) – initially as European President and later, when he located to the US, he served as Worldwide President.

Donal has a strong interest in environmental, social and governance factors and how these performance indicators can help promote long term financial success.

Directorships of listed entities

Donal is a Non-Executive Director of Fisher & Paykel Healthcare Corporation Ltd.

Former directorships of listed entities in the past three years

Non-Executive Director of Mesoblast Ltd and Cochlear Limited.

Interests in shares and performance rights

Indirect: 43,985 ordinary shares in nib holdings limited held by Dundrum Investments Pty Ltd.

Jill Watts
MBA (Griffith University),
Wharton Leadership Program
(University of Pennsylvania),
Grad Dip Health Admin and Info Sys
(University of Central Queensland)
Age: 64
Independent Non-Executive Director

Jill was appointed to the Board of nib holdings limited in July 2023. She is a member of the Audit Committee, and the Risk and Reputation Committee.

She is also Director of nib health funds limited.

Industry experience

Jill has more than 40 years' experience leading global businesses. She has worked across the private sector, with governments affecting public policy change, and private research institutes. She has gained significant experience working with companies with operations in Australia, the UK, France, and South Africa.

Prior to returning to Australia in 2017, Jill was the Group CEO of the UK's largest private hospital group, BMI Healthcare, responsible for 60 facilities across the UK. Jill was also Group CEO of Ramsay Healthcare, UK. In 2010, Jill was voted the most influential leader in UK private healthcare.

She has joined the Boards of a range of global companies since returning to Australia.

Directorships of listed entities

Jill is currently a Non-Executive Director of IHH Healthcare Berhad, which is dual listed in Singapore and Malaysia.

Former directorships of listed entities in the past three years

Non-Executive Director of Nexus Group.

Other business and market experience

Jill is a prior Director of the Australian Chamber of Commerce, UK; The Royal Australian Flying Doctor Service, UK; Netcare Hospital Group, South Africa; Ramsay Générale de Santé, France; and Healthcare Logic Global Group.

Other commitments

Jill is currently a Non-Executive Director at St Vincent's Healthcare and she is a Non-Executive Director at Icon Cancer Group. She is also a Board member at Keyton, a retirement villages business, formerly known as Lendlease Retirement Living.

Interests in shares and performance rights

None.

Brad Welsh
MMinEng (UNSW Sydney),
LLB (UNSW Sydney),
BCommWel (WSU),
Grad Dip Legal Practice
(NSW College of Law), GAICD
Age: 42
Independent Non-Executive Director

Brad was appointed to the Board of nib holdings limited in July 2023. He is a member of the Risk and Reputation Committee and People and Remuneration Committee.

Brad is also a Director of nib health funds limited.

Industry experience

Brad has spent more than a decade leading and advising global resource companies, including Energy Resources of Australia and Rio Tinto, bringing both public sector and commercial skills to his role on nib's Board.

He is currently Chief Executive Officer and Managing Director at Energy Resources of Australia, an ASX-listed mining company, where he is responsible for one of the world's largest and most complex mine-site rehabilitation processes. Through his senior leadership roles in mining and energy, Brad has focused on operational efficiency, safety and building long-term relationships of trust with key stakeholders, including traditional landowners.

Through media and senior advisory roles in the Office of the NSW Premier, the Minister for Planning, and the Prime Minister of Australia, he has acquired a deep understanding of the public sector.

Brad brings to the nib Board commercial acumen combined with a purpose that aligns with nib's values.

Directorships of listed entities

Chief Executive and Managing Director at Energy Resources of Australia Limited.

Former directorships of listed entities in the past three years

None.

Other business and market experience

Brad has been admitted as a solicitor to the NSW Supreme Court.

Other commitments

None.

Interests in shares and performance rights

None.

Former Directors

Lee Ausburn retired as a Director on 18 November 2022. Lee had been a Non-Executive Director since November 2013.

Company Secretaries

Ms Roslyn Toms LLB (UNSW), BA Comms (Hons) (UCAN/UTS), GAICD was appointed Company Secretary on 29 April 2013. Ms Toms is also Group Executive - Legal and Chief Risk Officer and is responsible for managing legal, risk, compliance, governance, clinical, community & sustainability across the nib group businesses in Australia and its global operations. Ms Toms is a member of the Law Society of NSW and the Governance Institute. She is also director of the nib foundation and is a graduate of the Australian Institute of Company Directors (GAICD).

Mr Jordan French (BSc (Hons) LLB (Macquarie)) was appointed Company Secretary on 15 August 2017. Mr French also acts in the role of Senior Corporate Counsel for the nib Group, as well as the Company Secretary for nib foundation Ltd.

Meetings of Directors

The number of meetings of nib holdings limited's Board of Directors and of each Board committee held during the year ended 30 June 2023, and the numbers of meetings attended by each Director are noted below. All directors may attend Committee meetings even if they are not a member of a Committee. The table below excludes the attendance of Directors at Committee meetings where they were not a Committee member.

	Board		Audit Committee		Risk and Reputation Committee		People and Remuneration Committee		Investment Committee[5]		Nomination Committee	
Name	**Held[1]**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
D Gordon	17	17	–	–	–	–	–	–	–	–	1	1
M Fitzgibbon	17	17	–	–	–	–	–	–	–	–	1	1
L Ausburn[2]	9	9	–	–	4	4	4	4	–	–	–	–
J Chow[3]	17	15	6	6	6	5	7	7	–	–	1	1
P Harmer[4]	17	16	–	–	6	6	7	7	3	3	1	1
A Loveridge	17	17	6	6	6	6	–	–	3	3	1	1
D O'Dwyer	17	17	6	6	–	–	7	7	3	3	1	1

1. Includes six unscheduled board meetings called at short notice.
2. L Ausburn retired as a Director on 18 November 2022. The stated number of meetings held for Ms Ausburn are those that were convened during the financial year prior to her retirement. No meetings of the Nomination Committee were held in the financial year prior to her retirement.
3. J Chow ceased to be the Chair of the Risk and Reputation Committee and was appointed the Chair of the People and Remuneration Committee effective 18 November 2022.
4. P Harmer was appointed the Chair of the Risk and Reputation Committee effective 18 November 2022.
5. D O'Dywer ceased to be the Chair, and P Harmer and A Loveridge ceased to be members of the Investment Committee as the Investment Committee was dissolved on 21 April 2023.

Remuneration report

The Remuneration Report is set out on pages 25 to 48 of the Annual Report and forms part of this Report.

Shares under performance rights

Unissued ordinary shares of nib holdings limited under performance rights at the date of this report are as follows:

Date performance rights granted	Expiry date	Issue price of shares	Number under performance right
11 December 2019	1 September 2023	nil	378,991
28 February 2020	1 September 2023	nil	31,316
27 November 2020	1 September 2024	nil	692,014
26 November 2021	1 September 2025	nil	518,003
2 December 2022	1 September 2026	nil	464,803

Shares may be issued or acquired on-market at the election of the Company. It is anticipated that the performance rights will be satisfied through on-market share purchases administered by the nib Holdings Ltd Share Ownership Plan Trust.

No performance right holder has any right under the performance rights to participate in any other share issue of the Company or any other entity.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers) for audit and non-audit services during the year are disclosed in Note 32 – Remuneration of Auditors.

The Board of Directors 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, as set out in Note 32, 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 that they did not impact the impartiality and objectivity of the auditor;
- none of the services undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants*.

Insurance of officers

During the financial year, the Group paid a premium in respect of a contract insuring the Directors and Officers of the Group against liability incurred as such a Director or Officer, other than conduct involving wilful breach of duty in relation to the Group, to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 24.

Rounding of amounts

The Company is of a kind referred to in Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off to the nearest hundred thousand dollars in accordance with that Instrument.

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

On behalf of the Board

David Gordon
Director

Anne Loveridge AM
Director

Newcastle, NSW

18 August 2023

Auditor's Independence Declaration

for the year ended 30 June 2023

Auditor's Independence Declaration

As lead auditor for the audit of nib holdings limited for the year ended 30 June 2023, 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 nib holdings limited and the entities it controlled during the period.

Scott Fergusson
Partner
PricewaterhouseCoopers

Newcastle
18 August 2023

PricewaterhouseCoopers, ABN 52 780 433 757
Level 3, 45 Watt Street, PO Box 798, NEWCASTLE NSW 2300
T: +61 2 4925 1100, F: +61 2 4925 1199, www.pwc.com.au

Remuneration Report

for the year ended 30 June 2023

Message from the People and Remuneration Committee Chair

Dear Shareholders,

On behalf of the Board, I am pleased to present nib Group's FY23 Remuneration Report.

nib's purpose of 'your better health and wellbeing' continues to guide the Board and Executive team in our decision making. As highlighted in David and Mark's reports, in FY23 we continued to progress our 'payer to partner' (P2P) strategy, which is centred on the belief that we can play a greater role in supporting our members to live healthier lives. This year we made good progress against our P2P strategic milestones, discussed in the Managing Director's Report and Group scorecard results on page 38 of this Remuneration Report.

Financial performance was solid, with Group UOP up 11.1% to $263.2 million, driven primarily by strong revenue growth (up 10.9%), while statutory earnings per share grew 39.9% to 41.4 cents. Our non-financial results were pleasing with Group net promotor score (NPS), employee engagement and diversity metrics all performing above target (see page 1 for Group performance highlights).

We acknowledge that our members have faced ongoing disruption, initially throughout the pandemic and more recently due to significant cost of living pressures. This has been reflected in our decision to support our members through two very low premium increases, which were deferred, givebacks and additional benefits that make up our $181 million COVID-19 member support package.

Organisation changes

The Board regularly reviews nib's operations to ensure we are optimising performance, continuing to delight our members, travellers, international students and workers and participants, and delivering strong shareholder returns. To that end, in March 2023 we made several changes to simplify our organisation, to improve business performance and reduce operating costs. These changes resulted in the departure of two executives. Their duties were reallocated to other members of the senior executive team.

To support our expansion into the National Disability Insurance Scheme (NDIS), Martin Adlington (our former Group Chief People Officer) was appointed to the newly created role of Chief Executive, nib Thrive, in August 2022. Through the acquisition of four NDIS plan management businesses in FY23, we welcomed over 250 employees into nib Thrive during the year.

We were also pleased to promote one of our existing senior leaders, Lauren Daniels, to Group Chief People Officer. These appointments reflect nib's strong focus on executive development and succession programs that continue to position us well for the future.

Risk culture and accountability

As indicated in last year's report, we made several changes to our executive Short-Term Incentive (STI) Plan for the FY23 performance year. These changes were focused primarily on strengthening nib's risk culture, driving group and individual accountability, aligning our remuneration framework with the incoming Prudential Standard CPS 511, and improving disclosure in relation to performance targets and outcomes.

The Board is confident that these changes further strengthen our remuneration framework to ensure outcomes continue to reflect shareholder, regulator and community expectations.

Remuneration outcomes in FY23

Following assessment of our FY23 results, the Board determined the MD/CEO's FY23 STI at 130% of target, reflecting the Group's financial and non-financial performance. STI outcomes for Group Executives ranged between 114-126% of target, with an average of 121%.

The 2020 Long Term Incentive (LTI) Plan reached the end of its four-year performance period on 30 June 2023, resulting in a vesting outcome of 69.7%, reflecting partial vesting for both Total Shareholder Return (TSR) and Earnings Per Share (EPS) hurdles.

As disclosed in the FY22 report, the MD/CEO's fixed remuneration for FY23 increased by 3.0%. Group Executives received increases between 3.0-11.3%. Non-Executive Director fees rose by 3.0%. These increases were broadly in line with the increases awarded to employees across the Group.

Message from the People and Remuneration Committee Chair *continued*

Employee experience, diversity and inclusion

nib's approach to hybrid work continues to be a significant differentiator in the market and a unique aspect of our employee value proposition (EVP). Some companies are mandating a return to the office. At nib we retain confidence in our hybrid work model, which we believe strikes the right balance of flexibility and trust, while creating opportunities to bring our people together for a purpose including collaboration, training, project work and social connection.

There is no doubt this approach has contributed to our record employee engagement result of 81% in FY23 (up from 75% in FY22), as well as a reduction in voluntary attrition, which fell to 16.8%, down from 18.5% in FY22, against a backdrop of a competitive talent market.

This is further reflected in customer satisfaction scores such as our NPS, which increased across the majority of our businesses. An engaged workforce has a positive impact on member service.

Other key highlights in FY23 include completing our FY21-23 Diversity & Inclusion Action Plan, launching our Innovate Reconciliation Action Plan (RAP), recognition in the Bloomberg Gender Equality Index for the fourth year running, and renewing the New Zealand Rainbow Tick. Further information on these achievements can be found in nib's 2023 Sustainability Report and in the 2023 Corporate Governance Statement.

Excitingly, we welcomed Dylan Alcott to nib as our new brand ambassador and Chief Motivation Officer. Mr Alcott will work with the nib team as a motivator, advocate, adviser and promoter for nib's health and travel businesses, as well as our NDIS business, nib Thrive.

Looking ahead

In reviewing executive remuneration for the year ahead, the Board carefully considered remuneration benchmarking data, nib's recent management team restructure and the company's performance. Given the conservative approach taken in setting executive remuneration during the pandemic, the Board approved changes to executive remuneration arrangements to ensure the remuneration quantum and mix is aligned to market practice and to support retention of executive talent. Further detail is provided on pages 33-36 of this report.

Board changes

As David notes in his report, we were pleased to welcome Jill Watts and Brad Welsh to the Board in July 2023. Jill and Brad bring extensive experience, strong networks and diverse perspectives to nib that complement the Board. Together they add stakeholder relations management, further offshore and commercial experience, and a depth of First Nations knowledge and insights, combined with public policy acumen. I'd also like to acknowledge the outstanding contribution of Lee Ausburn, nib's former People and Remuneration Committee Chair, who retired at the 2022 AGM, after nine years' service to the nib Board.

As we reflect on the many achievements of FY23, I want to extend a sincere thank you to all nib employees whose efforts and dedication continue to deliver outstanding outcomes for members, travellers, NDIS participants and shareholders.

We look forward to continuing to deliver on our purpose and sharing our progress on our payer to partner (P2P) strategy.

I invite you to review our FY23 Remuneration Report, which will be presented for adoption at nib's Annual General Meeting in November. As always, we welcome your feedback.

Jacqueline Chow
Chair
People and Remuneration Committee

Contents

Key terms used in this report

FY21	Financial year ended 30 June 2021
FY22	Financial year ended 30 June 2022
FY23	Financial year ended 30 June 2023
AGM	Annual General Meeting
Group	nib holdings limited consolidated entity
KMP	Key Management Personnel (those Directors and Executives who have responsibility for planning, directing and controlling the activities of nib, either directly or indirectly)
KPI	Key Performance Indicator
LTI	Long-Term Incentive
LTIP	Long-Term Incentive Plan
NPAT	Net Profit After Tax
PARCO	People and Remuneration Committee
STI	Short-Term Incentive
TFR	Total Fixed Remuneration
TSR	Total Shareholder Return

Key Management Personnel

This Report presents the remuneration arrangements for nib's key management personnel during the financial year ended 30 June 2023.

Name	Position	Term as KMP
Chairman		
David Gordon	Chairman Chair, Nomination Committee	Full year
Current Non-Executive Directors		
Jacqueline Chow	Chair, Risk and Reputation Committee (until 18 November 2022) Member, Risk and Reputation Committee (from 18 November 2022) Chair, People and Remuneration Committee (from 18 November 2022) Member, People and Remuneration Committee (until 18 November 2022) Member, Audit Committee Member, Nomination Committee Director, New Zealand subsidiaries	Full year
Peter Harmer	Chair, Risk and Reputation Committee (from 18 November 2022) Member, Risk and Reputation Committee (until 18 November 2022) Member, Investment Committee (until 21 April 2023) Member, People and Remuneration Committee Member, Nomination Committee	Full year
Anne Loveridge	Chair, Audit Committee Member, Risk and Reputation Committee Member, Investment Committee (until 21 April 2023) Member, Nomination Committee Chair, New Zealand Board Audit, Risk and Compliance Committee Director, New Zealand subsidiaries	Full year
Donal O'Dwyer	Chair, Investment Committee (until 21 April 2023) Member, People and Remuneration Committee Member, Audit Committee Member, Nomination Committee	Full year
Former Non-Executive Directors		
Lee Ausburn	Chair, People and Remuneration Committee Member, Risk and Reputation Committee Member, Nomination Committee	Retired 18 November 2022
Managing Director and CEO		
Mark Fitzgibbon	Managing Director/Chief Executive Officer (MD/CEO)	Full year
Current Executives		
Martin Adlington	Group Chief People Officer (GCPO) Chief Executive, nib Thrive (CE Thrive)	Until 31 July 2022 From 1 August 2022
James Barr	Chief Executive, International Visitors (CE IV)	Full year
Edward Close	Chief Executive, Australian Residents Health Insurance (CE ARHI)	Full year
Lauren Daniels	Group Chief People Officer (GCPO)	From 1 August 2022
Nick Freeman	Group Chief Financial Officer (GCFO)	Full year
Rob Hennin	Chief Executive Officer, nib New Zealand (CEO NZ) Chief Executive Officer, nib New Zealand and nib Travel (CEO NZ and Travel)	Until 7 March 2023 From 7 March 2023
Brendan Mills	Group Chief Information Officer (GCIO)	Full year
Roslyn Toms	Group Executive, Legal and Chief Risk Officer (GELCRO)	Full year
Former Executives		
Anna Gladman	Chief Executive, nib Travel (CE Travel)	Ceased 7 March 2023
Matt Paterson	Group Chief Operations Officer (GCOO)	Ceased 7 March 2023

Executive remuneration overview

Our Remuneration Principles

Simple and transparent	Market competitive	Fair and equitable
Aligned to customer and shareholder interests	Rewards sustainable performance	Promotes accountability, effective risk management and conduct

	Fixed Remuneration (FR)	Short-Term Incentive (STI)	Long-Term Incentive (LTI)
Rationale	Provides market competitive remuneration to attract and retain high calibre talent. Reflects role size and accountability.	Rewards Executives for achievement against predetermined financial and non-financial performance measures.	Rewards Executives for creating sustainable, long-term shareholder value.
Structure	Base salary, superannuation and short-term benefits (e.g. insurance cover)	50% paid in cash 25% deferred into shares, restricted 1 year 25% deferred into shares, restricted 2 years	Rights to shares with no dividend equivalent payments. Vesting is subject to performance over a four-year period, with 50% of the award held in escrow for a further 2 years.
Approach	Reviewed annually against relevant comparator group remuneration benchmarks. For Australia-based Executives the comparator groups are: • ASX listed companies with a market capitalisation 50-200% of nib • ASX listed companies within the financial services and healthcare sectors with a market capitalisation 33-300% of nib For the CEO nib NZ & Travel, the primary comparator group is a select group of listed and unlisted companies within the financial services sector in NZ.	**Quantum** • Target opportunity of 90% of FR for the CEO (between 40% and 75% for other Executives in FY23) • Maximum opportunity is 150% of Target for all Executives. **Performance Measures** • Group performance is assessed on achievement of financial and non-financial measures linked to the Group's strategic priorities (Group Scorecard) • Individual performance is assessed against a tailored scorecard comprised of financial and non-financial measures that reflect the responsibilities of each Executive's role (Individual Scorecards) See page 34 for further information on the STI Plan.	**Quantum** • Maximum face value allocation of 125% of FR for the CEO (between 40% and 60% for other Executives) **Performance Measures:** • Relative TSR (50%) • Statutory EPS (50%) See page 35 for further information on the LTI Plan.
		Subject to in-year adjustments, malus and clawback.	***Subject to malus and clawback***

Executive remuneration outcomes – FY23 snapshot

	MD/CEO	Other Executives
Fixed Remuneration Increase	**3.0%**	**3.0 - 11.3%** (average 5.4%)[1]
STI awarded (% of target)	**130.0%**	**114.2 - 125.9%** (average 120.7%)[2]
LTI which reached the end of its performance period on 30 June 2023	**69.7% of the award vested, being:** • 78.0% vesting for the Relative TSR hurdle • 61.3% vesting for the Statutory EPS hurdle	

1. Excludes remuneration increases due to changes to executive responsibilities resulting from changes to the organisation structure in March 2023.
2. Excludes former executives A Gladman and M Paterson who were awarded STI outcomes of 27% and 42% of target respectively.

Our remuneration governance

nib Board

Responsible for the governance of the company, including ensuring nib's remuneration framework and executive reward outcomes are transparent and suitably robust, and aligned with the interests of our members, travellers, participants, employees, shareholders, and community expectations.

Considers recommendations from PARCO regarding changes to nib Group's Executive reward and recognition framework including long-term and short-term incentive arrangements. The Board is responsible for assessing the performance of the MD/CEO.

PARCO

The role of PARCO is to ensure nib's remuneration framework supports nib's business strategy assisting and advising the Board on:

- remuneration strategy, policies and practices;
- reviewing the nib Diversity, Equity and Inclusion Policy;
- reviewing the People and Culture strategy and succession planning processes;
- reviewing the company values and the inculcation of those values throughout the organisation; and
- monitoring employee engagement and culture.

Risk Performance Assessment

PARCO conducts a formal assessment of each Executive's risk management performance with input from nib's Risk and Reputation Committee and the Group Chief Risk Officer. The outcomes of this assessment may result in an adjustment to remuneration outcomes to appropriately reflect risk outcomes.

Shareholders and other stakeholders

nib Board and PARCO representatives seek feedback from industry stakeholders, including major shareholders and shareholder interest groups, to assist in remuneration decisions.

External remuneration advisers

PARCO regularly engages external remuneration advisors to assist in Executive salary benchmarking against comparator groups of companies.

Management

The MD/CEO is responsible for assessing the performance of other Executives, which is subject to Board approval.

The role of our People and Remuneration Committee (Committee) is to ensure alignment of nib's remuneration framework and executive reward strategy against the short and long-term performance of the nib Group, assessed through a combination of financial and non-financial measures. The Committee also has an ongoing role to assess remuneration and performance to ensure it is consistent with shareholder and community expectations.

As part of this process the Committee seeks advice and feedback from a range of external stakeholders, including remuneration consultants, proxy advisers and major shareholders.

When assessing our remuneration framework strategy, the Committee ensures there is a clear link to nib's culture and values as well as risk management and business strategy. Guiding this process is an intent to create a workplace and environment that attracts, retains, develops and appropriately rewards our people. External factors such as the operating environment, governance and regulatory expectations also feed into this process.

The People and Remuneration Committee as at 30 June 2023 are:

Jacqueline Chow (Chair)

Peter Harmer

Donal O'Dwyer

Shareholders can view the Committee Charter on the nib website (nib.com.au/shareholders).

Executive remuneration structure

Executive remuneration is based on nib's performance assessed using a combination of metrics and timeframes, ensuring reward is linked to decision-making and performance, aligned to our values and culture, is sustainable, consistent with our long-term business strategy and shareholder value creation.

The structure of our executive remuneration arrangements are set against a comparator group of listed organisations or peers, which nib determines in consultation with external remuneration advisors. The aim is to position the total target remuneration of our Executive Management team between the 50th and 75th percentile of benchmarked companies. The Committee also considers shareholder views when setting the remuneration of our MD/CEO and Executive Management team, with feedback shared by the Committee.

nib's remuneration framework and executive reward strategy provides a mix of fixed and variable remuneration assessed against short and long-term performance. There are three components to total remuneration:

- fixed remuneration, comprising a base remuneration package, superannuation (or KiwiSaver) and insurance cover;
- short-term incentives based on pre-determined Group and individual targets established by the Board; and
- long-term incentives based on pre-determined Total Shareholder Return (TSR) and Statutory Earnings Per Share (EPS) performance hurdles, established by the Board.

A significant portion of remuneration for our Executives is performance-based or "at risk" through Short-Term Incentives (STI) and Long-Term Incentives (LTI). All Executives' performance-based incentives (STI and LTI) include malus and clawback provisions.

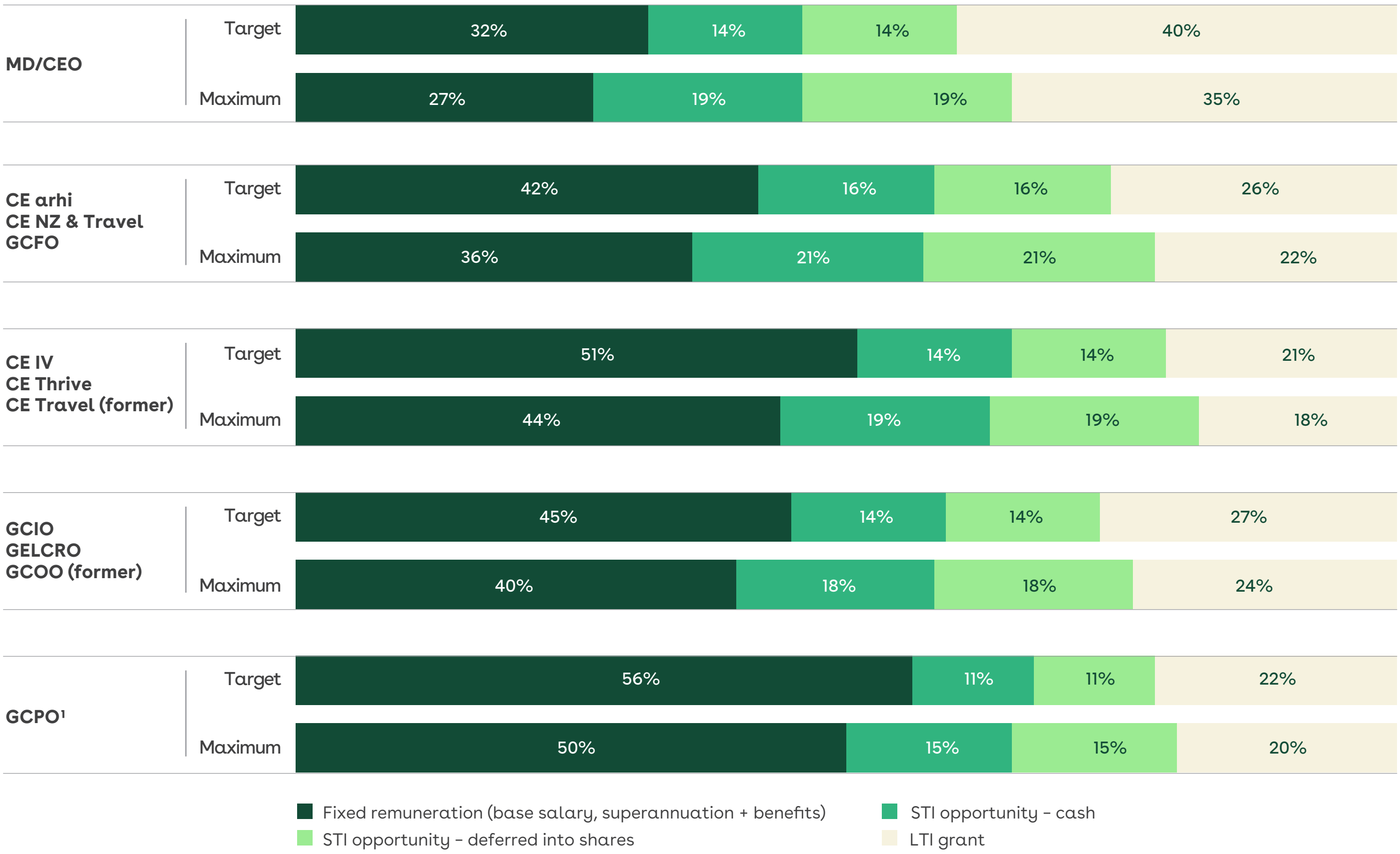
If the Board becomes aware of a material misstatement of our financial accounts or statements, and nib has awarded an Executive an incentive payment or award, short or long-term, having regard to the misstatement, the Board may (at its absolute discretion), require the Executive to:

- repay the Company any short or long-term incentive received; or
- forfeit or cancel any short or long-term award (vested or unvested).

When granting a variable remuneration component for each Executive relating to the performance period, such as STI and LTI Awards, the Board also ensures any governance, adverse risk outcomes, or audit issues are factored into the quantum of payments to each Executive. To support this, a formal risk and conduct modifier is incorporated into our STI Plan design where our People and Remuneration Committee assess each Executive's risk performance, in consultation with the Chief Risk Officer and our Risk and Reputation Committee, to determine any applicable adjustments to remuneration outcomes.

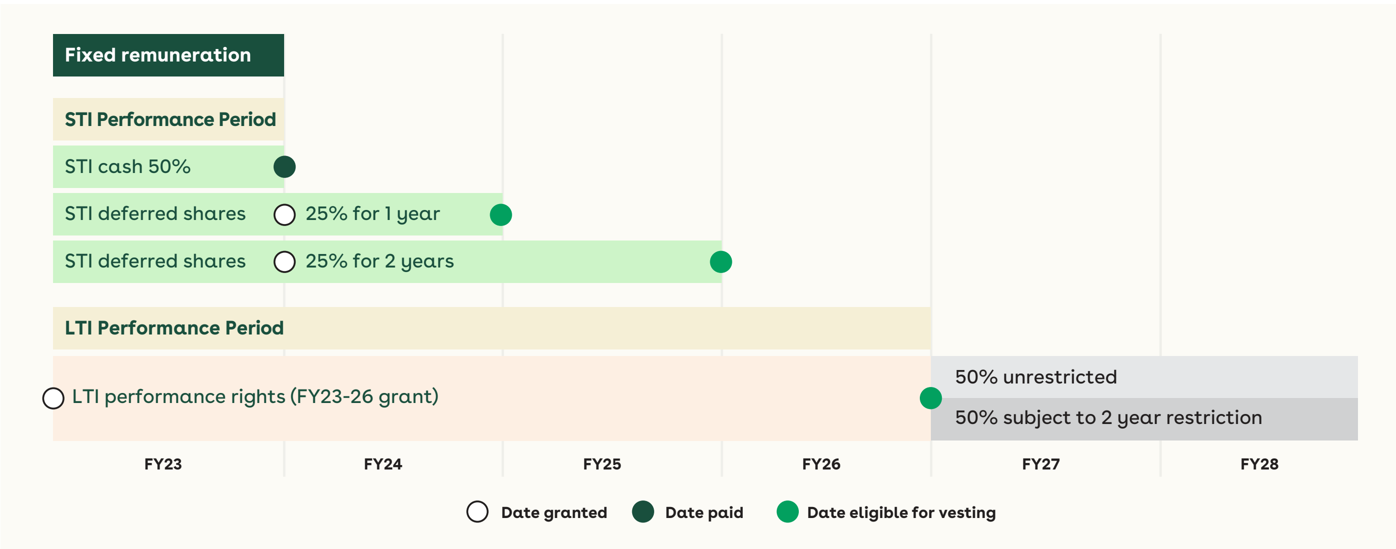
Executive remuneration mix

The graph below illustrates the FY23 remuneration mix for our Executives at target and maximum opportunity. A large portion of Executive remuneration is at risk and subject to meeting performance hurdles as set out through the STI and LTI for each Executive.



