NobleOak

ANNUAL REPORT 2023

AUSTRALIA'S FASTEST-GROWING DIRECT LIFE INSURER

NobleOak is an independent, Australian APRA-regulated life insurer. NobleOak has been protecting Australians for over 146 years with a core belief of treating others as we would like to be treated.

We genuinely put the customer first and are proud to continue to hold the title of Australia's most awarded Direct Life Insurer.

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A PROUD HISTORY

NobleOak traces its roots back to one of the first benevolent societies in Australia. These societies originated with a truly noble purpose – to help families when life threw its worst at them.

Members of the community each contributed a small weekly amount to a communal 'fund'.

When a member of the community became seriously ill or injured, or unfortunately died, the fund provided an essential safety net for their family. Over one hundred and forty years later, we're still driven by the same desire to help protect Australians and their families.

Today NobleOak is an award winning, digitally advanced, high growth life insurer, and challenger to the larger, more traditional incumbents – but our desire to look after and provide the best service to our customers remains.

In a world that often seems increasingly self-centred, buying Life Insurance to protect those that you love – when you ultimately won't benefit – is a beautiful, selfless act.

FY23 PERFORMANCE HIGHLIGHTS

In-force premiums ahead of guidance as NobleOak continues to outperform, while investing for growth and capability.

In-Force Premium[1]

$315.9m

+24% Growth vs. FY22

Insurance Premium Revenue

$77.6m

+22% Growth vs. FY22

Underlying NPAT[2]

$10.3m

+9% Growth vs. FY22

New Business

$46.2m

-24% Growth vs. FY22

No. of Active Policies[1]

120k+

+16% Growth vs. FY22

Note:

1. Excludes the Genus administration business.
2. Underlying NPAT is a non-IFRS financial measure, defined as net profit after tax excluding the impact on the valuation of policy liability from changes in economic assumptions and other material one-off items considered by the board to not reflect underlying performance of the business. (as is contemplated by ASIC RG 230 Disclosing non-IFRS financial information). Refer reconciliation on page 31.

DRIVING **GROWTH** AND CUSTOMER SATISFACTION FOR LONG-TERM PERFORMANCE

We are very confident in the long-term prospects of the NobleOak Direct Channel, where our ambition is to be a leading challenger brand in the $11 billion Australian individual life risk market.

LETTER FROM THE CHAIR

As Australia's fastest growing direct life insurer, our strategy continues to prove successful as we take market share from the incumbents

Dear Shareholder,

On behalf of the Board of Directors, I am pleased to present NobleOak's 2023 Annual Report.

It has been another year of successful delivery for the Company, with the NobleOak team making significant progress in executing our diversified growth strategy.

In a year where COVID-19 was replaced by rising inflation as the major issue facing the Australian economy, the Company delivered growth in premiums and profits, while continuing to outperform the industry and gain market share.

The market is still settling following the introduction of new income protection products, with life insurers benchmarking their new products and pricing to ensure they fit with their respective strategies and risk appetites.

While ongoing investment continues to drive sales and market awareness for NobleOak, sales volumes across the industry are down by approximately 40%, as fewer policyholders switch insurers and fewer people purchase life insurance for the first time. NobleOak's ability to continue to grow and capture market share in this environment is a validation of our diversified strategy.

Despite near-term challenges in the market, we believe that our Direct Channel is an important differentiator for NobleOak and our key long-term growth engine as we benefit from structural tailwinds as customers continue to become more self-directed and increasingly prefer to purchase insurance online. Our ambition is to be a leading challenger brand in the $11 billion market, and with our market share still less than 3%, we have plenty of room to grow.

Quality of Advice Review

The regulatory environment appears to be improving, with Treasury's Quality of Advice Review aiming to support a stronger life insurance industry by streamlining advice regulations in the life insurance and wealth industries. This will be a real positive for consumers.

The Review aims to improve access to affordable financial advice and life insurance, including through direct channels and robo-advice. This is welcome news for the industry and for NobleOak, which we expect will stimulate future growth.

As a direct life insurer with a customer-focused culture and service-led value proposition, NobleOak welcomes structural industry change, which is expected to deliver better outcomes for customers and establish a foundation for long term, sustainable growth in the industry.

Resolution of APRA matter regarding reinsurance asset exposures

As disclosed in March, the Company was notified by the Australian Prudential Regulation Authority (APRA) that its approach to calculating and reporting its reinsurance asset exposures under APRA's prudential standards was inconsistent with APRA's interpretation.

NobleOak was already in the process of changing the way it operates its reinsurance arrangements, and successfully implemented actions to mitigate reinsurance asset concentration to address the matters raised by APRA by 30 June 2023 as required.

APRA has since confirmed that the new arrangements meet its prudential standards.

LETTER FROM THE CHAIR
continued

The Board is committed to ensuring compliance with prudential and regulatory obligations and was extremely disappointed to have received the APRA notification. At the time of the notification, NobleOak's method for calculating and reporting reinsurance asset exposure was consistent with advice received from its independent Appointed Actuary.

The Board remains committed to the highest standards of governance and conduct and will continue to review the Company's control environment and accountabilities.

AASB 17 implementation

NobleOak has also been preparing for the implementation of AASB 17 from 1 July 2023. The new accounting standard for insurance and reinsurance contracts will significantly change the way the industry reports its financial performance.

The Company has engaged an external consulting firm to provide subject matter expertise and actuarial support, and we expect to update the market on the impacts for the presentation of our financial performance prior to our HY24 results release.

A significant upfront investment of human and financial resources is required to ensure NobleOak's accounting policies are compliant with the new accounting standard. Teams from across the business, under the leadership of our CFO Scott Pearson, continue to work hard to deliver the project on time and budget.

Despite the high level of regulatory and compliance activity, it is pleasing to see the NobleOak team maintain a relentless focus on providing excellent service to our customers – with awards from Canstar, Mozo, Expert's Choice and Finder during the year.

As Australia's fastest growing direct life insurer, our strategy continues to prove successful as we take market share from the incumbents. We remain committed to investing in our platform, people and brand to drive growth.

On behalf of the Board, I would like to thank the NobleOak team, led by our CEO Anthony Brown, for their hard work and diligence this year. Thanks also to you, our shareholders, for your ongoing support.

I look forward to seeing many of you at our AGM in November.

Yours sincerely,

Stephen Harrison
Chair
NobleOak Life Limited

CHIEF EXECUTIVE'S REPORT

Investing in customer satisfaction and sustainable growth

NobleOak has built a trusted brand in the Australian market by offering high value, contemporary life insurance products through a modern digital technology platform. This is backed by a service focused business model.

I am pleased to report that this formula delivered another strong financial performance for the Company in FY23.

In a market that is still being impacted by an industry-wide decline in sales volumes, NobleOak continues to outperform and gain market share, with the strength of the NobleOak brand and our diversified distribution model increasingly evident.

By taking a significant share of new business sales and with our lapse rates remaining lower than the industry average, we achieved strong in force premium growth of 24%, ahead of our FY23 guidance, in a market that grew by just 5%.

As a result, we now have more than 120,000 active life insurance policies on our books, contributing over $315 million of annual in force premiums which represent a 2.7% market share.

Underwriting performance remains strong across the business, and although year-end actuarial assumption changes on long-term income protection claims impacted our underwriting margins, the impact was largely mitigated by our conservative reinsurance strategy. Importantly, claims experience remains better than market and our own long-term expectations.

We maintained our strong financial disciplines, delivering stable overall margins, with an improved administration expense ratio and significantly higher investment returns offsetting a lower insurance margin.

Rising interest rates are a tailwind for us and returns from our growing investment portfolio are beginning to contribute meaningful profits. The average return on invested assets increased to 3.2%, reflecting the diversification of the portfolio into short duration fixed interest assets.

Underlying net profits across our three channels increased by 9% to $10.3 million.

Executing our growth strategy

In the Direct Channel, sustained investment in customer service, digitalisation, technology and distribution continues to drive growth as we take market share from larger incumbents.

Sales from our alliance partnerships remain a valuable contributor to our growth, with Budget Direct and RAC WA, both signed in FY22, combining to offset lower market activity in FY23. During the period we added four new alliance partners, taking our total to forty.

The NobleOak team's focus on providing exceptional customer service continues to deliver strong customer outcomes, as we retained our position as Australia's most awarded direct life insurer, with market-leading customer satisfaction scores.

In the Strategic Partner Channel, NobleOak's contemporary products, high-quality service and strong strategic partnerships with NEOS and PPS Mutual continue to deliver market share gains. We continue to engage with our strategic partners to ensure ongoing commercial alignment and an appropriate balance of risk and return, and we currently have a tender in market for a new reinsurer for the PPS portfolio to support its growth moving forward.

We will continue to evaluate run off portfolio acquisitions for our Genus administration business, which continues to contribute to group profitability, however the bar remains high.

CHIEF EXECUTIVE'S REPORT
continued

Capital management

In the half year accounts, we disclosed that we were undertaking actions to manage the way we operate our reinsurance arrangements. New arrangements are now in place, and also address the matters which were subsequently raised by APRA in the breach notification provided to NobleOak in March 2023. The new arrangements meet APRA's prudential standards.

NobleOak reported a sound regulatory capital position and strong financial liquidity at 30 June 2023, with a regulatory capital adequacy multiple of 191% and assets above target of $7.6 million.

Staying true to our values and people

Our values-based culture continues to be the foundation of our success.

This year we won 24 awards, including the prestigious Canstar Outstanding Value Awards for both our Premium Life Direct Life Insurance and Income Protection Insurance for the eighth consecutive year.

In our Direct Channel we have retained market leading net promoter scores and customer satisfaction ratings, and I am proud to see us maintain our high ratings on Google of 4.4 and Feefo of 4.6 out of 5.

NobleOak's dedication to staff engagement and talent attraction remains evident, with 89% of participants in the 2023 Employee Engagement Survey indicating their willingness to recommend NobleOak as an employer. This reinforces NobleOak's appeal as a challenger brand in the industry. FY23 has been a year of building significant capability in the leadership, insurance, actuarial, technology, user experience, claims, legal and strategy, which has positioned the company well for the future.

Investment in customer focused technology

Our commitment to maintaining of technology advantage is demonstrated through our ongoing investment in our "Optimal Client Experience" initiative, enhancing our direct online platform, and the "OakBranch" project, which will upgrade our administration system for improved client access and better AI enablement.

These initiatives are set to reach significant milestones in 2024, further extending NobleOak's competitive moat and strengthening our position as a customer-focused and technology-led life insurer.

Continued progress on sustainability

After launching our objective ESG framework aligned to the UN Sustainable Development Goals (UNSDGs) in FY22, we have continued to invest in progressing our sustainability efforts this year.

In the first half, we relocated to new Sydney head office with a 5-star NABERS rating, while also achieving carbon neutral certification for our business operations from Climate Active, and we have continued to make progress on our ESG targets.

Our Board and management team recognise that cybersecurity is a critical component of our ESG strategy. We maintain strong governance under our organisational risk management framework, with a focus on safeguarding customer data and enhancing operational resilience.

We continue to invest significantly towards improving our cyber defences, with regular independent audits and penetration testing to ensure the adequacy of our systems and controls.

FY24 strategic priorities

Looking ahead to FY24, the management team will be focused on implementing our strategic priorities, which are:

1. Building on our leading direct life insurer position;
2. Optimising the business to achieve economies of scale; and
3. Building and supporting our network of adviser partners.

To achieve these priorities, we will continue to focus on acquisition cost and expense optimisation, enhancing the customer experience, developing new partnerships and distribution, improving claims management, pricing and profitability and developing our market-leading workplace culture.

I feel confident that we have the strategy to capture the opportunity ahead of us.

I would like to thank the NobleOak team for their hard work this year, as well as our partners, customers and shareholders for your continued support.

Yours sincerely,

Anthony R. Brown
Chief Executive Officer
NobleOak Life Limited

FY23 OPERATIONAL HIGHLIGHTS

Resilience in the face of evolving challenges and dynamic market conditions.

