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25 February 2022

Medibank Private Limited (MPL) – Financial results for half year ended 31 December 2021

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

(a) HY22 Results – Appendix 4D, Directors' Report and Financial Report;

(b) HY22 Results – Media Release; and

(c) HY22 Results – Investor Presentation.

These documents have been authorised for release by the Board.

medibank For Better Health

MEDIBANK PRIVATE LIMITED
RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Half-year ended 31 Dec 2021 $m	31 Dec 2020 $m	Movement $m	Movement %
Health Insurance premium revenue	3,461.4	3,328.9	132.5	4.0%
Medibank Health revenue	119.8	113.3	6.5	5.7%
Revenue (excluding net investment and other income) from ordinary activities	**3,581.2**	**3,442.2**	**139.0**	**4.0%**
Net investment and other income	31.4	73.1	(41.7)	(57.0%)
Total income from operations	**3,612.6**	**3,515.3**	**97.3**	**2.8%**
Profit after tax from ordinary activities attributable to shareholders	**220.2**	**226.4**	**(6.2)**	**(2.7%)**
Net profit attributable to shareholders	**220.2**	**226.4**	**(6.2)**	**(2.7%)**

For further information refer to the directors' report in the attached interim financial report of Medibank Private Limited for the half-year period ended 31 December 2021.

Dividend information
On 30 September 2021, a fully franked final ordinary dividend of 6.90 cents per ordinary share was paid to shareholders, in respect of the six months ended 30 June 2021.

A fully franked interim ordinary dividend of 6.10 cents per ordinary share was determined on 25 February 2022 in respect of the six months ended 31 December 2021. This dividend is payable on 24 March 2022 to shareholders on the register as at close of business on 7 March 2022.

Net tangible assets per ordinary share
Net tangible assets are defined as the net assets of the Medibank Private Limited Group less intangible assets (including right-of-use assets).

	31 Dec 2021 cents	31 Dec 2020 cents
Net tangible assets per ordinary share	56.0	51.9

Details of equity accounted investments

		Ownership interest %		
Name	**Type**	**31 Dec 2021**	**30 Jun 2021**	**31 Dec 2020**
East Sydney Day Hospital Pty Ltd	Associate	49%	49%	49%
Calvary Medibank JV Pty Ltd	Joint Venture	50%	50%	50%
Myhealth Medical Holdings Pty Ltd	Associate	49%	49%	-
Adeney Private Hospital Pty Ltd	Associate	49%	49%	-

This report should be read in conjunction with the Medibank Private Limited annual financial report for the year ended 30 June 2021, together with any public announcements made by Medibank Private Limited in accordance with its continuous disclosure obligations.

MEDIBANK PRIVATE LIMITED

ABN 47 080 890 259

INTERIM FINANCIAL REPORT
31 DECEMBER 2021

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The directors of Medibank Private Limited (Medibank) present their report on the consolidated entity consisting of Medibank and the entities it controlled (collectively referred to as the Group) for the half-year ended 31 December 2021.

Directors

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

Current:
- Mike Wilkins AO – Chairman
- David Koczkar – Chief Executive Officer
- Dr Tracey Batten
- Anna Bligh AC
- Gerard Dalbosco
- David Fagan
- Linda Bardo Nicholls AO

Former:
- Peter Hodgett (retired effective 18 November 2021)
- Christine O'Reilly (retired effective 18 November 2021)

Review of operations

Six months ended 31 December ($m)	**2021**	**2020**	**Change**
Group revenue from external customers	**3,581.2**	**3,442.2**	**4.0%**
Health Insurance operating profit	280.9	254.6	10.3%
Medibank Health segment profit	25.7	18.8	36.7%
Segment operating profit	**306.6**	**273.4**	**12.1%**
Corporate overheads	(20.1)	(18.2)	10.4%
Group operating profit	**286.5**	**255.2**	**12.3%**
Net investment income	30.9	71.8	(57.0%)
Amortisation of intangibles	(1.0)	(3.4)	(70.6%)
Other income/(expenses)	(3.2)	(1.7)	88.2%
Profit before tax	**313.2**	**321.9**	**(2.7%)**
Income tax expense	(93.0)	(95.5)	(2.6%)
Group net profit after tax (NPAT)	**220.2**	**226.4**	**(2.7%)**
Effective tax rate	29.7%	29.7%	-
Earnings per share (EPS) (cents)	8.0	8.2	(2.7%)
Normalisation of growth asset returns	(7.4)	(13.2)	(43.9%)
Normalisation for defensive asset returns	(0.4)	(9.8)	(95.9%)
Underlying NPAT[1]	**212.4**	**203.4**	**4.4%**
Underlying EPS (cents)[1]	7.8	7.4	4.4%
Dividend per share (cents)	**6.10**	**5.80**	**5.2%**
Dividend payout ratio[1]	79.1%	78.5%	0.8%

1. Underlying NPAT is statutory NPAT from total operations, normalised for investment returns to historical long-term expectations, credit spread movements and one-off items. Dividend payout ratio based on Underlying NPAT.

Group
Our businesses have been resilient during the COVID-19 pandemic and we have delivered operating profit growth in both the Health Insurance and Medibank Health businesses, which grew $26.3 million (10.3%) and $6.9 million (36.7%) respectively. Whilst group operating profit was up 12.3%,this was offset by a $40.9 million or 57.0% decrease in net investment income, resulting in group net profit after tax decreasing 2.7% to $220.2 million (1H21: $226.4 million). As we enter the second half of the financial year, we are well positioned to invest for further growth with good momentum in the business and a strong balance sheet.

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

Health Insurance
The solid result in our Health Insurance business reflects strong policyholder growth, a benign claims environment and the benefit of increasing scale. This was achieved despite the decline in profitability in the overseas business which continues to be impacted by border closures. Gross profit increased $24.6 million or 4.9% to $530.0 million with revenue and claims increasing 3.8% to $3,452.0 million and 3.7% to $2,922.0 million, respectively.

Our continued support for customers throughout the period, including the five-month postponement of the 1 April 2022 premium increase, reduced revenue by $136.6 million. With this largely offset by $133.7 million in permanent claims savings, COVID-19 had a modest $2.9 million negative impact on financial performance. Adjusting for this impact, underlying gross profit increased 6.5% to $532.9 million.