1 The GCPO remuneration mix reflects the remuneration package applicable upon L Daniel's permanent appointment to the position on 12 October 2022. L Daniels was seconded to the GCPO position for the period 1 August to 11 October 2022 and was not eligible to participate in the LTI Plan during this period.

The following diagram provides an illustrative indication of how FY23 financial year remuneration will be delivered to Executives:



Executive remuneration mix – fixed remuneration

Fixed remuneration for Executives reflects their core responsibilities and duties, which is determined with reference to a benchmarking process, external market factors, competition to attract and retain talent, as well as consideration of the expertise of the individual in the role. Fixed remuneration is generally positioned between the 50th and 75th percentile of benchmarked companies, with consideration to adjust based on the size and specialty of the role, as well as the skills and experience of the Executive.

Fixed remuneration includes cash salary, superannuation (or KiwiSaver) and insurance cover. Fixed remuneration may be salary packaged at no additional cost to the Group. Adjustments to an Executive's remuneration are generally only made where their remuneration is below benchmarked companies or there is a material change in the Executive's responsibilities.

In March 2023, nib engaged Ernst & Young (EY) to provide remuneration benchmarking data which the Committee considered along with a range of other factors in determining the remuneration arrangements for Edward Close and Rob Hennin due to the significant expansion in the responsibilities of these executives following the organisation restructure, as well as in setting FY24 remuneration for other executives. The information provided by EY did not constitute a remuneration recommendation in relation to KMP as defined by Division 1 of part 1.2 of Chapter 1 of the *Corporations Act 2001*.

The companies that make up our peer group for assessing benchmark remuneration data include the following sectors and industries:

- Australian market capitalisation comparator group (all roles except the CEO NZ): this includes ASX200 companies within 50-200% of nib's market capitalisation;
- Australian industry-based comparator group (all roles except the CEO NZ): this includes selected ASX200 financial services and healthcare companies within 33-300% of nib's market capitalisation;
- New Zealand industry-based comparator group (CEO NZ & Travel only): both listed and unlisted financial services companies in New Zealand.

In setting executive remuneration for FY24, the Board carefully considered the remuneration benchmarking data, changes to the organisation structure, along with a range of other factors, including the performance of the company, the external competitive market and shareholders' views. Given the conservative approach taken in setting executive remuneration during the pandemic, several executives were found to be below the target range when compared to the benchmarking data. In addition, nib's expansion into the NDIS plan management sector has added significant complexity and increased responsibility for corporate support functions such as Finance, IT, Legal, Risk and People & Culture which were not reflected in our current remuneration settings.

Taking these factors into account, the Board determined increases to fixed remuneration for FY24 ranging between 3.5% and 18.4% to ensure remuneration levels are aligned to market rates for comparable roles and to support retention of executive talent. In addition, the Board reviewed the variable remuneration opportunity to reflect market practice and provide greater consistency across the executive team. Further detail on variable remuneration is provided on pages 34-36 of this report.

Details of FY23 and FY24 fixed remuneration arrangements for all Executives are provided below:

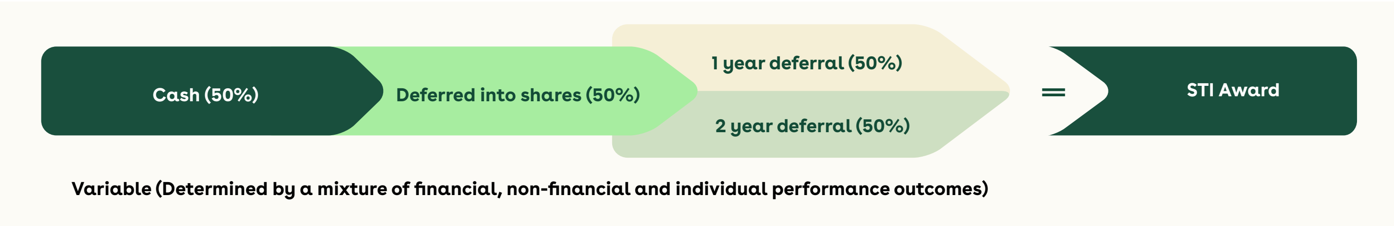
	Total fixed remuneration[1] $	
Executives	**FY23[2]**	**FY24**
Mark Fitzgibbon	1,207,500	1,250,000
Martin Adlington	422,000	480,000
James Barr	422,000	480,000
Edward Close	700,000	700,000
Lauren Daniels	380,000	450,000
Nick Freeman	708,000	750,000
Rob Hennin[3]	NZD 730,000	NZD 730,000
Brendan Mills	475,500	550,000
Roslyn Toms	475,500	550,000

1. Includes base salary and superannuation.
2. FY23 reflects the total fixed remuneration for each Executive as at 30 June 2023.
3. Includes base salary and employer contributions to KiwiSaver, reflected in New Zealand dollars.

Executive remuneration mix – variable remuneration

Short-term incentives (STI)

nib's short-term incentive (STI) plan for each Executive is structured as follows.



The Board is responsible for assessing the performance of the MD/CEO and the MD/CEO is responsible for assessing the performance of other Executives. The performance assessment is overlayed with a formal review of each Executive's risk performance, which the Committee carries out in consultation with the Risk and Reputation Committee and nib's Chief Risk Officer.

For FY23, the MD/CEO's Target STI was 90% of TFR with other Executives between 40%-75% of TFR. The maximum STI for all Executives (including the MD/CEO) is 150% of Target. A condition of acceptance for each Executive in the STI Plan is the requirement that 50% of the STI be deferred into shares, with 50% having a one-year deferral and the remaining 50% deferred for two years. These shares are subject to a risk of forfeiture during the deferral period under malus and clawback conditions.

Actual STI outcomes are determined based on assessment of performance against the following components:

1. **Group Scorecard** which comprises a mix of financial and non-financial measures for which shared accountability or significant collaboration is critical to success. The Group scorecard acts as a multiplier when calculating STI outcomes for all nib Group employees, including Executives. Further detail on the Group Scorecard is included on page 38.
2. **Individual Scorecards** comprising financial and non-financial measures which vary based on each Executive's scope of accountability and influence. All individual scorecards include a component that is weighted to 'strategy delivery' goals which is designed to incentivise and reward progress against key milestones and initiatives that contribute to achievement of the Group's strategic plan. The MD/CEO provides a detailed assessment of each Executive's progress and achievements in relation to their individual scorecard which the Board considers to determines the individual scorecard result for each Executive.

   For the MD/CEO, the Board determines an individual performance score based on an assessment that considers the following factors:

   - Leadership
   - Strategic planning
   - Shareholder return
   - Customer satisfaction
   - Operations and people
   - Financial management
   - Board relations
   - Public image and professional development

   nib does not disclose individual performance hurdles and metrics if they are commercially or strategically sensitive.

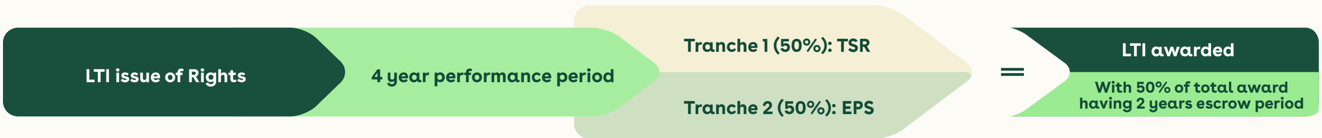
The table on page 38 details the remuneration outcomes for the MD/CEO against performance criteria for the FY23 STI award. The table on page 39 shows the STI award for each Executive for FY23.

As highlighted on page 34, the Board has reviewed the variable remuneration opportunity to reflect market practice and to provide greater consistency across the executive team. The table below outlines the Target STI opportunity applicable to each Executive in FY23 and the changes the Board approved for FY24.

	Target STI (% of fixed remuneration)	
Executives	**FY23**	**FY24**
Mark Fitzgibbon	90%	90%
Martin Adlington	55%	75%
James Barr	55%	75%
Edward Close	75%	75%
Lauren Daniels	40%	60%
Nick Freeman	75%	75%
Rob Hennin	75%	75%
Brendan Mills	60%	60%
Roslyn Toms	60%	60%

Long-term incentives (LTI)

nib's long-term incentive (LTI) plan for each executive is structured as follows:



The purpose of the LTI is to balance short-term performance objectives with the creation of long-term shareholder value by focusing overall Group performance over a multi-year period.

The nib LTI is an incentive provided to eligible Executives if specific measures are met over a four-year period. LTI targets are set in the interests of creating long-term shareholder value and to assist nib to attract, reward, motivate and retain executives.

LTI participants are granted performance rights that enable the Executive to acquire shares in nib for nil consideration if performance conditions are met and the Executive is still employed by nib at the end of the vesting period. No dividends are received on unvested rights.

Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

The performance hurdles for the nib LTI are Total Shareholder Return (TSR) relative to the S&P/ASX200 over four years and Statutory EPS growth over the performance period. The LTI is allocated in two equal tranches; 50% for TSR and 50% for Statutory EPS. The Board's view is that our current LTI performance hurdles being EPS and TSR relative to S&P/ASX200 group of companies remain appropriate and aligned to our remuneration philosophy. We continue to assess the appropriateness of these performance hurdles each year and consult with shareholders, proxy advisors and other shareholder representative groups regarding any future amendments to ensure they are aligned to shareholders' interests and regulatory requirements.

Long-term incentives (LTI) *continued*

A condition of acceptance for each Executive in the LTI Plan is the requirement for 50% of the LTI to have a two-year escrow period. This escrow period extends beyond employment at nib ceasing, including termination.

If vesting conditions are met, the performance rights will vest following the end of the performance period. On the vesting date, Executives who hold vested performance rights will be either issued or transferred shares in nib for each vested performance right. There is no re-testing of performance.

The vesting date may be accelerated at the Board's discretion in the following circumstances:

- If an Executive is employed or engaged by a member of the Group, if there is a winding up of the Company, a delisting of the Company, a change of control, reconstruction or amalgamation of the Company, or a cessation of employment as a result of redundancy or retirement of the Executive, or the death, serious incapacity, serious disability or serious illness of the Executive or their spouse, partner or dependent child;
- When an Executive ceases to be employed or engaged by a member of the Group, in the event of death, serious incapacity, serious disability or serious illness of the Executive, or only as many performance rights as are required to enable the Executive to comply with all taxation obligations arising from the acceleration of any performance rights at cessation of employment or engagement; or
- Whilst an Executive remains a holder of unvested performance rights following cessation of employment or engagement, if there is a winding up of the Company, a delisting of the Company, a change of control, reconstruction or amalgamation of the Company, or death of the Executive, provided that the treatment of these unvested performance rights is the same as the treatment of unvested performance rights held by an Executive who remains employed or engaged by a member of the Group.

As highlighted on page 34, the Board has reviewed the variable remuneration opportunity to reflect market practice and to provide greater consistency across the executive team. The table below outlines the LTI opportunity applicable to each Executive in FY23 and the changes the Board approved for FY24.

	LTI opportunity (% of fixed remuneration)	
Executives	**FY23**	**FY24**
Mark Fitzgibbon	125%	125%
Martin Adlington	40%	60%
James Barr	40%	60%
Edward Close	60%	60%
Lauren Daniels	40%	60%
Nick Freeman	60%	60%
Rob Hennin	60%	60%
Brendan Mills	60%	60%
Roslyn Toms	60%	60%

Executive remuneration for the financial year ended 30 June 2023

Actual remuneration received

Actual remuneration for each Executive in FY23 included a fixed component, as well as a variable or at-risk component, made up of an STI payment and LTI award.

The table below details remuneration received by Executives during the financial year, including:

- fixed pay and other benefits paid during the financial year;
- the value of STI awards (cash and shares held in escrow) received during the financial year; and
- the value of prior years' deferred LTI awards that vested during the financial year.

Statutory remuneration disclosures prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards differ to the numbers presented below, as they include expensing for equity grants that are yet to realise or may never be realised. Statutory remuneration table is presented on page 44.

			STI applicable to the FY22 year paid in Sept 2022 (FY23)[2]			
Actual remuneration received (non-statutory)	**Total fixed remuneration[1] $**	**Total termination payments $**	**Cash $**	**Shares held in escrow $**	**LTI vested in FY23[3] $**	**Total reward (received or available) $**
Mark Fitzgibbon	1,207,501	–	655,587	655,587	862,466	3,381,141
Martin Adlington	422,000	–	89,522	89,522	–	601,044
James Barr	422,000	–	93,720	93,720	–	609,440
Edward Close	615,535	–	231,323	231,323	–	1,078,181
Lauren Daniels	371,612	–	63,622	–	–	435,234
Nick Freeman	708,000	–	321,172	321,172	–	1,350,344
Anna Gladman	345,065	289,403	65,409	65,409	–	765,286
Rob Hennin	615,198	–	228,278	222,032	161,038	1,226,546
Brendan Mills	475,500	–	165,771	165,771	122,795	929,837
Matt Paterson	384,312	323,355	163,186	163,186	–	1,034,039
Roslyn Toms	475,499	–	158,941	158,941	117,843	911,224
	6,042,222	**612,758**	**2,236,531**	**2,166,663**	**1,264,142**	**12,322,316**

1. Total fixed remuneration comprises cash salaries and fees, superannuation and leave entitlements paid on termination.
2. FY22 STI paid in the FY23 year.
3. Value of shares issued during the year on exercise of performance rights.

Short-term incentives for the financial year ended 30 June 2023

Measure	Weight	Target	Performance outcome (% of Target): Below threshold (0% award)	Threshold to Target (50-100% award)	At Target (100% award)	Above Target (100-124% award)	Stretch (125% award)	% of Target awarded	FY23 Achievement
Financial (50%)									
Group underlying revenue[1]	20%	$2,968.6m				●		116%	Group underlying revenue was 3.2% above target at $3,063.1m (up 10.9% from FY22) driven by policyholder growth across the Australian residents, international visitors and New Zealand businesses as well as a strong recovery from nib Travel.
Group underlying operating profit[2]	20%	$223.7m					●	125%	The Group delivered a UOP of $263.2m, (up 11.1% on FY22), driven mostly by revenue growth. The Group UOP result exceeded the stretch performance level by $17.1m or 6.9%, resulting in the maximum award.
Group earnings per share (adjusted for M&A costs)[3]	10%	36.5 cps					●	125%	Adjusted EPS was 42.4 cps (with M&A costs accounting for 1 cent variance to the Statutory EPS).
Customer (15%)									
Group NPS[4]	15%	+33					●	125%	The FY23 Group NPS result was +35, up 4 points from FY22. Results for all segments, excluding nib Travel, were favourable to the prior year.
People, Leadership & Culture (15%)									
Group employee engagement	10%	76%					●	125%	The FY23 employee engagement score was 81%, up 6 bps from 75% in FY22. This result exceeded the stretch performance level of 79% and remains above the global benchmark of 73%.
Group Diversity, Equity & Inclusion	5%	Board assessment against FY23 targets				●		110%	The Board assessed performance against nib's diversity measurable objectives, our FY21-23 Diversity & Inclusion Action Plan, and Group Inclusion Score. The Board assessed DE&I performance in FY23 as above target.
Strategy Delivery (20%)									
Group Sustainability Results	5%	Board assessment against FY23 targets		●				85%	Performance was assessed based on achievement against nib's FY23 Sustainability Targets (as disclosed in nib's FY22 Sustainability Report). Of the 19 targets, the Board assessed 14 as being fully achieved and 2 as partly achieved. Refer to nib's FY23 Sustainability Report for further detail.
Group Payer to Partner (P2P) Strategy Milestones	15%	Board assessment against FY23 targets				●		110%	At the beginning of FY23, the Board set a range of ambitious targets focused on accelerating nib's P2P transformation. Targets included metrics such as non-PHI revenue growth, member engagement in health programs and non-PHI product and service development. The Board assessed P2P performance as above target.
Group Scorecard Result								**118.2%**	
								x	
CEO Performance Assessment The Board assessed the CEO's performance against the criteria outlined on page 34 and awarded 110% of target, reflecting exceptional FY23 performance.								**110%**	
								x	
Risk & Conduct Modifier								**N/A**	**No adjustment**
CEO STI Award (% of Target)								**130%**	

1. Net premium revenue, other underwriting revenue and other income from non-underwriting businesses, excluding one-off transactions.
2. Underwriting result, other income and expenses including non-underwriting businesses. It excludes amortisation of acquired intangibles, one-off transactions (integration of acquired business, establishment of business costs as well as extraordinary legal fees), merger and acquisition costs, finance costs, net investment income and income tax.
3 Statutory earnings per share includes losses from discontinued operations and adjusted for M&A costs.
4. Group NPS is calculated using a weighted average result by segment underlying revenue for arhi, iihi, nz and nib travel.

Actual STI Awards for each Executive (as a percentage of target and maximum) are set out below.

	FY23		FY22	
Executives	**% of Target**	**% of Maximum**	**% of Target[1]**	**% of Maximum**
Mark Fitzgibbon	130.0%	86.7%	-	89.5%
Martin Adlington	121.1%	80.8%	-	91.7%
James Barr	124.9%	83.2%	-	96.0%
Edward Close	119.8%	79.9%	-	89.4%
Lauren Daniels	120.9%	80.6%	-	-
Anna Gladman	26.7%	17.8%	-	67.0%
Nick Freeman	125.9%	83.9%	-	93.5%
Rob Hennin	114.2%	76.2%	-	87.0%
Brendan Mills	117.6%	78.4%	-	89.8%
Matt Paterson	42.0%	28.0%	-	88.4%
Roslyn Toms	120.5%	80.4%	-	86.1%

1. The Board amended the STI Plan in FY23 to determine STI Awards based on a percentage of target. Prior to FY23, STI Awards were calculated as a percentage of maximum only.

Long-term incentives for the financial year ended 30 June 2023

nib LTI performance rights vest in accordance with the achievement of the following vesting conditions:

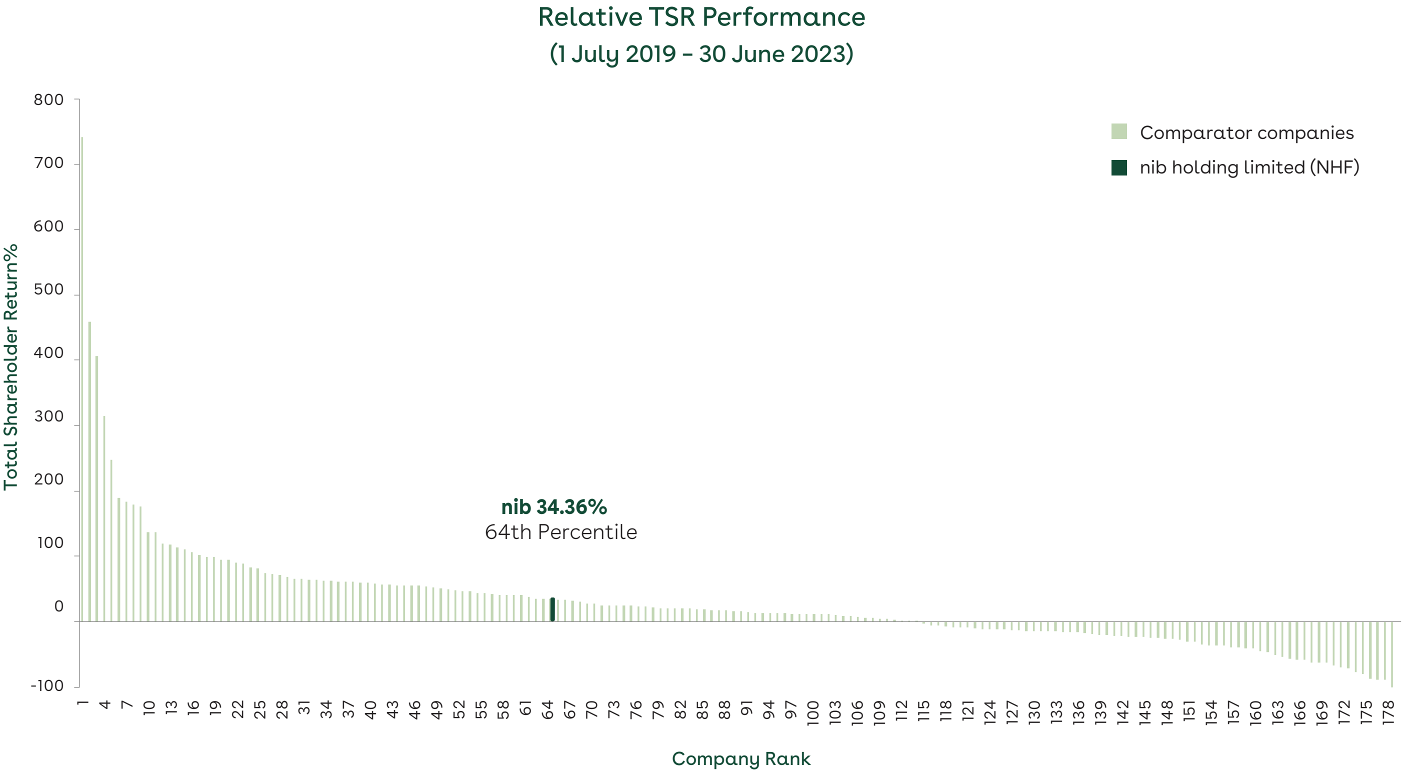
Vesting Condition 1	Vesting Condition 2
50% of the performance rights (Tranche 1)	50% of the performance rights (Tranche 2)
Total shareholder return targets (TSR Hurdle) for the relevant performance period are met	Earnings per share growth targets (EPS Hurdle) for the relevant performance period are met

TSR Hurdle (Tranche 1)

For the four-year performance period ended 30 June 2023, nib's TSR was ranked at the 64th percentile to our peer group (S&P/ASX 200). As per the TSR vesting conditions for the FY20-23 LTI (as set out below) this translates to a 78.0% vesting of the performance rights for Tranche 1.

nib's TSR performance compared to the relevant peer group	Performance of Tranche 1 performance rights vesting
>= 75th percentile	100%
>= 50th percentile to 74th percentile	Pro-rata straight line vesting between 50% and 74%
< 50th percentile	0%

Long-term incentives for the financial year ended 30 June 2023 *continued*



Source: Orient Capital (as at 30 June 2023). In accordance with the terms of the LTI Grant, ranking excludes companies that were delisted from the ASX during the performance period.

Statutory EPS hurdle (Tranche 2)

For the 12 months to 30 June 2023 nib's Statutory EPS was 41.4 cps. As per the Statutory EPS vesting conditions for the FY20-23 LTI (as set out below) this translates to Statutory EPS CAGR of 5.91% from the base Statutory EPS of 32.9 cps and 61.3% vesting of the performance rights for Tranche 2.

Percentage of performance rights vesting	FY20-FY23 LTIP
100%	46.4 cps
75%	43.1 cps
50%	40.0 cps
25%	37.0 cps
0%	nil

For the purpose of the calculation, 25% to 50% will be discrete thresholds, with performance above the 50% entitlement calculated on a pro rata basis to a maximum entitlement of 100%.

Linking remuneration with performance

The components of remuneration that are linked to performance are the STI and LTI plans. Refer table on page 38 for summary of performance versus target against each FY23 STI component for the MD/CEO. The Five-Year Summary on page 12 details the Group's financial performance and KPI results for the last five years.

Executive employment conditions

Executive contracts summarise employment terms and conditions, including remuneration arrangements and compensation.

A significant portion of remuneration for our Executives is performance based through STI and LTI arrangements. Executives have claw-back arrangements and a malus condition in place for performance-based remuneration such as STI and LTI received.

Executive termination provisions were reviewed in FY23 with the following arrangements effective from 1 July 2023:

		Termination provisions	
	Service agreement effective	**Notice by nib**	**Notice by employee**
MD/CEO	Permanent	12 months	12 months
Other Executives	Permanent	6 months[1]	6 months

1. Existing executive service agreements that included a notice period greater than 6 months will be grandfathered. This applies to B Mills (12 months) and R Hennin (9 months).

Termination payments

Where notice is given by nib, the Group may make a payment in lieu of all or part of the notice period.

The Executive may also receive the following benefits upon termination:

- a pro-rata STI payment based on the period of the financial year during which the Executive was employed and the Board's assessment of the Executive's performance against the key performance indicators as at the date of termination; and/or
- the Board has discretion to determine that all or a portion of unvested performance rights of a participant of the LTIP are to be vested upon termination (in circumstances allowed by the LTI Plan Rules).

At the 2011 Annual General Meeting nib received shareholder approval for the payment of termination benefits that may exceed the 12 month salary limit on termination benefits under the *Corporations Act 2001*. In response to shareholder feedback, the Board has since determined that this approval will only be undertaken for Executives who held this position at the date of shareholder approval. The only current Executive this approval would be applicable to is Mark Fitzgibbon (MD/CEO).

Minimum shareholding requirements

While nib does not set minimum shareholding requirements on our Executives, the Board's view is that the deferral arrangements under the STI and LTI means all Executives have an appropriate minimum equity holding.

Non-Executive Director remuneration

Fees and payments to Non-Executive Directors (NED) reflect the Board role, market fee levels, and the objective of the Group to attract highly skilled and experienced non-executive directors.

Non-Executive Director fees

Our Non-Executive Directors are paid a base fee and an additional fee for being members of other nib Board Committees. Non-Executive Director fees are reviewed annually by the Committee and approved by the Board.

In March 2023, nib engaged EY to provide remuneration benchmarking data which the Committee considered along with a range of other factors in reviewing NED fees for FY24. The information provided by EY did not constitute a remuneration recommendation in relation to KMP as defined by Division 1 of part 1.2 of Chapter 1 of the *Corporations Act 2001*.

For FY24, the Board approved a 3.95% increase to the Chairman's fee which was found to be below the target range when compared to the benchmarking data. All other NED fees will increase by 3.50% (rounded up to the next $100).

Fees for Non-Executive Directors of nib holdings limited are determined within the $1.9 million aggregate fee pool limit set at the AGM in November 2017. The pool includes all fees payable to Non-Executive Directors for service on the nib holdings limited Board and subsidiary boards, where applicable. Directors' fees and superannuation are paid out of this pool. Travel allowances, non-monetary benefits and retirement benefits are not included in this pool.

The following table shows the fees (inclusive of superannuation) for nib's Australian Boards and Committees:

	2023 $	2022 $
Base fees		
Chairman	336,700	326,800
Other Non-Executive Directors	139,600	135,500
Additional fees[1]		
Audit committee		
Chairman	34,700	33,600
Member	14,600	14,100
Investment committee[2]		
Chairman	19,600	19,000
Member	11,500	11,100
Risk and Reputation committee		
Chairman	34,700	33,600
Member	14,600	14,100
People and Remuneration committee		
Chairman	34,700	33,600
Member	14,600	14,100
Nomination committee		
Chairman	–	–
Member	–	–

1. The Chairman of the Board does not receive additional fees for involvement in committees.
2. The Investment Committee was dissolved on 21 April 2023.

The following fees (inclusive of superannuation) for the New Zealand boards and committees have applied:

	2023 $	2022 $
NZ Base fees[1]		
Chairman[2]	82,498	84,419
Member (AU domiciled)[3]	44,300	43,000
Member (NZ domiciled)	41,891	42,866
NZ Board, Audit, Risk and Compliance committee[1]		
Chairman (AU domiciled)[3]	11,000	10,600
Member	–	–

1. All amounts are converted to AUD.
2. The Chairman and NZ domiciled Directors of the NZ Board are not members of the nib holdings limited Board.
3. AU domiciled Directors are Anne Loveridge and Jacqueline Chow who are also Directors of nib holdings limited. Anne Loveridge is the Chairman of the NZ Board Audit, Risk and Compliance committee.

nib's Corporate Governance Statement (which is available at www.nib.com.au/shareholders/company-profile/corporate-governance) includes the committee membership of each Non-Executive Director of nib holdings limited.

Minimum shareholding requirements (MSR)

All Non-Executive Directors (nib holdings limited only) are required to hold a minimum of 100% of the annual base director's fee in shares, which is to be accumulated within four years of appointment.

Compliance with the MSR is tested annually using the relevant base fee (Chairman or Director fee) and the higher of:

a) the market value at 30 June each year, calculated using the volume-weighted average price for the 30 days up to and including 30 June; or
b) the market value on the date the shares were acquired.

All current Non-Executive Directors (nib holdings limited) comply with this requirement as at 30 June 2023, or are within the four-year accumulation period.

Detailed disclosure of executive remuneration

The following table shows details of the remuneration expense recognised for the Group's Key Management Personnel (KMP). The remuneration is measured in accordance with the requirements of the accounting standards with additional information provided for performance rights vested during the year.