Australia's Most Awarded Direct Life Insurer 2022

Maintained High Customer Satisfaction

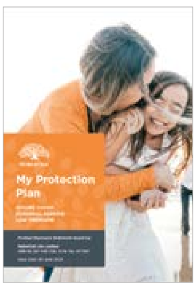
Carbon Neutral Certification

Maintained Low Lapse Rates

Increased Digital Revenue

Note:

1. Feefo rating based on 129 service ratings over the past year (as at 18 August 2023).



Continued Product Disclosure Statement refinements to help provide our customers with the value they deserve

FINANCIAL REPORT 2023

FOR THE YEAR ENDED 30 JUNE 2023

NobleOak Life Limited
ACN 087 648 708

DIRECTORS' REPORT

The Directors of NobleOak Life Limited (ASX: NOL, NobleOak or the Company) submit their report, together with the financial report of the consolidated entity (the Group) for the year ended 30 June 2023 (the financial year).

Directors

The following persons were Directors of NobleOak during the financial year and since the end of the financial year, unless otherwise noted:

- Stephen Harrison (Chair)
- Anthony Brown (CEO)
- Andrew Boldeman
- Sarah Brennan
- Kevin Hamman
- Inese Kingsmill

Current Directors

The biographies for the current Directors of NobleOak are detailed below:

Stephen J Harrison – Independent Non-Executive Director

Stephen Harrison was appointed as a Director of the Company in January 2011 and as Chair of the Company in November 2018. Mr Harrison has over 36 years of experience in financial services, funds management, private equity and accounting.

Mr Harrison is currently the Chair of ASX listed companies Aumake Limited and Omega Oil & Gas. Mr Harrison is also the Chair and Co-Founder of fund manager Conscious Capital Limited. Mr Harrison has previously served as a Director of ASX-listed companies The Gruden Group/Sinetech Limited, Exoma Energy Limited and Blue Energy Limited and as Chair and Director of IncentiaPay Limited. He previously held Director positions with Investec Funds Management and the Australian subsidiary of US-based fund manager Sanford C Bernstein.

Mr Harrison holds a Bachelor of Economics from Adelaide University, and is a Certified Practising Accountant.

Other ASX listed company directorships held in the past three years:

- IncentiaPay Limited (ASX:INP): 15 February 2019-31 May 2023.
- MEC Resources Ltd (ASX: MMR): 31 July 2020-1 September 2020.
- Omega Oil & Gas Limited (ASX: OMA) 3 June 2021-current.
- Aumake Limited (ASX: AUK): 1 March 2022-current.

Chair of the Board of Directors

Member of the Risk Committee

Member of the Audit Committee

DIRECTORS' REPORT
continued

Anthony R Brown – Executive Director	
Anthony Brown was appointed Chief Executive Officer of the Company in July 2012, and a Director of the Company in July 2013. Mr Brown has approximately 31 years of experience in general management, finance, strategy, operations, marketing and distribution. Mr Brown was previously Chief Operating Officer at AMP Capital, Head of Commercial Insurance Marketing at Promina/Suncorp, Publisher at CCH Australia and Manager at KPMG. Mr Brown has completed the General Management Program at Harvard Business School, Boston, has an MBA from the Australian Graduate School of Management, and is a Chartered Accountant. Mr Brown also holds a Bachelor of Economics degree from the University of Sydney and a Master of Commerce degree from the University of NSW. He is also a member of the Australian Institute of Company Directors. Other ASX listed company directorships held in the past three years: • N/A	Chief Executive Officer of the Company Member of the Product & Insurance Committee Member of the Finance & Investment Committee

Andrew J Boldeman – Non-Executive Director	
Andrew Boldeman was appointed as a Director of the Company in June 2020. Mr Boldeman has spent his career in the life insurance and broader financial services industries in Australia, Asia and the UK. From 2013 to 2020, Mr Boldeman was the Managing Director of Avant Mutual, Australia's largest doctor's organisation which includes Avant Insurance, Avant Law, Doctors Health Fund as well as several technology and financial services businesses. From 2007 to 2013, Mr Boldeman was CEO Group Life at TAL. Mr Boldeman has also previously spent time as an Appointed Actuary and as a management consultant. Mr Boldeman is a Fellow of the Institute of Actuaries of Australia and holds a Bachelor of Economics from Macquarie University. Other ASX listed company directorships held in the past three years: • N/A	Chair of the Product & Insurance Committee Member of the Risk Committee Member of the Nomination & Remuneration Committee Member of the Finance & Investment Committee

DIRECTORS' REPORT
continued

Sarah J Brennan – Independent Non-Executive Director	
Sarah Brennan was appointed as a Director of the Company in December 2021. Ms Brennan has over 26 years' experience in financial services, encompassing life insurance, financial planning, superannuation, private client advisory, broking and banking. Ms Brennan is currently Managing Director of BMFS Consulting. She held previous senior roles with Deutsche Bank including as Principal Officer of Deutsche Life, MLC Limited and Citigroup Life. She was also the Founder and Managing Partner of Comparator Business Benchmarking, a leading provider of benchmarking to Australian financial services markets. Ms Brennan is currently a Non-Executive Director of AMP Super and NM Superannuation Pty Ltd. Ms Brennan, Chairperson of the Advisory Board for Investment Trends and has previously served as a Non-Executive Director of ASX-listed Mortgage Choice Limited, BLSSR Pty Ltd (a NAB Subsidiary), The Financial Advice Centre Pty Ltd, Old Mutual Australia/ Skandia Australia, and Van Eyk Research Pty Ltd. Ms Brennan was also Director and Founder of The Private Collection Australia and a past Deputy Chair and Non-Executive Director of the Financial Planning Association of Australia. Ms Brennan holds a Bachelor of Arts from Macquarie University, a Graduate Management Diploma from the Australian Graduate School of Management and is a graduate member of the Australian Institute of Company Directors. Other ASX listed company directorships held in the past three years: • Mortgage Choice (ASX: MOC): March 2018 – July 2021	Chair of the Audit Committee Member of the Risk Committee Member of the Product & Insurance Committee

Kevin Hamman – Independent Non-Executive Director	
Kevin Hamman was appointed as a Director of the Company in January 2011 and Deputy Chair of the Board of Directors effective 2 December 2021. Mr Hamman has over 36 years of experience in the financial services industry and has held various senior management and Director roles in investment and private banking. Mr Hamman currently holds and previously held several executive directorships and senior management positions in private and public companies in the financial services, property development and investment industries including within the Private Client Division of Investec Bank Ltd, Cape of Good Hope Bank Ltd, First National Bank Ltd and Barclays Bank Ltd. Mr Hamman holds a Bachelor of Commerce from The University of South Africa, a Diploma in Financial Services and Finance from The Institute of Bankers in South Africa and an Associate Diploma from The Institute of Bankers. Mr Hamman is also a member and graduate of the Australian Institute of Company Directors. Other ASX listed company directorships held in the past three years: • N/A	Deputy Chair of the Board of Directors Chair of the Risk Committee Chair of the Finance & Investment Committee Member of the Audit Committee Member of the Nomination & Remuneration Committee

DIRECTORS' REPORT
continued

Inese I Kingsmill – Independent Non-Executive Director

Inese Kingsmill was appointed as a Director of the Company in December 2019.

Prior to joining the Company, Ms Kingsmill gained extensive senior experience across marketing, digital, e-commerce, sales and customer-facing functions at a range of companies. Previous positions include Chief Marketing Officer at Virgin Australia, Director of Consumer Marketing and Director of Corporate Marketing at Telstra, and Director Partner Strategy at Microsoft.

Ms Kingsmill is currently the Chair of ASX listed company hipages Group Holdings and also holds the position of Non-Executive Director of ASX-listed company Bigtincan Holdings. She was formerly a Non-Executive Director of WorkVentures, Rhipe Limited, Spirit Technology Solutions and Chair of the Australian Association of National Advertisers.

Ms Kingsmill holds a Bachelor of Business (Marketing) from Western Sydney University and is a member of the Australian Institute of Company Directors.

Other ASX listed company directorships held in the past three years:

- Rhipe Limited (ASX: RHP): 15 April 2019 – November 2021.
- Spirit Technology Solutions (ASX: ST1): 1 July 2020 – 30 September 2021.
- hipages Group Holdings Limited (ASX: HPG): 1 October 2020 – current.
- Bigtincan Holdings Limited (ASX: BTH): 6 October 2021 – current.

Chair of the Nomination & Remuneration Committee

Member of the Product & Insurance Committee

Member of the Finance & Investment Committee

Executives

The biographies for NobleOak's Chief Financial Officer and Company Secretary are detailed below:

Scott Pearson – Chief Financial Officer

Scott Pearson has held the position of Chief Financial Officer of the Company since January 2019. Mr Pearson has over 35 years' experience in the financial services industry covering health insurance, general insurance, life insurance and reinsurance.

Mr Pearson was previously Head of Finance at RGA Australia, Chief Financial Officer at Avant Mutual Group, Deputy Chief Financial Officer/Head of Group Finance & Reporting at MBF Australia Limited and has held other roles within Calliden Group Limited (formerly Reinsurance Australia Corporation) and CIC Insurance Limited.

Mr Pearson is a Certified Practising Accountant and holds a Bachelor of Business (Accounting) from Charles Sturt University.

Suzanne Barron – Company Secretary

Suzanne Barron was appointed as Company Secretary & General Manager, Legal, in June 2022.

Ms Barron is an experienced corporate and commercial lawyer and company secretary with a wealth of experience in-house across a range of industries, including financial services, insurance, wealth management, media and FMCG. She has over 25 years' experience as a lawyer, and over 15 years' experience as a company secretary.

Ms Barron holds a Bachelor of Science and Bachelor of Laws, and is admitted as a solicitor of the Supreme Court of NSW. Ms Barron is a Fellow of the Governance Institute of Australia, and a Graduate of the Australian Institute of Company Directors.

DIRECTORS' REPORT
continued

Meetings of Directors

The number of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2023, and the number of meetings attended by each Director are as follows:

	Board		Risk Committee		Audit Committee		Finance & Investment Committee		Nomination & Remuneration Committee		Product & Insurance Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Mr S J Harrison[4]	15	15	5	5	9	9						
Mr A R Brown	15	14					5	5			6	6
Mr A J Boldeman[1]	15	15	5	5			5	5	7	7	6	6
Ms S Brennan[2]	15	15	5	5	9	9					6	6
Mr K Hamman[3]	15	15	5	5	9	9	5	5	7	7		
Ms I I Kingsmill[5]	15	15					5	5	7	7	6	6

Notes:

1. Mr Boldeman is the Chair of the Product & Insurance Committee. Mr Boldeman is a Member of the Risk Committee, Finance & Investment Committee and Nomination & Remuneration Committee.
2. Ms Brennan is the Chair of the Audit Committee and is a Member of the Risk Committee and Product & Insurance Committee.
3. Mr Hamman is Deputy Chair of the Board. Mr Hamman is the Chair of the Finance & Investment Committee and was appointed Chair of the Risk Committee on 1 January 2022. Mr Hamman is a Member of the Nominations & Remuneration Committee.
4. Mr Harrison is the Chair of the Board, and a Member of the Audit Committee and Risk Committee.
5. Ms Kingsmill is the Chair of the Nomination & Remuneration Committee. Ms Kingsmill is a Member of the Finance & Investment Committee and Product & Insurance Committee.

DIRECTORS' REPORT
continued

Directors' shareholdings

The following table sets out each Director's or related entity of the Director's relevant interest in shares and rights or options in shares of the Company or a related body corporate as at the date of this report.