Reported and underlying gross margin were both up 20 basis points to 15.4% and 14.8% respectively. Together with the improvement in the management expense ratio, reported operating margin increased 40 basis points to 8.1% and underlying operating margin increased 60 basis points to 7.9%.

We saw strong policyholder growth in both brands with continued strong growth in the new to industry and younger aged cohorts. Our resident policyholders increased by 1.5% or 28,100 in six months, with an increase of 12,100 policyholders for Medibank, and an increase of 16,000 policyholders for ahm. The acquisition rate of 5.6% was in-line with the prior period and although the lapse rate was up 70 basis points to 4.1%, this in part reflects the improved retention rate in the prior period following the 1 April 2020 premium increase deferral.

Gross claims increased 3.6%, and net claims which includes risk equalisation was up 3.7%. The risk equalisation payment increased $3.0 million to $20.8 million, reflecting the impact of recent lockdowns, but we expect a higher amount will be payable in the second half of FY22. Underlying claims per policy unit, which adjusts for both outstanding claims provision movements and COVID-19 impacts and therefore gives a better view of repeatable performance, grew 2.6%. Resident underlying claims growth was 1.9% with underlying hospital claims growth down 30 basis points and extras claims growth down 130 basis points. The lower hospital claims growth is a continuation of trends seen in 2H21 and reflects the risk equalisation impact mentioned above, as well as softer growth in medical claims. The lower extras claims growth returned to a more normal level following investment in additional product benefits in the prior period. In the overseas portfolio, in line with the trend we saw in the second half of FY21, the increase in claims per policy unit was driven by tenure and mix impacts, and an increased level of service use during the pandemic. With borders starting to reopen and promising early signs of increasing student enrolments, we expect performance to stabilise during the second half before progressively improving over the next 12 to 24 months. Our COVID-19 claims liability, which is in recognition of claims that have likely been deferred during the pandemic, increased to $328.7 million (30 June 2021: $223.8 million) as a consequence of the most recent lockdowns.

Management expenses were down 0.7% to $249.1 million reflecting ongoing disciplined cost management, the benefit of our productivity agenda and lower non-cash costs. Operating expenses were essentially flat with cost inflation of approximately 2% offset by approximately $7 million productivity savings. A combination of modestly lower management expenses and increasing revenue resulted in the management expense ratio falling 30 basis points to 7.2%, and adjusting for COVID-19 impacts, the management expense ratio was 6.9%. We remain very focused on balancing our productivity and growth aspirations whilst leveraging the benefits of scale to further improve the management expense ratio. We remain on track to deliver $15 million in productivity savings in FY22 and expect management expenses for the full year of approximately $530 million.

Medibank Health
Medibank Health revenue increased 6.9% to $155.7 million with strong growth in telehealth and health & wellbeing and early signs of recovery in travel insurance, were partially offset by a modest reduction in homecare, reflecting elective surgery restrictions during the period. A 70-basis point decline in gross margin to 41.9% was more than offset by an improving management expense ratio, resulting in a 170-basis point improvement to the operating margin to 15.0%. Segment profit increased 36.7% to $25.7 million which included a $2.3 million contribution from our healthcare investments compared to a $500,000 loss in the prior period. This included strong performance in the MyHealth general practice business where there has been strong growth in both patient and clinic numbers and growth in both the East Sydney Private Hospital and My

Home Hospital investments. Although the external environment remains uncertain due to COVID-19, Medibank Health is tracking broadly in line with achieving the FY22 profit milestone of $47.3 million. Whilst we will stop delivering the 1800RESPECT contract from FY23, with our immediate growth opportunity for this business around the needs of the Medibank customer, this is not expected to have a significant impact on Medibank Health's growth trajectory.

Net investment income
Net investment income decreased from $71.8 million in 1H21 to $30.9 million, with income from the growth and defensive portfolios down $14.8 million and $24.6 million respectively. In the growth portfolio, the reduction in income reflects the strong performance of equity markets in the prior period and manager outperformance. In the defensive portfolio, the significant reduction in income reflects the benefit of tightening credit spreads in the prior period, and in 1H22 lower yields due to significant market liquidity and lower income from international holdings due to the steepening of the yield curve.

Consistent with previous practice, in order to calculate underlying NPAT for the purposes of determining the dividend for the period, we have adjusted net investment income for the impact of short-term market returns that are expected to normalise over the medium to longer term. After normalisation, the 1H22 net investment income was $19.8 million, down from $38.9 million[1] in 1H21.

Dividend
The directors have determined a fully franked interim dividend of 6.10 cents per share up 5.2%, representing a payout ratio of 79.1%, to be paid on Thursday 24 March 2022 to shareholders on the register as at close of business on 7 March 2022.

Rounding of amounts

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required by section 307C of the *Corporations Act 2001* is set out on page 4.

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

Mike Wilkins AO Chairman	David Koczkar Chief Executive Officer

25 February 2022
Melbourne

[1] The adjustment normalises growth asset returns to long-term expectations and defensive asset returns for credit spread movements. Normalisation of returns for 1H22 benchmark performance decreased net investment income by $11.0 million (1H21: decreased $32.8 million).

Auditor's Independence Declaration

As lead auditor for the review of Medibank Private Limited for the half-year ended 31 December 2021, 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 review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Medibank Private Limited and the entities it controlled during the period.