	Short-term employee benefits			Post-employment benefits	Long-term benefits	Termination benefits	Share-based payments			
Executives	**Cash salary and fees[1] $**	**Cash bonus $**	**Non-monetary benefits[2] $**	**Super -annuation $**	**Long service leave $**	**Termination benefits $**	**Bonus[3] $**	**Performance rights expense $**	**Performance rights additional value at vesting[4] $**	**Total $**
2023										
Mark Fitzgibbon	1,167,328	706,397	34,785	28,543	(3,096)	–	706,397	971,873	671,429	4,283,656
Martin Adlington	404,097	140,581	8,738	25,292	7,028	–	140,581	49,776	–	776,093
James Barr	406,089	144,908	6,497	25,292	7,033	–	144,908	49,776	–	784,503
Edward Close	604,214	276,483	7,417	25,292	64,781	–	276,483	164,673	–	1,419,343
Lauren Daniels[5]	343,080	89,956	5,710	25,292	32,541	–	84,109	12,519	–	593,207
Nick Freeman	696,160	334,173	13,421	28,242	–	–	334,173	187,001	–	1,593,170
Anna Gladman	273,268	21,245	5,110	18,969	–	289,403	21,245	36,142	–	665,382
Rob Hennin	560,523	247,921	25,350	49,135	–	–	241,674	205,105	125,368	1,455,076
Brendan Mills	484,034	167,713	6,748	25,292	7,925	–	167,713	161,739	95,598	1,116,762
Matt Paterson	310,277	41,065	4,886	18,969	–	323,355	41,065	66,980	–	806,597
Roslyn Toms	442,091	171,961	8,655	25,292	(10,365)	–	171,961	158,213	91,741	1,059,549
	5,691,161	**2,342,403**	**127,317**	**295,610**	**105,847**	**612,758**	**2,330,309**	**2,063,797**	**984,136**	**14,553,338**
2022										
Mark Fitzgibbon	1,121,672	655,588	46,904	28,037	19,587	–	655,588	733,102	131,603	3,392,081
Martin Adlington	385,037	89,522	7,423	23,568	6,523	–	89,522	30,400	–	631,995
James Barr	367,014	93,720	4,426	23,568	6,526	–	93,720	30,400	–	619,374
Edward Close	488,070	231,323	2,200	23,568	–	–	231,323	109,825	–	1,086,309
Nick Freeman	682,073	321,173	15,542	23,568	–	–	321,173	138,492	–	1,502,021
Anna Gladman	376,026	65,409	6,907	23,568	–	–	65,409	40,950	–	578,269
Rob Hennin	535,993	234,992	24,338	42,824	–	–	239,235	151,671	25,012	1,254,065
Brendan Mills	452,229	165,771	3,106	23,568	7,713	–	165,771	119,615	18,568	956,341
Matt Paterson	457,554	163,186	5,358	23,568	–	–	163,186	93,201	–	906,053
Roslyn Toms	438,029	158,941	7,658	23,568	7,707	–	158,941	116,139	18,202	929,185
	5,303,697	**2,179,625**	**123,862**	**259,405**	**48,056**	**-**	**2,183,868**	**1,563,795**	**193,385**	**11,855,693**

1. Includes cash salary and fees and short-term compensated absences, such as annual leave entitlements accrued during the year.
2. Non-monetary benefits includes insurance cover and cost of benefits and associated Fringe Benefits Tax.
3. Includes bonus share rights. Refer to Share-based payments.
4. The Performance rights additional value at vesting represents the difference between fair value at grant date and the value at vesting date which is not included in statutory remuneration.
5. Lauren Daniels was appointed Group Chief People Officer on 1 August 2022. Before this appointment she was the company's Group Head of People, Talent & Inclusion (not a KMP position). Amounts shown above include all Ms Daniels' remuneration during the reporting period, whether as Group Chief People Officer or otherwise. Amounts received in her position as Group Chief People Officer amounted to $564,169, made up of cash salary of $321,996, cash bonus of $84,109, non-monetary benefits of $5,710, superannuation of $23,185, long service leave of $32,541 and share based payments of $96,628.

Detailed disclosure of Non-Executive remuneration

Details of the remuneration of the Directors of the nib holdings group are set out in the following tables.

Non-Executive Directors	Short-term employee benefits		Post-employment benefits	
	Cash salary and fees $	Non-monetary benefits[1] $	Superannuation $	Total $
2023				
David Gordon	311,408	–	25,292	336,700
Lee Ausburn	66,049	6,062	6,935	79,046
Jacqueline Chow	247,800	–	–	247,800
Peter Harmer	172,447	–	18,107	190,554
Anne Loveridge	253,544	–	–	253,544
Donal O'Dywer	167,172	–	17,553	184,725
	1,218,420	**6,062**	**67,887**	**1,292,369**
2022				
David Gordon	307,827	–	5,892	313,719
Steve Crane (until 29 July 2021)	23,632	3,626	2,363	29,621
Lee Ausburn	166,545	–	16,655	183,200
Jacqueline Chow	227,576	–	–	227,576
Peter Harmer (from 20 July 2021)	149,700	–	14,970	164,670
Anne Loveridge	236,632	–	11,268	247,900
Donal O'Dywer	166,091	–	16,609	182,700
	1,278,003	**3,626**	**67,757**	**1,349,386**

1. Non-monetary benefits includes a retirement gift and associated fringe benefits tax.

Equity instruments held by Key Management Personnel

Reconciliation of performance rights held by KMP

The numbers of performance rights over ordinary shares in the Company held during the financial year by each Executive of nib holdings limited are set out below.

			Vested and exercised		Lapsed			Balance as the end of the year	
Name and grant dates	**Balance at the start of the year unvested**	**Granted as compensation**	**Number**	**%**	**Number**	**%**	**Other changes**	**Vested and exercisable**	**Unvested**
Mark Fitzgibbon									
23 Nov 2018 (FY19-FY22 LTIP)	215,962	–	107,981	50%	107,981	50%	–	–	–
11 Dec 2019 (FY20-FY23 LTIP)	200,632	–	–	–	–	–	–	–	200,632
27 Nov 2020 (FY21-FY24 LTIP)	314,792	–	–	–	–	–	–	–	314,792
26 Nov 2021 (FY22-FY25 LTIP)	220,251	–	–	–	–	–	–	–	220,251
2 Dec 2022 (FY23-FY26 LTIP)	–	189,748	–	–	–	–	–	–	189,748
Martin Adlington									
27 Nov 2020 (FY21-FY24 LTIP)	12,247	–	–	–	–	–	–	–	12,247
26 Nov 2021 (FY22-FY25 LTIP)	17,612	–	–	–	–	–	–	–	17,612
2 Dec 2022 (FY23-FY26 LTIP)	–	21,220	–	–	–	–	–	–	21,220
James Barr									
27 Nov 2020 (FY21-FY24 LTIP)	12,247	–	–	–	–	–	–	–	12,247
26 Nov 2021 (FY22-FY25 LTIP)	17,612	–	–	–	–	–	–	–	17,612
2 Dec 2022 (FY23-FY26 LTIP)	–	21,220	–	–	–	–	–	–	21,220
Edward Close									
28 Feb 2020 (FY20-FY23 LTIP)	20,063	–	–	–	–	–	–	–	20,063
27 Nov 2020 (FY21-FY24 LTIP)	63,305	–	–	–	–	–	–	–	63,305
26 Nov 2021 (FY22-FY25 LTIP)	46,681	–	–	–	–	–	–	–	46,681
2 Dec 2022 (FY23-FY26 LTIP)	–	43,446	–	–	–	–	–	–	43,446
23 Jun 2023 (FY23-FY26 LTIP)	–	2,973	–	–	–	–	–	–	2,973
Lauren Daniels									
2 Dec 2022 (FY23-FY26 LTIP)	–	13,716	–	–	–	–	–	–	13,716
Nick Freeman									
27 Nov 2020 (FY21-FY24 LTIP)	88,548	–	–	–	–	–	–	–	88,548
26 Nov 2021 (FY22-FY25 LTIP)	61,970	–	–	–	–	–	–	–	61,970
2 Dec 2022 (FY23-FY26 LTIP)	–	53,403	–	–	–	–	–	–	53,403
Rob Hennin									
23 Nov 2018 (FY19-FY22 LTIP)	40,324	–	20,162	50%	20,162	50%	–	–	–
11 Dec 2019 (FY20-FY23 LTIP)	38,648	–	–	–	–	–	–	–	38,648
27 Nov 2020 (FY21-FY24 LTIP)	64,197	–	–	–	–	–	–	–	64,197
26 Nov 2021 (FY22-FY25 LTIP)	49,551	–	–	–	–	–	–	–	49,551
2 Dec 2022 (FY23-FY26 LTIP)	–	41,094	–	–	–	–	–	–	41,094
23 Jun 2023 (FY23-FY26 LTIP)	–	2,355	–	–	–	–	–	–	2,355

Name and grant dates	Balance at the start of the year unvested	Granted as compensation	Vested and exercised Number	Vested and exercised %	Lapsed Number	Lapsed %	Other changes	Balance as the end of the year Vested and exercisable	Balance as the end of the year Unvested
Brendan Mills									
23 Nov 2018 (FY19 – FY22 LTIP)	30,747	–	15,374	50%	15,373	50%	–	–	–
11 Dec 2019 (FY20 – FY23 LTIP)	28,562	–	–	–	–	–	–	–	28,562
27 Nov 2020 (FY21 – FY24 LTIP)	49,560	–	–	–	–	–	–	–	49,560
26 Nov 2021 (FY22 – FY25 LTIP)	41,629	–	–	–	–	–	–	–	41,629
2 Dec 2022 (FY23 – FY26 LTIP)	–	35,866	–	–	–	–	–	–	35,866
Roslyn Toms									
23 Nov 2018 (FY19 – FY22 LTIP)	29,508	–	14,754	50%	14,754	50%	–	–	–
11 Dec 2019 (FY20 – FY23 LTIP)	28,014	–	–	–	–	–	–	–	28,014
27 Nov 2020 (FY21 – FY24 LTIP)	43,954	–	–	–	–	–	–	–	43,954
8 Apr 2021 (FY21 – FY24 LTIP)	2,134	–	–	–	–	–	–	–	2,134
26 Nov 2021 (FY22 – FY25 LTIP)	41,629	–	–	–	–	–	–	–	41,629
2 Dec 2022 (FY23 – FY26 LTIP)	–	35,866	–	–	–	–	–	–	35,866
Anna Gladman									
21 Dec 2019 (FY20 – FY23 LTIP)	10,416	–	–	–	1,180	11%	–	–	9,236
27 Nov 2020 (FY21 – FY24 LTIP)	16,374	–	–	–	6,184	38%	–	–	10,190
26 Nov 2021 (FY22 – FY25 LTIP)	17,612	–	–	–	11,348	64%	–	–	6,264
2 Dec 2022 (FY23 – FY26 LTIP)	–	21,220	–	–	19,772	93%	–	–	1,448
Matt Paterson									
28 Feb 2020 (FY20 – FY23 LTIP)	12,773	–	–	–	1,520	12%	–	–	11,253
27 Nov 2020 (FY21 – FY24 LTIP)	49,560	–	–	–	18,720	38%	–	–	30,840
26 Nov 2021 (FY22 – FY25 LTIP)	41,629	–	–	–	26,825	64%	–	–	14,804
2 Dec 2022 (FY23 – FY26 LTIP)	–	35,866	–	–	33,418	93%	–	–	2,448

To date nib's practice has been to source equity for remuneration awards from shares purchased on market. Accordingly, there was no dilution from Executive new issue equity awards in FY23.

Equity instruments held by Key Management Personnel *continued*

The terms and conditions of each grant of options affecting remuneration in the current or a future reporting period are:

LTIP	Grant date	Date vested and exercisable	Expiry date	Exercise price	Value per performance right at grant date	Performance achieved	% Vested
FY19-FY22	23 November 2018	1 September 2022	1 September 2022	nil	$4.4229	50.0%	50.0%
FY20-FY23	11 December 2019	1 September 2023	1 September 2023	nil	$6.0675	to be determined	n/a
FY20-FY23	28 February 2020	1 September 2023	1 September 2023	nil	$4.0758	to be determined	n/a
FY21-FY24	27 November 2020	1 September 2024	1 September 2024	nil	$4.4760	to be determined	n/a
FY21-FY24	8 April 2021	1 September 2024	1 September 2024	nil	$4.4760	to be determined	n/a
FY22-FY25	26 November 2021	1 September 2025	1 September 2025	nil	$5.9205	to be determined	n/a
FY23-FY26	2 December 2022	1 September 2026	1 September 2026	nil	$5.8017	to be determined	n/a
FY23-FY26	23 June 2023	1 September 2026	1 September 2026	nil	$7.2208	to be determined	n/a

Share holdings

The number of shares in the Company held during the financial year by each Director of nib holdings limited and other Key Management Personnel of the Group, including their personally related parties, are set out below.

2023	Balance at the start of the year	Granted during the year as compensation	Shares purchased	Shares sold	Other changes during the year	Balance at the end of the year
Ordinary shares						
Directors of nib group						
David Gordon	30,000	–	20,000	–	–	50,000
Lee Ausburn	50,885	–	–	–	(50,885)	-
Jacqueline Chow	50,000	–	–	(25,000)	–	25,000
Peter Harmer	11,078	–	8,200	–	–	19,278
Anne Loveridge	35,000	–	–	–	–	35,000
Donal O'Dwyer	41,485	–	2,500	–	–	43,985
Other key management personnel of the Group						
Mark Fitzgibbon	2,542,676	190,060	–	(115,000)	–	2,617,736
Martin Adlington	25,325	11,208	–	–	–	36,533
James Barr	10,149	11,733	–	–	–	21,882
Edward Close	38,914	28,961	–	–	–	67,875
Lauren Daniels	–	–	581	–	7,481	8,062
Nick Freeman	38,374	40,210	–	–	–	78,584
Anna Gladman	5,746	8,189	–	–	(13,935)	-
Rob Hennin	330,399	47,960	–	(18,500)	–	359,859
Brendan Mills	150,214	36,128	–	–	–	186,342
Matt Paterson	26,825	20,430	–	(17,524)	(29,731)	-
Roslyn Toms	73,152	34,653	–	(18,103)	–	89,702

Other transactions with key management personnel

There were no transactions with other related parties during the year.

Corporate Governance Statement

The nib Board and management are committed to achieving and demonstrating the highest standards of corporate governance and ensuring compliance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th edition).

The Board is dedicated to, and responsible for, actively promoting ethical and responsible decision making and practices at nib to ensure that practices are in place to maintain confidence in nib's integrity.

The 2023 Corporate Governance Statement is dated as at 30 June 2023 and reflects the corporate governance practices in place throughout the 2023 financial year. The Corporate Governance Statement was approved by the Board on 27 July 2023. A description of the Group's current corporate governance practices is set out in the Group's Corporate Governance Statement which can be viewed at www.nib.com.au/shareholders/company-profile/corporate-governance.

Financial Report

for the year ended 30 June 2023

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Consolidated Income Statement

for the year ended 30 June 2023

	Notes	2023 $m	2022 $m
Premium revenue	6	2,942.1	2,725.4
Outwards reinsurance premium expense	6	(30.6)	(22.0)
Net premium revenue		**2,911.5**	**2,703.4**
Claims expense		(1,980.4)	(1,817.1)
Reinsurance and other recoveries revenue		15.7	11.5
RESA levy		(201.2)	(228.7)
State levies		(39.0)	(39.1)
(Increase) / decrease in premium payback liability		1.3	7.1
Claims handling expenses	7	(19.8)	(18.7)
Net claims incurred		**(2,223.4)**	**(2,085.0)**
Other underwriting revenue	6	**6.5**	**6.4**
Movement in policy liabilities	21	1.1	(0.3)
Acquisition costs	7	(201.0)	(183.1)
Other underwriting expenses	7	(223.8)	(188.2)
Underwriting expenses		**(423.7)**	**(371.6)**
Underwriting result		**270.9**	**253.2**
Other income	6	146.6	54.2
Other expenses	7	(169.5)	(72.6)
Share of net profit / (loss) of associates and joint ventures accounted for using the equity method	34	(4.4)	(5.6)
Operating profit		**243.6**	**229.2**
Finance income	6	0.2	0.3
Finance costs	7	(14.0)	(7.0)
Investment income	6	57.3	(27.3)
Investment expenses	7	(2.6)	(2.7)
Profit before income tax		**284.5**	**192.5**
Income tax expense	8	(92.8)	(57.5)
Profit from continuing operations		**191.7**	**135.0**
Profit / (loss) from discontinued operation (attributable to equity holders of the company)	35	(0.6)	(1.2)
Profit for the year		**191.1**	**133.8**
Profit / (loss) for the year is attributable to:			
Owners of nib holdings limited		197.0	135.7
Non-controlling interests		(5.4)	-
Charitable foundation	34	(0.5)	(1.9)
		191.1	**133.8**
		Cents	**Cents**
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company			
Basic earnings per share	27	41.5	29.9
Diluted earnings per share	27	41.5	29.9
Earnings per share for profit attributable to the ordinary equity holders of the company			
Basic earnings per share	27	41.4	29.6
Diluted earnings per share	27	41.4	29.6

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2023

	Notes	2023 $m	2022 $m
Profit for the year		**191.1**	**133.8**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	25	2.3	(3.0)
Income tax related to these items	8	(0.4)	0.5
Items that will not be reclassified to profit or loss			
Transactions with non-controlling interest	25	(4.1)	-
Other comprehensive income for the year, net of tax		**(2.2)**	**(2.5)**
Total comprehensive income for the year		**188.9**	**131.3**
Total comprehensive income / (loss) for the year is attributable to:			
Owners of nib holdings limited		194.8	133.2
Non-controlling interests		(5.4)	-
Charitable foundation	34	(0.5)	(1.9)
		188.9	**131.3**
Total comprehensive income / (loss) for the year attributable to owners of nib holdings limited:			
Continuing operations		195.4	134.4
Discontinued operations	35	(0.6)	(1.2)
		194.8	**133.2**

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

As at 30 June 2023

	Notes	2023 $m	2022 $m
ASSETS			
Current assets			
Cash and cash equivalents	9	243.0	206.9
Receivables	10	109.3	101.5
Financial assets at amortised cost	11	6.5	8.2
Financial assets at fair value through profit or loss	11	1,070.4	1,010.1
Deferred acquisition costs	12	69.4	47.9
Current tax assets		8.4	–
Finance lease receivable	15	2.4	2.6
Total current assets		**1,509.4**	**1,377.2**
Non-current assets			
Investments accounted for using the equity method	34	16.0	19.2
Deferred acquisition costs	12	82.4	75.7
Deferred tax assets	8	–	27.8
Property, plant and equipment	13	12.0	6.9
Intangible assets	14	483.6	340.3
Right-of-use assets	15	18.8	23.1
Finance lease receivable	15	7.8	10.2
Total non-current assets		**620.6**	**503.2**
Total assets		**2,130.0**	**1,880.4**
LIABILITIES			
Current liabilities			
Payables	16	253.7	215.7
Borrowings	17	1.1	2.1
Claims liabilities	18	268.3	300.4
Unearned premium liability	19	266.1	246.8
Premium payback liability	20	2.7	3.2
Lease liabilities	15	7.5	7.0
Provisions and employee entitlements	22	8.5	6.7
Current tax liabilities		4.3	33.1
Total current liabilities		**812.2**	**815.0**
Non-current liabilities			
Payables	16	–	1.2
Borrowings	17	244.8	258.8
Unearned premium liability	19	39.8	24.2
Premium payback liability	20	6.6	7.2
Policy liabilities – life insurance	21	(8.4)	(7.3)
Lease liabilities	15	38.4	43.8
Provisions and employee entitlements	22	3.7	3.2
Deferred tax liabilities	8	9.0	–
Total non-current liabilities		**333.9**	**331.1**
Total liabilities		**1,146.1**	**1,146.1**
Net assets		**983.9**	**734.3**
EQUITY			
Contributed equity	23	302.5	138.2
Retained profits	24	672.9	589.1
Reserves	25	(8.2)	(7.2)
Capital and reserves attributable to owners of nib holdings limited		**967.2**	**720.1**
Charitable foundation	34	13.7	14.2
Non-controlling interests	34	3.0	–
Total equity		**983.9**	**734.3**

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2023

		Attributable to owners of nib holdings limited						
	Notes	Contributed equity $m	Retained profits $m	Reserves $m	Total $m	Non-controlling interests $m	Charitable foundation $m	Total equity $m
Balance at 1 July 2021		**127.2**	**567.7**	**(4.8)**	**690.1**	**-**	**16.1**	**706.2**
Profit / (loss) for the year		–	135.7	–	135.7	–	(1.9)	133.8
Movement in foreign currency translation, net of tax	25	–	–	(2.5)	(2.5)	–	–	(2.5)
Total comprehensive income / (loss) for the year		**-**	**135.7**	**(2.5)**	**133.2**	**-**	**(1.9)**	**131.3**
Transactions with owners in their capacity as owners:								
Ordinary shares issued	23	9.0	–	–	9.0	–	–	9.0
Shares acquired by the nib Holdings Ltd Share Ownership Plan Trust	23	(0.9)	–	–	(0.9)	–	–	(0.9)
Issue of shares held by nib Holdings Ltd Share Ownership Plan Trust to employees	23	2.9	–	(1.5)	1.4	–	–	1.4
Employee performance rights – value of employee services		–	–	1.6	1.6	–	–	1.6
Dividends paid	26	–	(114.3)	–	(114.3)	–	–	(114.3)
		11.0	**(114.3)**	**0.1**	**(103.2)**	**-**	**-**	**(103.2)**
Balance at 30 June 2022		**138.2**	**589.1**	**(7.2)**	**720.1**	**-**	**14.2**	**734.3**
Balance at 1 July 2022		**138.2**	**589.1**	**(7.2)**	**720.1**	**-**	**14.2**	**734.3**
Profit / (loss) for the year		–	197.0	–	197.0	(5.4)	(0.5)	191.1
Movement in foreign currency translation, net of tax	25	–	–	1.9	1.9	–	–	1.9
Transactions with non-controlling interest	25	–	–	(4.1)	(4.1)	–	–	(4.1)
Total comprehensive income / (loss) for the year		**-**	**197.0**	**(2.2)**	**194.8**	**(5.4)**	**(0.5)**	**188.9**
Transactions with owners in their capacity as owners:								
Ordinary shares issued	23	165.7	–	–	165.7	–	–	165.7
Share capital in non-controlling interests		–	–	–	–	8.4	–	8.4
Shares acquired by the nib Holdings Ltd Share Ownership Plan Trust	23	(3.8)	–	–	(3.8)	–	–	(3.8)
Issue of shares held by nib Holdings Ltd Share Ownership Plan Trust to employees	23	2.4	–	(1.1)	1.3	–	–	1.3
Employee performance rights – value of employee services		–	–	2.3	2.3	–	–	2.3
Dividends paid	26	–	(113.2)	–	(113.2)	–	–	(113.2)
		164.3	**(113.2)**	**1.2**	**52.3**	**8.4**	**-**	**60.7**
Balance at 30 June 2023		**302.5**	**672.9**	**(8.2)**	**967.2**	**3.0**	**13.7**	**983.9**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

for the year ended 30 June 2023

	Notes	2023 $m	2022 $m
Cash flows from operating activities			
Receipts from policyholders and customers (inclusive of goods and services tax)		3,217.2	2,875.3
Payments to policyholders and customers		(2,276.3)	(2,016.5)
Receipts from outwards reinsurance contracts		14.2	13.6
Payments for outwards reinsurance contracts		(30.4)	(21.2)
Payments to suppliers and employees (inclusive of goods and services tax)		(620.6)	(459.0)
		304.1	**392.2**
Dividends received		0.2	0.3
Interest received		12.0	2.6
Distributions received		44.6	25.1
Transaction costs relating to acquisition of business	33	(6.7)	(3.3)
Interest paid		(12.1)	(4.4)
Income taxes paid		(95.4)	(74.9)
Net cash inflow / (outflow) from operating activities	9	**246.7**	**337.6**
Cash flows from investing activities			
Proceeds from disposal of financial assets at fair value through profit or loss		258.9	195.8
Payments for financial assets at fair value through profit or loss		(317.7)	(380.4)
Proceeds from sale of property, plant and equipment and intangibles		-	0.1
Payments for property, plant and equipment and intangibles	13,14	(52.3)	(26.6)
Payment for acquisition of business, net of cash acquired	33	(120.9)	(39.4)
Payments for investments in associates and joint ventures	34	(4.5)	(8.8)
Net cash inflow / (outflow) from investing activities		**(236.5)**	**(259.3)**
Cash flows from financing activities			
Proceeds from issue of shares	23	167.9	9.0
Proceeds from borrowings	17	15.0	30.0
Repayment of borrowings	17	(30.0)	-
Principal elements of lease payments		(6.8)	(8.2)
Shares acquired by the nib Holdings Ltd Share Ownership Plan Trust		(3.8)	(0.9)
Share issue transaction costs	23	(3.1)	-
Dividends paid to the company's shareholders	26	(113.2)	(114.3)
Net cash inflow / (outflow) from financing activities		**26.0**	**(84.4)**
Net increase / (decrease) in cash and cash equivalents		36.2	(6.1)
Cash and cash equivalents at beginning of the year		204.8	212.3
Effects of exchange rate changes on cash and cash equivalents		0.9	(1.4)
Cash and cash equivalents at the end of the year		**241.9**	**204.8**
Reconciliation to Consolidated Balance Sheet			
Cash and cash equivalents	9	243.0	206.9
Borrowings - overdraft	17	(1.1)	(2.1)
		241.9	**204.8**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements for the year ended 30 June 2023

1. Summary of Significant Accounting Policies

The financial statements are for the consolidated entity consisting of nib holdings limited and its subsidiaries. nib holdings limited is a company limited by shares, incorporated and domiciled in Australia.

The Financial Report was authorised for issue by the Directors on 18 August 2023. The company has the power to amend and reissue the Financial Report.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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

a) 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*. nib holdings limited is a for-profit entity for the purpose of preparing the financial statements.

i) Compliance with IFRS

The consolidated financial statements of nib holdings limited Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

ii) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of claims liabilities and financial assets and liabilities at fair value through profit or loss.

iii) Comparatives

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

b) Principles of consolidation

i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of nib holdings limited ("parent entity") as at 30 June 2023 and the results of all subsidiaries for the year then ended. nib holdings limited and its subsidiaries together are referred to in this financial report as the Group.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group.

Intercompany transactions, balances and unrealised gains on transactions between 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 Group.

ii) Associates

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iii) below), after initially being recognised at cost.

iii) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

iv) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of nib holdings limited.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset.

c) Foreign currency translation

i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in Australian dollars, which is nib holdings limited's functional and presentation currency.

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement, within finance costs. All other foreign exchange gains and losses are presented in the income statement on a net basis within other income or other expenses. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

d) Assets backing insurance liabilities

As part of the investment strategy, the Group actively manages its investment portfolio to ensure that a portion of its investments mature in accordance with the expected pattern of future cash flows arising from private health and life insurance liabilities.

1. Summary of Significant Accounting Policies *continued*

The Group has determined that all financial assets of nib health funds limited, nib nz limited are held to back private health liabilities, and financial assets of nib nz insurance limited are held to back the life insurance liabilities. Financial assets that are not held to back private health insurance and life insurance liabilities are designated as financial assets at amortised cost.

e) Rounding of amounts

The company is of a kind referred to in Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Financial Report. Amounts in the Financial Report have been rounded off in accordance with that Instrument to the nearest hundred thousand dollars, or in certain cases, the nearest dollar.

f) New and amended standards and interpretations adopted by the Group

The Group has not applied any new standards or amendments during the annual reporting period commencing 1 July 2022.

g) New accounting standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2023 reporting periods. The Group does not intend to adopt these standards before its effective date.

The Group's assessment of the impact of these new standards and interpretations is noted below.

AASB 17 Insurance Contracts

On 19 July 2017, Australian Accounting Standard Board (AASB) issued accounting standard AASB 17 *Insurance Contracts* (AASB 17). As a result of amendments made in July 2020, AASB 17 was deferred the effective date to 1 January 2023. The key considerations of the standard as applicable to nib are summarised below.

Measurement of insurance contracts	
Measurement models	The standard AASB 17 introduces a General Measurement Model (GMM) for the recognition and measurement of insurance contracts. The GMM involves estimating future cash flows and risks from existing policies and taking profit to account over the policy period, adjusting the profit over the life of the contract when actual experience varies from expected. AASB 17 permits the use of the simplified Premium Allocation Approach (PAA) where either: • the contract boundary of each contract within the portfolio is one year or less; or • the measurement of the liability for remaining coverage at inception of a contract is not materially different than if applying GMM. The majority of the Group's insurance contracts have a contract period of less than one year. nib has assessed the eligibility of contracts within the portfolio with one year or less to apply the simplified approach. The Group also has International Students Health Insurance contracts with a coverage period of greater than one year. The Group has assessed that the liability for remaining coverage at inception for these contracts is not materially different between the PAA and GMM. The Group has taken the option to apply the PAA to all insurance contracts. Given the complexity of the New Zealand life and living benefits business, the treatment of reinsurance arrangements is still being finalised with the intention to apply the simplified PAA method. This is not expected to have a material impact for the nib Group. The PAA operates in a manner similar to the way private health insurance contracts are accounted for under AASB 1023 *General Insurance Contracts* (AASB 1023). The liability for incurred claims (LFIC) is consistent under the GMM and the PAA and due to the accounting policy choices made by the Group is materially unchanged from outstanding claims provision under AASB 1023. The LFIC is made up of the best estimate outstanding claims provision, expenses already incurred but not yet paid in relation to claims and the cost of handling incurred claims at the reporting date. The liability for remaining coverage (LFRC) under the PAA is valued at initial recognition based on premium received, less any directly attributable acquisition costs deferred. In subsequent periods, the LFRC is amortised to recognise the revenue and insurance expenses (insurance acquisition cash flows) on a passage of time basis over the coverage period. If certain acquisition cash flows paid on new contracts are allocated to future renewals, outside the boundary of the current contract, the deferred portion is recognised in the carrying amount of the related portfolio of the insurance contract issued.