Name	Number of ordinary shares	Performance rights	Options[2]	Related entity holding the security (Where applicable)
Mr A Boldeman	51,282	Nil	Nil	
Ms S Brennan	Nil	Nil	Nil	
Mr K Hamman	437,002	Nil	Nil	TK Consulting (Aust) Pty Ltd ATF The Hamman Family Trust
	110,000	Nil	Nil	KH Investments Pty Ltd ATF KH Development Trust
	227,273	Nil	Nil	Future Super KH Custodian Pty Ltd ATF Future Super Fund
	172,727	Nil	Nil	Future Super KH Pty Ltd ATF Future Super Fund
	153,000	Nil	Nil	
Mr S J Harrison	150,454	Nil	Nil	
	38,000	Nil	Nil	MSJ Capital Pty Ltd ATF Harrison Superannuation Fund
Ms I I Kingsmill	Nil	Nil	Nil	
Mr A R Brown[1]	1,684,756	738,954	136,542	
	3,980,769	Nil	Nil	Brohok Investment Co Pty Ltd

Notes:

1. Mr Anthony Brown is a participant in the Performance Rights Plan (refer note 7.1(c)), from the 2020 plan that matures in 2023, 140,813 shares have accrued, of the 253,703 total share entitlements available. For the 2021 plan that matures in 2024, 50,544 shares have accrued, of the 231,795 total share entitlements available. For the 2022 plan that matures in 2025, 19,009 shares have accrued, of the 253,456 total share entitlements available.
2. Options available will only vest on the performance of specific events. Details of the options are shown in note 7.1(b).

During the financial year, the following Directors had in the normal course of business, an additional interest in the Company as set out below:

- Mr A J Boldeman, formerly Board representative of Avant. Avant is a Partner of NobleOak and all transactions have been carried out under normal commercial terms. Due to Mr Boldeman being a representative of Avant prior to NobleOak's listing on the ASX, Mr Boldeman was not considered by the Board to be independent until NobleOak's listing on the ASX. Mr Boldeman ceased being a representative of Avant at the date of listing of NobleOak on the ASX.

Company Secretary

Ms Suzanne Barron was appointed as Company Secretary on 7 June 2022.

Mr Anand Sundaraj was appointed as a joint Company Secretary on 27 July 2022 and remained in this role until retirement on 30 June 2023.

DIRECTORS' REPORT
continued

Principal activities

The principal activities of the Group during the period were the manufacture and distribution of Life Insurance products (including death, total and permanent disability, trauma, income protection and business expenses insurance) through both its Direct and Strategic Partnership (Advised) channels.

NobleOak also provides administration services for run-off Life Insurance portfolios through its subsidiary Genus Life Insurance Services Pty Ltd.

Financial review

In FY23, insurance premium revenue increased by 33% to $330.3 million (FY22: $248.4 million) This was primarily driven by growth in in-force premium, which increased by 24% to $315.9 million (FY22: $254.6 million).

The growth in in-force premium came from both the Direct Channel and Strategic Partner Channel as follows:

- **Direct Channel**: in-force premium grew by 16% to $80.3 million (FY22: $69.2 million), driven by new business sales of $10.4 million (FY22: $10.2 million) during the year and average lapse rates that remained below the industry at 10.6% (FY22: 8.4%); and
- **Strategic Partner Channel**: in-force premium grew by 27% to $235.6 million (FY22: $185.4 million). This was primarily driven by new business sales during the year of $35.8 million (FY22: $50.7 million) and average lapse rates that remained below the industry at 7.2% (FY22: 4%).

NobleOak's Underlying NPAT for FY23 was $10.3 million, up 9% from FY22 ($9.5 million). On a statutory basis, NPAT increased by 374% to $8.0 million (FY22: $1.7 million), after including the impact of changes in economic assumptions on the valuation of policy liabilities and non-recurring costs such as those relating to the implementation of the new accounting standard AASB 17 *Insurance Contracts*.

Capital management

NobleOak is subject to minimum capital regulatory capital requirements in accordance with APRA's Life Insurance Prudential Standards. NobleOak is required to maintain adequate capital against the risks associated with its business activities and measure its capital to the 'Prudential Capital Requirement' (PCR).

In late March 2023, NobleOak received a notification from APRA in connection with its calculation and reporting of reinsurance asset exposures under APRA's prudential standards. APRA advised that NobleOak's approach was inconsistent with APRA's interpretation and was in breach of the prudential standards.

At the time of the notification, and as disclosed in the half year financial report, NobleOak was already working with its reinsurers to manage the way it operates its reinsurance arrangements to mitigate asset concentration risk. NobleOak subsequently confirmed to the market (in July 2023) that it has changed the way it operates its reinsurance arrangements, and that APRA has confirmed that the new arrangements meet its prudential standards. A summary of the arrangements in place as at 30 June 2023 are set out in Note 5.3.

NobleOak is well capitalised with a regulatory solvency ratio of approximately 191% at 30 June 2023. A restatement of the Company's capital position at the end of the prior year 30 June 2022 to correct for this inconsistent interpretation is provided in Note 5.4 Capital Adequacy.

NobleOak continues to prudently monitor its capital position to ensure the business remains well capitalised to support its existing customers and invest in the business to drive further growth.

People

NobleOak conducts an annual employee engagement survey, comprising questions across areas such as career development, work engagement and environment, remuneration and benefits, leadership, risk and workplace health and safety. Our most recent employee engagement survey was conducted in May 2023, with a positive employee NPS, 91% participation and over 89% of employees stating that they would recommend NobleOak as a great place to work. We remain committed to investing in and bolstering our capability and leadership to ensure NobleOak is well positioned for ongoing growth.

DIRECTORS' REPORT
continued

Annual Corporate Governance Statement

NobleOak is committed to achieving high corporate governance standards. In accordance with the 4th edition ASX Corporate Governance Council's Principles and Recommendations, the Company's annual Corporate Governance Statement, as approved by the Board, is published and available on the Company's website at: https://www.nobleoak.com.au/corporate-governance/.

Changes in state of affairs

Other than the matters disclosed above, there were no significant changes in the state of affairs of the Consolidated Group during the financial year.

Subsequent events

No matters or circumstances, other than that referred to in the financial statements or notes thereto, have arisen subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Consolidated Group, the results of those operations, or the state of affairs of the Consolidated Group in future financial years.

Future developments

For information regarding the likely developments in the operations of the Company in future financial years, please refer to the Outlook within the Operating Review on page 36.

Regulatory change impacts

During the year, there have been no regulatory changes that have impacted the preparation and presentation of financial information or the capital structure of the Company.

AASB 17 *Insurance Contracts* will apply to the Company from 1 July 2023 and the Company is in the process of its implementation of AASB 17. This new accounting standard will have a significant impact on the sector, please refer to Note 1(f) for more information.

A new LPS 117 Capital Adequacy: Asset Concentration Risk Charge that provides limits for the concentration of counterparty risk became effective on 1 July 2023, NobleOak has received confirmation from APRA that its reinsurance arrangements that mitigate its reinsurance exposures comply with this prudential standard.

Dividend Payments

The NobleOak Board believes the best returns on capital in the near term will be achieved by reinvesting operating cash flows into the business to support its ongoing growth. Accordingly, no dividend has been declared in FY23.

Indemnification of Officers and Auditors

During the financial year, the Company paid insurance premiums to insure the Directors and Officers of the Company, and its related entities against any liability which may be incurred by the Directors or Officers in carrying out their duties in good faith, to the extent permitted by the *Corporations Act 2001*.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related entities against a liability incurred as such an officer or auditor.

Environmental, Social and Governance (ESG) Framework

NobleOak is a strong supporter of a sustainable and ethical community.

NobleOak continues to invest towards ensuring the sustainability of its growth in line with its ESG strategy and framework.

During the financial year, the Company relocated its headquarters to a new premises in the Sydney CBD. The new building has a 5-star ("Excellent") NABERS rating for Energy. This enhances the Company's ability to track, manage and implement waste and recycling initiatives.

In support of NobleOak's commitment to Net Zero by 2030, in February 2023 the Company received carbon neutral certification for its business operations from Climate Active. To offset its carbon emissions and achieve certification, NobleOak purchased 100% Australian Carbon Credit Units, directly benefiting Australian communities and the environment.

NobleOak's ESG measures and targets are set out below. The Board has endorsed the following diversity metrics to support employee diversity moving forward:

- Strive for gender balance – 40:40:20 (40% female, 40% male and 20% open) at all levels of the business including the Board, Senior Leadership Team, Leadership and employee base; and
- Ensuring that at least 40% of team members identify with an ethnicity other than Australian.

	ESG Measure	Key Metrics	Target(s)	By When	Relevant UN SDG	Comments
Environment	Climate change	Carbon emissions	Net zero by 2030	30 Jun 2030	13, 15	Purchased 2609 ACCUs for 2021/2022 to be certified as Carbon Neutral (for business operations) by Climate Active
	Recycling	Recycling of our office waste	50% reduction in total office waste	3 years	13, 15	Recycling currently at 36.1% achieved by 2024
	Paper	Reduction in office paper usage	30%	2-3 years	11, 12, 13	On track to achieve 30% reduction Paper purchase/usage by 2025
Social	Workplace multicultural diversity	Team members from diverse cultural backgrounds outside of Australia	40%	Now	3, 5	70.5% of employees identify with an ethnicity from outside Australia
	Workplace gender diversity	Employees identify as female	40%	Now	5, 10	57.9% of employees currently identify as female
	Leadership gender diversity	Senior Leadership Team members identify as female	30% by FY22 35% by FY23 40% by FY24	Now	5, 10	40% of SLT members currently identify as female
	Human rights & Modern Slavery	Commitment to Human Rights	Adhere to Human Rights policy	Now	1, 3, 10	Publication of Modern Slavery Statement and screening of suppliers
Governance	Board diversity	Board members identify as female	30% FY22 40% by FY24	31 Dec 2021	5, 10	33.3% of Board Members currently identify as female
	Ethical standards	Score all employees on cultural adherence, including nobility/integrity	100% target with a minimum score of 90%	Now – in annual staff survey	9, 12	Employee engagement survey includes culture, leadership and values questions. Employee performance evaluation considers demonstration of values.
	Linking E&S with executive remuneration	Incorporate culture/values measure in each manager's STI	100% of STI programs by October 2022	1 Oct 2022	8, 17	Culture measure implemented to include purpose, leadership, values and employee retention.

DIRECTORS' REPORT
continued

Cyber Security

Cyber security is also a crucial element within the ESG framework. Effective cyber security practices show ethical responsibility by safeguarding customer data, contributing to good governance by managing risks, and enhancing our long-term resilience. Over the last five years, NobleOak has made substantial investments in cyber security, with a special focus on conducting regular independent audits to ensure the adequacy of controls in managing this risk.

NobleOak's cyber security and data protection strategy has made significant strides over the past year, aligned with APRA CPS 234 standards. NobleOak works closely with a third-party security firm which follows the National Cyber Security Centre and the open world application security project (OWASP) framework, conducting regular reviews of NobleOak's technology infrastructure and third-party arrangements. The outcomes are overseen internally by NobleOak's Information Security Committee which considers potential security risks, vulnerabilities and trends – developing roadmaps to address issues and enhance protection as needed. Internal and external auditors also review the infrastructure and ensure recommendations are appropriately implemented.

Education of employees is also important, with a robust employee awareness program in place, including training and phishing tests. NobleOak has introduced a mandatory Online Cyber Risk Awareness Training Platform, improving employee skills in identifying and responding to cyber security threats.

Proceedings on behalf of company

No person has applied for leave of Court to bring proceedings on behalf of the Company to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Auditor's independence declaration and non-audit services

The auditor's independence declaration is included on page 55 of the financial report.

Non-audit services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 2.2 (v) to the financial statements.

The Directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The Directors are of the opinion that the services as disclosed in note 2.2 (v) to the financial statements do not compromise the external auditor's independence, based on advice received from the Audit Committee, for the following reasons:

- all non-audit services comply with the NobleOak audit independence policy and have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 'Code of Ethics for Professional Accountants' issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and reward.

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016 and in accordance with that Corporations Instrument amounts in this report, and the financial report, have been rounded off to the nearest thousand dollars.