CJ Heath
Partner
PricewaterhouseCoopers

Melbourne
25 February 2022

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999

Consolidated statement of comprehensive income

For the half-year ended 31 December 2021

	Note	31 Dec 2021 $m	31 Dec 2020 $m
Revenue			
Health Insurance premium revenue	2(b) 3(a)	3,461.4	3,328.9
Medibank Health revenue		119.8	113.3
		3,581.2	**3,442.2**
Other income		**0.5**	**1.3**
Expenses			
Claims expense	3(a)	(2,896.0)	(2,791.5)
Medical services expense		(17.0)	(17.7)
Employee benefits expense		(228.2)	(222.5)
Office and administration expense		(38.8)	(35.4)
Marketing expense		(25.1)	(26.7)
Information technology expense		(38.1)	(36.5)
Depreciation and amortisation expense		(57.1)	(61.1)
Finance expense		(1.3)	(1.5)
Share of net profit/(loss) from equity accounted investments		2.2	(0.5)
		(3,299.4)	**(3,193.4)**
Profit before net investment income and income tax		**282.3**	**250.1**
Net investment income	6(a)	30.9	71.8
Profit for the half-year before income tax		**313.2**	**321.9**
Income tax expense	11	(93.0)	(95.5)
Profit for the half-year		**220.2**	**226.4**
Total comprehensive income for the half-year		**220.2**	**226.4**
		Cents	**Cents**
Basic and diluted earnings per share attributable to ordinary equity holders of the Company		**8.0**	**8.2**

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

Consolidated statement of financial position

As at 31 December 2021

	Note	31 Dec 2021 $m	30 Jun 2021 $m
Current assets			
Cash and cash equivalents		595.5	671.7
Trade and other receivables		214.8	215.9
Financial assets at fair value	6(b)	2,244.4	2,311.9
Deferred acquisition costs		34.2	33.6
Tax receivable		30.8	6.2
Other assets		20.7	18.8
Total current assets		**3,140.4**	**3,258.1**
Non-current assets			
Property, plant and equipment	8	91.4	101.7
Intangible assets	9	337.2	345.3
Deferred acquisition costs		46.5	47.5
Deferred tax assets		87.3	85.9
Equity accounted investments		80.2	77.1
Other assets		7.1	8.2
Total non-current assets		**649.7**	**665.7**
Total assets		**3,790.1**	**3,923.8**
Current liabilities			
Trade and other payables	10	248.0	338.2
Claims liabilities	3(b)	709.7	622.4
Unearned premium liability	4	655.7	697.0
Customer give back provision	4	7.0	103.0
Provisions and employee entitlements		83.7	94.7
Total current liabilities		**1,704.1**	**1,855.3**
Non-current liabilities			
Trade and other payables	10	63.4	70.2
Claims liabilities	3(b)	6.7	9.1
Unearned premium liability	4	57.0	60.4
Provisions and employee entitlements		21.2	22.7
Total non-current liabilities		**148.3**	**162.4**
Total liabilities		**1,852.4**	**2,017.7**
Net assets		**1,937.7**	**1,906.1**
Equity			
Contributed equity		85.0	85.0
Reserves		23.7	22.3
Retained earnings		1,829.0	1,798.8
Total equity		**1,937.7**	**1,906.1**

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

Consolidated statement of changes in equity

For the half-year ended 31 December 2021

	Contributed equity $m	Reserves $m	Retained earnings $m	Total equity $m
Balance at 1 July 2020	**85.0**	**22.4**	**1,690.4**	**1,797.8**
Profit for the half-year	-	-	226.4	**226.4**
Other comprehensive income	-	-	-	**-**
Total comprehensive income for the half-year	**-**	**-**	**226.4**	**226.4**
Transactions with owners in their capacity as owners:				
Dividends paid	-	-	(173.5)	**(173.5)**
Acquisition and settlement of share-based payment, net of tax	-	(5.3)	-	**(5.3)**
Share-based payment transactions	-	3.1	-	**3.1**
Balance at 31 December 2020	**85.0**	**20.2**	**1,743.3**	**1,848.5**
Balance at 1 July 2021	**85.0**	**22.3**	**1,798.8**	**1,906.1**
Profit for the half-year	-	-	220.2	**220.2**
Other comprehensive income	-	-	-	**-**
Total comprehensive income for the half-year	**-**	**-**	**220.2**	**220.2**
Transactions with owners in their capacity as owners:				
Dividends paid	-	-	(190.0)	**(190.0)**
Acquisition and settlement of share-based payment, net of tax	-	(2.6)	-	**(2.6)**
Share-based payment transactions	-	4.0	-	**4.0**
Balance at 31 December 2021	**85.0**	**23.7**	**1,829.0**	**1,937.7**

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

Consolidated statement of cash flows

For the half-year ended 31 December 2021

	Note	31 Dec 2021 $m	31 Dec 2020 $m
Cash flows from operating activities			
Premium receipts		3,322.0	3,164.0
Medibank Health receipts		124.8	124.2
Other receipts		1.6	2.7
Payments for claims and levies		(2,852.0)	(2,715.9)
Payments to suppliers and employees		(417.6)	(401.3)
Income taxes paid		(118.8)	(139.3)
Net cash inflow from operating activities	7	**60.0**	**34.4**
Cash flows from investing activities			
Interest received		5.8	7.3
Investment expenses		(2.4)	(1.9)
Proceeds from sale of financial assets		970.9	687.5
Purchase of financial assets		(875.9)	(768.9)
Purchase of equity accounted investments		(5.4)	(7.1)
Loan to associate		-	(2.9)
Purchase of plant and equipment		(4.1)	(2.4)
Purchase of intangible assets		(12.6)	(13.8)
Net cash inflow/(outflow) from investing activities		**76.3**	**(102.2)**
Cash flows from financing activities			
Purchase of shares to settle share-based payment		(3.1)	(5.6)
Lease principal and interest payments		(19.4)	(18.3)
Dividends paid		(190.0)	(173.5)
Net cash outflow from financing activities		**(212.5)**	**(197.4)**
Net increase/(decrease) in cash and cash equivalents		**(76.2)**	**(265.2)**
Cash and cash equivalents at beginning of the half-year		671.7	871.4
Cash and cash equivalents at end of the half-year		**595.5**	**606.2**

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

Note 1: Summary of significant accounting policies

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

a) Basis of preparation of consolidated interim financial report

The consolidated interim financial report for the half-year period ended 31 December 2021 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The principal accounting policies adopted in the preparation of these consolidated financial statements are consistent with those of the previous financial year, as set out in the annual financial report for the year ended 30 June 2021. The financial statements are for the consolidated entity (the Group), consisting of Medibank and its subsidiaries.

The consolidated interim financial report does not include all notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by Medibank during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and ASX Listing Rules. This report includes, where necessary, updates to prior period comparatives for changes in classification of amounts in the current reporting period.