Measurement of insurance contracts

Measurement models

Under the PAA, a risk adjustment is recognised on all LFIC balances and LFRC balances for onerous contracts issued. The Group has taken the decision to use a confidence level technique to estimate the risk adjustment that leads to a value that is consistent with the margin of prudence under AASB 1023.

For the contracts that apply the simplified approach and have a coverage period of one year or less, the Group has the option to expense directly attributable acquisition costs as incurred, as opposed to deferring and amortising directly attributable acquisition costs over the coverage period of the insurance. nib does not plan to apply this option and expects to amortise acquisition costs over the coverage period of the related insurance contracts, consistent with current accounting under AASB 1023.

Under the PAA, discounting is optional for the LFRC carrying amount. The Group's position is not to discount.

Level of aggregation

AASB 17 defines a portfolio of insurance contracts as 'Insurance contracts subject to similar risks and managed together'. nib have identified the following portfolios:

- Australian health insurance
- New Zealand health insurance
- New Zealand life and living benefits insurance
- Travel insurance

Under the PAA, a portfolio is the level at which policyholder assets and liabilities are presented in the statement of financial position. Further segmentation is required into groups of contracts for the identification of onerous contracts, including annual cohorts of contracts that are either onerous, no significant possibility of being onerous and other. There is a presumption under the PAA that no contracts are onerous unless there are clear facts and circumstances that indicate otherwise.

In contemplating the facts and circumstances, the Group has considered information reported to the Board of Directors. Where facts and circumstances are identified that may indicate an onerous contract exists, detailed testing is performed, and any loss component is valued using the estimated fulfilment cashflows for the group of insurance contracts, using the building blocks from the GMM, including an assessment of the risk adjustment determined for the LFRC. As a consequence of onerous contracts testing occurring at a more granular level, there may be more loss components recognised under AASB 17 than unexpired risk provisions recognised following liability adequacy testing under AASB 1023.

nib has not identified any material onerous contracts.

Presentation and disclosure

The standard introduces substantial changes to the presentation and disclosure of insurance line items in the financial statements, introducing new line items on the balance sheet and statement of comprehensive income and increased disclosure requirements compared with existing reporting requirements.

Existing insurance and reinsurance contract line items on the balance sheet (including premium receivable, unearned premium liability, deferred acquisition costs, gross outstanding claims and reinsurance and other recoveries on outstanding claims) will be replaced with insurance contract assets and liabilities, and reinsurance contract assets and liabilities.

Transition

AASB 17 will be applied retrospectively to all of nib's insurance contracts on transition except to the extent that it is impracticable to do so, in which case either a modified retrospective or fair value approach may be applied.

Given the short term nature of the Group's contracts, nib will apply the full retrospective approach.

Financial impact

Based on the above policy decisions the Group's Total Equity at transition on 1 July 2022 will increase by $97.6 million. This is due to the derecognition of both the provision for deferred claims liabilities and the portion of the unearned premium liabilities that relates to the deferral of premium rate increases. The concept of a deferred claims liability is not compatible with incurred claims under AASB 17 and the timing of recognising the effect of the price rise deferral is different under AASB 17 when compared to AASB 1023 as these are not compatible with AASB 17.

2. Critical Accounting Judgements and Estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

The Group makes estimates and assumptions in respect of certain key assets and liabilities. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key areas in which critical estimates are applied are:

Note 12	Deferred acquisition costs
Note 14	Goodwill and indefinite life intangibles impairment and useful life of brand names and trademarks
Note 18	Claims liabilities – Outstanding claims liability and Provision for deferred and suspended claims
Note 19	Liability adequacy test
Note 20	Premium payback liabilities
Note 21	Policy liabilities – life insurance

3. Risk management

The Board of nib is ultimately responsible for the Group's risk management framework and oversees the Group's operations by ensuring that management embed a sound risk culture and operate within the approved risk appetite statement. The Board approves the Group's overall risk management strategy, risk appetite and policies and practices to ensure that risks are identified and managed within the context of this appetite.

The Board's sub committees, including the Audit Committee, People and Remuneration Committee and the Risk and Reputation Committee assist the Board in the execution of its responsibilities. The responsibilities of these Committees are detailed in their respective Charters.

The Group's risk management framework is based on a three lines of defence model and provides defined risk ownership responsibilities with functionally independent oversight and assurance. The Group manages risks through:

- the governance structure established by the Board,
- implementation of the risk management framework by management,
- oversight of the risk management framework by the Risk function and the Management Risk Committee,
- the Group's internal policies and procedures designed to identify and mitigate risks,
- internal audit which provides independent assurance to the Board regarding the appropriateness, effectiveness and adequacy of controls over activities where risks are perceived to be high,
- regular risk and compliance reporting to the Board and relevant Board Committees,
- application of solvency and capital adequacy standards for nib health funds limited (regulated by APRA) and nib New Zealand (regulated by RBNZ).

The Group's objective is to manage the Group's risks in line with the Board approved risk appetite statement. Various procedures are in place to identify, mitigate and monitor the risks faced by the Group. Management are responsible for understanding and managing risks, including financial and non-financial risks. The Group's exposure to all high-rated and other key enterprise risks, is reported quarterly to the Board via the Risk and Reputation Committee.

During the year the Group continued to invest in and strengthen our risk management systems and practices to reflect our strong commitment to risk and compliance in alignment with APRA Prudential Standard CPS 220 – Risk Management.

The financial condition and operations of the Group are affected by a number of Material Risks and Uncertainties. High level descriptions of these risks are included in the Operating and Financial Review (see pages 13 to 16), including Insurance Risks, Financial Risks, Strategic Risks and Operational Risks as categorised in nib's Risk Management Strategy. Realisation of these risks can have both financial and/or non-financial impacts.

Further material is contained in the notes below on the exposures and mitigation of specific risks with discrete financial impacts.

Category	Risks
Insurance risks	Pricing
	Claims inflation
	Risk equalisation (Australia only)
Financial risks	Fair value interest rate risk
	Foreign exchange risk
	Price risk
	Credit risk
	Liquidity risk
	Capital management (see Note 28)

a) Insurance risk

Insurance risk is the risk that inadequate or inappropriate underwriting, claims management, product design and pricing will expose the Group to financial loss from claims expenditure exceeding the amount implicit in premium income.

There are a number of sources of risk that require nib to closely review and monitor our control strategies. These risks have Board oversight. These sources include:

Description	Exposure	Mitigation
Pricing risk	Forecasting and pricing is a core capability within the Group. Without effective controls there is potential for poor quality forecasting. This could result in a range of negative outcomes, including: pricing decisions that do not align with nib strategic goals, material impact to nib financial performance, and failure to comply with ASX Listing Rule Continuous Disclosure obligations. Control failures could also impact annual pricing approval decisions by the Minister for Health. Amendments or rejections of price applications could have a negative impact on nib's operating and financial performance.	This risk is managed by establishing product premiums through the use of actuarial models based on historical claims costs and forecast claims inflation. Pricing recommendations are reviewed by the Appointed Actuary. The Group works collaboratively with Government, regulators and other stakeholders to improve health insurance premium affordability through industry reforms and health policy setting.
Claims inflation	The Group is subject to the risk of significant claims inflation which may not be adequately covered by premium price increases and/or product design changes. In Australia the principle of community rating prevents private health insurers from improperly discriminating between people who are or wish to be insured, on the basis of their health status, age, race, gender, religious beliefs, sexuality, frequency of need of health care, lifestyle or claims history.	Claims patterns are monitored and premiums calculated accordingly. Governance, contractual and control procedures are in place for key benefits and provider relationships. Maintenance of reserves in excess of minimum solvency and capital requirements allows the Group to withstand increased levels of claims inflation.
Risk equalisation special account arrangements	Risk equalisation arrangements apply to the registered health insurance industry in Australia. Under these arrangements all registered health insurers effectively provide reinsurance support so that the industry as a whole shares the hospital cost of high risk groups irrespective of the policyholder or private health fund related to the claim.	Risk equalisation provides some protection to high cost claims however exposes the Group to claims from other health insurers. Actuarial models are used to monitor past experience and predict future costs, premiums are calculated accordingly.

3. Risk management *continued*

b) Fair value interest rate risk

Description	Exposure	Mitigation
Risk of fluctuations in interest rates impacting the Group's financial performance or the fair value of its financial instruments.	The Group has interest rate risk arising from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk if the borrowings are carried at fair value. The Group's borrowings at variable rate were denominated in Australian and New Zealand Dollars. The Group's other interest rate risks arise from: • receivables; • financial assets at amortised cost; • financial assets at fair value through profit or loss; and • cash and cash equivalents All other receivables are non-interest bearing. There is an interest-bearing component of financial assets at fair value through profit or loss.	The Group mitigates interest rate risk on long term borrowings by maintaining an appropriate gearing ratio and monitoring and forecasting key indicators such as interest expense coverage. nib has a defined investment strategy and risk/return objectives, that is aligned to the strategic plan and capital management plans, overseen by the Audit Committee (formerly Investment Committee) and assisted by asset management consultants.

As at the end of the reporting period, the Group had the following variable rate borrowings outstanding:

	2023		2022	
	Weighted average interest rate %	Balance $m	Weighted average interest rate %	Balance $m
Bank loans	4.6%	244.8	1.6%	258.8
Net exposure to cash flow interest rate risk		**244.8**		**258.8**

The bank overdraft comprised of the closing positive balance of the bank account, adjusted for unpresented cheques and outstanding deposits is not included in bank loans.

An analysis by maturities is provided at 3(f). The table below summarises the sensitivity of the Group's financial assets and financial liabilities to interest rate risk.

	2023			2022		
Interest rate risk		-100bps	+100bps		-100bps	+100bps
	Carrying amount $m	Profit after tax/equity $m	Profit after tax/equity $m	Carrying amount $m	Profit after tax/equity $m	Profit after tax/equity $m
Financial assets						
Cash and cash equivalents	243.0	(1.7)	1.7	206.9	(1.5)	1.5
Other receivables	30.5	(0.1)	0.1	30.8	(0.2)	0.2
Financial assets at amortised cost	6.5	–	–	8.2	0.1	(0.1)
Financial assets at fair value through profit or loss						
– Interest-bearing securities	873.2	8.2	(8.2)	792.3	9.3	(9.2)
Financial liabilities						
Bank loans	(244.8)	1.7	(1.7)	(258.8)	1.9	(1.9)
Premium payback liability	(9.3)	(0.2)	0.2	(10.4)	(0.2)	0.2

c) Foreign exchange risk

Description	Exposure	Mitigation
Risk of fluctuations in foreign exchange rates impacting the Group's financial performance.	The Group operates internationally and is exposed to foreign exchange risk arising from foreign currency translation risk through its subsidiaries located in overseas jurisdictions. In accordance with the policy set out in Note 1(c), foreign exchange gains or losses arising on translation of the Group's foreign operations to the Group's Australian dollar presentation currency are recognised in equity through other comprehensive income. Foreign exchange gains or losses arising on assets and liabilities denominated in foreign currencies are recognised directly in profit and loss.	The Group does not hedge this risk.

The table below summarises the sensitivity of the Group's equity to a 10% strengthening and weakening of the Australian dollar against the foreign currency, with all other variables held constant.

	2023					2022				
Foreign exchange risk		-10%		+10%			-10%		+10%	
	Exposure $m	Profit after tax $m	Equity $m	Profit after tax $m	Equity $m	Exposure $m	Profit after tax $m	Equity $m	Profit after tax $m	Equity $m
New Zealand dollar	157.5	–	(15.8)	–	15.8	123.6	–	(12.3)	–	12.3
Chinese Yuan	9.7	(0.7)	–	0.7	–	10.6	(0.7)	–	0.7	–
Other	0.3	(0.6)	0.7	0.6	(0.7)	2.3	(0.7)	0.7	0.7	(0.7)

d) Price risk

Description	Exposure	Mitigation
Risk of fluctuations in price of equity securities impacting the Group's fair value of its financial instruments.	The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified on the balance sheet as at fair value through profit or loss. The Group is not exposed to commodity price risk.	To manage its price risk the Group has adopted an investment strategy which delivers a diversified portfolio with a heavier weighting to defensive assets versus growth assets. nib has a defined investment strategy and risk/return objectives, that is aligned to the strategic plan and capital management plans, overseen by the Audit Committee (formerly Investment Committee) and assisted by asset management consultants.

The Group's increased risk relating to the price of equity securities in volatile markets as a result of COVID-19 is mitigated by the heavier weighting of the Group's investments to defensive assets versus growth assets.

Profit after tax for the year would increase/decrease as a result of gains/losses on equity securities classified as at fair value through profit or loss. All the equity securities are held in unit trusts. The table below summarises the sensitivity of the Group's financial assets to price risk.

3. Risk management *continued*

d) Price risk *continued*

Other price risk	2023			2022		
		-10% unit price	+10% unit price		-10% unit price	+10% unit price
	Carrying amount $m	Profit after tax/equity $m	Profit after tax/ equity $m	Carrying amount $m	Profit after tax/ equity $m	Profit after tax/ equity $m
Financial assets						
Financial assets at fair value through profit or loss						
– Equity securities	177.1	(12.5)	12.5	206.3	(14.4)	14.4
– Property trusts	20.1	(1.4)	1.4	11.5	(0.8)	0.8

Methods and assumptions used in preparing sensitivity analysis for fair value interest rate, foreign exchange and price risk

The after tax effect on profit and equity of movements in foreign exchange, interest rate and price have been calculated using 'reasonably possible' changes in the risk variables, based on recent interest rate and market movements.

An interest rate change of 100 basis points will directly affect interest received on cash and cash equivalents and other receivables. An interest rate change of 100 basis points will inversely affect the unit price of fixed interest investments. This change has been calculated by multiplying the average duration of underlying investments in each portfolio by the interest rate change. All other investments are not directly affected by interest rate changes but would be revalued through profit or loss as their unit price changes.

e) Credit risk

Description	Exposure	Mitigation
Risk that a counterparty will default on its contractual obligations, or the decline in the credit quality of a financial instrument, resulting in financial loss to the Group.	Credit risk arises from: • cash and cash equivalents; • financial assets and deposits with banks and financial institutions; and • credit exposures to policyholders and the Department of Human Services (Private Health Insurance Premiums Reduction Scheme). The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date is the carrying amount, net of any provisions for impairment loss, as disclosed in the balance sheet and notes to the financial statements. Apart from Services Australia the Group does not have any material credit risk to any other single debtor or group of debtors under financial instruments entered into.	Directly managed term deposits are held with institutions that have at least an A-2 credit rating. Term deposits held within portfolios managed by investment asset consultants are in accordance with the relevant investment policy statement. nib has a defined investment strategy and risk/ return objectives, that is aligned to the strategic plan and capital management plans, overseen by the Audit Committee (formerly Investment Committee) and assisted by asset management consultants. Credit risk for premium receivables are minimal due to the diversification of policyholders. The Private Health Insurance Premiums Reduction Scheme receivable is due from a government organisation under legislation.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Other receivables	**2023 $m**	**2022 $m**
Counterparties with external credit rating	1.7	2.9
Group 1 – new debtors (relationship less than 6 months)	–	0.5
Group 2 – existing debtors with no defaults in the past	27.2	27.3
Group 3 – existing debtors with some defaults in the past. All defaults were fully recovered	1.6	0.1
	30.5	**30.8**

Cash at bank and short-term bank deposits	**2023 $m**	**2022 $m**
A-1+	227.7	187.3
A-1	12.3	17.1
A-2	0.8	0.9
B*	2.2	1.6
	243.0	**206.9**

* Transactional bank account.

Financial assets at amortised cost	**2023 $m**	**2022 $m**
Short-term deposits		
A-1+	6.5	8.2
	6.5	**8.2**

Financial assets at fair value through profit or loss	**2023 $m**	**2022 $m**
Interest-bearing securities[1]		
AAA	261.6	307.4
AA	551.2	466.4
A	53.6	9.3
BBB	6.8	9.2
	873.2	**792.3**

1. The financial assets at fair value through profit or loss with credit risk are held in unit trusts. The above table summarises the underlying investments of the unit trusts.

3. Risk management *continued*

f) Liquidity risk

Description	Exposure	Mitigation
Risk that the Group will not be able to meet its financial obligations as they fall due, because of lack of liquid assets or access to funding on acceptable terms.	Liquidity risk arises from: • trade creditors; • claims payable; • other payables; • lease liabilities; and • borrowings	The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and holding a high percentage of highly liquid investments. The bank overdraft within borrowings comprises the closing positive balances of the bank account, adjusted for unpresented cheques and outstanding deposits. There are no overdraft facilities.

Maturities of financial liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

Group at 30 June 2023	< 1 month $m	1-3 months $m	3-12 months $m	1-5 years $m	> 5 years $m	Total contractual cash flows $m	Carrying amount $m
Financial Liabilities							
Trade creditors	24.3	0.3	–	–	–	24.6	24.6
Claims payable	71.0	–	–	–	–	71.0	71.0
Other payables	60.0	21.8	4.3	0.3	–	86.4	86.4
Lease liabilities	0.8	1.7	7.0	32.8	10.5	52.8	45.9
Borrowings	0.4	3.1	10.5	255.6	–	269.6	245.9
	156.5	**26.9**	**21.8**	**288.7**	**10.5**	**504.4**	**473.8**

Group at 30 June 2022	< 1 month $m	1-3 months $m	3-12 months $m	1-5 years $m	> 5 years $m	Total contractual cash flows $m	Carrying amount $m
Financial Liabilities							
Trade creditors	28.7	0.5	–	–	–	29.2	29.2
Claims payable	62.1	–	–	–	–	62.1	62.1
Other payables	33.3	19.6	6.0	2.1	–	61.0	61.0
Lease liabilities	0.8	1.6	7.0	35.9	14.6	59.9	50.8
Borrowings	0.3	1.8	6.3	267.3	–	275.7	260.9
	125.2	**23.5**	**19.3**	**305.3**	**14.6**	**487.9**	**464.0**

4. Fair value measurement

a) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows below the table.

The following tables present the Group's assets and liabilities measured and recognised at fair value at 30 June 2023 and 30 June 2022:

Group at 30 June 2023	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Assets				
Receivables	–	1.0	–	1.0
Financial assets at fair value through profit or loss				
Equity securities	177.1	–	–	177.1
Interest-bearing securities	800.5	71.0	1.7	873.2
Property trusts	–	20.1	–	20.1
Finance lease receivable	–	10.2	–	10.2
Total assets	**977.6**	**102.3**	**1.7**	**1,081.6**
of which: Investments relating to life insurance business – Interest-bearing securities	–	17.1	–	17.1

Group at 30 June 2022	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Assets				
Receivables	–	1.0	–	1.0
Financial assets at fair value through profit or loss				
Equity securities	206.3	–	–	206.3
Interest-bearing securities	738.8	50.4	3.1	792.3
Property trusts	–	11.5	–	11.5
Finance lease receivable	–	12.8	–	12.8
Total assets	**945.1**	**75.7**	**3.1**	**1,023.9**
of which: Investments relating to life insurance business – Interest-bearing securities	–	16.2	–	16.2

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values due to their short-term nature.

There were no transfers between level 1, 2 and 3 during the year.

The Group's policy is to recognise transfers into and transfers out of the fair value hierarchy levels as at the end of the reporting period.

Level 1	The fair value of financial instruments traded in active markets (such as financial assets at fair value through profit or loss) is based on quoted market prices at the reporting date.
Level 2	The fair value of financial instruments that are not traded in active markets (for example some interest bearing securities) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date.
Level 3	One or more of the significant inputs is not based on observable market data.

4. Fair value management *continued*

b) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

All of the resulting fair value estimates for financial instruments are included in level 2.

In the circumstances where a valuation technique for financial instruments is based on significant unobservable inputs, those instruments are included in level 3.

c) Fair value measurements using significant unobservable inputs (level 3)

The Group's level 3 investments comprise units in interest bearing securities which are infrequently traded. The following table presents the changes in level 3 instruments for the year ended 30 June 2023 and 30 June 2022:

	2023 $m	2022 $m
Fair value measurement as at 1 July	3.1	12.5
Purchased	0.6	3.8
Sales	(1.8)	(13.3)
Change in fair value	(0.2)	0.4
Exchange differences	–	(0.3)
Fair value measurement at end of period	**1.7**	**3.1**

i) Transfers between levels 2 and 3	There were no transfers between the levels of the fair value hierarchy during the year. There were also no changes during the year to any of the valuation techniques applied as of 30 June 2022.
ii) Valuation process	The valuation of interest bearing securities is based on unit prices provided by investment managers.

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

Description	Fair value $m	Unobservable inputs	Relationship of unobservable inputs to fair value
At 30 June 2023			
Interest-bearing securities	1.7	Redemption price	Higher/(lower) redemption price (+/- 10%) would increase/(decrease) fair value by $0.2m
At 30 June 2022			
Interest-bearing securities	3.1	Redemption price	Higher/(lower) redemption price (+/- 10%) would increase/(decrease) fair value by $0.3m

5. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to Executive management. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director/Chief Executive Officer (MD/CEO).

The MD/CEO assesses the performance of the operating segments based on underlying operating profit. This measurement basis excludes from the operating segments the effects of income and expenditure such as integration costs, merger and acquisition costs, new business implementation costs, amortisation of acquired intangibles and impairment of intangibles and discontinued operations.

No information regarding assets, liabilities and income tax is provided for individual Australian Residents Health Insurance and International (Inbound) Health Insurance segments to the MD/CEO. Furthermore, investment income and expenditure for Australia is not allocated to individual Australian segments as this type of activity is driven by the central treasury function, which manages the cash position of the Australian companies.

Management has determined the operating segments based on the reports reviewed by the MD/CEO that are used to make strategic decisions.

The MD/CEO considers the business from both a geographic and product perspective and has identified five reportable segments:	
Australian Residents Health Insurance	nib's core product offering within the Australian private health insurance industry, including Australian Payer to Partner (P2P) product offering and commission from other insurance products
New Zealand Insurance	nib's product offerings within the New Zealand private health and life insurance industry, and commission from other insurance products
International (Inbound) Health Insurance	nib's offering of health insurance products for international students and workers
nib Travel	nib's distribution of travel insurance products
nib Thrive	nib's offering as a Plan Manager under the National Disability Insurance Scheme (NDIS)

"Unallocated to segments" includes Midnight Health, corporate expenses, share of profit / (loss) from joint ventures, and the charitable foundation as they do not meet the quantitative requirements for reportable segments.

5. Segment reporting *continued*

	For the year ended 30 June 2023						
	Australian Residents Health Insurance $m	**International (Inbound) Health Insurance $m**	**New Zealand Insurance $m**	**nib Travel $m**	**nib Thrive $m**	**Unallocated to segments $m**	**Total $m**
Premium revenue	2,436.7	162.0	336.6	6.8	–	–	2,942.1
Outwards reinsurance premium expense	(10.1)	(10.6)	(6.2)	(3.7)	–	–	(30.6)
Net premium revenue	**2,426.6**	**151.4**	**330.4**	**3.1**	**–**	**–**	**2,911.5**
Claims expense	(1,680.7)	(91.9)	(204.2)	(3.6)	–	–	(1,980.4)
Reinsurance and other recoveries revenue	4.6	4.4	3.1	3.6	–	–	15.7
RESA levy	(201.2)	–	–	–	–	–	(201.2)
State levies	(39.0)	–	–	–	–	–	(39.0)
(Increase) / decrease in premium payback liability	–	–	1.3	–	–	–	1.3
Claims handling expenses	(12.3)	(4.0)	(2.8)	(0.7)	–	–	(19.8)
Net claims incurred	**(1,928.6)**	**(91.5)**	**(202.6)**	**(0.7)**	**–**	**–**	**(2,223.4)**
Other underwriting revenue	**3.3**	**3.1**	**0.1**	**–**	**–**	**–**	**6.5**
Movement in policy liabilities	–	–	1.1	–	–	–	1.1
Acquisition costs	(138.5)	(13.3)	(47.2)	(2.0)	–	–	(201.0)
Other underwriting expenses	(142.7)	(26.7)	(49.0)	(0.2)	–	–	(218.6)
Underlying underwriting expenses	**(281.2)**	**(40.0)**	**(95.1)**	**(2.2)**	**–**	**–**	**(418.5)**
Underlying underwriting result	**220.1**	**23.0**	**32.8**	**0.2**	**–**	**–**	**276.1**
Other income	2.8	–	2.9	113.2	14.6	11.5	145.0
Other expenses	–	–	(1.5)	(99.4)	(11.5)	(41.1)	(153.5)
Share of net profit / (loss) of associates and joint ventures accounted for using the equity method	–	–	–	–	–	(4.4)	(4.4)
Underlying operating profit / (loss)	**222.9**	**23.0**	**34.2**	**14.0**	**3.1**	**(34.0)**	**263.2**
Items not included in underlying operating profit							
Amortisation and impairment of acquired intangibles	(4.6)	(2.1)	(2.5)	(1.5)	–	–	(10.7)
One-off transactions, merger, acquisition and new business implementation costs	–	–	–	–	–	(8.9)	(8.9)
Finance income						0.2	0.2
Finance costs						(14.0)	(14.0)
Investment income						57.3	57.3
Investment expenses						(2.6)	(2.6)
Profit before income tax from continuing operations							**284.5**
Inter-segment other income[1]	–	–	–	–	–	–	–
Depreciation and amortisation	2.5	1.0	2.7	1.5	–	21.8	29.5
Total assets	1,444.6		313.4	136.4	133.7	101.9	2,130.0
Total liabilities	776.9		72.9	19.8	10.0	266.5	1,146.1
Insurance liabilities							
Claims liabilities	244.2		22.5	1.6	–	–	268.3
Unearned premium liability	280.3		24.7	0.9	–	–	305.9
Premium payback liability	–		9.3	–	–	–	9.3
Policy liabilities - life insurance	–		(8.4)	–	–	–	(8.4)
Total insurance liabilities	**524.5**		**48.1**	**2.5**	**–**	**–**	**575.1**

1. Inter-segment other income is eliminated on consolidation and not included in operating profit.

	For the year ended 30 June 2022					
	Australian Residents Health Insurance $m	**International (Inbound) Health Insurance $m**	**New Zealand Insurance $m**	**nib Travel $m**	**Unallocated to segments $m**	**Total $m**
Premium revenue	2,295.5	133.3	293.0	3.6	–	2,725.4
Outwards reinsurance premium expense	(9.3)	(9.6)	(1.2)	(1.9)	–	(22.0)
Net premium revenue	**2,286.2**	**123.7**	**291.8**	**1.7**	**-**	**2,703.4**
Claims expense	(1,544.4)	(91.1)	(180.7)	(0.9)	–	(1,817.1)
Reinsurance and other recoveries revenue	4.4	5.3	0.9	0.9	–	11.5
RESA levy	(228.7)	–	–	–	–	(228.7)
State levies	(39.1)	–	–	–	–	(39.1)
(Increase) / decrease in premium payback liability	–	–	7.1	–	–	7.1
Claims handling expenses	(12.5)	(3.4)	(2.6)	(0.2)	–	(18.7)
Net claims incurred	**(1,820.3)**	**(89.2)**	**(175.3)**	**(0.2)**	**-**	**(2,085.0)**
Other underwriting revenue	**3.9**	**2.6**	**(0.1)**	**-**	**-**	**6.4**
(Increase) / decrease in policy liabilities			(0.3)			(0.3)
Acquisition costs	(117.3)	(11.7)	(52.5)	(1.6)	–	(183.1)
Other underwriting expenses	(114.5)	(26.5)	(40.9)	(0.2)	–	(182.1)
Underlying underwriting expenses	**(231.8)**	**(38.2)**	**(93.7)**	**(1.8)**	**-**	**(365.5)**
Underlying underwriting result	**238.0**	**(1.1)**	**22.7**	**(0.3)**	**-**	**259.3**
Other income	2.8	–	–	46.6	2.1	51.5
Other expenses	(0.3)	–	–	(53.7)	(14.2)	(68.2)
Share of net profit / (loss) of associates and joint ventures accounted for using the equity method	–	–	–	–	(5.6)	(5.6)
Underlying operating profit / (loss)	**240.5**	**(1.1)**	**22.7**	**(7.4)**	**(17.7)**	**237.0**
Items not included in underlying operating profit						
Amortisation and impairment of acquired intangibles	(1.9)	(0.8)	(3.4)	(1.6)	–	(7.7)
One-off transactions, merger, acquisition and new business implementation costs	–	–	–	–	(0.1)	(0.1)
Finance income					0.3	0.3
Finance costs					(7.0)	(7.0)
Investment income					(27.3)	(27.3)
Investment expenses					(2.7)	(2.7)
Profit before income tax from continuing operations						**192.5**
Inter-segment other income[1]	0.1	–	0.1	–	–	0.2
Depreciation and amortisation	2.6	1.4	3.4	1.6	19.3	28.3
Total assets	1,367.4		267.3	141.5	104.2	1,880.4
Total liabilities	761.9		69.2	21.8	293.2	1,146.1
Insurance liabilities						
Claims liabilities	278.0		22.0	0.4	–	300.4
Unearned premium liability	247.9		22.3	0.8	–	271.0
Premium payback liability	–		10.4	–	–	10.4
Policy liabilities - life insurance	–		(7.3)	–	–	(7.3)
Total insurance liabilities	**525.9**		**47.4**	**1.2**	**-**	**574.5**

1. Inter-segment other income is eliminated on consolidation and not included in operating profit.

6. Revenue and other income

	Notes	2023 $m	2022 $m
Premium revenue		**2,942.1**	**2,725.4**
Health insurance business		*2,917.4*	*2,718.2*
Travel insurance business		*6.8*	*3.6*
Life insurance business	21	*17.9*	*3.6*
Outwards reinsurance premium expense		**(30.6)**	**(22.0)**
Health insurance business		*(20.9)*	*(19.1)*
Travel insurance business		*(3.7)*	*(1.9)*
Life insurance business	21	*(6.0)*	*(1.0)*
Net premium revenue		**2,911.5**	**2,703.4**
Agency fee		0.4	0.4
Sundry income		6.1	6.0
Other underwriting revenue		**6.5**	**6.4**
Travel insurance commission		113.2	46.2
Commission on other insurance products		4.8	2.8
Midnight Health income		9.9	–
NDIS fee income		14.6	–
Gain on sale of investment in joint venture		–	2.0
Wages subsidies		–	0.2
Insurance recoveries		–	0.1
Sundry income		4.1	2.9
Other income		**146.6**	**54.2**
Finance income		**0.2**	**0.3**
Interest		12.0	2.6
Net realised gain / (loss) on financial assets at fair value through profit or loss		47.5	31.6
Net unrealised gain / (loss) on financial assets at fair value through profit or loss		(2.4)	(61.8)
Dividends		0.2	0.3
Investment income		**57.3**	**(27.3)**

a) Accounting policy

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into account the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

i) Premium revenue	Premium revenue comprises premiums from private health insurance contracts and life insurance contracts held by policyholders. **Private health insurance contracts** Premium revenue is recognised when it has been earned. Premium revenue is recognised from the attachment date over the period of the contract. The attachment date is from when the insurer accepts the risk from the insured under the insurance contract. Revenue is recognised in accordance with the pattern of the incidence of risk expected over the term of the contract. The proportion of the premium received or receivable not earned in the income statement at the reporting date is recognised in the balance sheet as an unearned premium liability. Any non-current portion is discounted based on expected settlement dates. Premiums on unclosed business are brought to account using estimates based on payment cycles nominated by the policyholder. **Life insurance contracts** Premium revenue is earned on life insurance contracts. Premiums with a regular due date are recognised as revenue when they fall due. The premium amounts received are recognised as an increase in policy liabilities. Premiums due after but received before the end of the financial year are shown as unearned premium liabilities in the Consolidated Balance Sheet.
ii) Investment income	Net fair value gains or losses on financial assets classified as at fair value through profit or loss are recognised in the period. Interest income is recognised using the effective interest method. Refer to Note 10(a)(iii) for impairment of financial assets.
iii) Outwards reinsurance	Premiums ceded to reinsurers under insurance contracts held by the Group are recognised as an outwards reinsurance expense and are recognised in the income statement from the attachment date over the period of indemnity of the reinsurance contract in accordance with the expected pattern of the incidence of risk ceded.
iv) Income from travel insurance commission	Income in the form of commissions is recognised when the sale of an insurance policy to a customer occurs. Income is also generated on travel services activities and recognised as the service is performed.
v) NDIS fee income	Income in the form of NDIS plan management fees is recognised as the plan management service is performed.
vi) Finance income	Finance income on sublease is allocated to accounting periods so as to reflect a constant period rate of return on the Group's finance lease. Refer to Note 15 for finance lease receivables.