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

On behalf of the Directors

Anthony R Brown
Director

Stephen Harrison
Chair

Sydney, 30 August 2023

OPERATING AND FINANCIAL REVIEW

The Board presents its FY23 operating and financial review to provide shareholders with an overview of the Company's operations, business strategy, financial position, and prospects for the future. This review complements the financial report and has been prepared to provide useful and meaningful information.

As an APRA-regulated friendly society, NobleOak manufactures and distributes life risk insurance products (including death, total and permanent disability, trauma, income protection and business expenses insurance) through both its Direct and Strategic Partnership (Advised) channels. NobleOak also provides administration services for run-off Life Insurance portfolios through its subsidiary Genus Life Insurance Services Pty Ltd.

NobleOak is a challenger brand to the more traditional life risk insurance market incumbents and operates in the approximately $11 billion Australian individual life risk insurance market.

NobleOak's core values

NobleOak has four core values which help to link its 146-year-old heritage with its relatively new existence as a demutualised friendly society. These values underpin NobleOak's business model and are summarised as follows:

- **Nobility**: we put our clients and members first at all times. Integrity is the essence of our business, and we are here to protect Australians with better cover;
- **Simplicity**: we use simple, clear communication at all times and avoid jargon. We aim to make getting life insurance easier and ensure our clients know what they are covered for;
- **Adaptability**: we continually drive, and respond to, positive change to ensure our clients have access to the best service and products; and
- **Delivery**: we deliver results, not excuses. This includes both to our clients and to each other. When we say we are going to do something, we do it.

Overview of NobleOak's operations

NobleOak operates across the life insurance value chain, including product design and manufacturing, marketing, distribution, administration, underwriting and claims.

NobleOak operates across three business lines:

- **Direct Channel**: more affordable and accessible Life Insurance products delivered through an omnichannel customer acquisition strategy. These products are mostly NobleOak-branded policies marketed and distributed by NobleOak, direct-to-market and through Alliance Partners, without personal financial advice;
- **Strategic Partner Channel**: white-labelled tailored Life Insurance products designed and delivered in partnership with developers and distributors of intermediated life risk insurance policies ("Strategic partners") on an advised basis; and
- **Genus**: administration business, managing insurance portfolios which are no longer issuing new policies (entirely reinsured).

NobleOak generates revenue differently across each of the three business lines:

- **Direct Channel**: NobleOak earns a distribution margin, manufacturing (product) margin and a margin on retained insurance risk in the portfolio;
- **Strategic Partner Channel**: NobleOak earns a manufacturing margin through a management fee it receives for providing services such as policy manufacturing and claims handling. The Company also earns a margin on retained insurance risk in the portfolio; and
- **Genus**: NobleOak earns an administration fee from the respective insurer for administering each of the portfolio's life insurance books.

OPERATING AND FINANCIAL REVIEW
continued

Direct business
NobleOak-branded policies marketed and distributed by NobleOak, including through Alliance Partners and without personal financial advice

Direct Channel

Financially protect Australian lives and wealth – with integrity
Delivering a full suite of life insurance products:
including term life, TPD, income protection, trauma, business expenses

Strategic Partner Channel

Tailored advised products
NobleOak-issued white labelled policies marketed and administered by Strategic Partners' adviser/member networks

Genus

Administration business
Administration of legacy life insurance portfolios

By operating across three business lines, NobleOak is able to generate diversified revenue streams with varying exposures to different customer demographics and parts of the life risk insurance value chain which are exposed to structural growth trends.

Strategy & focus during the year

NobleOak's focus is to continue to build and maintain a sustainable life insurance business. Its approach to business reflects a strong focus on risk management, long-term sustainable growth and operating with:

- a well-defined culture and risk framework;
- disciplined underwriting;
- robust claims management and reinsurer relationships;
- service-led administration;
- prudent capital management; and
- disciplined growth.

NobleOak expects three specific emerging trends to drive growth in the near future, including the:

- increasing level of underinsurance in the Life Insurance industry;
- increasing consumer propensity to buy direct insurance; and
- improving regulatory environment to support a stronger Life Insurance industry in the future, with the Quality of Advice Review (QOAR), released for comment in February 2023. This report aims to improve Australians' access to high quality, affordable and accessible financial advice and Life insurance, including through direct channels and robo-advice.

OPERATING AND FINANCIAL REVIEW
continued

NobleOak's purpose is to financially protect Australian lives and wealth – with integrity.

The Company's value proposition is to provide:

- Secure cover;
- Best personal service; and
- Value for money from a provider you can trust.

NobleOak's strategy is focused on achieving organic growth in the Direct Channel, complemented by growth in its Strategic Partner Channel and Genus administration business.

In the Direct Channel, NobleOak's growth is driven by acquiring new customers directly and through increased penetration with its range of distribution Alliance Partners, such as Budget Direct and RAC WA.

The Company continues to actively seek additional Alliance Partners, generally with smaller financial institutions who seek an alternative to the existing large incumbent Life Insurers. NobleOak will also further optimise the customer experience and enhance its value proposition by delivering tailored products and services via its omnichannel approach.

NobleOak's streamlined operating model will continue to evolve as the business scales, supported by an ongoing investment in people and systems. This investment enables the Company to promote a high-performing culture and develop industry-leading capability to deliver sustainable long-term growth.

Overall, the Directors believe that there are significant growth opportunities for the Company in the short, medium and long term, which can be broadly placed in the following three categories:

- increasing insurance risk retained by NobleOak;
- organic growth initiatives (i.e. continuing to achieve above market growth); and
- acquisition and partnership opportunities.

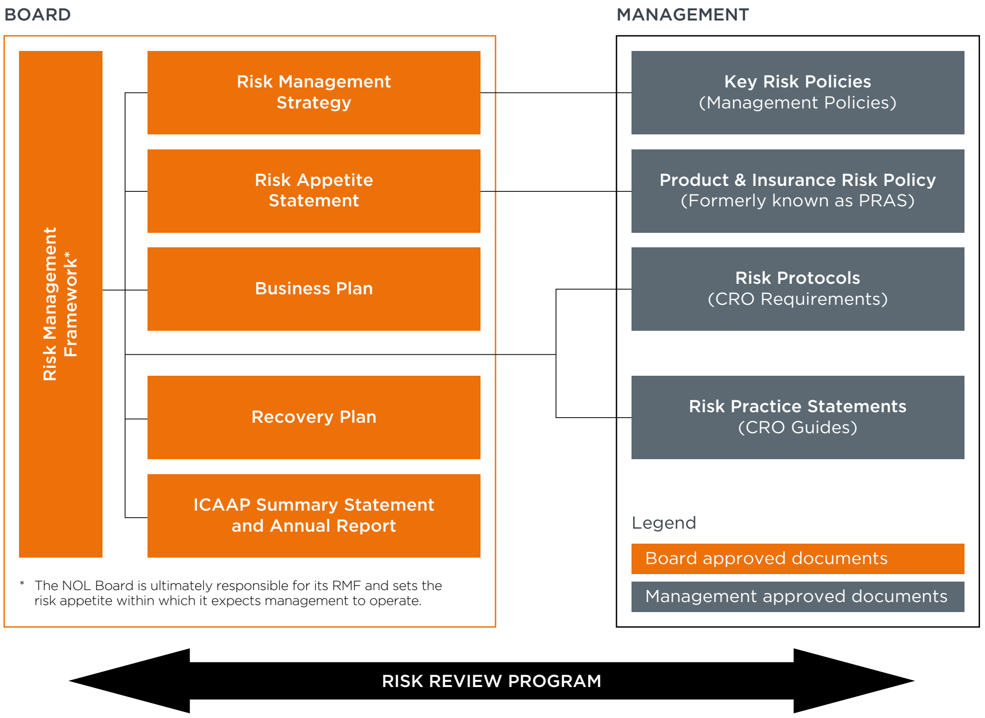
OPERATING AND FINANCIAL REVIEW
continued

Risk management

Risk Management Framework

NobleOak has in place systems, structures and process for identifying, assessing, mitigating and monitoring internal and external sources of risks that could have a material impact on its operations. This comprises NobleOak's Risk Management Framework.

Outlined below are the components of NobleOak's Risk Management structure and Internal Capital Adequacy Assessment Program (ICAAP).



NobleOak's risk management and appetite objectives are to:

- provide a framework to enable the identification and management of risk at all levels of the organisation as set out in its Risk Management Framework (RMF);
- align the risk management effort to the objectives and goals of the organisation to ensure that key risks are addressed, including new and emerging risks;
- manage identified risks within the risk appetite of the organisation and specifically within risk tolerances as set out in its Risk Appetite Statement (RAS); and
- manage its capital in accordance with its Internal Capital Adequacy Assessment Process.

These objectives are to be met by:

- enabling a consistent and enterprise-wide risk process for adoption;
- defining risk roles and responsibilities across different levels of the organisation;
- helping embed risk management as part of the way business is undertaken;
- encouraging a culture of disclosure; and
- requiring a regular re-assessment and reporting of risk to the Board Risk Committee, Board and management.

OPERATING AND FINANCIAL REVIEW
continued

Principal Risks

NobleOak's Risk Management Framework sets out the approach to the management of risk at NobleOak with a focus on empowering employees to identify, promptly report and manage risk in consultation with specialist risk resources. NobleOak's senior leadership team is responsible for managing key material risks in the business under the guidance of the Chief Risk Officer.

NobleOak's Board Risk Management Committee ultimately considers key material risks and refers risks under the RMF and the RAS to the Board for decision or recommendation on risk management actions.

The major strategic risks to the NobleOak business, along with management's risk appetite, are outlined in the NobleOak RMF and the NobleOak RAS. The material risk areas for NobleOak include (but are not limited to):

- failure to comply with, and adverse changes to, applicable laws and regulations;
- cyber risk;
- management of investment risk;
- insurance risk including adverse movements in claims liabilities;
- reinsurance risk including reinsurer terms and reinsurance asset concentration capital charges;
- operational risk including retention, capability and capacity of people;
- discontinuance (lapse) risk;
- increased competitor activity as market stabilises;
- concentration of insurance risk in relation to higher risk income protection products;
- life insurance market disruption risk including new entrants; and
- macro economic risk impacting insurance liability management including rising inflation and interest rates.

NobleOak is committed to ensuring it is compliant with its regulatory obligations as well as maintaining strong governance across all areas of the business.

Capital Management

NobleOak's Internal Capital Adequacy Assessment Process (ICAAP) sets out how NobleOak manages its capital. The ICAAP determines the level of capital to be maintained within each benefit fund including regulatory prescribed capital amounts, Pillar 2 capital requirements and a target level of surplus to reduce the likelihood of falling below regulatory capital requirements.

NobleOak closely monitors capital requirements for each benefit fund to ensure a prudent level of capital adequacy at all times, and transfers capital from the management fund to the benefit fund where required to support growth activities and increasing capital requirement as the business grows. Profits accumulated in the benefit funds in excess of projected capital requirements are transferred (centralised) to the management fund with Board approval and supporting advice from the Appointed Actuary.

Reinsurance Asset Concentration Risk

APRA's capital management standard LPS 117 Capital Adequacy: Asset Concentration Risk Charge provides limits for the concentration of counterparty risk.

As a result of NobleOak's strong growth, the company' reinsurance asset concentration exposures continue to increase. This growth requires ongoing assessment of measures required to mitigate asset concentration risk.

OPERATING AND FINANCIAL REVIEW
continued

The mitigation arrangements currently in place include:

- **Claims Settlement Terms** – this represents changes to reinsurance arrangement so that funds from reinsurers are provided to the Company on a **'claims reserved' basis for certain claims categories, rather than on a 'claims paid' basis**.
- **Deposit Back Arrangement** – this represents changes to reinsurance arrangement so that the reinsurer provides assets to the Company in support of and as security over estimated reinsurance exposures.
- **Letters of credit (LOC)** – this represents guarantees from banks with suitable credit ratings, that provide security to NobleOak against the default risk of its reinsurance asset exposure.