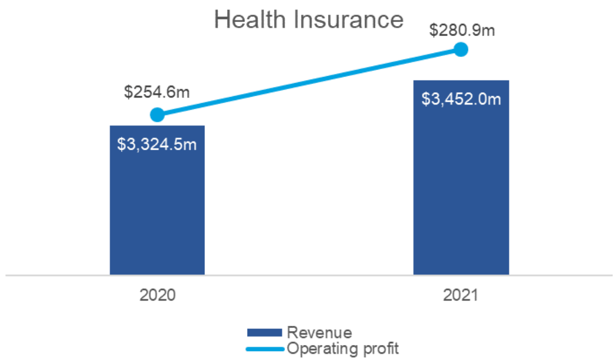
b) Critical accounting estimates and judgements

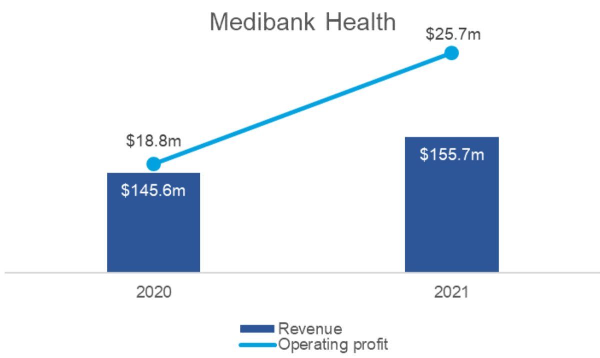
The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are the same as those applied in the annual financial report for the year ended 30 June 2021.

Note 2: Segment information

a) Segment information provided to the Chief Executive Officer (CEO)

The CEO measures the performance of the Group's reportable segments based on the operating profit of the segments. The segment information provided to the CEO for the half-year ended 31 December 2021 is as follows.





Note 2: Segment information (continued)

a) Segment information provided to the Chief Executive Officer (CEO) (continued)

31 Dec 2021	Note	Health Insurance $m	Medibank Health $m	Total $m
Revenue				
Total segment revenue	2(b)(iii)	3,452.0	155.7	**3,607.7**
Inter-segment revenue		-	(26.5)	**(26.5)**
Revenue from external customers		**3,452.0**	**129.2**	**3,581.2**
Operating profit		**280.9**	**25.7**	**306.6**
Items included in segment operating profit:				
Depreciation and amortisation		(49.9)	(4.0)	**(53.9)**
Interest income from loans to associates		-	0.1	**0.1**
Share of profit/(loss) from equity accounted investments		-	2.2	**2.2**

31 Dec 2020	Note	Health Insurance $m	Medibank Health $m	Total $m
Revenue				
Total segment revenue	2(b)(iii)	3,324.5	145.6	**3,470.1**
Inter-segment revenue		-	(27.9)	**(27.9)**
Revenue from external customers		**3,324.5**	**117.7**	**3,442.2**
Operating profit		**254.6**	**18.8**	**273.4**
Items included in segment operating profit:				
Depreciation and amortisation		(51.4)	(4.2)	**(55.6)**
Share of profit/(loss) from equity accounted investments		-	(0.5)	**(0.5)**

b) Other segment information

(i) Segment operating profit or loss

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

	Note	31 Dec 2021 $m	31 Dec 2020 $m
Total segment operating profit		**306.6**	**273.4**
Unallocated to operating segments:			
Corporate operating expenses		(20.1)	(18.2)
Group operating profit		**286.5**	**255.2**
Net investment income	6(a)	30.9	71.8
Acquisition intangible amortisation	9	(1.0)	(3.4)
Mergers and acquisitions expenses		(0.5)	(0.2)
Other income/(expenses)		(2.7)	(1.5)
Profit for the half-year before income tax		**313.2**	**321.9**

Note 2: Segment information (continued)

b) Other segment information (continued)

(ii) Other items

Segment operating profit excludes the following:

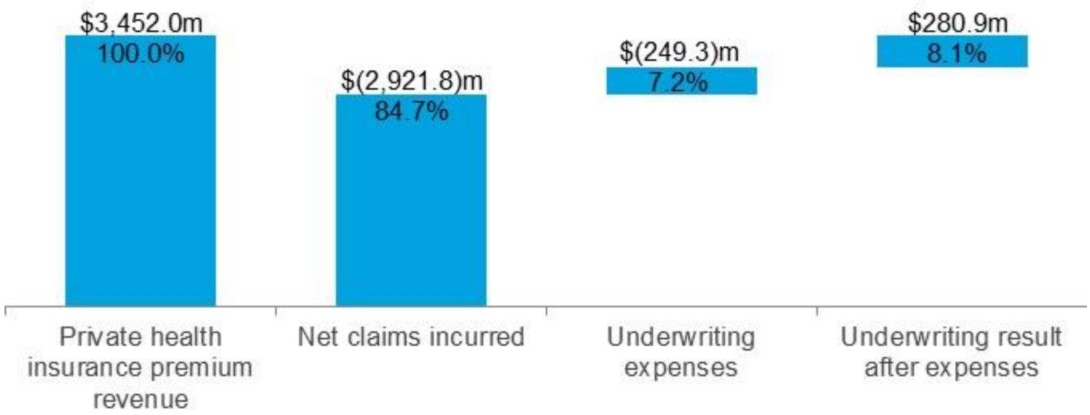
- Corporate operating expenses of $20.1 million (31 December 2020: $18.2 million) relating to the Group's corporate function.
- Net investment income, which comprises:
  - Interest and distribution income and related investment management expenses (refer to Note 6(a)), as this arises from investments which are managed by a central treasury function.
  - Net gains and losses on disposals of and fair value movements on financial assets and liabilities (refer to Note 6(a)), as they are not indicative of the Group's long-term performance.
- Acquisition intangible amortisation of $1.0 million (31 December 2020: $3.4 million) not allocated to segments.
- Expenses in relation to mergers and acquisitions which are not allocated to the operating activities of the Group's segments.
- Other income/(expenses) of $2.7 million (31 December 2020: $1.5 million) which do not relate to the current period's trading activities of the Group's segments, comprising primarily net sublease rent.

(iii) Loyalty program

Segment private health insurance premium revenue is after $9.4 million (31 December 2020: $4.4 million) of transfers between the Group's other operating segments in relation to the loyalty program.