7. Expenses

	Notes	2023 $m	2022 $m
Expenses by function			
Claims handling expenses		19.8	18.7
Acquisition costs		201.0	183.1
Other underwriting expenses		223.8	188.2
Other expenses		169.5	72.6
Finance costs		14.0	7.0
Investment expenses		2.6	2.7
Total expenses (excluding direct claims expenses)		**630.7**	**472.3**
Expenses by nature			
Amortisation and impairment of acquired intangibles		10.7	7.7
Bank charges		7.0	4.9
Communications, postage and telephone expenses		3.3	4.1
Depreciation and amortisation		22.8	20.6
Depreciation of right-of-use assets	15	3.6	3.4
Impairment of right-of-use-assets	15	2.9	-
Employee costs		208.2	160.1
Finance costs		11.7	4.4
Finance costs -interest on lease liabilities	15	2.3	2.6
Information technology expenses		36.4	28.5
Investment expenses		2.6	2.7
Marketing expenses - excluding commissions		63.9	45.8
Marketing expenses - commissions		174.5	137.0
Merger, acquisition and new business implementation costs		7.0	2.9
Professional fees		34.9	32.7
Write-down of property, plant and equipment and intangibles		9.5	1.5
Other expenses		29.4	13.4
Total expenses (excluding direct claims expenses)		**630.7**	**472.3**

8. Taxation

a) Income tax

	Notes	2023 $m	2022 $m
i) Income tax expense			
Recognised in the income statement			
Current tax expense		57.1	107.7
Deferred tax expense		34.8	(50.0)
Under (over) provided in prior years		0.6	(0.7)
		92.5	**57.0**
Income tax expense is attributable to:			
Profit from continuing operations		92.8	57.5
Profit / (loss) from discontinued operations		(0.3)	(0.5)
Aggregate income tax expense		**92.5**	**57.0**
Deferred income tax expense included in income tax expense comprises:			
(Increase) / decrease in deferred tax assets	8(b)	32.5	(40.8)
Increase / (decrease) in deferred tax liabilities	8(c)	2.3	(9.2)
		34.8	**(50.0)**
ii) Numerical reconciliation of income tax expense to prima facie tax payable			
Profit from continuing operations before income tax expense		284.5	192.5
Profit / (loss) from discontinued operations before income tax expense		(0.9)	(1.7)
Profit before income tax expense		**283.6**	**190.8**
Tax at the Australian tax rate of 30% (2022: 30%)		85.1	57.2
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:			
Sundry items		3.2	1.5
Net assessable trust distributions		0.3	0.7
Imputation credits and foreign tax credits		(1.1)	(2.2)
Adjustment for current tax of prior periods		0.6	(0.7)
Unrecognised tax losses and deferred tax assets		4.5	–
Differences in foreign tax rates		(0.1)	0.5
Income tax expense		**92.5**	**57.0**
iii) Tax expense relating to items of other comprehensive income			
Foreign currency translations		0.4	(0.5)
		0.4	**(0.5)**
iv) Amounts recognised directly to equity			
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity:			
Share issue costs		0.9	–
		0.9	**-**
v) Tax losses			
Unused tax losses for which no deferred tax asset has been recognised		14.9	–
Potential tax benefit at 30%		**4.5**	**-**

8. Taxation *continued*

b) Deferred tax assets

	Notes	2023 $m	2022 $m
The balance comprises temporary differences attributable to:			
Claims liabilities		0.7	34.1
Employee benefits		8.1	6.8
Lease liabilities		13.4	15.5
Unearned premium liability		5.3	6.5
Premium payback liabilities		2.2	2.5
Provisions		4.7	4.9
Unrealised losses on investments		13.3	11.9
		47.7	**82.2**
Other			
Depreciation and amortisation		1.7	1.5
Acquisition of business		0.2	–
Loss allowance		0.6	0.5
Income receivables		1.0	0.8
Investment in associates and joint ventures		6.4	4.8
Merger and acquisition costs		0.2	–
Share issue costs		0.8	–
Tax losses		0.4	0.5
		11.3	**8.1**
Total deferred tax assets		**59.0**	**90.3**
Set-off of deferred tax liabilities pursuant to set-off provisions	8(c)	(59.0)	(62.5)
Net deferred tax assets		**–**	**27.8**
Recovery of total deferred tax assets:			
Deferred tax assets to be recovered within 12 months		15.9	48.6
Deferred tax assets to be recovered after more than 12 months		43.1	41.7
		59.0	**90.3**

Movements	Claims liabilities $m	Employee benefits $m	Lease liabilities $m	Unearned premium liability $m	Premium payback liability $m	Provisions $m	Unrealised losses on investments $m	Other $m	Total $m
At 1 July 2021	**11.7**	**6.0**	**17.2**	**-**	**4.5**	**5.9**	**-**	**4.4**	**49.7**
(Charged)/credited to the income statement	22.5	0.8	(1.7)	6.5	(2.0)	(1.0)	11.9	3.8	40.8
(Charged)/credited directly to other comprehensive income	(0.1)	–	–	–	–	–	–	(0.1)	(0.2)
At 30 June 2022	**34.1**	**6.8**	**15.5**	**6.5**	**2.5**	**4.9**	**11.9**	**8.1**	**90.3**
At 1 July 2022	**34.1**	**6.8**	**15.5**	**6.5**	**2.5**	**4.9**	**11.9**	**8.1**	**90.3**
(Charged)/credited to the income statement	(33.4)	1.3	(2.1)	(1.2)	(0.3)	(0.2)	1.4	2.0	(32.5)
(Charged)/credited directly to other comprehensive income	–	–	–	–	–	–	–	0.1	0.1
(Charged)/credited directly to equity	–	–	–	–	–	–	–	0.9	0.9
Acquisition of business	–	–	–	–	–	–	–	0.2	0.2
At 30 June 2023	**0.7**	**8.1**	**13.4**	**5.3**	**2.2**	**4.7**	**13.3**	**11.3**	**59.0**

c) Deferred tax liabilities

	Notes	2023 $m	2022 $m
The balance comprises temporary differences attributable to:			
Brands and trademarks and customer contracts and relationships		12.5	12.8
Deferred acquisition costs		44.6	36.4
Policy liabilities		2.6	2.3
Right-of-use assets		7.9	10.6
Unrealised foreign exchange gains		0.4	0.4
		68.0	**62.5**
Total deferred tax liabilities		**68.0**	**62.5**
Set-off of deferred tax liabilities pursuant to set-off provisions	8(b)	(59.0)	(62.5)
Net deferred tax liabilities		**9.0**	**-**
Recovery of total deferred tax liabilities:			
Deferred tax liabilities to be settled within 12 months		13.8	13.8
Deferred tax liabilities to be settled after more than 12 months		54.2	48.7
		68.0	**62.5**

8. Taxation *continued*

c) Deferred tax liabilities *continued*

Movements	Brands and trademarks and customer contracts and relationships $m	Deferred acquisition costs $m	Policy liabilities $m	Right-of-use assets $m	Unrealised foreign exchange losses $m	Unrealised gains on investments $m	Other $m	Total $m
At 1 July 2021	**15.2**	**37.2**	**-**	**11.5**	**0.6**	**5.6**	**0.1**	**70.2**
(Charged)/credited to the income statement	(2.3)	(0.5)	-	(0.9)	0.2	(5.6)	(0.1)	(9.2)
(Charged)/credited directly to other comprehensive income	(0.1)	(0.3)	0.1	-	(0.4)	-	-	(0.7)
Acquisition of business	-	-	2.2	-	-	-	-	2.2
At 30 June 2022	**12.8**	**36.4**	**2.3**	**10.6**	**0.4**	**-**	**-**	**62.5**
At 1 July 2022	**12.8**	**36.4**	**2.3**	**10.6**	**0.4**	**-**	**-**	**62.5**
(Charged)/credited to the income statement	(3.1)	8.1	0.4	(2.7)	(0.4)	-	-	2.3
(Charged)/credited directly to other comprehensive income	-	0.1	(0.1)	-	0.4	-	-	0.4
Acquisition of business	2.8	-	-	-	-	-	-	2.8
At 30 June 2023	**12.5**	**44.6**	**2.6**	**7.9**	**0.4**	**-**	**-**	**68.0**

d) Accounting policy

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

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

nib holdings limited and its wholly-owned Australian controlled entities are a tax consolidated group. As a consequence, the entities within each group are taxed as a single entity and the deferred tax assets and liabilities of these entities are set-off in the consolidated financial statements. Details of the tax consolidated group are detailed in Note 38 a) ii).

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

9. Cash and cash equivalents

	2023 $m	2022 $m
Cash at bank and cash on hand	226.6	183.6
Short-term deposits and deposits at call	16.4	23.3
	243.0	**206.9**

a) Accounting policy

Cash and cash equivalents, and bank overdrafts, are carried at face value of the amounts deposited or drawn. For the purpose of the presentation in the Consolidated Statement of Cash Flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

b) Risk exposure

The Group's exposure to interest rate risk is discussed in Note 3(b). The maximum exposure to credit risk at the reporting date is the carrying amount of each class of cash and cash equivalents mentioned above.

c) Reconciliation of profit after income tax to net cash inflow from operating activities

	2023 $m	2022 $m
Profit for the year	191.1	133.8
Net (gain) / loss on write-down of property, plant and equipment and intangibles	9.6	1.4
Profit on sale of joint venture investment	–	(2.0)
Fair value (gain)/loss on other financial assets through profit or loss	2.0	57.7
Share of net (profit) / loss of associates and joint ventures	5.3	7.3
Non-cash employee (benefits) / expense – share-based payments	2.3	1.6
Depreciation and amortisation	29.5	28.3
Depreciation of right-of-use assets and interest on leases	5.7	6.0
Impairment of right-of-use assets	2.9	–
Impairment of intangibles	4.0	–
Net exchange differences	(0.7)	1.4
Change in operating assets and liabilities, net of effect from purchase of controlled entity		
Decrease (increase) in receivables	(6.0)	(5.6)
Decrease (increase) in deferred acquisition costs	(28.2)	2.7
Decrease (increase) in deferred tax assets	27.8	(27.8)
Increase (decrease) in trade payables	29.2	27.7
Increase (decrease) in unearned premium liability	34.9	21.7
Increase (decrease) in premium payback liability	(1.1)	(7.3)
Increase (decrease) in policy liabilities	(1.2)	0.3
Increase (decrease) in current tax liabilities	(37.8)	31.7
Increase (decrease) in deferred tax liabilities	7.0	(22.2)
Increase (decrease) in provisions	(29.6)	80.9
Net cash flow from operating activities	**246.7**	**337.6**

9. Cash and cash equivalents *continued*

d) Net debt

This section sets out an analysis and movements in net debt:

	2023 $m	2022 $m
Cash and cash equivalents	243.0	206.9
Liquid investments	1,070.4	1,010.1
Borrowings (variable interest rates) – repayable within one year	(1.1)	(2.1)
Borrowings (variable interest rates) – repayable after one year	(244.8)	(258.8)
Lease liabilities	(45.9)	(50.8)
Net debt	**1,021.6**	**905.3**

	Assets			Liabilities from financing activities		
	Cash and cash equivalents $m	Liquid-investments $m	Sub-total $m	Borrowings $m	Lease liabilities $m	Net Debt Total $m
As at 1 July 2021	**213.9**	**858.9**	**1,072.8**	**(232.3)**	**(57.6)**	**782.9**
Cash flows	(7.5)	195.7	188.2	(30.5)	9.5	167.2
Acquisition of business	1.8	16.4	18.2	–	–	18.2
Acquisition – leases	–	–	–	–	(0.4)	(0.4)
Foreign exchange adjustments	(1.3)	(2.8)	(4.1)	1.9	0.1	(2.1)
Other non-cash movements	–	(58.1)	(58.1)	–	(2.4)	(60.5)
As at 30 June 2022	**206.9**	**1,010.1**	**1,217.0**	**(260.9)**	**(50.8)**	**905.3**
Cash flows	27.9	60.5	88.4	16.0	9.8	114.2
Acquisition of business	7.3	–	7.3	–	–	7.3
Acquisition – leases	–	–	–	–	(2.5)	(2.5)
Foreign exchange adjustments	0.9	1.9	2.8	(1.0)	(0.1)	1.7
Other non-cash movements	–	(2.1)	(2.1)	–	(2.3)	(4.4)
As at 30 June 2023	**243.0**	**1,070.4**	**1,313.4**	**(245.9)**	**(45.9)**	**1,021.6**

Liquid investments comprise current investments that are traded in an active market, being the Group's financial assets at fair value through profit or loss.

e) Off-balance sheet arrangements

nib Travel Pty Limited (nib Travel), a wholly-owned subsidiary of nib holdings limited, operates bank accounts held in its name on behalf of its underwriters in accordance with contractual terms governing the arrangements. These accounts are not considered part of the cash and cash equivalents of nib Travel. At 30 June 2023 this amounted to $23,588,626 (2022: $23,217,547).

10. Receivables

	2023 $m	2022 $m
Current		
Premium receivable	15.9	12.1
Private Health Insurance Premiums Reduction Scheme receivable	48.0	46.8
Other receivables	30.5	30.8
Provision for loss allowance	(2.3)	(2.0)
Prepayments	14.9	12.5
Expected future reinsurance recoveries undiscounted		
on claims paid	1.3	0.1
on outstanding claims	1.0	1.2
	109.3	**101.5**

As at 30 June 2023, current receivables of the Group with a nominal value of $2.317 million (2022: $2.031 million) were impaired.

The loss allowance as at 30 June 2023 and 2022 was determined as follows for both premium receivables and other receivables:

Group at 30 June 2023		Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
Expected loss rate	%	4%	2%	25%	13%	
Gross carrying amount – premium receivables	$m	15.2	0.4	0.2	0.1	15.9
Gross carrying amount – other receivables	$m	20.8	5.0	0.2	4.5	30.5
Loss allowance	**$m**	**1.5**	**0.1**	**0.1**	**0.6**	**2.3**

Group at 30 June 2022		Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
Expected loss rate	%	3%	14%	14%	11%	
Gross carrying amount – premium receivables	$m	11.4	0.5	0.2	–	12.1
Gross carrying amount – other receivables	$m	23.8	0.2	0.5	6.3	30.8
Loss allowance	**$m**	**1.1**	**0.1**	**0.1**	**0.7**	**2.0**

The closing loss allowances for premium receivables and other receivables as at 30 June 2023 and 2022 reconcile to the opening loss allowances as follows:

	Premium receivables $m	Other receivables $m	Total $m
1 July 2021	**1.3**	**1.2**	**2.5**
Increase / (decrease) in loss allowance recognised in profit or loss during the year	–	0.1	0.1
Receivables written off during the year as uncollectible	–	(0.6)	(0.6)
At 30 June 2022	**1.3**	**0.7**	**2.0**
Increase / (decrease) in loss allowance recognised in profit or loss during the year	0.5	(0.1)	0.4
Receivables written off during the year as uncollectible	–	(0.1)	(0.1)
At 30 June 2023	**1.8**	**0.5**	**2.3**

As of 30 June 2023 and 30 June 2022 no receivables were past due but not impaired.

10. Receivables *continued*

a) Accounting policy

i) Premium receivables	Amounts due from policyholders are initially recognised at fair value, being the amounts due. They are subsequently measured at amortised cost less allowance for expected credit losses. The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, premium receivables have been grouped based on shared risk characteristics. The amount of expected credit losses is recognised in Premium revenue on the Consolidated Income Statement.
ii) Other receivables	Other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Other receivables are generally due for settlement within 30 days. The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, other receivables have been grouped based on shared risk characteristics. The amount of expected credit losses is recognised in the Consolidated Income Statement. When a receivable becomes uncollectible it is written off against the expected credit loss account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Consolidated Income Statement.
iii) Impairment of financial assets	The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain. Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12- month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate. For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in the Consolidated Income Statement.
iv) Interest rate risk	Information about the Group's exposure to interest rate risk in relation to other receivables is provided in Note 3.
v) Fair value and credit risk	Due to the short-term nature of current receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above.
vi) Risk exposure	The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable mentioned above. Refer to Note 3 for more information on the risk management policy of the Group and the credit quality of the Group's receivables.
vii) Reinsurance and other recoveries receivable	Reinsurance and other recoveries receivable on paid claims, reported claims not yet paid, incurred but not reported (IBNR), and unexpired risk liabilities are recognised as revenue. Recoveries receivable are assessed in a manner similar to the assessment of outstanding claims. Recoveries are measured as the present value of the expected future receipts, calculated on the same basis as the liability for outstanding claims (see Note 18).

11. Financial assets

a) Financial assets at amortised cost

	2023 $m	2022 $m
Short-term deposits	6.5	8.2
	6.5	**8.2**

Interest income on financial assets at amortised cost are recorded in investment income in profit or loss in Note 6.

b) Financial assets at fair value through profit or loss

	2023 $m	2022 $m
Current		
Equity securities	177.1	206.3
Interest-bearing securities	873.2	792.3
Property trusts	20.1	11.5
	1,070.4	**1,010.1**

The financial assets at fair value through profit or loss are held in unit trusts.

Changes in fair values of financial assets at fair value through profit or loss are recorded in investment income in profit or loss in Note 6.

The redemption terms for investments in certain managed trusts can be varied by their responsible entities in response to market conditions. For those investments which cannot be redeemed entirely within one year from reporting date, the amounts have been allocated between current and non-current in accordance with the maximum percentage redeemable within one year as per the most recent advice from the manager at the end of the reporting period.

c) Accounting policy

i) Classification

The Group classifies its financial assets into the following measurement categories:

- those to be measured at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the relevant cash flows.

The Group has determined that financial assets held by entities in the Group that are health and life insurers are classified as fair value through profit or loss as they are held to back insurance liabilities. These assets are managed in accordance with agreed investment mandate agreements on a fair value basis and are reported to the Board on this basis.

A financial asset is measured at amortised cost only if both of the following conditions are met:

- it is held within a business model which objective is to hold assets in order to collect contractual cash flows, and
- the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

ii) Recognition and derecognition

Purchases and sales of financial assets are recognised on trade date, being the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

11. Financial assets *continued*

c) Accounting policy *continued*

iii) Measurement	Financial assets at fair value through profit or loss are recognised initially at fair value. All other financial assets are recognised initially at fair value plus directly attributable transaction costs. Subsequent to the initial recognition, for financial assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held as described below. Reclassification of debt investments is done when and only when its business model for managing those assets changes. For investments in equity instruments, the fair value will be recorded in profit or loss, unless the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.
iv) Debt instruments	Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the company classifies its debt instruments: *Amortised cost* Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in profit or loss using the effective interest rate method. *Fair value through other comprehensive income (FVOCI)* Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through Other Comprehensive Income (OCI), except for the recognition of impairment losses or reversal of impairment losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in profit or loss using the effective interest rate method. *Fair value through profit or loss (FVPL)* Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at FVPL and is not part of a hedging relationship is recognised in profit or loss and presented net within investment gains/(losses) in the period in which it arises. Interest income from these financial assets is included in the profit or loss using the effective interest rate method.
v) Equity instruments	The Group subsequently measures all investments in equity instruments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Changes in the fair value of financial assets at fair value through profit or loss are recognised in investment gains/(losses) in the statement of profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.
vi) Impairment	The Group assesses on a forward looking basis the expected credit losses (ECL) associated with its financial assets carried at amortised cost. The recognition of impairment depends on whether there has been a significant increase in credit risk. Debt investments at amortised cost are considered to be low credit risk, and thus the impairment provision is determined as 12 months ECL.
vii) Risk exposure	Information about the Group's exposure to price risk and interest rate risk is provided in Note 3.

12. Deferred acquisition costs

	2023 $m	2022 $m
Current	**69.4**	**47.9**
Non-current	**82.4**	**75.7**

Movements in the deferred acquisition costs are as follows:

	2023 $m	2022 $m
Balance at beginning of year	123.6	126.3
Acquisition costs deferred during the period	93.1	63.8
Amortisation expense	(65.5)	(60.7)
Liability adequacy adjustment[1]	–	(4.7)
Exchange differences	0.6	(1.1)
	151.8	**123.6**

1. Refer to Note 19 Unearned premium liability and unexpired risk liability.

Deferred acquisition costs by segment are as follows:

	2023 $m	2022 $m
Australian Residents Health Insurance	102.8	89.4
New Zealand Residents Health Insurance	42.6	31.5
International (Inbound) Health Insurance	6.4	2.7
	151.8	**123.6**

a) Accounting policy

Direct acquisition costs incurred in obtaining health insurance contracts, including broker commissions, are deferred and recognised as assets 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 income statement in subsequent reporting periods. This pattern of amortisation reflects the earning pattern of the corresponding premium revenue.

12. Deferred acquisition costs *continued*

b) Critical accounting judgements and estimates

i) Australian Residents Health Insurance

Deferred acquisition costs are amortised on a straight line basis over a period of 5 years (2022: 5 years), in accordance with the expected pattern of the incidence of risk under the open ended insurance contracts to which they relate, which includes expectations of customers remaining insured.

The Group pays an upfront commission to retail brokers on signing up new members to the business. These upfront commissions will give rise to future premium revenue beyond the current period and are able to be measured and directly associated with a particular insurance contract. The Group does not capitalise the indirect administration costs associated with acquiring new members due to the difficulty in measurement. The Group considers the duration of a health insurance contract to be an open ended agreement as the Group stands ready to continue to insure its customers under continuing policies. The Group uses average retention rates to determine the appropriate customer contract life and related amortisation period for customers who purchase insurance through these broker channels. The analysis included extrapolating historical lapse rates for broker acquired customers but truncating the data at 10 years in order to allow for the inherent distortion created by extrapolating historical data. This analysis and management's expectations of future lapse supports the amortisation period of 5 years. The Group re-performs this analysis at least every six months for reassessment. A decrease in the expected contract periods of one year would increase amortisation expense by $14.8 million for 30 June 2023. An increase in the expected contract periods of one year would decrease amortisation expense by $10.0 million for 30 June 2023.

The recoverability of the related deferred acquisition costs is also considered as part of the liability adequacy test performed. As described in Note 19, the Group has no deficiency in the unearned premium liability at 30 June 2023.

Alternative view

General insurers amortise deferred acquisition costs usually over one year, as their policies generally have a defined term of one year. With health insurance, if the contract term is considered to be only the term to which the customer has agreed to, or paid to, the deferred acquisition cost would be amortised over a period of between one and two months, which is the period paid in advance by the customer. However, the Group believes that does not reflect the open ended nature of a health insurance contract, the contract periods to which future premium revenue will arise, nor the expected pattern of the incidence of risk under the insurance contracts to which the costs relate. For these reasons the Group believes the current adopted treatment is more appropriate.

ii) nib New Zealand

The Group incurs upfront commission costs that will give rise to future premium revenue and are able to be directly associated with a particular insurance contract. These costs are deferred and amortised over the life of the insurance contract. The Group does not capitalise the indirect administration costs associated with acquiring new members due to the difficulty in identifying and associating those indirect costs with acquiring particular insurance contracts.

There are two key assumptions required to recognise the acquisition costs over the life of the insurance contract:

- the period of the insurance contract is assumed to be the average length of insurance for nib nz limited policyholders who are the subject of an upfront commission; and
- the average length of insurance for nib nz limited policyholders who are the subject of an upfront commission is calculated by extrapolating historical lapse rates for that group of policyholders.

The recoverability of the related deferred acquisition costs is also considered through an assessment of the net present value of the future estimated cash flows for policies that are subject to commission, and as part of the liability adequacy test performed. As described in Note 19, the Group no deficiency in the unearned premium liability at 30 June 2023.

13. Property, plant and equipment

	Notes	Plant and Equipment $m	Leasehold Improvements $m	Total $m
At 1 July 2021				
Cost		19.9	13.2	33.1
Accumulated depreciation and impairment		(17.1)	(8.1)	(25.2)
Net book amount		**2.8**	**5.1**	**7.9**
Year ended 30 June 2022				
Opening net book amount		2.8	5.1	7.9
Additions		1.7	0.1	1.8
Disposals		–	–	–
Depreciation charge for the year		(1.7)	(1.1)	(2.8)
Closing net book amount		**2.8**	**4.1**	**6.9**
At 30 June 2022				
Cost		19.9	11.7	31.6
Accumulated depreciation and impairment		(17.1)	(7.6)	(24.7)
Net book amount		**2.8**	**4.1**	**6.9**
Year ended 30 June 2023				
Opening net book amount		2.8	4.1	6.9
Additions		3.9	4.2	8.1
Acquisition of business	33	0.2	0.1	0.3
Disposals		(0.1)	(0.4)	(0.5)
Depreciation charge for the year		(1.8)	(1.0)	(2.8)
Closing net book amount		**5.0**	**7.0**	**12.0**
At 30 June 2023				
Cost		23.8	13.3	37.1
Accumulated amortisation and impairment		(18.8)	(6.3)	(25.1)
Net book amount		**5.0**	**7.0**	**12.0**

a) Accounting policy

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of a replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

- Plant and equipment 3 to 10 years
- Leasehold improvements 3 to 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 14(a)(v)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is Group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

14. Intangible assets

	Notes	Goodwill $m	Software $m	Brands, Trademarks and other rights $m	Customer Contracts and relationships $m	Total $m
At 1 July 2021						
Cost		218.7	153.2	32.6	80.6	485.1
Accumulated amortisation and impairment		–	(98.4)	(16.4)	(45.3)	(160.1)
Net book amount		**218.7**	**54.8**	**16.2**	**35.3**	**325.0**
Year ended 30 June 2022						
Opening net book amount		218.7	54.8	16.2	35.3	325.0
Additions		–	24.8	–	–	24.8
Acquisition of business		19.0	0.3	–	–	19.3
Disposals		–	(1.4)	–	–	(1.4)
Amortisation charge for the year		–	(17.7)	(1.0)	(6.8)	(25.5)
Exchange differences		(1.4)	(0.2)	–	(0.3)	(1.9)
Closing net book amount		**236.3**	**60.6**	**15.2**	**28.2**	**340.3**
At 30 June 2022						
Cost		236.3	178.0	32.4	79.4	526.1
Accumulated amortisation and impairment		–	(117.4)	(17.2)	(51.2)	(185.8)
Net book amount		**236.3**	**60.6**	**15.2**	**28.2**	**340.3**
Year ended 30 June 2023						
Opening net book amount		236.3	60.6	15.2	28.2	340.3
Additions		–	44.0	0.2	–	44.2
Acquisition of business	33,34	127.5	0.7	0.6	8.8	137.6
Disposals		–	(9.0)	–	–	(9.0)
Amortisation charge for the year		–	(20.0)	(0.6)	(10.1)	(30.7)
Exchange differences		1.0	0.1	–	0.1	1.2
Closing net book amount		**364.8**	**76.4**	**15.4**	**27.0**	**483.6**
At 30 June 2023						
Cost		364.8	201.7	33.2	88.8	688.5
Accumulated amortisation and impairment		–	(125.3)	(17.8)	(61.8)	(204.9)
Net book amount		**364.8**	**76.4**	**15.4**	**27.0**	**483.6**

a) Accounting policy

i) Goodwill	Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, and is carried at cost less accumulated impairment losses.
ii) Software	Costs incurred in developing products or systems and costs incurred in acquiring software that will contribute to future period financial 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 project. Amortisation is calculated on a straight-line basis over periods generally ranging from two and a half years to five years. The Group had adopted the treatment set out in the IFRS Interpretations Committee agenda decision, to recognise the costs as intangible assets only if the implementation activities create an intangible asset that the entity controls and the intangible asset meets the recognition criteria. Costs that do not result in intangible assets are expensed as incurred, unless they are paid to the suppliers of the Software as a Service (SaaS) arrangement to significantly customise the cloud-based software for the Group, in which case the costs are recorded as a prepayment for services and amortised over the expected renewable term of the arrangement.
iii) Brands and trademarks	Brands and trademarks acquired as part of a business combination are carried at fair value at the date of acquisition less accumulated amortisation. Amortisation is calculated on the asset's estimated useful life which is five years for IMAN Australian Health Plans Pty Ltd and 10 years for Grand United Corporate Health Limited. Brands and trademarks acquired with World Nomads Group in July 2015 have an indefinite useful life and are carried at fair value at the date of acquisition, less impairment losses.
iv) Customer Contracts and relationships	Customer contracts and relationships acquired as part of a business combination are recognised separately from goodwill. The customer contracts are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated based on the timing of projected cash flows of the contracts over their estimated useful lives, which is: • 10 years for both nib nz limited and QBE Travel; • approximately 2.5 years for World Nomads Group; • 5.9 years for Grand United Corporate Health Limited (2022: 10 years).
v) Impairment	Goodwill and intangible assets that have an indefinite useful life and are not subject to amortisation are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

b) Impairment tests for goodwill and intangibles

Goodwill and intangibles are allocated to a cash-generating unit (CGU).