These arrangements, whilst effective, have varying levels of efficiency and cost, therefore NobleOak is also considering alternative structures that may be more efficient and cost effective over the long term.

Life insurance and regulatory environment

The Australian Life Insurance industry continues to face local and global regulatory change. Over the past few years, life insurers have been required to challenge their approach and thinking around insurance products both to ensure that financial products continue to meet the needs of consumers, as well as to ensure the sustainability for the industry.

This evolving regulatory landscape has continued during the reporting period, with the outcomes of the quality of advice review, ongoing changes to existing APRA prudential standards, the introduction of new APRA prudential standards, and the commencement of the second edition of the Life Insurance Code of Practice (LICOP 2) (on 1 July 2023).

And there is more change on the horizon. APRA's has recently finalised the new Prudential Standard *CPS511 Remuneration* which introduces new disclosure requirements for all regulated entities from the first full financial year following 1 January 2024. APRA is further strengthening operational risk management practices across its regulated institutions with a new Prudential Standard *CPS230 Operational Risk Management*, which will commence from 1 July 2025. In addition, APRA and ASIC have recently released consultation materials for the proposed new Financial Accountability Regime (FAR) which will impose a strengthened responsibility and accountability framework for APRA-regulated entities (including life insurance companies) as well as for directors and senior executives.

As a life insurer with a clear customer-focused, culturally and service-led value proposition, NobleOak continues to embrace industry changes which are intended to deliver better outcomes for customers and establish a foundation for long term, sustainable growth in the industry. Additionally, given the significant investment, infrastructure and technical capabilities required to operate as a life insurance company in the Australian prudential regulatory environment, NobleOak believes all of these factors significantly increase the barriers to entry for potential new entrants, thus further strengthening NobleOak's position within the industry and ability to continue gaining market share.

NobleOak believes it is well positioned to take advantage of industry disruption to drive further sustainable growth in the business. Nevertheless, NobleOak continues to prudently monitor and manage the risks posed by regulatory changes and ensures that it remains in compliance with its regulatory obligations.

NobleOak, like all insurers globally, is transitioning to the AASB 17 *Insurance Contracts*, accounting standard effective 1 July 2023. AASB 17 *Insurance Contracts*, is the Australian equivalent of the International Accounting Standard IFRS 17 *Insurance Contracts*, and represents a material change in the accounting of life insurance contracts, previously dealt with under a margin on services approach, in accordance with AASB 1038 *Life Insurance Contracts*. NobleOak is undertaking a change project which includes key enterprise wide stakeholders to facilitate the accounting, actuarial, technological, governance and other process changes required to implement the standard. APRA has also revised capital Prudential Standards to enable alignment with AASB 17. Changes to these standards, effective from 1 July 2023, have resulted in changes in granularity of reporting requirements however no material changes to capital requirements for NobleOak are expected. Further details are available in Note 1 of the financial statements.

OPERATING AND FINANCIAL REVIEW
continued

FY23 results overview

NobleOak has developed a trusted brand in the Australian life risk insurance market, combining contemporary Life Insurance products with a modern digital technology platform and service-driven business model.

In 2023, another year marked by economic change, the impact of COVID-19 gradually receded as rising inflation and subsequent interest rate increases emerged as the primary economic concerns. Amid this evolving landscape, NobleOak has further solidified its reputation as a trusted brand within the Australian life insurance market.

The business continued to deliver strong growth in in-force premium and market share in its core Direct and Strategic Partner segments in a challenging environment.

At period end, NobleOak had more than 120,000 active Life Insurance policies (excluding Genus) (30 June 2022: 103,000), representing over $315 million of annual in-force premiums (30 June 2022: $255 million). This represents strong growth of 24% over the last 12 months, during which the insurance sector grew by just 5%.[1]

As a result NobleOak's market share of in-force premium grew from 2.3% to 2.7%.[1]

NobleOak delivered the following financial results for the year ended 30 June 2023.

$'000	FY23	FY22	%
Segment Underlying NPAT*			
Direct Channel	5,551	5,386	3%
Strategic Partner	3,961	3,222	23%
Genus	798	868	(8%)
Group Underlying NPAT*	**10,310**	**9,476**	**9%**
Impact of policy liability economic assumption changes (post tax)	(445)	(5,825)	(92%)
Impact of IPO expenses (post tax)	–	(1,966)	(100%)
Impact of AASB 17 expenses (post tax)	(1,535)	–	–
Impact of IT project expense (post tax)	(337)	–	–
Reported NPAT	**7,993**	**1,685**	**374%**
Reported Diluted earnings per share (cents)	9.08	2.00	354%
Underlying Diluted earnings per share (cents)	11.71	11.22	4%

* Underlying NPAT is a non-IFRS financial measure, defined as net profit after tax excluding the impact on the valuation of policy liability from changes in economic assumptions and other material one-off items considered by the board to not reflect underlying performance of the business, disclosing an underlying measure of profitability enables the users of financial information to better assess the underlying performance of the business (as is contemplated by ASIC RG 230 Disclosing non-IFRS financial information).

NobleOak continues to focus on its financial disciplines to maintain stable margins. Underwriting performance remains strong across the business, and although year end actuarial assumption changes on long-term income protection claims have negatively impacted the underwriting margin, this impact was significantly mitigated by NobleOak's conservative reinsurance strategy (where we transfer a majority of our insurance risk exposure to reinsurers) and significantly higher investment returns, as rising interest rates provided a profit tailwind for the Company. This positive investment return impact is likely to be more substantial in the 2024 financial year. Importantly, NobleOak's claims experience remains better than the market and the Company's own long-term expectations.

While lapse rates have continued to trend up as anticipated, they remain in line with expectations and below the industry average, for both our Direct and Strategic Partner business.

NobleOak has continued to invest towards building business capability, particularly in its digital technology, actuarial, risk and claims teams. The business also experienced costs associated with implementation of the new

1. APRA Data as at 31 Dec 2022.

insurance accounting standard AASB 17 *Insurance Contracts* and project "OakBranch", our technology upgrade initiative to transform our IT environment. The OakBranch Project will transition our administration platform to a versatile cloud-based system with new processes, automated forms, and enhanced client access capabilities. This initiative represents a significant investment spanning the years 2023 and 2024. These costs and the future costs associated with the AASB 17 compliance project are excluded from the underlying results, to enable a more accurate assessment of the underlying business performance.

The key growth metrics are outlined below:

- Underlying[2] NPAT of $10.3 million, up 9% on the prior year;
- Active policies in place at 30 June 2023 now exceed 120,000, (16% growth);
- In-force premium at 30 June 2023 grew by 24% to $315.9 million;
- Net Insurance premium revenue increased by 22% to $77.6 million; and
- Administration expense ratio to improved by 2% to 7% (FY22: 9%).

NobleOak's Reported NPAT was $8.0 million for the year, an increase of 374% from $1.7 million in FY22, a year that was impacted by IPO expenses and rising bond yield rates.

These results were achieved while:

- maintaining high customer service quality standards, as evidenced by third party awards from Canstar (Direct Life and Income Protection products), Feefo (Platinum Service Award) Plan for Life(Customer Service Award), Mozo (Life Insurer on the Year), and WeMoney (Life Insurer of the Year) amongst other awards and favourable product review scores;
- maintaining our ongoing investment in people, processes and systems to improve scalability;
- further enhancing insurance and partner governance frameworks and capability, including our governance processes in response to the prudential standards breach experienced during the year;
- growing our alliance partnerships with RAC WA, Budget Direct and adding new professional association partners.

NobleOak's balance sheet remains strong, with a sound regulatory capital position as at 30 June 2023.

The following section provides an overview of some of the Group's consolidated key metrics. More detailed commentary on the results and key metrics by segment is included in the Operating Segment Review.

Key Metrics

	Consolidated		
$'000/%	**FY23**	**FY22**	**Variance**
Inforce premiums (ex Genus) at period end	315,949	254,592	+24%
New business	46,232	60,885	-24%
Net insurance premium revenue	77,637	63,701	+22%
Underlying gross insurance margin	11%	14%	(3 ppts)
Underlying administration expense ratio	7%	9%	+2 ppts
Investment return (% insurance premium)	1.2%	0.1%	+1.1 ppts
Underlying NPAT[2]	**10,310**	**9,476**	**+9%**

2. Underlying NPAT is reconciled to Reporting NPAT on page 31.

OPERATING AND FINANCIAL REVIEW

continued

In-force premium and new business

In-force premium is the key value driver of NobleOak's business. In FY23, the Company achieved strong in-force premium growth of 24% on the prior year to $315.9 million, with the market growing by just 5%.

The Australian Life Insurance industry experienced a decline in sales volumes over the reporting period due to increased economic pressures, such as high inflation, and the reduction in active financial advisers. This is in contrast with the prior year where market sales surged in the first half due to high demand for now-discontinued Income Protection (IP) products.

As required by APRA, these products were replaced by new Individual Disability Income Insurance (IDII) products which have higher prices and fewer features, with the intention of driving sustainable industry profitability.

While NobleOak's new business sales declined relative to FY22, the Company continued to outperform the market and gain a high market share of new business sales, while reporting lower than industry average lapse rates across both the Direct and Strategic Partner channels.

NobleOak's share of new business sales remained above our target of 10%, and was approximately 13.0% over the 12 months to December 2022, driving in-force premium market share up to approximately 2.7% at 31 December 2022 (Dec 2021: 2.3%) according to the most recent industry data published by APRA. The Company will remain disciplined in its pursuit of new business, ensuring its products remain competitive, while operating within its risk appetite.

Net insurance premium revenue

Total net insurance premium revenue increased by 22% to $77.6 million in FY23 (FY22: $63.7 million), benefiting from the strong growth in annual in-force premium and continued favourable lapse rates across the Direct and Strategic Partner channels.

Underlying gross insurance margin (before admin expenses)

The Company reported a slightly reduced Gross Insurance Margin in the Direct and Strategic Partner segments in FY23, following actuarial assumptions changes to strengthen reserves and increase confidence in adequacy of claims reserving. On the advice our Appointed Actuary, NobleOak has increased income protection claims reserves to provide further financial security to policyholders, ensure long-term stability, and demonstrate responsible financial management, when the industry continues to experience higher than expected claims. This proactive approach helps us be prepared for future claims and uncertainties.

The Total Underlying Gross Insurance Margin reduced from 14% in FY22 to 11%, driven by:

- an expected change in the Group portfolio mix, with the structurally lower margin Strategic Partner segment growing faster than the Direct segment;
- strengthening of prior period income protection claims reserves, noting NobleOak claims experience remains lower than industry averages; and
- lapse rates increasing in line with expectations, while also remaining below industry averages.

Underlying administration expense ratio

NobleOak continues to invest in building capability to deliver sustainable growth, and as a result, its expense base continues to grow in line with business volumes.

The Company's disciplined approach to investing in building capability also continues to deliver operating leverage, as strong premium growth outpaces growth in the expense base. This has seen the underlying administration expense ratio improve by 2% in FY23 to 7% (FY22: 9%).

Significant one-off investments are being made towards the preparation and implementation of the new accounting standard AASB 17 *Insurance Contracts*, which the business will implement effective 1 July 2023. The project is expected to cost approximately $4.5 million over FY23 and FY24, of which $2.1 million has been incurred in FY23 and excluded from the underlying administration expenses and the associated ratios for the period.

OPERATING AND FINANCIAL REVIEW

continued

NobleOak has also commenced project "OakBranch", our technology transformation initiative. This project is expected to cost approximately $2 million and be completed during FY24. $0.5 million of these costs were incurred in FY23 and disclosed separately and excluded from the underlying administration expenses and the associated ratios for the period.

Administration expenses in FY23 include depreciation and amortisation expense of $1.6 million (FY22: $1.6 million).