Note 3: Insurance underwriting result

31 December 2021 underwriting result after expenses



Note 3: Insurance underwriting result (continued)

a) Insurance underwriting result

	Note	31 Dec 2021 $m	31 Dec 2020 $m
Private health insurance premium revenue	(i)	3,452.0	3,324.5
Claims expense			
Claims incurred	(ii)	(2,768.6)	(2,761.5)
Increase in COVID-19 claims liability	(iii)	(104.9)	(13.2)
State levies		(27.7)	(26.6)
Net Risk Equalisation Special Account rebates/(payments)		(20.8)	(17.8)
Net claims incurred excluding claims handling costs		**(2,922.0)**	**(2,819.1)**
Movement in claims handling costs on outstanding claims liabilities		0.2	0.3
Net claims incurred		**(2,921.8)**	**(2,818.8)**
Underwriting expenses		(249.3)	(251.1)
Underwriting result after expenses		**280.9**	**254.6**

(i) Private health insurance premium revenue is after $9.4 million (31 December 2020: $4.4 million) of transfers between the Group's other operating segments in relation to the loyalty program and $136.6 million in relation to premium relief granted as part of the customer giveback.
(ii) Claims incurred are prior to elimination of transactions with the Group's other operating segments of $25.8 million (31 December 2020: $27.3 million).
(iii) This balance relates to the COVID-19 claims liability. Refer to Note 3(b) for further information.

b) Gross claims liability

	Note	31 Dec 2021 $m	30 Jun 2021 $m
Current			
Outstanding claims liability - central estimate	(i,ii)	333.7	347.2
COVID-19 claims liability	(vi)	328.7	223.8
Risk margin	(i,iii)	32.5	33.2
Claims handling costs	(iv)	8.3	8.5
		703.2	**612.7**
Claims liability - provision for bonus entitlements	(v)	6.5	9.7
Gross claims liability	(c)	**709.7**	**622.4**
Non-current			
Outstanding claims liability - central estimate	(i,ii)	1.8	1.8
Risk margin	(i,iii)	0.2	0.2
Claims handling costs	(iv)	-	-
		2.0	**2.0**
Claims liability - provision for bonus entitlements	(v)	4.7	7.1
Gross claims liability	(c)	**6.7**	**9.1**

Note 3: Insurance underwriting result (continued)

b) Gross claims liability (continued)

Key estimate:
The outstanding claims liability estimate is based on the hospital, ancillary and overseas claim categories.

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

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

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

(i) Outstanding claims liability - central estimate	The central estimate is an estimate of the level of claims liability. ***Key estimate*** The central estimate is based on statistical analysis of historical experience which assumes an underlying pattern of claims development and payment. The final selected central estimate is based on a judgemental consideration of this analysis and other qualitative information, such as claims processing delays. The central estimate excludes the impact of the Risk Equalisation Special Account. A separate estimate is made of levies payable to and recoveries from the Risk Equalisation Special Account.
(ii) Discounting	The outstanding claims liability central estimate is discounted to present value using the three-month risk-free rate of 0.07% per annum which equates to a reduction in the central estimate of less than $0.1 million (30 June 2021: 0.03%, less than $0.1 million).
(iii) Risk margin	An overall risk margin considers the uncertainty surrounding the outstanding claims liability. The risk margin applied to the Group’s outstanding claims central estimate (net of risk equalisation) is 9.4% (30 June 2021: 9.4%). ***Key estimate*** The risk margin is based on an analysis of past experience, including comparing the volatility of past payments to the adopted central estimate. The risk margin has been estimated to equate to the Group’s objective of achieving a probability of adequacy of at least 95% (30 June 2021: 95%). The risk margin is not applied to the COVID-19 claims liability. Relevant risks and uncertainties have been taken into account in determining the best estimate of the COVID-19 claims liability.
(iv) Claims handling costs	The allowance for claims handling costs is 2.5% of the outstanding claims liability (30 June 2021: 2.5%).

Note 3: Insurance underwriting result (continued)

b) Gross claims liability (continued)

(v) Claims liability – provision for bonus entitlements	Certain private health insurance products (Package Bonus, Ultra Bonus and Membership Bonus) include benefits that carry forward. Package Bonus carries forward unused benefit entitlements in a calendar year for five calendar years. Membership Bonus carries forward unused benefit entitlements in a calendar year for 10 calendar years. Ultra Bonus carries forward unused benefit entitlements without limit. The Group's claims liabilities include a provision to cover expected future utilisation of these benefit entitlements of the current membership. ***Key estimate*** The bonus provision includes the total entitlement available to members under the terms of the relevant insurance policies, less any amounts utilised, with a probability of utilisation based on past experience and current claiming patterns applied. The true cost of these entitlements cannot be known with certainty until any unclaimed entitlements are processed.
(vi) COVID-19 claims liability	The liability relates to claims deferred as a result of surgeries and other health services restricted for policyholders during the COVID-19 pandemic. At 31 December 2021, the COVID-19 liability includes hospital claims of \$317.2 million (30 June 2021: \$220.2 million), which includes surgical and non-surgical claims, and ahm ancillary claims of \$11.5 million (30 June 2021: \$3.6 million). ***Key estimate*** The liability is calculated by comparing the difference between the actual and expected volume of insured surgical, non-surgical and ancillary procedures since the commencement of restrictions in March 2020 (the COVID-19 period). Any shortfall is deferred into the liability at the applicable claims deferral rate. Utilisation of the liability occurs where actual claims exceed expected claims. The liability has been assessed by geography and modality (claim type) with the deferral of claims (and any subsequent utilisation) varying based on the extent of COVID-19 restrictions. The ancillary liability resets annually for those ancillary claims with expired limits. Risks and uncertainties have been taken into account in the measurement of the liability and are reflected in the key inputs and judgements. The key judgements and inputs into this liability estimate include: • The expected claims level at the Single Equivalent Unit per policy (PSEU) during the COVID-19 period, which is based on statistical analysis of the estimated underlying claims growth per PSEU that would have occurred if the COVID-19 pandemic did not eventuate. It has then been applied to the average actual number of PSEUs during the COVID-19 period. • The expected rate at which deferred insured surgical and non-surgical procedures will be caught up, which is based on the analysis and expert opinion of the Chief Medical Officer and internal analysis. The expected claims deferral rate is analysed based on modality and is 85% (30 June 2021: 85%) for surgical claims and 50% (30 June 2021: 50%) for non-surgical claims and ancillary.