An asset is considered impaired when its balance sheet carrying amount exceeds its estimated recoverable amount, which is defined as the higher of its fair value less cost of disposal and its value in use.

Management has determined the recoverable amounts of the CGU's acquired as part of the business combinations during the year by assessing the fair value less cost of disposal for each CGU.

The value-in-use calculation uses cash flow projections based on financial budgets and forecast forward projections approved by management covering a four-year period. The estimates used in calculating value-in-use are highly sensitive, and depend on assumptions specific to the nature of the Group's activities. Actual cash flows and values could vary significantly from forecasted future cash flows and related values derived from discounting techniques.

14. Intangible assets *continued*

c) Key assumptions used for value-in-use calculations

The assumptions used for the cash flow projections for the first four years are in line with the current forecast forward projections. Key assumptions include policyholder growth, claims ratio and the discount factor.

Policyholder growth is calculated by forecasting the number of sales each month based on budgeted advertising and promotions spend, less the number of expected lapses each month. Claims ratios are targeted that generate price increases that maintain price competitiveness, cover expected increases in claims costs, do not adversely affect the funds capital adequacy position and enable funding of future business growth.

Cash flows beyond the four-year period are extrapolated into perpetuity assuming a growth factor of 2.5%. The Group has applied a post-tax discount rate to discount the forecast future attributable post tax cash flows.

These assumptions have been used for analysis of each CGU. Management determined policyholder growth and claims ratios based on past performance and its expectations for the future.

d) Significant estimate: Impact of possible changes in key assumptions

Based on the assumptions below, there were no reasonably possible changes in any of the key assumptions that would have resulted in an impairment write-down of intangibles in any CGU.

The following table sets out the key assumptions for those CGUs that have significant goodwill allocated to them.

	Policyholder growth		Claims ratio		Long-term growth rate		Pre-tax discount rate	
Goodwill	**2023 %**	**2022 %**	**2023 %**	**2022 %**	**2023 %**	**2022 %**	**2023 %**	**2022 %**
Australian Residents Health Insurance	3.5	3.0	81.9	82.1	2.5	2.5	12.6	11.5
International Workers Health Insurance	0.2	4.8	48.0	49.3	2.5	2.5	12.6	11.5
New Zealand Residents Health Insurance	10.7	7.9	64.6	65.3	2.5	2.5	12.3	11.3
New Zealand Life and Living Insurance	15.5	6.6	33.0	37.6	3.0	2.5	11.9	11.3

	Revenue growth rate		Long-term growth rate		Pre-tax discount rate	
	2023 %	**2022 %**	**2023 %**	**2022 %**	**2023 %**	**2022 %**
nib travel	4.8	37.8	2.5	2.5	17.6	16.8

	Revenue growth rate		Royalty rate		Long-term growth rate		Pre-tax discount rate	
Brandnames and trademarks	**2023 %**	**2022 %**	**2023 %**	**2022 %**	**2023 %**	**2022 %**	**2023 %**	**2022 %**
WorldNomads.com	4.8	37.8	2.5	2.5	2.5	2.5	17.6	16.8

15. Lease assets and liabilities

a) Right-of-use assets

	2023 $m	2022 $m
Right-of-use assets – properties	18.8	23.1
	18.8	**23.1**

Additions to the right-of-use assets by acquisition of business during the financial year was $2.2 million (2022: $0.4 million).

b) Finance lease receivables

Finance lease receivables	2023 $m	2022 $m
Current	2.4	2.6
Non-current	7.8	10.2
	10.2	**12.8**

Minimum undiscounted lease payments receivable on the sublease are as follows:

	2023 $m	2022 $m
Within 1 year	2.6	2.9
Between 1 and 2 years	2.6	2.6
Between 2 and 3 years	2.7	2.7
Between 3 and 4 years	2.5	2.8
Between 4 and 5 years	0.2	2.5
Later than 5 years	–	0.2
	10.6	**13.7**

c) Lease liabilities

	2023 $m	2022 $m
Current	7.5	7.0
Non-current	38.4	43.8
	45.9	**50.8**

15. Lease and asset liabilities *continued*

d) Amounts recognised in the consolidated income statement

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

	Notes	2023 $m	2022 $m
Finance income	6	0.2	0.3
Gain on recognition of finance sublease (included in other income)	6	–	0.1
Depreciation charge of right-of-use assets – properties	7	3.6	3.4
Impairment of right-of-use assets – properties	7	2.9	–
Finance costs – interest on lease liabilities	7	2.3	2.6
Expenses relating to short-term leases (included in other expenses)	7	0.2	0.1

The total cash outflow for leases in 2023 was $6.8 million (2022: $8.2 million).

e) Accounting policy

As a lessee

The Group leases various offices. Rental contracts are typically made for fixed periods of 3 to 15 years but may have extension options as described in (i) below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

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 payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the 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.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security

The 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 lease 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, and
- restoration costs

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

As a lessor

The Group is a sub-lessor (intermediate lessor) of the right-of-use assets. The Group classifies the sublease as a finance lease or an operating lease by assessing if the lease transfers substantially all the risks and rewards with reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset.

For subleases classified as a finance lease, the sub-lessor derecognises the right-of-use asset relating to the head lease that it transfers to the sublease and recognises the net investment in the sublease; any difference between the right-of-use assets and the net investment in the finance sublease is recognised in profit or loss. At the commencement date, net investment in the finance lease is measured at an amount equal to the present value of the lease payments for the underlying right-of-use assets during the lease term. The Group recognises finance income over the lease term, based on a pattern reflecting a constant period rate of return on the lessor's net investment in the lease.

i) Extension and termination options

Extension and termination options are included in a number of leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts.

The minimum non-discounted cash flows associated with the extensions that have not been recognised is $21.6m.

16. Payables

	2023 $m	2022 $m
Current		
Outwards reinsurance expense liability – premiums payable to reinsurers	1.3	1.2
Trade creditors	24.6	29.2
Claims payable	71.0	62.1
Other payables	86.4	59.8
RESA payable[1]	55.2	51.4
Annual leave payable	15.2	12.0
	253.7	**215.7**
Non-current		
Other payables	–	1.2
	-	**1.2**

1. Risk Equalisation Special Account (RESA) levy, represents expenses incurred under Risk Equalisation Trust Fund arrangements which are provided for within the legislation to support the principle of community rating.

Annual leave payable is accrued annual leave. The entire amount is presented as current, since the Group does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken within the next 12 months.

	2023 $m	2022 $m
Annual leave obligation expected to be settled after 12 months	**2.2**	**2.0**

a) Accounting policy

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. These amounts are unsecured and are usually paid within 30 days of recognition.

i) Risk Equalisation Special Account levy	The Risk Equalisation Special Account Levy is accrued based on an industry survey of eligible paid claims to be submitted to APRA. If a private health insurer notifies APRA of a material variation in paid claims which can be quantified, the Group adjusts the risk equalisation expense.

17. Borrowings

	2023 $m	2022 $m
Current		
Bank overdraft	1.1	2.1
	1.1	**2.1**
Non-current		
Bank loans	244.8	258.8
	244.8	**258.8**

The bank overdraft comprises the closing positive balance of the bank account, adjusted for unpresented cheques and outstanding deposits.

The Group has a line-of-credit facility for corporate credit cards issued to nib employees for a total of $2.4 million. Outstanding amounts as at 30 June 2023 are included in Current Liabilities – Payables under Trade Creditors.

Movements in the bank loans (secured) are as follows:

	2023 $m	2022 $m
Balance at beginning of period	258.8	230.7
Proceeds from borrowings	15.0	30.0
Repayment of borrowings	(30.0)	-
Exchange differences	1.0	(1.9)
Balance at end of period	**244.8**	**258.8**

a) Accounting policy

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as non-current liabilities if the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

b) Bank loans

During the year nib holdings limited refinanced its AUD $85.0 million variable rate loan with NAB to extend its maturity date to 16 December 2025. It also has an AUD $80.5 million variable rate loan with NAB with a maturity date of 9 December 2024 and an AUD $50.0 million revolving credit facility with a maturity date of 9 December 2024, of which AUD $30.0 million was repaid and AUD $15.0 million was redrawn during the year. All loans are carried at amortised cost.

nib nz holdings limited, a wholly owned subsidiary of nib holdings limited, has a NZD $70.0 million variable rate loan with NAB with a maturity date of 9 December 2024.

The above loans have the following financial covenants that must be met by the Group:

Financial Covenant	Ratio as at 30 June 2023
Group Gearing Ratio[1] will not be more than 45%	20.3%
Group Interest Cover Ratio[1] will not be less than 3:1	27:1

1. Excludes lease liabilities and associated interest.

nib holdings limited has provided a guarantee and indemnity to NAB on behalf of nib nz holdings limited in respect of the NZD $70.0 million term loan facility.

c) Risk exposure

Information on the sensitivity of the Group's profit and equity to interest rate risk on borrowings is provided in Note 3.

18. Claims liabilities

Outstanding Claims Liability	2023 $m	2022 $m
Outstanding claims – central estimate of the expected future payment for claims incurred[1]	203.9	146.9
Risk margin	28.9	18.3
Claims handling costs	2.7	1.9
Gross outstanding claims liability	**235.5**	**167.1**
Outstanding claims – expected payment to the RESA[2] in relation to the central estimate	29.0	21.7
Risk margin	3.8	1.4
Net outstanding claims liability	**268.3**	**190.2**
Provision for deferred and suspended claims		
Provision for deferred and suspended claims	–	110.2
	-	**110.2**
Total claims liabilities	**268.3**	**300.4**

1. Includes $1.4 million of outstanding claims for nib Travel's underwriting company Nomadic Insurance Benefits Limited which is 100% reinsured.
2. Risk Equalisation Special Account (RESA) levy represents expenses incurred under Risk Equalisation Trust Fund arrangements which are provided for within the legislation to support the principle of community rating.

18. Claims liabilities *continued*

a) Outstanding claims liability

Movements in the gross outstanding claims are as follows:

	2023 $m	2022 $m
Gross outstanding claims at beginning of period	167.1	157.7
Risk margin	(18.3)	(14.8)
Administration component	(1.9)	(2.1)
Central estimate at beginning of period	**146.9**	**140.8**
Change in claims incurred for the prior year	4.1	(0.2)
Claims paid in respect of the prior year	(147.6)	(138.5)
Claims incurred during the period	2,036.7	1,749.1
Claims paid during the period	(1,836.4)	(1,603.8)
Effect of changes in foreign exchange rates	0.2	(0.5)
Central estimate at end of period	**203.9**	**146.9**
Risk margin	28.9	18.3
Administration component	2.7	1.9
Gross outstanding claims at end of period	**235.5**	**167.1**

i) Actuarial methods and critical accounting judgements and estimates

Provision is made at the period end for the liability for outstanding claims which is measured as the central estimate of the expected payments against claims incurred but not settled at the reporting date under private health insurance contracts issued by the Group. The expected future payments include those in relation to claims reported but not yet paid and claims incurred but not yet reported. To account for inherent uncertainty in the central estimate a risk margin is added. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The estimated cost of claims includes allowances for Risk Equalisation Special Account (RESA) consequences and claims handling expense. The central estimates are calculated gross of any recoveries. A separate estimate and risk margin is made of the amounts that will be recoverable based upon the gross provision. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures.

In calculating the estimated cost of unpaid claims, the Group uses estimation techniques based upon statistical analysis of historical experience. Allowance is made, however, for changes or uncertainties which may create distortions in the underlying statistics being analysed compared to their values in previous periods. The main statistics being analysed are the cost of settled claims, claim reporting and claim settlement delays and claim backlogs, which are influenced by changes in the economy, hospital contracting and Group claim handling processes.

The outstanding claims estimate for Australian segments is derived based on three valuation classes, namely hospital and prostheses services combined, medical services, and general treatment. For the New Zealand segment the outstanding claims estimate is derived based on two valuation classes, surgical and medical. This analysis is supplemented by more granular analysis within classes as appropriate.

As most claims for health funds are generally settled within one year, no discounting of claims is applied as the difference between the undiscounted value of claims payments and the present value of claims payments is not likely to be material. Accordingly, reasonable changes in assumptions would not have a material impact on the outstanding claims balance.

ii) Actuarial assumptions

The following assumptions have been made in determining the outstanding claims liability:

	2023		2022	
	nib health funds %	nib NZ %	nib health funds %	nib NZ %
Expense rate	1.1%	2.6%	1.1%	2.7%
Discount rate	n/a	n/a	n/a	n/a
Risk margin	13.0%	28.0%	9.0%	38.1%
Risk equalisation rate	18.6%	n/a	20.2%	n/a
Risk margin for risk equalisation	13.0%	n/a	6.6%	n/a

The risk margin of the underlying liability has been estimated to equate to a probability of adequacy of 95% for nib health funds and 95% for nib NZ (June 2022: 95% nib health funds, 99.5% nib NZ).

The risk margin for nib health funds increased from 9.0% in 2022 to 13.0% in 2023, due to:

- The increase in claim processing delays in FY23 for both providers and industry causing higher volatility in processing speeds and increased uncertainty with respect to the amount of outstanding claims; and
- The underestimation of recent estimates impacted by the changes in processing speeds, including the December 2022 estimate that is now estimated to be above the initial allowance for risk margin.

The risk margin for risk equalisation was also increased to match the risk margin, and reflects the continued volatility in industry claims experience.

iii) Impact of changes in key variables relating to insurance liability

The Group conducts sensitivity analysis 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 above. The movement in any key variable will impact the performance and equity of the Group. The table below describes how a change in each assumption will affect the insurance liabilities.

Key variable	Description	Impact of movement in variable
Chain ladder development factors	Chain ladder development factors were selected based on observations of historical claim payment experience. Particular attention was given to the development of the most recent few months given recent changes in processing speeds.	An increase or decrease in the chain ladder factors would lead to a higher or lower projection of the ultimate liability and a corresponding increase or decrease in claims expense respectively.
Expense rate	Claims handling expenses were calculated by reference to both historical and forecast total claims handling costs as a percentage of historical and forecast claims payments.	An estimate for the internal costs of handling claims is included in the outstanding claims liability. An increase or decrease in the expense rate assumption would have a corresponding impact on claims expense.
Discount rate	As most claims for health funds are generally settled within one year, no discounting of claims is applied as the difference between the undiscounted value of claims payments and the present value of claims payments is not likely to be material.	N/A
Risk equalisation allowance	In simplified terms, each organisation is required to contribute to the risk equalisation pool or is paid from the pool to equalise their hospital claims exposure to policyholders aged over 55 years of age and in respect of high cost claims. This is the allowance made in respect of the claims incurred but not yet paid.	An estimate for the risk equalisation cost is included in the outstanding claims liability. An increase or decrease in the risk equalisation allowance would have a corresponding impact on RESA Levy.

18. Claims liabilities *continued*

Key variable	Description	Impact of movement in variable
Risk margin	The process of estimating insurance liabilities is uncertain by nature due to the difficulty of estimating outcomes of events that will occur in the future. A risk margin is estimated to increase reserves to a level that is expected to provide a 95% probability of sufficiency for the outstanding claims liability for nib health funds and 95% for nib NZ (June 2022: 95% nib health funds, 99.5% nib NZ), based on an analysis of past payment experience volatility.	An estimate of the amount of uncertainty in the determination of the central estimate. An increase or decrease in the risk margin would have a corresponding impact on claims expense.

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

		2023	2022
Variable	**Movement in variable**	**Profit after tax $m**	**Profit after tax $m**
Chain ladder development factors	+0.5%	(15.3)	(13.7)
	-0.5%	15.3	13.7
Expense rate	+1.0%	(1.6)	(1.1)
	-1.0%	1.6	1.1
Risk equalisation allowance	+2.5%	(3.1)	(2.0)
	-2.5%	3.1	2.0
Risk margin	+1.0%	(1.6)	(1.2)
	-1.0%	1.6	1.2

b) Provision for deferred and suspended claims

Critical accounting judgements and estimates

The annual reports of nib holdings limited and nib health funds limited previously included a provision for COVID-19 deferred claim liabilities ("DCL") as at 30 June 2022.

At 30 June 2023, it was assessed that a DCL provision is no longer required for nib health funds, with Australia reverting to a state of relative COVID-19 normality based on the following:

- There has not been any government restrictions on hospital access since early 2022;
- In 1H23 the Australia government relaxed remaining COVID-19 restrictions and in 2H23 the World Health Organisation declared that COVID-19 is no longer a global health emergency;
- Migration has returned and workforce and capacity constraints are expected to have alleviated in the health sector allowing a return to normal activity levels;
- Hospital and ancillary claiming have stabilised over 2H23 with limited evidence of COVID-19 disruptions and material catch up, with nib modelling indicating that current claiming trends are a result of current circumstances rather than past circumstances.

Movements in the deferred and suspended claims are as follows:

	2023 $m	2022 $m
Net deferred and suspended claims at beginning of period	110.2	34.0
Claims handling costs	(0.8)	(0.2)
Gross deferred and suspended claims at beginning of period	**109.4**	**33.8**
Change in deferred and suspended claims estimate for prior period	(126.7)	(33.8)
Deferred and suspended claims provision made during the period	68.7	129.5
Deferred and suspended claims paid during the period	(51.4)	(20.1)
Gross deferred and suspended claims at end of period	**-**	**109.4**
Claims handling costs	–	0.8
Net deferred and suspended claims at end of period	**-**	**110.2**

19. Unearned premium liability and unexpired risk liability

a) Unearned premium liability

	2023 $m	2022 $m
Current	**266.1**	**246.8**
Non-current	**39.8**	**24.2**

The unearned premium liability reflects premiums paid in advance by customers.

$20.5 million has been recognised for the premium increase deferral within the unearned premium liability at 30 June 2023 (30 June 2022: $23.0 million). This amount relates to the ASX announcement made on 27 June 2023 to postpone the 2023 premium increase from 1 April 2023 to 1 October 2023. This provision has been recognised as a reduction to Health Insurance premium revenue in the consolidated statement of comprehensive income.

Movements in the unearned premium liability are as follows:

	2023 $m	2022 $m
Unearned premium liability as at 1 July	271.0	249.4
Deferral of premiums on contracts written in the period	281.7	239.7
Earning of premiums written in previous periods	(246.8)	(218.1)
Unearned premium liability as at 30 June	**305.9**	**271.0**

b) Unexpired risk liability

No deficiency was identified as at 30 June 2023 with no unexpired risk liability needing to be recognised (no deficiency was identified as at 30 June 2022 after partially writing down of deferred acquisition costs of $4.7 million in New Zealand).

19. Unearned premium liability and unexpired risk liability *continued*

c) Critical accounting judgements and estimates

A liability adequacy test is required to be performed for the period over which the insurer is "on risk" in respect of premiums paid in advance. At each reporting date, the adequacy of the unearned premium liability is assessed by considering current estimates of all expected future cash flows relating to future claims arising from the rights and obligations created. If the sum of 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 unearned premium liability, less related intangible assets and related deferred acquisition costs, then the unearned premium is deemed to be deficient, with the deficiency being recorded in the income statement and an unexpired risk liability created. The Group applies a risk margin to achieve 75% probability of adequacy for future claims for Australia (June 2022: 75%) and 75% for New Zealand (June 2022: 97%) which is lower than the 95% (Australia) and 95% (New Zealand) achieved in the estimate of the outstanding claims liability, refer to Note 18(a)(ii) as the former is in effect an impairment test used to test the sufficiency of the unearned premium liability whereas the latter is a measurement accounting policy used in determining the carrying value of the outstanding claims liability. No deficiency was identified as at 30 June 2023 (no deficiency was identified as at 30 June 2022 after partially writing down of deferred acquisition costs of $4.7 million). No unexpired risk liability needed to be recognised.

This test is also extended beyond recognised unearned premium liability to include premiums renewable until the next repricing review, usually 1 April each year.

20. Premium payback liability

	2023 $m	2022 $m
Current	**2.7**	**3.2**
Non-current	**6.6**	**7.2**

Movements in the premium payback liability are as follows:

	2023 $m	2022 $m
Gross premium payback liability at beginning of period	10.4	17.7
Adjustment to ensure reserve exceeds current payout on early lapse	(0.1)	–
Value of payments currently being processed	(0.7)	(1.2)
Risk margin	(0.4)	(0.5)
Central estimate at beginning of period	**9.2**	**16.0**
Funding/new accrued	1.3	2.1
Unwind discount rate	0.4	0.3
Interest rate movement impact	(0.4)	(1.3)
Premium payback payments	(2.7)	(8.1)
Others	–	0.4
Effect of changes in foreign exchange rates	0.2	(0.2)
Central estimate at end of the period	**8.0**	**9.2**
Adjustment to ensure reserve exceeds current payout on early lapse	0.2	0.1
Value of payments currently being processed	0.7	0.7
Risk margin	0.4	0.4
Total premium payback liability as at end of period	**9.3**	**10.4**

Risk exposure

Information about the Group's exposure to interest rate risk in relation to premium payback liability is provided in Note 3(b).

a) Actuarial methods and critical accounting judgements and estimates

The premium payback liability represents the accrued amount of premium expected to be repaid to certain New Zealand health insurance policyholders. A number of nib nz limited's health insurance policies have a benefit whereby policyholders receive a proportion of premiums paid less claims received over the life of their policy, "premium payback", if certain conditions are met. This liability represents a long term health insurance contract liability. The liability was determined based on the discounted value of accumulated excess of premiums over claims at an individual policy level, adjusted for GST recoveries and expected future lapses.

A risk margin at 95% probability of sufficiency was estimated by assuming there are no future lapses. Most of the premium payback reserve is held in respect of a group of customers where the historical lapse rate is already very low.

The following assumptions have been made in determining the premium payback liability:

	2023	2022
Lapse rate until 3 years from premium payback date	2.0% - 10.0%	2.0% - 10.0%
Lapse rate within 3 years of premium payback date	0.0% - 1.0%	0.0% - 1.0%
Expense rate	0.0%	0.0%
Discount rate for succeeding and following year	4.80% - 5.13%	3.52% - 3.62%
Risk margin	4.7%	4.5%

The risk margin has been estimated to equate to a 95% probability of adequacy (2022: 95%).

b) Sensitivity analysis

The Group conducts sensitivity analysis to quantify the exposure to risk of changes in the key underlying actuarial assumptions. The movement in any key variable will impact the performance and equity of the Group. The table below provides a description of the processes used to determine these assumptions, as well as how a change in each assumption will affect the insurance liabilities.

Key variable	Description	Impact of movement in variable
Lapse rate	Rate used in calculating the discounted provision to allow for expected lapses, based on historical experience.	An increase or decrease in the lapse assumption would have an inverse impact on the premium payback liability and risk margin.
Discount rate	Rate used in calculating the discounted provision to allow for expected investment income, based on current yields on New Zealand government debt (risk free rates).	An increase or decrease in the discount rate assumption would have an inverse impact on the premium payback liability.
Risk margin	An estimate of the amount of uncertainty in the determination of the central estimate.	An increase or decrease in the risk margin would have a corresponding impact on the premium payback liability.

20. Premium payback liability *continued*

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

		2023	2022
Variable	**Movement in variable**	**Profit after tax $m**	**Profit after tax $m**
Lapse rate	+1.0%	0.1	0.1
	-1.0%	(0.1)	(0.1)
Discount rate	+1.0%	0.2	0.2
	-1.0%	(0.2)	(0.2)
Risk margin	+1.0%	(0.1)	(0.1)
	-1.0%	0.1	0.1

c) Unexpired risk liability

A liability adequacy test was performed allowing for the expected cash flows of each policy over the entire product life.

The future cash flows include:

- Expected future payments for claims including risk margin;
- Expected future payments for policy paybacks and management expenses; and
- Expected future revenue from premiums and investment income.

No deficiency was identified at 30 June 2023 (2022: nil) that resulted in an unexpired risk liability needing to be recognised.

21. Policy liabilities – life insurance

Policy liabilities contains the following components:

	2023 $m	2022 $m
Future policy benefits	61.5	66.0
Balance of future expenses	47.2	53.0
Future cost of reinsurance	2.9	3.0
Planned margins of revenues over expenses	10.3	11.4
Balance of future revenues	(127.2)	(137.7)
Policy liabilities for products measured under an accumulation basis	(0.5)	(0.7)
Net policy liabilities at the end of the period	**(5.8)**	**(5.0)**
Deferred tax	(2.6)	(2.3)
Gross policy liabilities (net of reinsurance) at end of period	**(8.4)**	**(7.3)**

Movements in the policy liabilities

	2023 $m	2022 $m
Policy liabilities at beginning of the period	(7.3)	–
Policy liabilities on acquisition of business	–	(7.7)
Change in policy liabilities recognised during the period	(1.1)	0.3
Exchange differences	–	0.1
Gross policy liabilities (net of reinsurance) at end of period	**(8.4)**	**(7.3)**

The balance of future expenses and the balance of future revenues within total policy liabilities specifically relating to the future cost of reinsurance are included in the below reconciliation.

	2023 $m	2022 $m
Balance at beginning of the period	3.0	–
Balance on acquisition of business	–	2.1
Increase/(decrease) in future cost of reinsurance recognised during the period	(0.2)	1.0
Exchange differences	0.1	(0.1)
Balance at end of period	**2.9**	**3.0**

Profit after tax for nib New Zealand life insurance business is represented by the following:

	2023 $m	2022 $m
Planned margins of revenues over expenses	0.6	0.1
Change in economic assumptions	(0.5)	(0.2)
Experience profit on projected business	0.7	0.1
Profit on products measured under an accumulation basis	0.7	0.1
Investment earnings on assets in excess of policy liabilities	0.6	–
Profit after tax	**2.1**	**0.1**

Profit after tax for nib New Zealand life insurance business is represented by the following:

	2023 $m	2022 $m
Premium revenue	17.9	3.6
Outwards reinsurance premiums	(6.0)	(1.0)
Net premium revenue	**11.9**	**2.6**
Claims expense	(7.0)	(1.5)
Reinsurance and other recoveries revenue	3.2	0.9
Net claims expense	**(3.8)**	**(0.6)**
Movement in policy liabilities	1.1	(0.3)
Investment income	0.7	–
Other expenses	(7.0)	(1.6)
Profit before income tax	**2.9**	**0.1**
Income tax expense	(0.8)	–
Profit for the period	**2.1**	**0.1**

21. Policy liabilities – life insurance *continued*

a) Critical accounting judgements and estimates

Life insurance liabilities (policy liabilities) in the Consolidated Balance Sheet and the changes in policy liabilities in the Consolidated Income Statement have been calculated using the Margin on Services ("MoS") methodology in accordance with New Zealand Society of Actuaries ("NZSA") Professional Standard 20 *Determination of Life Insurance Policy Liabilities* and AASB 1038 *Life Insurance Contracts*.

MoS is designed to recognise profits on life insurance policies as services are provided to policyholders and income is received. Profits are deferred and amortised over the life of the policy, whereas losses are recognised immediately. Policy services used to determine profit recognition include the cost of expected claims, maintaining policies, and investment management. The profit margin is determined using a profit carrier, a measurable indicator of either the expected cost of the service provided to the policyholder or the expected income relating to the service. Policy liabilities are generally determined as the present value of all future expected payments, expenses, taxes and profit margins reduced by the present value of all future expected premiums (projection method), except in the case of some investment business and group-rated risk business, where policy liabilities are determined as the accumulated benefits to policyholders less any deferred acquisition expense (unprojected products).

Estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key areas where critical accounting estimates and judgements are applied are noted below.

i) MoS profit

MoS profit comprised the following components:

- Planned margins of revenues over expenses

  At the time of writing a policy and at each reporting date, best estimate assumptions are used to determine all expected future payments and premiums. Where actual experience replicates best estimate assumptions, the expected profit margin will be released to profit over the life of the policy.

- The difference between actual and assumed experience

  Experience profits/(losses) are realised where actual experience differs from best estimate assumptions. Instances giving rise to experience profits/(losses) include variations in claims, expenses, mortality, discontinuance, and investment returns. An experience profit will emerge when the expenses of maintaining all in-force business in a year are lower than the best estimate assumption in respect of those expenses. The credit card repayment insurance is valued using an accumulation technique.

- Changes to underlying assumptions

  Assumptions used for measuring policy liabilities are reviewed each year. Where the review leads to a change in assumptions, the change is deemed to have occurred from the end of the year, except for changes in discount rates which are recognised in the year that the rates are changed.

  The financial effect of all other changes to the assumptions underlying the measurement of policy liabilities made during the reporting period is recognised in the income statement over the future reporting periods during which services are provided to policyholders.

- Loss recognition on groups of related products

  If based on best estimate assumptions, written business for a group of related products is expected to be unprofitable, the total expected loss for that related product group is recognised in the income statement immediately. If loss making business becomes profitable previously recognised losses are reversed.