Investment returns

Investment returns have increased materially in the period, with the average return on invested assets increasing to 3.2% (FY22: 0.3%). This increase reflects the impact of higher market interest rates and the diversification of the strategic investment asset allocation to short-duration fixed interest asset classes, which are projected to continue to enhance returns while retaining the portfolio's overall low risk profile.

Investment returns have also benefited from increased assets held through the deposit back arrangements supporting reinsurance exposures. However, returns have been offset by commission and fees paid to reinsurers to support these arrangements.

Operating Segment Review

Direct

$'000/%	FY23	FY22	Variance
In-force premiums at period end	80,301	69,177	+16%
New business sales (annualised premium)	10,394	10,166	+2%
Lapse rate	10.6%	8.4%	(2.2 ppts)
Net insurance premium revenue	41,213	35,036	18%
Underlying gross insurance margin	28%	31%	(3 ppts)
Administration expense ratio	19%	19%	Stable
Investment Return (% insurance premium)	2.2%	0.2%	+2.0 ppts
Underlying NPAT[3]	**5,551**	**5,386**	**3%**

NobleOak's Direct strategy continues to deliver results, with ongoing brand investment continuing to drive sales and market awareness. The Company's strategy of investing in digital marketing alongside a diverse and growing range of alliance partnerships has helped to support strong market share gains.

In FY23, NobleOak's Direct Channel policy count increased by 13% to over 45,000, with in-force premiums growing by 16% to $80.3 million (FY22: $69.2 million), representing a market share of Direct inforce premium of 7.8% at 31 December 2022.

As anticipated lapse rates continue to trend upward from COVID-19 lows. However, NobleOak's lapse rates of 10.6% for FY23 remain well below the industry average.

Since the launch of new IDII products across the industry, fewer customers are changing insurers. While this continues to support a lower lapse experience, it also limits sales opportunities.

The launch of new alliance partnerships with Budget Direct and RAC WA in FY22 have gone some way to offset the impact for NobleOak, driving 2% sales growth in a market where overall sales volumes have fallen materially.

Underlying NPAT rose to $5.6 million in FY23, up 3% on the prior year.

The Underlying Insurance Margin remains strong at 28%, however it was impacted by a lapse experience that increased in line with expectations, as well as prior period income protection claims reserves being strengthened during the year. Importantly, claims experience remains below industry averages, with NobleOak's conservative reinsurance strategy mitigating any impact on margins.

3. Underlying NPAT is reconciled to Reporting NPAT on page 31.

OPERATING AND FINANCIAL REVIEW
continued

The Administration Expense ratio remained stable at 19%, with enhanced operating leverage offsetting additional expenses associated with building resource capability, and implementing actions to mitigate reinsurance asset concentration.

Increasing interest rates and Investment returns are providing tailwind for the business.

A strong focus on NobleOak's core values of nobility, simplicity, adaptability and delivery continues to deliver strong customer outcomes in the Direct Channel, resulting in a range of accolades including:

- 4.6/5 Feefo customer rating at 30 June 2023, with NobleOak receiving a second Platinum Trusted Service award in 2022 for maintaining a Gold Trusted Service Award standard for three consecutive years;
- 4.4/5 Google customer satisfaction rating as at 30 June 2023; and
- NobleOak was again the most awarded Australian direct Life Insurer in 2022, winning awards from Canstar, Plan for Life, Mozo Experts Choice and Finder during the year for the quality of our Life Insurance and Income Protection products. NobleOak also won Money Magazine's inaugural Direct Life Insurance Cover of the year 2022, and the Direct sales team was named the #1 Sales Contact Centre in Australia by leading independent consultancy GRIST.

Strategic Partner

$'000/%	FY23	FY22	Variance
In-force premiums at period end	235,648	185,415	+27%
New business Sales (annualised premium)	35,838	50,719	(29%)
Lapse rate	7.2%	4.0%	3.2%
Net insurance premium revenue	33,739	25,304	33%
Underlying gross insurance margin	3%	5%	(2 ppts)
Administration expense ratio	2%	2%	Stable
Investment Return (% insurance premium)	0.9%	0%	+0.9 ppts
Underlying NPAT[4]	**3,961**	**3,222**	**23%**

The Strategic Partner Channel continues to deliver strong growth, with NobleOak's contemporary product offerings, high quality service and strong strategic partnerships continuing to deliver market share growth.

In-force premiums grew by 27% to $235.6 million at 30 June 2023 (Jun 23: $185.4 million), representing market share advised inforce premium of ~2.2% at 31 December 2022.

As in the Direct Channel, customer insurance purchasing activity reduced in the advised channels since the introduction of the new IDII products, compounded by the reduction in adviser numbers across the industry.

While lower market sales volumes and higher sales in the prior year resulted in new business sales reducing by 29% to $35.8 million NobleOak's new business sales market share remains strong at 12.6% (Dec-2022).

NobleOak's lapse rate for FY23 increased in line with expectations to 7.2% remaining well below the industry average.

Underlying NPAT of $4.0 million for FY23 represents an increase of 23% on the prior corresponding period and is closely aligned to the growth in net insurance premium.

The Underlying Insurance Margin was 3%, driven largely by a changing mix of strategic partnership revenue and also impacted by a less favourable claims experience and lapse experience that increased in line with expectations. While prior period Income protection claims reserves were strengthened to increase confidence in adequacy of reserving, the claims experience remains below industry averages, with NobleOak's conservative reinsurance strategy mitigating the impact on margins.

4. Underlying NPAT is reconciled to Reporting NPAT on page 31.

OPERATING AND FINANCIAL REVIEW
continued

The Administration Expense ratio remained stable at 2%, with enhanced operating leverage offsetting additional expenses associated with action taken to mitigate reinsurance asset concentration.

Increasing interest rates and Investment returns are providing tailwinds for the business.

NobleOak continues to engage with its Strategic Partners to ensure ongoing commercial alignment and an appropriate balance of risk and return.

Individual Strategic Partner highlights:

- **Avant** – After closure of the product to new business in October 2021, focus remains on effectively servicing and managing the in-force business.
- **PPS** – NobleOak and PPS continue to work collaboratively to ensure product features and market positioning meet both parties' respective risk appetites, with commercial terms updated from July 2022. NobleOak is currently completing a reinsurance tender which will ensure the financial sustainability of the partnership over the long-term. During the year, contract and reinsurance amendments were also put in place to mitigate reinsurance exposures concentration, supported by NobleOak's strong relationships with its reinsurer and PPS.
- **NEOS** – NobleOak and Neos continue to work together to ensure product features and market positioning meet risk appetite, having recently reviewed commercial terms to ensure ongoing strategic alignment. Similarly, reinsurance arrangements were successfully put in place to mitigate reinsurance exposures concentration.

Genus

$'000/%	FY23	FY22	Variance
In-force premiums at period end	24,740	25,501	(3%)
Administration Expenses	5,184	6,077	(15%)
Amortisation of Portfolio Acquisition Cost Included in Administration Expenses	310	263	18%
Underlying NPAT[5]	**798**	**868**	**(8%)**

In-force premiums under management by Genus reduced less than expected to $24.7 million, due to a favourable lapse experience which has continued since the conclusion of the remediation program on the Freedom portfolio in April 2022.

Genus generated $0.8 million of Underlying NPAT in FY23, reducing in line with the lower in-force premium.

Outlook

While profitability in the Australian Life Insurance market continues to improve, the outlook for market sales activity, particularly in the advised market, remains uncertain.

Treasury's Quality of Advice Review has established the long-term sustainability of the advised market as a regulatory priority, as well as support for Direct Life Insurance models. Both are expected to be tailwinds for the market and for NobleOak.

Higher interest rates are expected to continue to benefit investment returns, with NobleOak's investment portfolio now earning an average return of 4.9% compared to 0.9% 12 months ago. Investment returns are expected to trend further upward as the portfolio is further diversified into short duration fixed interest, however the Company will remain conservative in its approach.

In FY24, the Company's strong brand and low lapse rates are expected to drive continued above market growth in in-force premiums, with NobleOak's disciplined approach to keep margins stable while investing for growth and capability.

As a diversified life insurer with a strong brand and growing direct-to-consumer business, NobleOak is well placed to continue its strong growth trajectory.

5. Underlying NPAT is reconciled to Reporting NPAT on page 31.

REMUNERATION REPORT

Section	Title	Description
1	Introduction	Describes the scope of the Remuneration Report and the individuals whose remuneration details are disclosed, together with a summary of the key changes during the year.
2	Remuneration governance	Describes the role of the Board and the Nomination and Remuneration Committee (NRC) and the use of remuneration consultants when making remuneration decisions.
3	Non-Executive Director remuneration	Details the fees paid to Non-Executive Directors.
4	Executive remuneration	Outlines the executive remuneration principles, strategy and design and the alignment of company performance to reward outcomes.
5	Key Management Personnel (KMP) equity interests	Details the NobleOak Life Limited equity held by Key Management Personnel (KMP).
6	Employment agreements	Details the contractual arrangements between NobleOak Life Limited and Executive KMP.

REMUNERATION REPORT
continued

1. Introduction

NobleOak strives to be a leader in the life insurance business that is both compassionate and customer focused and believes that attracting, developing, engaging, motivating and retaining talented people, whose behaviours align with NobleOak's culture and values will provide the Company with a sustainable advantage over the long term.

As such, NobleOak strives to create a meaningful and supportive workplace and be recognised for attracting, engaging and retaining a high performing team who are committed to the NobleOak purpose, culture, customers and sustainable long-term success. Building and maintaining a culture that is consistent with the NobleOak purpose and behaviours, while creating value for customers and shareholders are strategic priorities for NobleOak.

NobleOak's remuneration framework is intended to reward outcomes and behaviours, whilst incentivising discretionary effort and the achievement of the strategic objectives. The Board believes NobleOak's approach to Key Management Personnel (KMP) remuneration is a balanced, fair and equitable approach designed to reward and motivate a successful and experienced executive team to deliver ongoing business growth which meets the expectations of not only shareholders, but also other stakeholders.

Scope

This Remuneration Report sets out, in accordance with the relevant *Corporations Act 2001* (Cth) (Corporations Act) requirements, the remuneration arrangements in place for KMP during FY23.

Key Management Personnel

KMP have authority and responsibility for planning, directing and controlling the activities of NobleOak and comprise the non-executive directors (NEDs) as well as the Chief Executive Officer (CEO) and executive director, and the Chief Financial Officer (CFO). The CEO and CFO, for purposes of the Remuneration Report, are referred to as Executive KMP. KMP are listed below with further details provided in the Directors' Report.