Note 3: Insurance underwriting result (continued)

c) Reconciliation of movement in claims liabilities

	Note	31 Dec 2021 $m	30 Jun 2021 $m
Balance 1 July		**631.5**	**639.2**
Claims incurred during the period		2,748.1	5,496.1
Increase/(decrease) in COVID-19 claims liability	(i)	104.9	(73.3)
Claims paid during the period		(2,762.8)	(5,414.4)
Amount (over)/under provided on central estimate (1)		(4.5)	(22.0)
Risk margin		(0.7)	6.1
Claims handling costs		(0.2)	(0.2)
Balance at end of period		**716.3**	**631.5**

Note: movement includes both current and non-current. Claims incurred and claims paid exclude levies and rebates.

(1) The over provision recognised in the current year includes $2.8 million attributable to the COVID-19 period and has been recognised within the COVID-19 liability as at 31 December 2021 at the applicable deferral rate. Refer to Note 3(c)(i).

(i) Reconciliation of movement in COVID-19 claims liability

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

	Hospital $m	Ancillary $m	Total $m
Balance at 1 July 2021	**220.2**	**3.6**	**223.8**
Amount over/(under) provided from central estimate	3.0	(0.2)	**2.8**
Change in respect of previous period	(7.2)	-	**(7.2)**
Net (utilisation)/deferral during the period	101.2	8.1	**109.3**
Balance at 31 December 2021	**317.2**	**11.5**	**328.7**

(d) Impact of changes in key variables on the claims liabilities

Outstanding claims liability

The central estimate, discount rate, risk margin and weighted average term to settlement are the key outstanding claims variables. A 10% increase/decrease in the central estimate would result in a $23.5 million decrease/increase to profit after tax and equity (30 June 2021: $24.4 million). A 1% movement in other key outstanding claims variables, including discount rate and risk margin and a one-month movement in the weighted average term to settlement, would result in an insignificant decrease/increase to profit after tax and equity.

COVID-19 claims liability

The following describe the individual impacts of changes in the key estimate on the COVID-19 claims liability:

- A 4% increase/decrease in the expected claims level would result in a $90.9 million decrease/ increase to profit after tax and equity (30 June 2021: $67.0 million).
- An increase/decrease of 10 percentage points in the adopted deferral rate for COVID-19 hospital claims would result in a $39.5 million decrease/increase to profit after tax and equity (30 June 2021: $26.8 million). The reasonable possible range for the hospital deferral assumption is 75-100% for surgical claims (30 June 2021: 75-100%) and 30%-70% for non-surgical claims (30 June 2021: 30-70%).

Note 4: Unearned premium liability

	31 Dec 2021 $m	30 Jun 2021 $m
Balance at 1 July	**757.4**	**746.1**
Deferral of premium on contracts written during the year	404.6	682.4
Earnings of premiums deferred in prior years	(577.3)	(671.1)
Increase of provision for premium deferral	128.0	-
Balance at end of period	**712.7**	**757.4**

Note: Movement includes both current and non-current.

The proportion of premium received that has not been earned at the end of each reporting period is recognised in the consolidated statement of financial position as an unearned premium liability. The unearned premium liability is released to the consolidated statement of comprehensive income as revenue on a straight-line basis over the term of the insurance cover.

A provision for premium deferral of $128.0 million has been recognised within the unearned premium liability at 31 December 2021 (30 June 2021: nil). This amount relates to the announcement made in December 2021 to return $135.0 million of permanent net COVID-19 savings to eligible policyholders via a 5 month deferral of the 1 April 2022 premium increase. This provision has been recognised as a reduction to Health Insurance premium revenue in the consolidated statement of comprehensive income.

For those customers who are eligible, but are no longer active policyholders, a separate provision for customer give back of $7.0 million (30 June 2021: $103.0 million) has been recognised in the consolidated statement of financial position. The customer give back provision of $103.0 million that was recognised at 30 June 2021 has all been returned to customers during the period via a one-time cash payment or reduction in premiums that totalled $104.6 million, with the additional $1.6 million recognised in the current period consolidated statement of comprehensive income.

Note 5: Dividends

	Cents per fully paid share	$m	Payment date
31 Dec 2021			
2021 final fully franked dividend	6.90	190.0	30 September 2021
31 Dec 2020			
2020 final fully franked dividend	6.30	173.5	24 September 2020

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

On 25 February 2022, the directors determined an interim fully franked ordinary dividend for the six months ended 31 December 2021 of 6.10 cents per share. The dividend is expected to be paid on 24 March 2022 and has not been provided for as at 31 December 2021.

(b) Calculation of dividend paid

Medibank's target dividend payout ratio for the 2022 financial year is 75-85% (2021: 75-85%) of full year normalised net profit after tax (underlying NPAT). Normalised net profit after tax is calculated based on statutory net profit after tax adjusted for short-term outcomes that are expected to normalise over the medium to longer term, most notably in relation to the level of gains or losses from investments and movements in credit spreads, and for one-off items, especially those that are non-cash, such as asset impairments.

	31 Dec 2021 $m	31 Dec 2020 $m
Profit for the half-year	**220.2**	**226.4**
Normalisation for growth asset returns	(7.4)	(13.2)
Normalisation for defensive asset returns – credit spread movement	(0.4)	(9.8)
Underlying NPAT	**212.4**	**203.4**

Note 6: Investment portfolio

This note provides information on the Group's net investment income and the carrying amounts of the Group's investments.