- Investment earnings on assets in excess of policy liabilities

  Profits are generated from investment assets that are in excess of those required to meet policy liabilities. Investment earnings are directly influenced by market conditions and as such this component of MoS profit will vary from year to year.

ii) Deferred acquisition costs

Acquisition costs represent all costs incurred at the time of writing a life insurance policy. The most significant component of such costs is usually commissions. Under MoS methodology, where product profitability can support the recovery of acquisition costs, these costs are deferred and amortised effectively over the expected life of the policy.

iii) Policy liabilities

Policy liabilities for life insurance contracts are computed using statistical or mathematical methods, which are expected to give approximately the same results as if an individual liability was calculated for each contract. The computations are made by a suitably qualified actuary on the basis of recognised actuarial methods, with due regard to relevant actuarial principles. The methodology takes into account the risks and uncertainties of the particular classes of insurance business written.

The key factors that affect the estimation of these liabilities and related assets are:

- The cost of providing benefits and administering these insurance contracts;
- Mortality and morbidity experience on life insurance products, including enhancements to policyholder benefits; and
- Discontinuance experience, which affects the Group's ability to recover the cost of acquiring new business over the lives of the contracts.

In addition, factors such as regulation, competition, interest rates, taxes, securities market conditions and general economic conditions affect the level of these liabilities.

iv) Assets arising from reinsurance contracts

Assets arising from reinsurance contracts are also computed using the above methods. In addition, the recoverability of these assets is assessed on a periodic basis to ensure that the balance is reflective of the amounts that will ultimately be received, taking into consideration factors such as counterparty and credit risk. Impairment is recognised where there is objective evidence that the amounts due to it may not be received and these amounts can be reliably measured.

b) Actuarial policies and methods

The actuarial report on policy liabilities and solvency reserves for the current reporting period was prepared as at 30 June 2023.

The actuary who prepared the actuarial report for the entity nib nz insurance limited is Jonathan Lowe Bsc, AIAA, ANZSA, which has been reviewed by the Appointed Actuary, David Chamberlain BEc, FIAA, FNZSA.

The value of policy liabilities has been determined in accordance with NZSA Standard 20. After making appropriate checks, the actuary was satisfied the data provided was satisfactory for the purposes of his valuation. There were no qualifications issued in the actuarial report.

The key assumptions used in determining policy liabilities have been set after consideration of future expectations are as follows:

i) Home loan insurance and Life and living insurance

	2023	**2022**
Discount rate (gross of tax)	4.6%	3.7%
Discount rate (net of tax)	3.3%	2.6%
Inflation on maintenance expenses	1.5%	1.5%
Maintenance expenses (per policy)	$219.7	$217.6
Maintenance expenses (% of premium)	15.0%	15.0%
Discontinuance (rate % per annum)*	7-21%	7-21%

* Additional discontinuances have been assumed after age 60.

21. Policy liabilities – life insurance *continued*

b) Actuarial policies and methods *continued*

Discount rate	The discount rate used is the 5-year New Zealand government bond rate.
Profit carriers	The profit carrier is gross premium income.
Investment and maintenance expenses	Investment expenses have been included in the policy maintenance expense.
Taxation	The New Zealand corporate income rate of taxation in effect at the date of the valuation, 28% is assumed.
Mortality and morbidity – Home loan insurance	For the year ended 30 June 2023 the mortality assumption is 83% of NZSA table NZ10 for males and females (30 June 2022: 83%). An adjustment was made for smoking status. Selection, i.e. lower mortality in the period following underwriting, is allowed for in the first two years. The assumptions for permanent and temporary disablement were based on the reinsurance rates charged for these risks by its reinsurers.
Mortality and morbidity - Life and living insurance	For the year ended 30 June 2023 the mortality assumption is 94% of NZSA table NZ10 for males and females (30 June 2022: 94%). An adjustment was made for smoking status. Selection, i.e. lower mortality in the period following underwriting, is allowed for in the first two years. The assumptions for permanent and temporary disablement were based on the reinsurance rates charged for these risks by its reinsurers.

ii) Term life insurance, credit card and group life insurance

Term life insurance, credit card and group life insurance are valued on an accumulation basis which takes the accumulation of past cash flows such as premiums received and benefits paid.

iii) Effect of changes in actuarial assumptions

The table below quantifies the changes in present value of future profit margins at 30 June 2023 due to the change in assumptions. The change in assumptions has no effect on policy liabilities except for the discount rate assumption change.

	2023		2022	
	Change in future profit margins $m	**Change in current period policy liability $m**	**Change in future profit margins $m**	**Change in current period policy liability $m**
Discount rate	(0.6)	0.5	(1.0)	1.0
CPI change	0.2	(0.2)	0.1	(0.2)
Modelling changes	–	–	(0.5)	–
Expenses	0.2	–	(3.8)	–
Lapse rates	–	–	8.7	–

iv) Sensitivity analysis

nib nz insurance limited conducts sensitivity analysis to quantify the impacts of changes in the key variables driving profits. The valuation included in the reported results is nib nz insurance limited's best estimates of these variables. The analysis below is performed to gauge the impact on both profit and equity of reasonable possible movements in these best estimate assumptions for those variables. Some of the assumptions are correlated but for this analysis the assumptions were assessed on an individual basis to demonstrate the sensitivity of each variable. Note the response to changes in assumptions is not linear. None of the nib nz insurance limited's related product groups is in "loss recognition" or would move into "loss recognition" upon the changes set out in the table.

		2023		2022	
		Change in future profit margins		Change in future profit margins	
Variable	**Movement in variable**	**$m**	**%**	**$m**	**%**
Discount rate	+10 basis points	(0.1)	(0.6%)	(0.1)	(0.1%)
Mortality	+10%	(1.8)	(17.1%)	(1.8)	(16.2%)
Morbidity/trauma	+10%	(1.0)	(9.4%)	(1.0)	(8.9%)
Lapses	+10%	(1.9)	(18.4%)	(2.0)	(17.8%)
Maintenance expenses*	+10%	(2.9)	(28.6%)	(3.2)	(27.5%)

* Increasing the maintenance expenses by 10% would place the home loan insurance product into loss recognition, which would have an impact on policy liabilities of $0.2 million (2022: $0.2 million).

22. Provisions and employee entitlements

	2023 $m	2022 $m
Current		
Long service leave	6.0	4.8
Termination benefits	0.8	0.1
Provisions	1.7	1.8
	8.5	**6.7**
Non-current		
Long service leave	3.7	3.2
	3.7	**3.2**

Amounts not expected to be settled within the next 12 months

The current provision for long service leave includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the Group does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of the provision or require payment within the next 12 months. The following amounts reflect leave that is not to be expected to be taken or paid within the next 12 months.

	2023 $m	2022 $m
Long service leave obligation expected to be settled after 12 months	5.2	4.5
	5.2	**4.5**

22. Provisions and employee entitlements *continued*

Movements in provisions

Movements in each class of provision during the financial year are set out below:

	Premium increase deferral $m	Make good provision $m	Total $m
As at 1 July 2021	–	–	–
Additional provision	0.4	1.4	1.8
Amounts used during the period	–	–	–
Reversal of unused provision	–	–	–
As at 30 June 2022	**0.4**	**1.4**	**1.8**
Additional provision	0.3	–	0.3
Amounts used during the period	(0.4)	–	(0.4)
Reversal of unused provision	–	–	–
As at 30 June 2023	**0.3**	**1.4**	**1.7**

a) Accounting policy

i) Short-term obligations	Liabilities for wages and salaries, including non-monetary benefits and annual leave are recognised in payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. The portion not expected to be settled within 12 months is discounted based on expected settlement dates. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rate paid or payable.
ii) Other long-term employee benefit obligations	The liability for long service leave is the amount of the future benefit that employees have earned in return for their service in the current and prior periods. The liability is calculated using expected future increases in wage and salary rates and expected settlement dates, and is discounted using G100 treasury discount rates at the balance sheet date which have the maturity dates approximating to the terms of nib's obligations.
iii) Bonus plans	A liability for employee benefits in the form of bonus plans is recognised in other creditors when at least one of the following conditions is met: • there are formal terms in the plan for determining the amount of the benefit, or • the amounts to be paid are determined before the time of completion of the financial report, or • past practice gives clear evidence of the amount of the obligation. Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.
iv) Termination benefits	Liabilities for termination benefits, not in connection with the acquisition of an entity or operation, are recognised when a detailed plan for the terminations has been developed and a valid expectation has been raised with those employees effected that the terminations will be carried out without possibility of withdrawal. The liabilities for termination benefits are recognised as current provisions, as liabilities for termination benefits are expected to be settled within 12 months of reporting date.
v) Provisions	A separate provision has been recognised in relation to premium give backs to the extent that eligible members leave post balance date and prior to receiving the full value of the give back through the premium price rise deferral. The Group is required to restore some leased premises to their original condition at the end of the respective lease terms. The make good provision has been recognised for the present value of the estimated cost required for restoration. These costs have been included in the Right-of-Use Asset.

23. Contributed equity

a) Share capital

	2023 $m	2022 $m
Ordinary shares		
Fully paid	**306.8**	**141.1**
Other equity securities		
Treasury shares	**(4.3)**	**(2.9)**
Total contributed equity	**302.5**	**138.2**

b) Movements in share capital

Date	Details	No. of shares	Price $	$m
1 Jul 2021	**Opening balance**	**457,742,203**		**132.1**
5 Oct 2021	Shares issued – Dividend reinvestment plan	715,992	6.69	4.8
4 Apr 2022	Shares issued – Dividend reinvestment plan	646,574	6.51	4.2
30 Jun 2022	**Balance**	**459,104,769**		**141.1**
1 Jul 2022	Opening balance	459,104,769		141.1
4 Oct 2022	Shares issued – Dividend reinvestment plan	582,102	7.76	4.5
18 Oct 2022	Capital raise – Institutional placement	19,565,218	6.90	135.0
	Capital raise cost – net of tax			(2.2)
14 Nov 2022	Capital raise – Share purchase plan	3,424,218	6.74	23.1
3 Apr 2023	Shares issued – Dividend reinvestment plan	758,798	7.03	5.3
30 Jun 2023	**Balance**	**483,435,105**		**306.8**

c) Treasury shares

Treasury shares are shares in nib holdings limited that are held by the nib Holdings Ltd Share Ownership Plan Trust (Trust) for the purpose of issuing shares under the Group's Executive management Short-Term Incentive and Long-Term Incentive share plans. See Note 37 for more information.

Date	Details	No. of shares	$m
30 Jun 2021	**Balance**	**1,013,837**	**4.9**
	Acquisition of shares by the Trust	138,750	0.9
	Employee share issue – LTIP	(295,090)	(1.5)
	Employee share issue – STI	(251,695)	(1.4)
30 Jun 2022	**Balance**	**605,802**	**2.9**
	Acquisition of shares by the Trust	496,250	3.8
	Employee share issue – LTIP	(211,040)	(1.1)
	Employee share issue – STI	(271,261)	(1.3)
30 Jun 2023	**Balance**	**619,751**	**4.3**

23. Contributed equity *continued*

d) Accounting policy

i) Ordinary shares	Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. If the entity reacquires its own equity instruments, for example as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental cost (net of income taxes) is recognised directly in equity. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.
ii) Employee share trust	The Group has formed a trust to administer the Group's Executive management Short-Term Incentive and Long Term-Incentive share plans. This trust is consolidated, as the substance of the relationship is that the trust is controlled by the Group. Shares held by the nib Holdings Ltd Share Ownership Plan Trust are disclosed as treasury shares and deducted from contributed equity.

24. Retained profits

	2023 $m	2022 $m
Balance at the beginning of the year	589.1	567.7
Net profit attributable to owners of nib holdings limited	197.0	135.7
Dividends	(113.2)	(114.3)
Balance at the end of the year	**672.9**	**589.1**

25. Reserves

	2023 $m	2022 $m
Share-based payments	4.5	2.6
Share-based payments exercised	(11.0)	(10.3)
Foreign currency translation	2.4	0.5
Transactions with non-controlling interests	(4.1)	-
	(8.2)	**(7.2)**

Movements in reserves

	Notes	2023 $m	2022 $m
Share-based payments			
Balance at the beginning of the year		2.6	2.6
Performance right expense		2.3	1.6
Transfer to share-based payments exercised reserve on exercise of performance rights		(0.4)	(1.6)
Balance at the end of the financial year		**4.5**	**2.6**
Share-based payments exercised			
Balance at the beginning of the year		(10.3)	(10.4)
Transfer from share-based payments reserve on exercise of performance rights		0.4	1.6
Issue of shares held by nib Holdings Ltd Share Ownership Plan Trust to employees		(1.1)	(1.5)
Balance at the end of the financial year		**(11.0)**	**(10.3)**
Foreign currency translation			
Balance at the beginning of the year		0.5	3.0
Currency translation differences arising during the year - gross		2.3	(3.0)
Deferred tax	8(a)(iii)	(0.4)	0.5
Balance at the end of the financial year		**2.4**	**0.5**
Transactions with non-controlling interests			
Balance at the beginning of the year		–	–
Transactions with non-controlling interests during the year		(4.1)	–
Balance at the end of the financial year		**(4.1)**	**-**

Nature and purpose of reserves

i) Share-based payments	The share-based payments reserve is used to recognise the fair value of performance rights and bonus share rights issued to employees but not exercised.
ii) Share-based payments exercised	The share-based payments exercised reserve is used to recognise the difference between fair value of performance rights and bonus share rights accumulated in the share-based payments reserve and cost of exercising the rights.
iii) Foreign currency translation	Exchange rate differences arising on translation of foreign controlled entities are recognised in other comprehensive income as described in Note 1(c) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.
iv) Transactions with non-controlling interests	The reserve is used to recognize when the proportion of the equity held by non-controlling interests changes, the carrying amounts of the controlling and non-controlling interests are adjusted in the equity to reflect the changes in the Group's interests.

26. Dividends

a) Ordinary shares

	2023 $m	2022 $m
Final dividend for the year ended 30 June 2022 of 11.0 cents (2021 – 14.0 cents) per fully paid share paid on 4 October 2022		
Fully franked based on tax paid at 30%	50.5	64.0
Interim dividend for the year ended 30 June 2023 of 13.0 cents (2022 – 11.0 cents) per fully paid share paid on 3 April 2023		
Fully franked based on tax paid at 30%	62.7	50.3
Total dividends provided for or paid	**113.2**	**114.3**

b) Dividends not recognised at year end

	2023 $m	2022 $m
In addition to the above dividends, since the end of the year the Directors have recommended the payment of a final dividend of 15.0 cents (2022 – 11.0 cents) per fully paid ordinary share, fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 3 October 2023 out of retained profits at 30 June 2023, but not recognised as a liability at the end of the year, is:	**72.5**	**50.5**

c) Franked dividends

The franked portion of the final dividends recommended after 30 June 2023 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 30 June 2023.

	2023 $m	2022 $m
Franking credits available for subsequent financial years to equity holders of parent entity based on a tax rate of 30%	**174.4**	**172.8**

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- Franking credits that will arise from the payment of the amount of the provision for income tax;
- Franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
- Franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

d) Accounting policy

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

27. Earnings per share

		2023	2022
Profit from continuing operations attributable to the ordinary equity holders of the company used in calculating basic/diluted EPS	$m	197.6	136.9
Weighted average number of ordinary shares	#m	475.6	458.4
Basic / Diluted EPS	**cents**	**41.5**	**29.9**

		2023	2022
Profit attributable to the ordinary equity holders of the company used in calculating basic/diluted EPS	$m	197.0	135.7
Weighted average number of ordinary shares	#m	475.6	458.4
Basic / Diluted EPS	**cents**	**41.4**	**29.6**

a) Accounting policy

i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares;
- by the weighted average number of ordinary shares outstanding during the financial year.

ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

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

b) Information concerning the classification of shares

i) Performance rights

Performance rights granted to employees under the nib holdings Long-Term Incentive Plan are considered to be potential ordinary shares and are only included in the determination of diluted earnings per share to the extent to which they are dilutive. The performance rights have not been included in the determination of basic earnings per share. Details relating to the performance rights are set out in the Remuneration Report on page 35.

The total 2,085,127 performance rights granted (2022 – 2,108,179) are not included in the calculation of diluted earnings per share because they are contingently issuable ordinary shares and conditions were not satisfied at 30 June 2023. These performance rights could potentially dilute basic earnings per share in the future.

28. Capital management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group will maintain sufficient capital to meet minimum capital requirements under stressed conditions with a low probability of having insufficient capital to act as a buffer against the financial impacts of a severe but plausible stress event.

The Group includes three substantial regulated entities. Capital is monitored separately for each of these entities against minimum capital requirements. In addition the Group monitors the following key performance indicators of capital adequacy.

- Equity
- Net tangible assets
- Gearing (debt / debt plus equity)
- Debt / EBITDA

In order to maintain or adjust the capital structure, the Group has a number of levers, including adjusting the amount of dividends paid to shareholders, returning capital to shareholders, issuing new shares, selling assets, raising or reducing debt or buying back shares.

nib holdings limited

Below are the key performance indicators of capital adequacy for the Group as at 30 June 2023 and 30 June 2022.

	2023 $m	2022 $m
Equity	983.9	734.3
Net tangible assets[1]	331.8	256.2
Gearing (debt/debt plus equity)	20.3%	26.6%
Debt / EBITDA	0.7x	1.2x
Dividend recommended at balance date	72.5	50.5

1. Net tangible assets excludes intangible assets, deferred acquisition costs, charitable foundation and non-controlling interests.

nib health funds limited

nib health funds limited has a capital management plan which establishes a target for capital held in excess of the regulatory requirement. The aim is to keep a sufficient buffer in line with the Board's attitude to and tolerance for risk. The internal capital target ensures nib has a minimum level of capital given certain stressed capital scenarios.

The surplus assets over capital adequacy requirement based on current APRA capital standards at 30 June 2023 and 30 June 2022 are as follows:

	2023 $m	2022 $m
Total assets nib health funds limited (excluding unclosed business contributions – unearned)	1,451.5	1,379.4
Capital adequacy requirement	799.5	845.4
Surplus assets for Capital Adequacy[1]	**652.0**	**534.0**

1. Surplus assets for Capital Adequacy based on most recent APRA return.

nib nz limited

nib nz limited, a controlled entity, is required to comply with the Solvency Standard for Non-Life Insurance Business (2014) published by the Reserve Bank of New Zealand (RBNZ). The Solvency Standards determine the Minimum Solvency Capital (MSC) required. A requirement of nib nz limited's insurance licence is that it maintains capital above the MSC. nib nz limited has an internal target of 2.25x MSC.

Any capital in excess of the benchmark, taking a 12-month forward looking view, will be reduced by way of dividend to nib nz holdings limited, unless management decide to retain funds for strategic purposes.

The following table shows nib nz heath funds limited's capital position compared to the MSC as at 30 June 2023 and 30 June 2022.

	2023 $m	**2022 $m**
Net tangible assets	52.0	49.2
Actual Solvency Capital	50.3	46.4
Minimum Solvency Capital	13.8	14.4
Solvency Margin	36.5	32.0
Capital Adequacy Coverage Ratio	3.64x	3.23x

nib nz insurance limited

nib nz insurance limited, a controlled entity, is required to comply with the Solvency Standard for Life Insurance Business issued by the Reserve Bank of New Zealand (RBNZ).

Based on actuarial advice, the Directors have determined that $11.3 million is the Minimum Solvency Capital required. For the purposes of this calculation the Company is treated as having and being one statutory fund. The Actual Solvency Capital determined under that standard is $24.7 million. Therefore the Solvency Margin is $13.4 million.

Solvency requirements at 30 June 2023 and 30 June 2022 are as follows:

	2023 $m	**2022 $m**
Actual Solvency Capital	24.7	22.4
Minimum Solvency Capital	11.3	10.1
Solvency Margin	13.4	12.3
Solvency Ratio	219%	222%

29. Commitments for expenditure

a) Capital expenditure commitments

	2023 $m	2022 $m
Payable:		
– not longer than one year	3.3	3.0
	3.3	**3.0**

b) Charitable foundation commitments

	2023 $m	2022 $m
Payable:		
– not longer than one year	–	0.7
– longer than one year and not longer than five years	–	0.2
	-	**0.9**

30. Contingent liabilities

a) Guarantees and financial support

nib holdings limited has provided a guarantee and indemnity to NAB on behalf of nib nz holdings limited in respect of the NZD $70.0 million term loan facility.

nib holdings limited has in place a commitment to fund advances up to NZD $10.0 million to nib nz holdings limited upon written request. NZD $2.1 million has been drawn down as at 30 June 2023. Any advances would be on the same terms as contained in current intercompany loans between nib holdings limited and nib nz holdings limited.

nib holdings limited has given an undertaking to extend financial support to a number of other subsidiaries within the Group, and Footprints Fundraising Inc. (Footprints) by subordinating repayment of debts owed by the entities to nib holdings limited, in favour of all other creditors. The amount owed from Footprints at balance date is $24,135. This undertaking has been provided as a result of each of these subsidiaries experiencing deficiencies of capital and reserves, and is intended to enable the entities to continue their operations and fulfil all financial obligations now and in the future. The undertaking for Footprints is valid until 31 December 2023.

31. Events occurring after the balance sheet date

On 3 July 2023, nib Thrive Pty Limited (a wholly owned subsidiary of nib holdings limited) acquired 100% of purpose-built technology platform, Kynd (kynd.com.au) via an acquisition of all the issued capital in Kynd Group Pty Ltd. Kynd is a digital marketplace for people who use Australia's National Disability Insurance Scheme (NDIS).

There have been no other matters or circumstances that have arisen since the end of the financial year that has significantly affected, or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

32. Remuneration of Auditors

	2023 $	2022 $
a) PricewaterhouseCoopers Australia		
Audit and review of financial reports	1,151,297	864,759
Other statutory assurance services	230,484	154,289
Other services		
Tax compliance services	–	37,560
International tax consulting and tax advice	–	6,000
Regulatory returns advice and regulatory work review	–	25,296
Due diligence and transaction advisory services	589,050	–
Total remuneration of PricewaterhouseCoopers Australia	**1,970,831**	**1,087,904**
b) Network firms of PricewaterhouseCoopers		
Audit and review of financial reports	642,423	513,561
Other statutory assurance services	26,228	28,431
Tax compliance services	–	2,181
Due diligence and transaction advisory services	291,964	–
Total remuneration of network firms of PricewaterhouseCoopers	**960,615**	**544,173**
Total auditors' remuneration	**2,931,446**	**1,632,077**

33. Business combination

a) Current period

Aligned with the Group's strategy, nib completed a number of acquisitions during the year. Only significant acquisitions are disclosed separately in this note, other acquisitions are disclosed in aggregate.

On 14 November 2022, nib completed the acquisition of Maple Plan Pty Ltd for a consideration of $41.2 million.

The acquisition is part of nib's entry into the National Disability Insurance Scheme (NDIS) as a Plan Manager. nib sees close alignment between Plan Management and its traditional role in helping people choose health cover and connect with healthcare services.

Details of the provisional purchase consideration are as follows:

	$m
Purchase consideration	
Cash	41.2
Total purchase consideration	**41.2**

The provisional fair values of the assets and liabilities recognised as a result of the acquisition are as follows:

	Provisional fair value $m
Cash and cash equivalents	5.1
Trade and other receivables	0.1
Prepayments	0.2
Property, plant and equipment	0.1
Right-of-use assets – properties	0.6
Deferred tax assets	0.1
Payables	(5.1)
Lease liability	(0.6)
Current tax payable	(0.2)
Provision for employee entitlements	(0.2)
Net identifiable assets acquired	**0.1**
Add: Goodwill	41.1
Net assets acquired	**41.2**

The goodwill is attributable to the future profitability of the acquired business. None of the goodwill is deductible for tax purposes.

Identification and assessment of acquired intangible assets is in progress and adjustments are expected as part of the final purchase price allocation in the next financial year.

i) Acquisition related costs

Total acquisition related costs of $1.9 million are included in other expenses in profit or loss and in operating cash flows in the statement of cash flows.

ii) Revenue and profit contribution

The acquired business contributed $6.8 million to Group revenue and $1.2 million to net profit after tax for the period 15 November 2022 to 30 June 2023.

Provisional purchase consideration – cash outflow

	$m
Outflow of cash to acquire business, net of cash acquired	
Cash consideration	41.2
Less: Cash balances acquired	(5.1)
Outflow of cash – investing activities	**36.1**

On 27 February 2023, nib holdings limited acquired Peak Plan Management Pty Ltd for a provisional consideration of $50.6 million.

The acquisition is part of nib's entry into the National Disability Insurance Scheme (NDIS) as a Plan Manager. nib sees close alignment between Plan Management and its traditional role in helping people choose health cover and connect with healthcare services.

Details of the provisional purchase consideration are as follows:

	$m
Purchase consideration	
Cash	50.0
Payables	0.6
Total purchase consideration	**50.6**

The provisional fair values of the assets and liabilities recognised as a result of the acquisition are as follows:

	Provisional fair value $m
Cash and cash equivalents	1.0
Trade and other receivables	0.1
Property, plant and equipment	0.1
Right-of-use assets - properties	0.7
Payables	(0.5)
Lease liability	(0.7)
Current tax payable	(0.3)
Provision for employee entitlements	(0.2)
Net identifiable assets acquired	**0.2**
Add: Goodwill	50.4
Net assets acquired	**50.6**

The goodwill is attributable to the future profitability of the acquired business. None of the goodwill is deductible for tax purposes.

Identification and assessment of acquired intangible assets is in progress and adjustments are expected as part of the final purchase price allocation in the next financial year.

i) Acquisition related costs

Total acquisition related costs of $1.9 million are included in other expenses in profit or loss and in operating cash flows in the statement of cash flows.

ii) Revenue and profit contribution

The acquired business contributed $5.6 million to Group revenue and $1.6 million to net profit after tax for the period 28 February 2023 to 30 June 2023.

Provisional purchase consideration – cash outflow

	$m
Outflow of cash to acquire business, net of cash acquired	
Cash consideration	50.0
Less: Cash balances acquired	(1.0)
Outflow of cash – investing activities	**49.0**

33. Business combination *continued*

a) Current period *continued*

During the year, the nib group also acquired OrbitProtect Limited, Connect Plan Management Pty Ltd, and the assets and liabilities of All Disability Plan Management Pty Ltd.

Details of the provisional purchase consideration are as follows:

	$m
Purchase consideration	
Cash	37.0
Total purchase consideration	**37.0**

The provisional fair values of the assets and liabilities recognised as a result of the acquisition are as follows:

	Provisional fair value $m
Cash and cash equivalents	1.2
Trade and other receivables	1.9
Property, plant and equipment	0.2
Software	0.3
Right-of-use assets – properties	1.0
Intangible assets: customer contracts	2.2
Intangible assets: brand name and trademarks	0.6
Deferred tax assets	0.1
Payables	(1.9)
Lease liabilities	(1.1)
Current tax payable	(0.3)
Deferred tax liabilities	(0.8)
Provision for employee entitlements	(0.4)
Net identifiable assets acquired	**3.0**
Add: Goodwill	34.0
Net assets acquired	**37.0**

The goodwill is attributable to the future profitability of the acquired businesses. None of the goodwill is deductible for tax purposes.

Identification and assessment of acquired intangible assets is in progress and adjustments are expected as part of the final purchase price allocation in the next financial year.

i) Acquisition related costs

Total acquisition related costs of $1.2 million are included in other expenses in profit or loss and in operating cash flows in the statement of cash flows.

ii) Revenue and profit contribution

The acquired businesses contributed $4.2 million to Group revenue and $0.9 million to net profit after tax for the period since acquisition.