Name	Role	Term
Non-Executive Director		
Stephen Harrison	Non-Executive Chair	Full year
Andrew Boldeman	Non-Executive Director	Full year
Sarah Brennan	Non-Executive Director	Full year
Kevin Hamman	Non-Executive Director	Full year
Inese Kingsmill	Non-Executive Director	Full year
Executive KMP		
Anthony Brown	Chief Executive Officer/Executive Director	Full year
Scott Pearson	Chief Financial Officer	Full year

REMUNERATION REPORT
continued

2. Remuneration governance

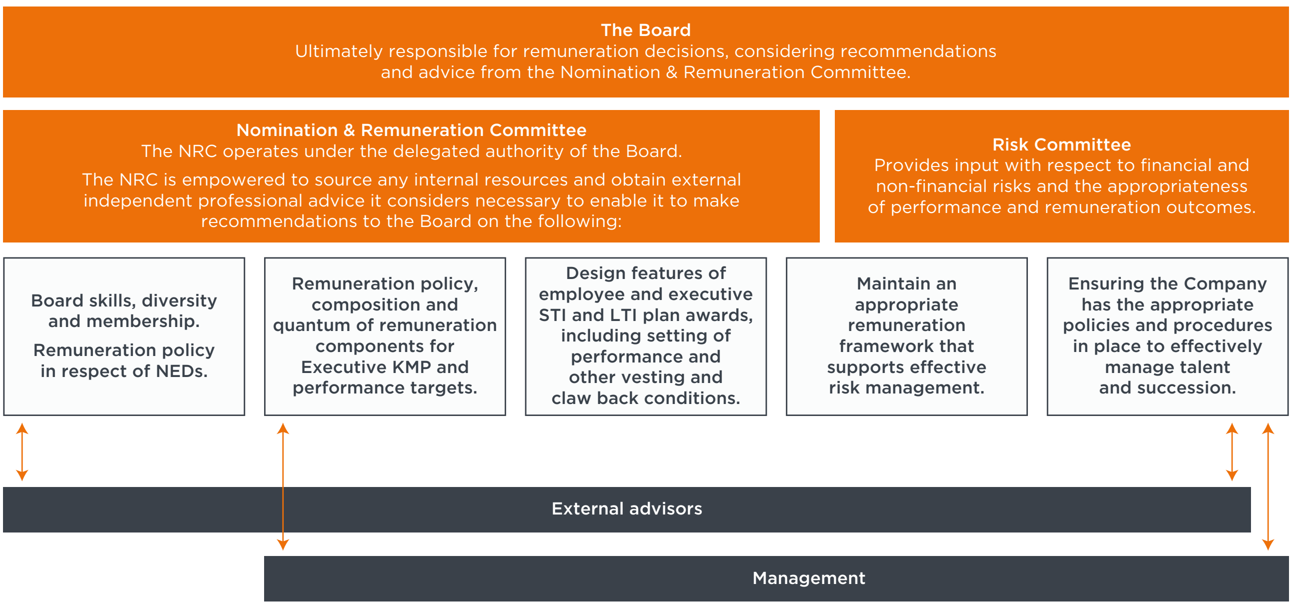
This section of the Remuneration Report describes the role of the Board and the Nomination & Remuneration Committee, and the use of remuneration consultants when making remuneration decisions.

Role of the Board and the Nomination & Remuneration Committee

The Board is responsible for NobleOak's remuneration strategy and policies. Consistent with this responsibility, the Board has an established Nomination & Remuneration and Committee (NRC) which is comprised solely of NEDs, with the majority being independent. Key responsibilities of the NRC are to:

- ensure that NobleOak maintains a remuneration framework that promotes effective management of financial and non-financial risks and provides remuneration outcomes commensurate with performance and risk outcomes;
- ensure that appropriate procedures exist to assess the membership, mix of skills and diversity and remuneration levels of the Board;
- ensure that NobleOak adopts, monitors and applies appropriate remuneration, performance and succession policies, design and procedures;
- ensure that fixed and variable remuneration levels and incentive outcomes are appropriate for leadership;
- review whether there is any gender or other inappropriate bias with respect to the remuneration for directors, senior executives or other employees;
- ensure that reporting disclosures related to remuneration meet the Board's disclosure obligations and all relevant legal and accounting standard requirements;
- review and make recommendations to the Board on remuneration reviews and incentive plans, in line with relevant legislation and corporate governance principles relating to remuneration practices and employment policies; and
- ensure appropriate superannuation arrangements are in place for NobleOak.

The NRC's role and interaction with the Board, management and external advisors, is illustrated below.



Further information on the NRC's role, responsibilities and terms of reference can also be viewed in the Investor Centre, Corporate Governance section of the NobleOak website.

REMUNERATION REPORT
continued

Use of remuneration consultants

During FY23, no remuneration consultants were engaged with respect to the remuneration structures for the financial year ending 30 June 2023.

NobleOak purchases market remuneration data from a primary provider of remuneration data appropriate for roles within the Australian life insurance industry. The benchmarking data is used as a guide and not a substitute for thorough consideration of all the issues by the NRC and the Board.

3. Non-executive director remuneration

NED remuneration

Principle	Comment
Fees are set by reference to key considerations	The remuneration levels reflect the complexity of NobleOak's business and the extent of regulatory requirements and oversight applicable to a publicly listed Friendly Society. In determining the level of fees, survey data on comparable companies is considered. NEDs' fees are recommended by the NRC and then considered by the Board. Shareholders approve the aggregate amount available for NED Fees.
Remuneration is structured to preserve independence whilst creating alignment	To preserve independence and impartiality, NEDs are not entitled to any form of incentive payments including options and the level of their fees is not set with reference to any measure of NobleOak performance. While the Board has no minimum shareholding guidelines, NEDs are encouraged to have a shareholding in NobleOak.
Aggregate Board and committee fees are approved by shareholders	The total amount of fees paid to NEDs in FY23 was within the aggregate amount approved by shareholders at the EGM held on 25 June 2021 of $1.0 million per annum including superannuation.
Post employment benefits	
Superannuation	Superannuation contributions have been made for NEDs who are paid through payroll at a rate of 10.5% (up to the Australian Government's prescribed maximum contributions limit) which satisfies the Company's statutory superannuation contribution obligations. The contribution rate will increase to 12% in future years in line with mandated legislative increases. Contributions are included in the base fee.
Retirement Schemes	There are no other retirement schemes in place for NEDs, other than statutory superannuation as described above.
Other benefits	
Equity instruments	NEDs do not receive any performance related remuneration, options, performance rights or shares.
Other fees/benefits	NEDs receive reimbursement for any expenses incurred that relate directly to the NobleOak business. No payments were made to NEDs during FY23 for travel allowances, extra services, or special exertions.

REMUNERATION REPORT
continued

NED total remuneration paid

	Year	Short-term benefits Fees ($)	Equity Based Payments Performance Rights ($)	Post-employment benefits Termination benefits ($)	Post-employment benefits Superannuation Benefits[2] ($)	Total ($)
Andrew Boldeman	FY23	136,689	–	–	14,352	151,042
	FY22	128,688	–	–	12,869	141,557
Sarah Brennan[1]	FY23	140,625	–	–	–	140,625
	FY22	76,304	–	–	–	76,304
Emery Feyzeny[3]	FY23	–	–	–	–	–
	FY22	49,493	–	–	4,949	54,442
Kevin Hamman	FY23	151,042	–	–	–	151,042
	FY22	137,959	–	–	–	137,959
Stephen Harrison (Chair)	FY23	203,125	–	–	–	203,125
	FY22	192,750	–	–	–	192,750
Inese Kingsmill	FY23	140,625	–	–	–	140,625
	FY22	127,611	–	–	–	127,611
Total	**FY23**	**772,106**	**–**	**–**	**14,352**	**786,459**
Total	**FY22**	**712,805**	**–**	**–**	**17,818**	**730,623**

1. Ms Brennan was appointed as a director in December 2021 and FY22 remuneration reflects the pro rata amount received.
2. Superannuation contributions have been made for NEDs who are paid through payroll, unless they have an exemption in place.
3. Mr Feyzeny retired as a director in December 2021 and therefore FY22 remuneration reflects the pro rata amount received.

4. Executive remuneration

Executive KMP remuneration

NobleOak's executive remuneration policies and framework are designed to attract, motivate and retain high performing talent with the aim of achieving the Group's strategic objectives in a manner consistent with NobleOak's values, while maximising shareholder value.

Remuneration is intended to satisfy the following key criteria:

- providing a balance between incentivising the behaviours and actions (inputs) that lead to sustainable and profitable growth, and the results (outputs) achieved;
- including underlying profit, in line with APRA guidelines, as a core component of plan design;
- focusing on sustained growth in shareholder value, particularly growth in share price;
- incentivising above market return on capital in the medium to long term;
- achieving an effective balance between short and long-term strategic objectives; and
- focusing executives on non-financial drivers of value that promote sustainability, including:
  - attracting, retaining and developing high calibre executives;
  - factors relating to our customers that drive long-term customer satisfaction and customer value;
  - building and maintaining a prosperous and unique corporate culture, with a genuine focus on the customer; and
  - effectively managing risks across the organisation, such as operational, regulatory and reputational risks.
  - the ability to apply malus to individual remuneration outcomes where there has been a significant risk event, where that risk materialises (including significant adverse outcomes for customers) due to significant failure or breach of accountability by the person.
- providing a framework that is simple to understand and consistently applied each year, without continual major change, to allow executives to easily understand the program and expected behaviours and results; and
- alignment to and compliance with regulatory guidelines and requirements, including the effective management of both financial and non-financial risks, and sustainable performance.

Fixed remuneration components are determined having regard to the specific skills and competencies of the Executive KMP with reference to internal and external relativities, particularly local market and industry conditions.

The 'at risk' components of remuneration are strategically directed to encourage the Executive KMP to strive for superior performance on a risk-adjusted basis by rewarding the achievement of targets that are challenging, clearly defined, understood and communicated within the ambit of accountability of the relevant Executive KMP.

Executive KMP remuneration objectives are delivered through three categories of remuneration, as illustrated below:

Executive KMP remuneration objectives

Attract, motivate and retain competent executives.	Reward differentiation to drive performance values and behaviours.	A balance between fixed and variable 'at risk' components.	Shareholder value alignment through equity and long-term performance metrics.

Total target remuneration (TTR) is set by reference to the relevant market benchmarks

Fixed	Variable 'At risk'	
Total Fixed Remuneration (TFR) TFR reflects the expected contribution to the position accountabilities.	**Short-term incentives (STI)** STI performance criteria align to the strategic goals and comprise both financial and non-financial measures.	**Long-term incentives (LTI)** LTI performance criteria align to shareholder value creation through Earnings Per Share (EPS) and absolute Total Shareholder Return (TSR) growth.
Remuneration will be delivered as:		
Base salary plus superannuation and any salary packaged benefits.	75% cash and 25% deferred for at least one year subject to service.	Performance rights subject performance and service criteria over a 3 year performance period.
Strategic intent and market positioning		
TFR will generally be positioned at the market median with consideration to expertise, capability and performance in the role.	Performance incentive is directed to achieving Board approved targets for each performance year.	LTI is intended to reward Executive KMP for sustainable long-term shareholder growth bringing alignment to shareholders' interests.

Total Target Remuneration (TTR)

TTR is intended to be positioned in the third quartile compared to relevant market benchmark comparisons for at target performance. Fourth quartile TTR may result if outperformance is achieved.

REMUNERATION REPORT
continued

Remuneration mix and positioning

NobleOak intends to provide an appropriate and competitive mix of remuneration balanced between fixed and 'at risk' components, with payment in the form of both cash and equity.

(a) Remuneration mix – FY23

The current maximum remuneration mix for the CEO and CFO is shown below:

Position	STI (%)	LTI (%)
CEO	Up to 60% of TFR (40% @ target)	Rights of 80% of TFR (Half of these vest @target)
CFO	Up to 50% of TFR (25% @ target)	Rights of 80% of TFR (Half of these vest @target)

The 'at risk' component (STI and LTI) represents the intended maximum remuneration opportunity for the Executive KMP assuming the performance requirements set for each component are satisfied.

(b) Total Fixed Remuneration (TFR) positioning

NobleOak aims to position TFR at the market median. Benchmarking is completed annually with reference to the Aon Life Insurance and Superannuation market survey; and every two years by an external remuneration consultant. Comparator groups include ASX listed organisations of comparable size and complexity.

(c) Total Target Remuneration (TTR) positioning

NobleOak aims to position TTR between the median and 75th percentile to ensure market competitive remuneration overall; with an opportunity to receive top quartile remuneration for stretch performance.

(d) TFR

TFR includes base salary, superannuation and any salary packaged amount (superannuation or novated lease) and is set with consideration to market positioning, accountabilities, qualifications, capability, experience and performance.

TFR adjustments are made where required to ensure appropriate market positioning.

Any adjustments to Executive KMP remuneration are approved by the Board following recommendation from the NRC.

(e) Variable ('at risk') remuneration

Variable remuneration is intended to constitute a meaningful component of the Executive KMP reward opportunity and aims to incentivise the delivery of sustainable long-term performance, having regard to customer, community and other stakeholder expectations.