Portfolio composition 31 Dec 2021 ($m)

	Health Fund Investment Portfolio	Non-Health Fund Investment Portfolio	Total
Cash portfolio			
Cash and cash equivalents (as reported in the statement of financial position) (1) (2)	525.3	38.6	**563.9**
Cash investments with longer maturities (2)	202.7	-	**202.7**
Less cash allocated to the Fixed income portfolio	(1.8)	-	**(1.8)**
Fixed income portfolio			
Fixed income (as reported in the statement of financial position) (3)	1,654.9	121.8	**1,776.7**
Less cash investments with longer maturities (3)	(202.7)	-	**(202.7)**
Cash allocated to the Fixed income portfolio	1.8	-	**1.8**
Growth portfolio			
Equities and investment trusts	467.7	-	**467.7**
Total investment portfolio	**2,647.9**	**160.4**	**2,808.3**

Portfolio composition 30 Jun 2021 ($m)

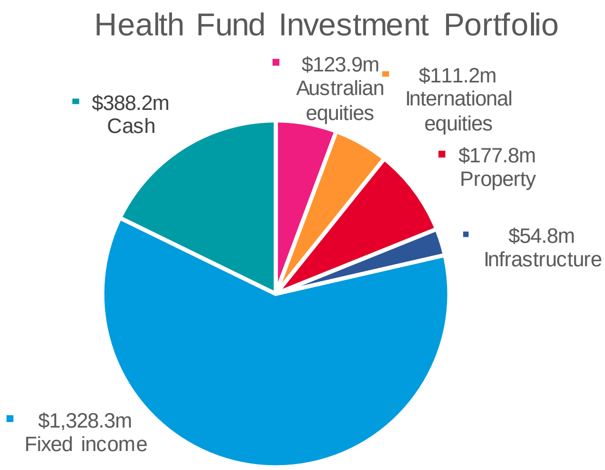
	Health Fund Investment Portfolio	Non-Health Fund Investment Portfolio	Total
Cash portfolio			
Cash and cash equivalents (as reported in the statement of financial position) (1) (2)	607.0	52.9	**659.9**
Cash investments with longer maturities (2)	179.0	-	**179.0**
Less cash allocated to the Fixed income portfolio	(37.3)	-	**(37.3)**
Fixed income portfolio			
Fixed income (as reported in the statement of financial position) (3)	1,712.2	111.2	**1,823.4**
Less cash investments with longer maturities (3)	(179.0)	-	**(179.0)**
Cash allocated to the Fixed income portfolio	37.3	-	**37.3**
Growth portfolio			
Equities and investment trusts	488.5	-	**488.5**
Total investment portfolio	**2,807.7**	**164.1**	**2,971.8**

(1) Cash and cash equivalents as reported in the statement of financial position also include operational cash of $31.6 million (30 June 2021: $11.8 million).
(2) Cash and cash equivalents and cash investments with longer maturities in the Health Fund Investment Portfolio include $338.0 million (30 June 2021: $178.2 million) in relation to the Short-term Operational Cash sub-portfolio.
(3) Fixed income in the Health Fund Investment Portfolio includes $125.7 million (30 June 2021: $148.6 million) relating to the Short-term Operational Cash sub-portfolio.

Note 6: Investment portfolio (continued)

The Health Fund Investment Portfolio excluding the Short-term Operational Cash sub-portfolio comprises the following:

	Portfolio composition 31 Dec 2021	Portfolio composition 30 Jun 2021	Target asset allocation
Growth			
Australian equities	5.7%	4.8%	5.0%
International equities	5.1%	6.0%	6.0%
Property	8.1%	6.9%	7.0%
Infrastructure	2.5%	2.1%	2.0%
	21.4%	**19.8%**	**20.0%**
Defensive			
Fixed income	60.8%	57.8%	60.0%
Cash	17.8%	22.4%	20.0%
	78.6%	**80.2%**	**80.0%**
	100.0%	**100.0%**	**100.0%**



a) Net investment income

	31 Dec 2021 $m	31 Dec 2020 $m
Interest [(1)]	8.1	8.4
Trust distributions	19.1	21.9
Investment management expenses	(2.4)	(1.9)
Net gain/(loss) on fair value movements on financial assets	(5.5)	20.9
Net gain/(loss) on disposal of financial assets	11.6	22.5
Net investment income	**30.9**	**71.8**

(1) Includes interest income of $0.6 million (31 December 2020: $0.3 million) relating to financial assets at fair value through other comprehensive income (Non-Health Fund Investments).

b) Fair value hierarchy

The fair values of the Group's investments are measured according to the following fair value measurement hierarchy:

- Level 1: Quoted prices (unadjusted current bid price) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data.

Note 6: Investment portfolio (continued)

b) Fair value hierarchy (continued)

The following tables present the Group's financial assets measured and recognised at fair value on a recurring basis.

31 Dec 2021	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Financial assets at fair value through profit or loss				
Australian equities [(1)]	-	123.9	-	**123.9**
International equities [(1)]	-	111.2	-	**111.2**
Property [(1)]	-	-	177.8	**177.8**
Infrastructure [(1)]	-	-	54.8	**54.8**
Fixed income	67.3	1,587.6	-	**1,654.9**
Financial assets at fair value through other comprehensive income - Fixed income	-	121.8	-	**121.8**
Balance at 31 December 2021	**67.3**	**1,944.5**	**232.6**	**2,244.4**

30 Jun 2021	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Financial assets at fair value through profit or loss				
Australian equities [(1)]	-	119.3	-	**119.3**
International equities [(1)]	-	147.4	-	**147.4**
Property [(1)]	-	-	169.3	**169.3**
Infrastructure [(1)]	-	-	52.5	**52.5**
Fixed income	82.0	1,630.2	-	**1,712.2**
Financial assets at fair value through other comprehensive income - Fixed income	-	111.2	-	**111.2**
Balance at 30 June 2021	**82.0**	**2,008.1**	**221.8**	**2,311.9**

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

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

The Group recognises any transfers into and transfers out of fair value hierarchy levels from the date of effect of the transfer. There were no transfers between level 1 and level 2 during the period.

c) Valuation techniques

The fair value of financial instruments traded in active markets (such as exchange traded equities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

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

Note 6: Investment portfolio (continued)

c) Valuation techniques (continued)

Fair value measurements using significant unobservable market data (level 3)
As at 31 December 2021, the Group classified $54.8 million of infrastructure financial assets (30 June 2021: $52.5 million) and $177.8 million of property financial assets (30 June 2021: $169.3 million) as level 3 financial instruments. These instruments are held in unlisted unit trusts and are valued at the redemption value per unit as reported by the managers of such funds. These investments are classified within level 3 of the fair value hierarchy as they are not based on observable market data as they trade infrequently and therefore have limited price transparency.