Provisional purchase consideration – cash outflow

	$m
Outflow of cash to acquire business, net of cash acquired	
Cash consideration	37.0
Less: Cash balances acquired	(1.2)
Outflow of cash – investing activities	**35.8**

b) Prior year

The Group can confirm that the purchase price allocation for nib nz insurance limited which was provisionally determined in the annual report for the year ended 30 June 2022, has now been finalised. The provisional fair value of goodwill of $19.0 million has been updated with $5.1 million reclassified towards customer relationships and $2.0 million towards customer referrals, with associated deferred tax liabilities of $2.0 million.

c) Accounting policy

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination, are with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

34. Interest in other entities

a) Subsidiaries and trusts

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities in accordance with the accounting policy described in Note 1(b):

		Beneficial ownership by Consolidated entity	
	Place of Incorporation	2023 %	2022 %
nib holdings limited	Australia		
nib health funds limited	Australia	100	100
nib servicing facilities pty limited	Australia	100	100
nib Life pty limited	Australia	100	100
nib Global Pty Limited	Australia	0	100
IMAN Australian Health Plans Pty Limited	Australia	100	100
nib nz holdings limited	New Zealand	100	100
nib nz limited	New Zealand	100	100
nib nz insurance limited	New Zealand	100	100
Orbitprotect Limited	New Zealand	100	0
nib Options Pty Limited	Australia	100	100
Realself Pty Limited	Australia	100	100
Realsurgeons Pty Limited	Australia	100	100
nib Options Holdings (Thailand) Co Limited	Thailand	100	100
nib Options (Thailand) Co Limited	Thailand	100	100
Digital Health Ventures Pty Limited	Australia	50	50
nib Philippines Pty Limited	Australia	100	100
nib Asia Pty Limited	Australia	100	100
Nuo Ban Business Information Consulting (Shanghai) Co. Ltd	China	100	100
nib International Student Services Pty Ltd	Australia	100	100
Midnight Health Pty Ltd	Australia	74.4	50
nib Thrive Pty Limited	Australia	100	0
Maple Plan Pty Ltd	Australia	100	0
Peak Plan Management Pty Ltd	Australia	100	0
Connect Plan Management Pty Ltd	Australia	100	0
nib Travel Pty Limited (formerly World Nomads Group Pty Limited)	Australia	100	100
WNG Services Pty Limited	Australia	100	100
nib International Assistance Pty Limited	Australia	100	100
Suresave Pty Limited	Australia	100	100
Sure-Save.net Pty Ltd	Australia	100	100
Travel Insurance Direct Holdings Pty Limited	Australia	100	100
Travel Insurance Direct Pty Ltd	Australia	100	100
Travel Insurance Direct (New Zealand) Ltd	New Zealand	100	100
nib Travel Insurance Distribution Pty Limited	Australia	100	100
Surecan Technology Pty Ltd	Australia	100	100
The World Nomads Group Holdings Pty Ltd	Australia	100	100
World Nomads Pty Ltd	Australia	100	100
World Nomads Inc	United States of America	100	100
World Nomads Limited	United Kingdom	100	100
World Nomads (Canada) Ltd	Canada	100	100
WorldNomads.com Pty Ltd	Australia	100	100
nib Travel Services (Australia) Pty Limited	Australia	100	100
Get Insurance Group Pty Limited	Australia	100	100
World Experiences International Holdings Pty Ltd	Australia	100	100
World Experiences Seguros De Viagrem Brasil LTDA	Brazil	100	100
nib Travel Services Limited	Cayman Islands	100	100
Nomadic Insurance Benefits Holdings Limited	Ireland	100	100
nib Travel Services Europe Limited	Ireland	100	100
nib Travel Services Europe	United Kingdom	100	100
World Nomads Travel Lifestyle (Europe) Ltd (deregistered on 1 November 2022)	Ireland	100	100
nib Travel Services Ireland Limited	Ireland	100	100

nib holdings limited also controls the following trusts:

- nib Holdings Ltd Share Ownership Plan Trust
- nib salary sacrifice plan and matching plan trust
- nib Salary Sacrifice (NZ) and Matching Plan (NZ) Trust
- nib holdings – nib nz Employee Share Purchase Scheme Trust.

b) Consolidation of nib foundation trust and nib foundation limited

The constitution of nib foundation limited (as trustee for the nib foundation trust) is to enable receipt of unclaimed dividends of the parent entity (nib holdings limited) to fund charitable donations to the community. The parent is required to consolidate the nib foundation trust. The assets of the nib foundation trust are shown as restricted in use and the retained earnings are shown as a restricted reserve of the Group given they can only be distributed for charitable purposes under the constitution of nib foundation trust and are not available to owners of nib holdings limited.

c) Interest in associates and joint ventures

Set out below are the associates and joint ventures of the Group as at 30 June 2023. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Place of business / country of incorporation	% of ownership interest		Nature of relationship	Measurement method	Carrying amount $m	
		2023	2022			2023	2022
Honeysuckle Health Pty Ltd	Australia	50.0%	50.0%	Joint venture	Equity	6.4	6.2
Aohua Insurance Consulting Co. Ltd	China	75.1%	75.1%	Joint venture	Equity	6.0	6.8
Kangaroo Technologies Co. Ltd	China	24.9%	24.9%	Joint venture	Equity	3.6	3.7
Midnight Health Pty Ltd*	Australia	74.4%	50.0%	Joint venture	Equity	–	2.5
Total equity accounting investments						**16.0**	**19.2**

Honeysuckle Health Pty Ltd is a specialist healthcare data science and services company. It is a strategic investment complementing the Group's health insurance business.

Aohua Insurance Consulting Co. Ltd and Kangaroo Technologies Co. Ltd offers health checks and lump-sum critical illness products across China. During the year, the Group announced the intention to liquidate the operations, as detailed in note 35.

*Midnight Health Pty Ltd is a digital health company that provides telehealth platforms for online consultations, e-prescriptions and delivery of treatments. During the financial year 2022, nib holdings limited acquired 50% of share capital in Midnight Health Pty Ltd. During the year, nib holdings limited acquired an additional equity holding for $27.0 million, resulting in an increased ownership percentage to 74.4%. The Group consolidated the financial statements of Midnight Health Pty Ltd during the financial year and recognised $7.2 million of goodwill.

34. Interest in other entities *continued*

c) Interest in associates and joint ventures *continued*

i) Summarised financial information for associates and joint ventures

The tables below provide summarised financial information for those joint ventures and associates that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and joint ventures and not the Group's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

	Honeysuckle Health Pty Ltd	
Summarised balance sheet	**2023 $m**	**2022 $m**
Current assets		
Cash and cash equivalents	7.5	8.4
Other current assets	5.2	2.8
Total current assets	**12.7**	**11.2**
Non-current assets	**8.2**	**9.5**
Current liabilities		
Financial liabilities (excluding trade payables)	5.2	4.7
Other current liabilities	0.7	0.5
Total current liabilities	**5.9**	**5.2**
Total non-current liabilities	**2.4**	**3.0**
Net assets	**12.6**	**12.5**
Reconciliation to carrying amounts:		
Opening net assets	12.5	11.2
Investment	9.0	9.5
Profit / (loss) for the period	(8.9)	(8.2)
Other comprehensive income	–	–
Dividends paid	–	–
Closing net assets	**12.6**	**12.5**
Group's share in %	50.0%	50.0%
Group' s share in $	6.3	6.2
Goodwill	–	–
Carrying amount	**6.3**	**6.2**
Summarised statement of comprehensive income		
Revenue	17.1	10.1
Interest income	0.2	–
Depreciation and amortisation	(0.5)	(0.4)
Profit / (loss) from continuing operations	**(8.9)**	**(8.2)**
Profit / (loss) for the period	(8.9)	(8.2)
Other comprehensive income / (loss)	–	–
Total comprehensive income / (loss)	**(8.9)**	**(8.2)**
Dividends received from associates and joint venture entities	**–**	**–**

ii) Individually immaterial associates

In the opinion of the Directors, Aohua Insurance Consulting Co. Ltd and Kangaroo Technologies Co. Ltd are immaterial associates and joint ventures to the Group as at 30 June 2023.

	2023 $m	2022 $m
Aggregate carrying amount of individually immaterial associates and joint ventures	9.6	12.9
Aggregate amounts of the Group's share of:		
Profit / (loss) from continuing operations	–	(1.5)
Profit / (loss) from discontinuing operations	(0.9)	(1.7)
Total comprehensive income / (loss)	**(0.9)**	**(3.2)**

35. Discontinued operations

During the year the Group announced the intention to liquidate the China joint venture entities Aohua Insurance Consulting Co. Ltd and Kangaroo Technologies Co. Ltd as shown above.

The financial information relating to the discontinued operations is set out below.

	2023 $m	2022 $m
Share of net profit / (loss) of associates and joint ventures accounted for using the equity method	(0.9)	(1.7)
Profit / (loss) before income tax	(0.9)	(1.7)
Income tax expense	0.3	0.5
Profit / (loss) from discontinued operations	**(0.6)**	**(1.2)**

36. Related party transactions

a) Related party transactions with key management personnel

Key management personnel are entitled to insurance policies provided at a discount dependant on length of service; in all other respects the policies are on normal terms and conditions.

There were no other related party transactions with key management personnel during the year, as there were no transactions where either party had the presence of control, joint or significant influence to affect the financial and operating policies of the other entity.

b) Key management personnel compensation

	2023 $	2022 $
Short-term employee benefits	9,385,362	8,888,812
Post-employment benefits	363,498	327,162
Other long-term benefits	105,847	48,055
Termination benefits	612,758	-
Share-based payments	5,378,241	3,941,048
	15,845,706	**13,205,077**

Detailed remuneration disclosures are provided in the Remuneration Report on pages 25 to 48.

c) Transactions with other related parties

During the financial year, nib was charged $7.9 million (2022: $9.6 million) for the hospital contracting services Honeysuckle Health Pty Ltd provided, and nib recharged the staff labour cost of $17,276 (2022: $115,291) to Honeysuckle Health Pty Ltd.

37. Share-based payments

a) Long-term incentive plan (LTIP)

Performance rights to acquire shares in nib holdings limited are granted to Executives under the Long Term Incentive Plan (LTIP). Information relating to the LTIP is included in the Remuneration Report on page 35. The nib Holdings Ltd Share Ownership Plan Trust administers the Group's Executive management Short-Term Incentive and Long-Term Incentive Share Plans. This Trust has been consolidated in accordance with Note 1(b).

Set out below is a summary of performance rights granted under the plan:

	2023 Number of rights	2022 Number of rights
Balance at the start of the year	2,108,179	2,011,152
Granted as compensation	517,993	556,176
Exercised	(211,040)	(295,090)
Other forfeitures	(330,005)	(164,059)
Balance at the end of the year	**2,085,127**	**2,108,179**
Vested and exercisable at the end of the year	-	-

The valuation methodology inputs for performance rights granted during the year ended 30 June 2023 included:

a) Performance rights are granted for no consideration and vest subject to nib holdings limited EPS and TSR hurdles
b) Exercise price: $nil (2022: $nil)
c) Grant date: 2 December 2022 (2022: 26 November 2021)
d) Expiry date: 1 September 2026 (2022: 1 September 2025)
e) Share price at grant date: $5.8017 (2022: $5.9205)
f) Expected dividend yield: Dividends are assumed based on the expected dividend payout ratio of 60% to 70% of normalised net profit after tax (with the potential for special dividends above this range)

b) Employee Share Acquisition (tax exempt) Plan (ESAP)

Eligible Australian employees were offered the opportunity to receive part of their salary in the form of shares. All permanent employees who were an employee at the date the offer was made were eligible to participate in the scheme. Employees may elect not to participate in the scheme.

ESAP is administered by the Board. Shares granted to the employees by the Board were acquired on-market via a third party trustee plan company.

Under the plan, participating employees were allocated an aggregate market value up to $1,000 worth of fully paid ordinary shares in nib holdings limited. Subsequent offers under ESAP are at the Board's discretion.

Shares issued under the scheme may not be sold until the earlier of three years after issue or cessation of employment. In all other respects shares rank equally with other fully-paid ordinary shares on issue.

	2023	2022
Number of shares purchased on-market under the plan to participating employees	40,117	41,096

The shares were allocated in two tranches. The first tranche of shares were allocated on 25 August 2022 following nib's FY22 full year results presentation at a volume weighted average price of $7.93. The remaining tranche of shares were allocated on 24 February 2023 following nib's FY23 half year results presentation at a volume weighted average price of $7.55.

c) nib NZ Employee Share Purchase Scheme (ESPS)

The scheme rules were adopted on 7 November 2013. On 9 December 2013 eligible employees were offered the opportunity to receive part of their salary in the form of shares. Employees may elect not to participate in the scheme.

ESPS is administered by the Board. Shares granted to the employees by the Board were acquired on-market via a third party trustee plan company.

Under the scheme, participating employees were allocated an aggregate market value up to NZD $1,000 worth of fully paid ordinary shares in nib holdings limited. Subsequent offers under ESPS are at the Board's discretion.

Shares issued under the scheme may not be sold until the earlier of three years after issue or cessation of employment. In all other respects shares rank equally with other fully-paid ordinary shares on issue.

	2023	**2022**
Number of shares purchased on-market under the plan to participating employees	3,640	3,428

The shares were allocated in two tranches. The first tranche of shares were allocated on 25 August 2022 following nib's FY22 full year results presentation at a volume weighted average price of $7.93. The remaining tranche of shares were allocated on 24 February 2023 following nib's FY23 half year results presentation at a volume weighted average price of $7.55.

d) nib Salary Sacrifice Plan and Matching Plan

Business unit managers were offered the opportunity to receive part of their salary in the form of shares, with an additional amount of shares contributed by the Company. Employees may elect not to participate in the plan.

The plan is administered by the Board. Shares granted to the employees by the Board were acquired on-market via a third party trustee plan company.

Under the plan, participating employees were allocated an aggregate market value up to $10,000 worth of fully paid ordinary shares in nib holdings limited, made up of $5,000 salary sacrifice and $5,000 matching company component. Subsequent offers under the plan are at the Board's discretion.

	2023	**2022**
Number of shares purchased on-market under the plan to participating employees	42,314	39,522

Shares issued under the plan may not be sold until the earlier of three or seven years after issue, or cessation of employment. In all other respects shares rank equally with other fully paid ordinary shares on issue.

e) Salary Sacrifice Plan (NZ) and Matching Plan (NZ)

The plan rules were adopted on 28 October 2013. On 9 December 2013, New Zealand business unit managers were offered the opportunity to receive part of their salary in the form of shares, with an additional amount of shares contributed by the Company. Employees may elect not to participate in the plan.

The plan is administered by the Board. Shares granted to the employees by the Board were acquired on-market via a third party trustee plan company.

Under the plan, participating employees were allocated an aggregate market value up to NZD $10,000 worth of fully paid ordinary shares in nib holdings limited, made up of NZD $5,000 salary sacrifice and NZD $5,000 matching company component. Subsequent offers under the plan are at the Board's discretion.

Shares issued under the scheme may not be sold until the earlier of three or seven years after issue, or cessation of employment. In all other respects shares rank equally with other fully paid ordinary shares on issue.

	2023	**2022**
Number of shares purchased on-market under the plan to participating employees	3,932	3,467

37. Share-based payments *continued*

f) Short-Term Performance Incentive (STI)

All eligible employees have a STI opportunity. For the MD/CEO the target bonus opportunity is 125% of the base remuneration package with 50% of the calculated entitlement to be deferred into shares. For the GCFO, CE ARHI and CEO NZ the target bonus opportunity is 100% of the remuneration package with 50% of the calculated entitlement deferred into shares. For the GCIO and GELCRO the target bonus opportunity is 80% of the remuneration package with 50% of the calculated entitlement deferred into shares. For the GCPO the target bonus opportunity is 50% of the remuneration package with 50% of the calculated entitlement deferred into shares. For other executives the maximum entitlement is 70% of the remuneration package with 50% of the calculated entitlement deferred into shares.

The nib Holdings Ltd Share Ownership Plan Trust administers the Group's Executive management Short-Term Incentive and Long-Term Incentive Share Plans. This Trust has been consolidated in accordance with Note 1(b).

Shares issued by the Trust to the employees are acquired on-market prior to the issue. Shares held by the Trust and not yet issued to employees at the end of the reporting period are shown as treasury shares in financial statements; see Note 23(c).

Shares were purchased on market and brokerage fees are borne by nib health funds limited.

g) Expenses arising from share-based payments transactions

	2023 $m	2022 $m
Shares purchased on market under ESAP and ESPS	0.3	0.3
Shares purchased on market under nib salary sacrifice plan and matching plan and salary sacrifice (NZ) rules and matching plan (NZ)	0.3	0.3
Performance rights granted under LTIP	2.2	1.7
Shares purchased on market under STI	2.2	1.7
	5.0	**4.0**

h) Accounting policy

The fair value of performance rights granted under the nib holdings Long-Term Incentive Plan is recognised as an employee benefit expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the performance rights granted, which includes any market performance conditions but excludes the impact of any service and non-market performance vesting conditions and the impact of any non-vesting conditions. Non-market vesting conditions are included in assumptions about the number of performance rights that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimate of the number of performance rights that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The nib holdings Long-Term Incentive Plan is administered by the nib Holdings Ltd Share Ownership Plan Trust; see Note 23(d)(ii). When the performance rights are exercised, the trust transfers the appropriate amount of shares to the employee.

Under the Employee Share Acquisition (tax exempt) Plan, the nib Salary Sacrifice Plan and Matching Plan and the Short-Term Performance Incentive, shares are acquired on-market and expensed.

38. Parent entity financial information

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

	2023 $m	2022 $m
Balance Sheet		
ASSETS		
Current assets	102.3	90.7
Non-current assets	928.9	792.0
Total assets	**1,031.2**	**882.7**
Current liabilities	–	37.3
Non-current liabilities	180.5	195.5
Total liabilities	**180.5**	**232.8**
NET ASSETS	**850.7**	**649.9**
EQUITY		
Share capital	575.9	410.2
Share-based payments	(6.6)	(7.7)
Retained profits	281.4	247.4
Total equity	**850.7**	**649.9**

	2023 $m	2022 $m
Profit for the year	**147.3**	**107.5**
Total comprehensive income for the year	**147.3**	**107.5**

Refer to Note 30 for contingent liabilities of parent entity.

38. Parent entity financial information *continued*

a) Accounting policy

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

i) Investments in subsidiaries, associates and joint venture entities	Investments in subsidiaries, associates and joint venture entities are accounted for at cost less any provision for impairment in the financial statements of nib holdings limited. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.
ii) Tax consolidation legislation	nib holdings limited and its wholly-owned Australian controlled entities have implemented the tax consolidated legislation. The head entity, nib holdings limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right. In addition to its own current and deferred tax amounts, nib holdings limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group. The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate nib holdings limited for any current tax payable assumed and are compensated by nib holdings limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to nib holdings limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements. The amounts receivable/payable under the tax funding agreement is due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

Directors' Declaration

for the year ended 30 June 2023

In the Directors' opinion:

a) the financial statements and notes set out on pages 50 to 130 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 consolidated entity's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and

b) there are reasonable grounds to believe that nib holdings limited will be able to pay its debts as and when they become due and payable.

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

The Directors have been given declarations by the Chief Executive Officer and Group Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

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

On behalf of the Board

Anne Loveridge

David Gordon
Director

Anne Loveridge AM
Director

Newcastle, NSW
18 August 2023

Independent auditor's report

To the members of nib holdings limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of nib holdings 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 2023 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the Consolidated Balance Sheet as at 30 June 2023
- 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 Consolidated Income Statement 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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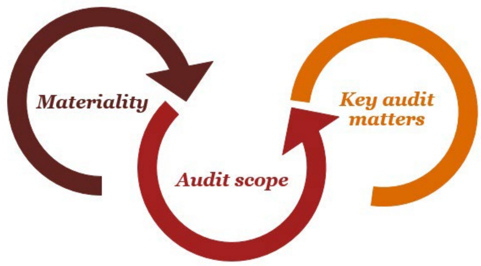
Our audit approach

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

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



Materiality

- For the purpose of our audit we used overall Group materiality of $14.2m, which represents approximately 5% of the Group's profit before tax.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose Group profit before tax because, in our view, it is the benchmark against which the performance of the Group is most commonly measured.
- We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

Audit Scope

- The Group provides health and medical insurance to Australian and New Zealand residents, medical insurance to international inbound workers and students, life insurance to New Zealand customers, health related services through its Payer 2 Partner program, as well as distributing travel insurance products both in Australia and internationally.
- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- PwC specialists in information technology, along with PwC valuations and actuarial experts have assisted during the audit.
- We decided the nature, timing and extent of work that needed to be performed by us as well as the component auditor operating under our instruction. For the procedures carried out by the component auditor, we decided on the level of involvement required from us to be able to conclude whether sufficient appropriate audit evidence had been obtained. Our involvement included issuing written instructions, holding discussions, review of key workpapers, and review of reporting to us by the component auditor.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Estimation of claims liabilities *(Refer to Note 18) [$268.3 million]* *a) Outstanding claims liability [$268.3 million]* We considered this a key audit matter because of the size of the liability and the complexity and judgements involved in the estimation process. The liability is an estimate of expected payments to customers for incurred but not settled insurance claims. This includes an estimate for known and reported claims as well as incurred but not yet reported claims. Determining a central estimate and related risk margin involves significant judgement and statistical analysis and is based on a number of factors including historical claims rates and evidence around any changes in the cost of claims. The estimation of outstanding claims involved complex and subjective judgements about future events, both internal and external to the business, for which small changes in assumptions can result in material impacts to the estimate.	Our audit procedures over the estimation of the outstanding claims liability included, amongst others: ● Developing an understanding of how the Group identified the relevant methods, assumptions and sources of data, and the need for changes in them, that are appropriate for developing the estimate in the context of the Australian Accounting Standards. ● Gaining an understanding of the relevant control activities associated with developing the estimate. ● Evaluating the design effectiveness and implementation of relevant controls over claim payments and the outstanding claims liability. ● Together with PwC actuarial experts, evaluating the Group's actuarial valuation practices and the estimate established. These procedures included, amongst others: o Assessing the appropriateness of data used to develop the estimate, including testing a sample of claims data used in the outstanding claims liability valuation by agreeing to supporting documentation. o Assessing the appropriateness of the Group's methods for developing the estimate by reference to the nature of the estimate and the business, industry and environment in which the Group operates and our own industry knowledge. o Evaluating the appropriateness of the significant assumptions used to develop the estimate. This included assessing the assumptions by comparing them to the Group's historical experience, audit of subsequent payment patterns, and our own industry knowledge. o Testing the mathematical accuracy of the Group's actuarial model. o Assessing the appropriateness of the actuarial methods applied in determining the risk margin against industry practice. o Reconciling the results of the outstanding claims liability valuation to the consolidated financial statements and assessing the appropriateness of the disclosures made in the financial statements, including those related to estimation uncertainty, against the requirements of Australian Accounting Standards.

Key audit matter	How our audit addressed the key audit matter
b) Provision for deferred and suspended claims [$nil] We considered this a key audit matter because of the continued unusual circumstances, as described below, that gave rise to this provision in previous years and its release in the current year, including the complexity and judgements involved in the estimation process. As described in Note 18, the provision was previously recognised to reflect the obligation that the Group had to pay claims after the balance sheet date that would ordinarily have been paid prior to 30 June if it were not for the temporary unavailability of elective surgery and reduced access to ancillary benefits as a result of the COVID-19 pandemic. The assessment of the release of the provision required subjective judgements about the trends in claiming patterns during the financial year ended 30 June 2023 and consideration of the appropriateness of the assumptions in relation to any ongoing capacity constraints for health services providers as a result of COVID-19.	Our audit procedures over the release of the provision for deferred and suspended claims included, amongst others: ● Developing an understanding of how the Group identified the relevant methods, assumptions and sources of data, and the need for changes in them, that are appropriate for determining the provision in the context of the Australian Accounting Standards. ● Developing an understanding of the impacts of COVID-19 on claims payment patterns in the previous and current financial years. ● Evaluating the appropriateness of data used to develop the estimate, including corroborating relevant data inputs used in the assessment. ● Evaluating the appropriateness of assumptions made to support the existence or otherwise of the provision. ● Assessing the appropriateness of the disclosures made in the financial statements, including those related to estimation uncertainty, against the requirements of Australian Accounting Standards.
Impairment testing of goodwill and indefinite lived intangibles *(Refer to Note 14) [$380.2 million]* The Group's goodwill relates to the Australian Residents Health Insurance, International Workers Health Insurance, nib New Zealand, New Zealand Living Benefits, nib Travel, New Zealand Orbit Protect, Maple, Peak, Connect, All Disability and the Midnight Health Cash Generating Units (CGUs) ($364.8m). In addition, the Group has recorded indefinite lived intangible assets relating to brands of $15.4m. Impairment testing of goodwill and indefinite lived intangibles is a key audit matter because of the judgement involved in the determination and application of assumptions and cash flow forecasts within the 'value in use' and 'fair value less costs of disposal' assessments. The range of assessments has expanded this year due to the acquisition of six new businesses during the financial year. Note 14 details the key assumptions and the impact they have on this impairment assessment.	Our audit procedures over the impairment testing of goodwill and indefinite lived intangibles included, among others: ● Assessing whether the division of the Group into Cash Generating Units was consistent with our knowledge of the Group's operations and internal Group reporting. ● Together with PwC valuation experts, evaluated the appropriateness of the 'value in use' and the 'fair value less costs of disposal' methodologies. These procedures included, amongst others: o Considering whether the forecast cash flows, including probability weighted cash flows as applicable, were appropriate and based on supportable assumptions. o Assessing the appropriateness of key assumptions by comparing actual cash flows to previous forecasts and comparing assumptions underpinning the cash flows to corroborative evidence including industry data. o Evaluating the appropriateness of the Group's assessment of the fair value less costs of disposal of the businesses acquired during the year by agreeing to supporting documentation.

pwc

Key audit matter	How our audit addressed the key audit matter
	o Assessing whether the discount rates adopted by the Group, reflected the risks of the CGUs by comparing the discount rate to external market data. o Evaluating the appropriateness of the terminal growth rate assumptions by reference to external market data. o Assessing the appropriateness of the design and testing the mathematical accuracy of the value in use model. ● Assessing the appropriateness of the disclosures made, including those related to estimation uncertainty, against the requirements of Australian Accounting Standards.
Premium revenue rebate through premium increase deferral *(Refer to Note 19) [$20.5 million]* We focused on this balance because of the continued unique circumstances that have given rise to this rebate and the mechanism by which the rebate is delivered. As described in Note 19, this rebate has been recognised to reflect the return of permanent net COVID-19 savings made during FY23. These savings have arisen from collecting premiums from members who have been unable to claim their expected benefits during the year due to the effects of COVID-19. The Group has identified eligible members for which it has made a commitment to return savings either through a premium price rise deferral or, if an eligible member is unable to receive the value of the price rise deferral, via a cash entitlement. Eligible members are those who paid premiums during the year, identified as having been financial members at 31 March and 30 June 2023. The return of premiums to these eligible members expected to be made through the price rise deferral is recognised as an adjustment to the unearned premium liability at year end. A separate $0.3m has been recorded as a provision (Note 22) to reflect the estimated value of the cash payments required to those eligible members who leave prior to receiving the benefit in full through the price rise deferral.	Our audit procedures over the estimation of the revenue rebate included, amongst others: ● Evaluating the appropriateness of the Group's accounting to recognise the premium revenue rebate as at 30 June 2023 in compliance with Australian Accounting Standards. ● Evaluating the adequacy of the process for determining the value of the rebate, including testing a sample of relevant data inputs into the model to supporting documentation and testing the mathematical accuracy of the calculation. ● Evaluating the appropriateness of the Group's significant assumptions and methods used for determining the rebate by reference to the Group's estimation of savings made during the financial year and its commitments made to eligible members. ● Reconciling the premium rebate to the financial statements and assessing the appropriateness of the disclosures made in the financial statements against the requirements of Australian Accounting Standards.

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 2023, 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: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 25 to 48 of the directors' report for the year ended 30 June 2023.

In our opinion, the remuneration report of nib holdings limited for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

PricewaterhouseCoopers

Scott Fergusson
Partner

Newcastle
18 August 2023

Shareholder Information

as at 31 August 2023

The shareholder information set out below was applicable as at 31 August 2023.

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

	Number of holders
1 – 1,000	56,320
1,001 – 5,000	63,192
5,001 – 10,000	8,774
10,001 – 100,000	833
100,001 and over	56
	129,175

There were 680 holders of less than a marketable parcel of ordinary shares.

B. Equity security holders

The 20 largest quoted equity security holders

The names of the 20 largest holders of quoted equity securities are listed below:

	Ordinary Shares	
	Number held	Percentage of issued shares %
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	76,607,905	15.85
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	48,543,477	10.04
CITICORP NOMINEES PTY LIMITED	48,110,411	9.95
NATIONAL NOMINEES LIMITED	18,921,456	3.91
BNP PARIBAS NOMS PTY LTD	12,931,151	2.67
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,829,934	0.79
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD	2,900,394	0.60
CITICORP NOMINEES PTY LIMITED	2,418,753	0.50
BNP PARIBAS NOMINEES PTY LTD	1,899,016	0.39
BNP PARIBAS NOMS (NZ) LTD	1,565,861	0.32
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,199,604	0.25
MR MARK ANTHONY FITZGIBBON	1,154,491	0.24
BNP PARIBAS NOMINEES PTY LTD	1,064,263	0.22
FITZY (NSW) PTY LTD	904,621	0.19
NETWEALTH INVESTMENTS LIMITED	891,997	0.18
BNP PARIBAS NOMS PTY LTD	826,998	0.17
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	749,582	0.16
NEWECONOMY COM AU NOMINEES PTY LIMITED	738,004	0.15
CPU SHARE PLANS PTY LTD	716,555	0.15
CPU SHARE PLANS PTY LTD	661,916	0.14
	226,636,389	**46.88**

Unquoted equity securities

	Number on issue	Number of holders
Performance rights issued under the nib holdings Long-term Incentive Plan	2,085,127	17

C. Substantial holders

Vanguard Group became a substantial holder on 17 April 2023, with 24,176,010 ordinary shares, which represented 5.001% of nib's ordinary shares at this time. There are no other substantial holders.

D. Voting rights

The voting rights attaching to each class of equity securities are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Performance rights

No voting rights.

Corporate Directory

Directors

Chairman and Non-Executive Director

David Gordon

Managing Director and Chief Executive Officer

Mark Fitzgibbon

Non-Executive Directors

Jacqueline Chow

Peter Harmer

Anne Loveridge AM

Donal O'Dwyer

Jill Watts

Brad Welsh

Company secretaries

Roslyn Toms

Jordan French

Executive Management

Managing Director and Chief Executive Officer

Mark Fitzgibbon

Chief Executive - nib Thrive

Martin Adlington

Chief Executive - International Visitors

James Barr

Chief Executive - Australian Residents Health Insurance

Edward Close

Group Chief People Officer

Lauren Daniels

Group Chief Financial Officer

Nick Freeman

Chief Executive Officer - nib New Zealand & nib Travel

Rob Hennin

Group Chief Information Officer

Brendan Mills

Group Executive - Legal and Chief Risk Officer

Roslyn Toms

Notice of Annual General Meeting

The Annual General Meeting (AGM) of nib holdings limited will be held as a hybrid meeting where shareholders may attend in person at Ashurst, 5 Martin Place, Sydney or via an online platform available at nib.com.au/shareholders/agm. The AGM will be held on 10 November 2023, commencing at 11.00am (AEDT).

A formal Notice of the Meeting will be distributed with the Annual Report.

Share register

Computershare Investor Services Pty Limited
Level 3
60 Carrington Street
Sydney NSW 2000

1300 664 316

Stock exchange listing

nib holdings limited shares (NHF) are listed on the Australian Securities Exchange.

Principal registered office in Australia

22 Honeysuckle Drive
Newcastle NSW 2300

13 14 63

Auditor

PricewaterhouseCoopers
PricewaterhouseCoopers Centre
Level 3
45 Watt Street
Newcastle NSW 2300

Legal advisers

Ashurst
Level 11
5 Martin Place
Sydney NSW 2000

Bankers

National Australia Bank Limited
1 Old Castle Hill Road
Castle Hill NSW 2154

Website

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