The following table presents the changes in level 3 financial instruments for the half-year ended 31 December 2021.

	Infrastructure $m	Property $m	Total $m
Balance at 1 July 2021	**52.5**	**169.3**	**221.8**
Net unrealised gain/(loss) on fair value movements	2.3	8.5	**10.8**
Balance at 31 December 2021	**54.8**	**177.8**	**232.6**

Note 7: Reconciliation of profit after income tax to net cash flow from operating activities

	31 Dec 2021 $m	31 Dec 2020 $m
Profit for the half-year	**220.2**	**226.4**
Non-cash items		
Depreciation and amortisation	57.1	61.1
Share-based payments expense	4.0	3.1
Share of loss/(profit) from equity accounted investments	(2.2)	0.5
Other non-cash items	1.6	-
Investing and financing items		
Net realised loss/(gain) on financial assets	(11.6)	(22.5)
Net unrealised loss/(gain) on financial assets	5.5	(20.9)
Interest income	(8.1)	(8.4)
Trust distribution reinvested	(19.1)	(21.9)
Investment management expenses	2.4	1.9
Interest paid - leases	1.3	1.5
(Increase)/decrease in operating assets		
Trade and other receivables	(0.5)	(5.8)
Deferred acquisition costs	(18.2)	(19.4)
Other assets	(0.8)	(0.7)
Net deferred tax assets	(1.4)	9.7
Increase/(decrease) in operating liabilities		
Trade and other payables	(77.3)	(13.8)
Unearned premium liability	(44.7)	(155.1)
Claims liabilities	84.9	57.3
Income tax liability	(24.6)	(54.1)
Provisions and employee entitlements	(108.5)	(4.5)
Net cash inflow from operating activities	**60.0**	**34.4**

Note 8: Property, plant and equipment

	31 Dec 2021 $m	30 Jun 2021 $m
Closing net book amount		
Plant and equipment	11.5	10.2
Leasehold improvements	19.7	23.7
Assets under construction	2.8	4.5
Right-of-use assets	57.4	63.3
Total property, plant and equipment	**91.4**	**101.7**

Note 9: Intangible assets

	Goodwill $m	Customer contracts and relationships $m	Software $m	Assets under construction $m	Total $m
Gross carrying amount					
Balance at 1 July 2021	282.9	89.7	455.5	25.2	**853.3**
Additions	-	-	0.3	10.1	**10.4**
Transfers in/(out)	-	-	17.2	(17.2)	**-**
Balance at 31 December 2021	**282.9**	**89.7**	**473.0**	**18.1**	**863.7**
Accumulated amortisation and impairment					
Balance at 1 July 2021	(78.4)	(86.0)	(343.6)	-	**(508.0)**
Amortisation expense	-	(1.0)	(17.5)	-	**(18.5)**
Balance at 31 December 2021	**(78.4)**	**(87.0)**	**(361.1)**	**-**	**(526.5)**
Closing net book amount					
As at 31 December 2021	204.5	2.7	111.9	18.1	**337.2**
As at 30 June 2021	204.5	3.7	111.9	25.2	**345.3**

a) Assessment of indicators of impairment

Key judgement and estimate:
Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Finite life intangible assets are assessed for indicators of impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Goodwill was subject to full annual impairment testing prior to the 30 June 2021 reporting period. The recoverable amount of the cash-generating units (CGU) was determined based on a value-in-use calculation. The key assumptions used in testing the CGUs for impairment are outlined in the Group's annual financial report for the year ended 30 June 2021.

A review of indicators of impairment of the Group's intangible assets was performed as at 31 December 2021 and found that no impairment existed.

Note 10: Trade and other payables

	31 Dec 2021 $m	30 Jun 2021 $m
Current		
Trade creditors	151.7	239.9
Other creditors and accrued expenses	39.7	55.6
Lease liabilities	28.0	28.1
Risk Equalisation Special Account	19.5	7.7
Other payables	9.1	6.9
Total current	**248.0**	**338.2**
Non-current		
Lease liabilities	56.1	65.3
Other payables	7.3	4.9
Total non-current	**63.4**	**70.2**

Note 11: Income tax expense

	31 Dec 2021 $m	31 Dec 2020 $m
Current tax	94.1	85.5
Deferred tax	(1.1)	10.0
Income tax expense	**93.0**	**95.5**

Note 12: Contingencies

From time to time, the Group is exposed to contingent liabilities which arise from the ordinary course of business, including:

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

It is anticipated that the likelihood of any unprovided liabilities arising is either remote or not material.

Note 13: Other

(a) New and amended standards adopted
The Group has not elected to apply any pronouncements before their operative date in the half-year reporting period ended 31 December 2021.

The amendments that became effective for the annual reporting period commencing on 1 July 2021 did not have a material impact on the Group's accounting policies or on the consolidated interim financial report.

Note 13: Other (continued)

(b) New accounting standards and interpretations not yet adopted
AASB 17 *Insurance Contracts* is effective for reporting periods beginning on or after 1 January 2023. The Group will apply AASB 17 for the annual period beginning 1 July 2023.

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

The Group is continuing to evaluate the impacts on its consolidated financial statements. The simplified premium allocation approach is expected to apply to all of the Group's insurance contracts and therefore the measurement basis is not expected to significantly change. The new standard does contain an accounting policy choice on the treatment of acquisition cash flows, which the Group is continuing to assess. Under AASB 17 it is expected that there will be substantial changes in presentation of the financial statements and disclosures.

Note 14: Events occurring after the reporting period

There have been no events occurring after the reporting period which would have a material effect on the Group's financial statements at 31 December 2021.

Directors' declaration

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

(a) the financial statements and notes set out on pages 5 to 23 are in accordance with *the Corporations Act 2001*, including:

i. giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and

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

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

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

On behalf of the Board,

Mike Wilkins AO Chairman	David Koczkar Chief Executive Officer

25 February 2022
Melbourne

Independent auditor's review report to the members of Medibank Private Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Medibank Private Limited ('the Company') and the entities it controlled during the half-year (together 'the Group'), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Medibank Private Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date

2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

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 the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PricewaterhouseCoopers.

PricewaterhouseCoopers

C.J. Heath

CJ Heath	Melbourne
Partner	25 February 2022