REMUNERATION REPORT
continued

The key aspects are summarised below:

Short-term incentive (STI) plan

Purpose	The STI plan is designed to reward the achievement of NobleOak's strategic goals through the delivery of annual performance targets set by the Board at the beginning of the performance period. The STI program is reviewed annually by the NRC and approved by the Board.
Performance targets	The annual performance targets are set within a balanced scorecard with key performance areas including Financial, Customer & Growth, Strategy, Risk and Governance and People & Culture, allocated across the management team. To assess management performance, the Board use underlying financial results which exclude the impact of changes in economic assumptions on policy liabilities and non-recurring costs such as significant technology investments as it allows for a better assessment of the underlying performance of the business. Any anomalies or discretionary elements are approved and validated by the Board. Payment of STI may be withheld if the Board determines that any specific financial performance, risk, culture or values gateway has not been met.
Performance Gates and Modifiers Gate	Performance gates apply to the assessment of performance targets, to ensure that key minimum requirements are met in order to award incentives. Performance modifiers allow either the upward or downward adjustment of the award. Modifiers generally apply where performance, conduct or risk outcomes were materially below the expected standard. In rare circumstances, the Board may seek to introduce an upward modifier. These performance gates and modifiers ensures appropriate award for performance and supports the prevention and mitigation of conduct risk.
Rewarding performance	The STI performance ratings are determined under a formulaic matrix, with the Board to consider adjustments as appropriate.
Mandatory STI deferral	Following approval of the FY23 STI award, 75% of the award will be paid in cash with 25% of the award deferred into cash for a period of 12 months. Once the STI award has been granted, no further performance criteria applies other than service for the duration of the vesting period (one year minimum for the FY23 STI award). STI deferral was introduced for Executive KMP in 2021 with the aim of further enhancing alignment with shareholder interests and with the view that this policy would be enhanced over time. The Board is currently considering the steps to transition to a 40% deferral percentage and a three year deferral period (exclusive of the performance period) by FY26.
Option for discretion	The STI is at the discretion of the Board and is subject to change, adjustment or cancellation at any time. The Board also considers inputs from the Chief Risk Officer with respect to risk matters.

REMUNERATION REPORT
continued

Each Executive KMP has corporate and individual targets and objective which include risk management practices as well as demonstrating NobleOak's core values and corporate culture. Key design elements of the FY23 STI plan pertaining to the KMP were as follows:

	KMP (Allocated Proportion %)	
Measure	**Anthony Brown (CEO)**	**Scott Pearson (CFO)**
Financial	50%	50%
Strategy, Risk & Governance	30%	30%
Customers	10%	10%
People & Culture	10%	10%
Total	**100%**	**100%**

FY21 Long-term incentive (LTI)

Prior to ASX listing in July 2021, NobleOak offered equity incentives under the NobleOak Life Ltd Performance Rights Plan. The LTI was designed to align employee and shareholders' interests and to provide employees with the opportunity to acquire Company shares for no cash outlay. It also aimed to aid in long-term retention and stability of the leadership team.

Key design elements of the FY21 LTI plan and grants are set out below:

FY21 LTI

		Measurement Period
		FY21-23
Tranche 1	The vesting is determined by the Total in-force Premium – Direct Business (TIPD). At the end of the 3-year Measurement Period the Company's TIPD Compound Annual Growth Rate (CAGR) over the Measurement Period will be calculated and compared against the vesting scale.	30%
Tranche 2	The vesting is determined by the CAGR in Underlying EBIT.	30%
	At the end of the Measurement Period the Company's Underlying EBIT CAGR over the Measurement Period will be calculated and compared against the vesting scale.	
Tranche 3	The vesting is determined by the following performance measures: • Customer Net Promoter Score (NPS); • Partner Survey Score; • Staff Survey Score; and • Cost of Acquisition (Direct). At the end of the Measurement Period the Company's 3-year average of each measure will be calculated and compared against the vesting scale.	40%
Total Performance Rights (By Plan Year)		**794,391**[1]
Total Performance Rights (for the CEO and CFO)		**448,250**

1. Performance rights under the LTI are granted to senior leadership outside those determined as KMP and critical roles nominated by the CEO.

REMUNERATION REPORT
continued

Current LTIP – FY22 and FY23 Grants

Effective from ASX Listing in July 2021, the NobleOak Long Term Incentive Plan (LTIP) has been offered. The LTIP will provide an annual opportunity for Executive KMP and other selected senior managers (based on their ability to influence and execute strategy) to receive an equity award aligned to long-term shareholder value creation. All LTIP awards remain at risk and subject to 'claw back' (forfeiture or lapse) until vesting and must meet or exceed performance targets set over the vesting period.

Key design elements of the LTIP are as follows:

Purpose	To align Executive KMP and other selected senior managers remuneration opportunity with shareholder value and support retention.
Types of equity awarded	Performance rights (being a right (at nil exercise price) to fully paid ordinary shares of NobleOak Life Limited), subject to satisfying the relevant requirements.
Time of grant	Grants were issued in June 2021 and September 2022 and the FY24 grant will be issued following the annual review process; with the grants to participants to take place following the Annual General Meeting.
Time restrictions	Grants are tested against the performance hurdles set at the end of the performance and service period (usually at least three years). If the performance hurdles are not met at the vesting date, performance rights will lapse.
Dividends	No dividends are attached to performance rights.
Voting rights	There are no voting rights attached to performance rights.
Retesting	There will be no retesting of performance hurdles.
LTI allocation	The size of individual LTI grants for Executive KMP and other selected senior managers are determined in accordance with the Board approved remuneration strategy mix. The allocation methodology for performance rights is to determine the target LTI dollar value for each participant and divide it by the 'face value' of the right without discounting for service or performance hurdles.

No changes are currently proposed to the LTIP design and the details of the FY24 Grant will be provided in the 2024 Remuneration Report.

Performance hurdles and vesting

		FY22-24	FY23-25
Tranche 1	**Prospectus Forecast Tranche** The vesting of Rights **Prospectus Forecast** Tranche will be conditional on achieving specific underlying NPAT targets set out in the Prospectus FY22 forecast (of $9.03 million) Financial Information (which, for the avoidance of doubt, will include the expenses associated with all incentive payments made and grants which vest in respect of FY22) for FY22 and one of: • a 'weighted' in-force insurance premium (calculated by adding one quarter of in-force insurance premium from the Strategic Partnership Channel and all of the in-force insurance premium from the Direct Channel) implied by FY22 Forecast Financial Information (being approximately $106.5 million); or • direct sales as set out in the FY22 Forecast Financial Information being $12.5 million. Participants must remain employed with the Company for three years after the date of grant of rights.	One third	NA
Tranche 2	**Total Shareholder Return (TSR) Tranche** The vesting of Rights **TSR Tranche** will be conditional on achieving specific TSR targets: **Compound annual growth (CAGR) in Total Shareholder Return (TSF) (3 years)** **Performance (p.a)** — **% of equity to vest** < 8% — 0% > 8% up to 12% — 12.5% to 50% pro-rata > 12% up to 16%+ — 50% to 100% pro-rata Performance rights vest if the time restrictions and relevant performance hurdles are met. The Board must approve any special provisions, in accordance with Company policies, in the event of termination of employment or a change of control. The executive will also be required to remain employed with the Company for the 3 years after the date of grant of rights.	One Third	50%

		FY22-24	FY23-25
Tranche 3	**Underlying Earnings per Share (EPS) Tranche**	One Third	50%
	The vesting of Rights **EPS Tranche** will be conditional on achieving specific EPS targets below.		

Compound annual growth (CAGR) in earnings per Share (EPS) (3 years)

Performance EPS (CAGR)	% of equity to vest	FY22-24	FY23-25
Below Threshold level	0%	0%	0%
EPS (CAGR) (**Threshold level**)	12.5%	13.0 cents (11.5%)	15.7 cents (11.8%)
EPS (CAGR) (**Target level**)	50%	15.0 cents (17.0%)	17.7 cents (16.4%)
EPS (CAGR) (**Stretch level**)	100%	17.0 cents (22.0%)	20.35 cents (22.0%)

Performance rights vest if the 3-year time restrictions and relevant performance hurdles are met. The Board has the discretion to make any special provisions in the event of a change of control.

The performance period for each grant ends on 30 June in the third year after the date of the grant of rights (i.e. the performance period for rights granted in September 2022 will end on 30 June 2025). The participant must remain employed with the company throughout the period and at the date of vesting.

Underlying EPS for each relevant financial year will be calculated as Underlying NPAT for that financial year, divided by the weighted average number of ordinary shares.

The Implied Annual Compound Growth Rate in Earnings per Share for the FY22-24 period was an estimate based on the expected pro-forma FY21 Earnings Per Share at the date of issue of the grants (i.e. 9.38 cents – which was adjusted to take into account one-off and ongoing costs items associated with the IPO).

The Board will make other adjustments as required by item (2) in paragraph 11 of ASX Guidance Note 19.

	FY22-24	FY23-25
Total Performance Rights	**789,736**	**833,960**
Total Performance Rights (for the CEO and CFO)	**395,898**	**432,894**

Other remuneration elements and disclosures relevant to executive KMP

Claw Back

Claw back provisions apply for Executive KMP for both the STI and LTI in cases of material misconduct.

Hedging and margin lending prohibition

Under the NobleOak Securities Trading Policy and in accordance with the Corporations Act, equity granted under NobleOak equity incentive schemes must remain at risk until vested if they are performance rights. It is a specific condition of grant that no schemes are entered into, by an individual or their associates that specifically protect the unvested value of performance rights allocated.

NobleOak also prohibits the CEO or other 'Designated Persons' (including Executive KMP) providing NobleOak securities in connection with any margin loan or similar financing arrangement unless that person has received a specific notice of no objection in compliance with the policy from the Board.

NobleOak, in line with good corporate governance, has a formal policy setting down how and when employees of NobleOak may deal in NobleOak securities.

NobleOak's Securities Trading Policy is available on the NobleOak website under Investor Centre, Corporate Governance.

NobleOak Company Performance

The business continued to deliver strong growth in in-force premium and market share across both the core Direct and Strategic Partner segments in FY23, in what has been a challenging environment.

NobleOak continues to focus on its financial disciplines to maintain stable margins. Underwriting performance remains strong across the business, and although actuarial assumption changes on long-term income protection claims impacted the underwriting margin, the impact was mitigated by NobleOak's conservative reinsurance strategy. Higher investment returns as rising interest rates provided a profit tailwind for the Company.

NobleOak has continued to invest towards building business capability, particularly in its actuarial, risk and claims teams. The business also experienced costs associated with implementation of the new insurance accounting standard AASB 17 *Insurance Contracts*.

The performance of the Group is summarised in the table below:

Financial Performance	FY23 $'000	FY22 $'000	FY21 $'000	FY20 $'000	FY19 $'000
Insurance premium revenue	330,336	248,401	169,932	105,568	71,675
Net insurance premium revenue	77,637	63,701	46,611	36,638	27,237
Net Profit After Tax	7,993	1,685	4,903	7,636	5,233
Underlying net profit after tax	10,310	9,476	7,008	5,836	3,350
Basic EPS (cents)	9.31	2.00	7.69	13.58	10.03
Diluted EPS (cents)	9.08	1.95	7.50	13.32	9.78
Underlying Basic EPS (cents)	12.00	11.22	10.99	10.38	6.42
LTI Performance Outcomes	**2023[1]**	**2022**	**2021**	**2020**	**2019**
LTI Vested (% of maximum grant) (Target = 50%)	50.5%	67.8%	38.6%	30.1%	N/A
Total Performance Rights Vested	364,966	224,516	172,570	57,733	N/A
Total Performance Rights Vested (For CEO & CFO)	248,793	224,516	172,570	57,733	N/A

1. The 50.5% vesting outcome resulted in a total of 342,642 rights. As noted in the Prospectus, at the time of IPO, certain members of the management team, including the CEO and CFO, were issued options as a one-off IPO related bonus (IPO Options). The IPO Options lapsed for reasons outside management's direct control. In FY23, noting the lapsed IPO Options, 22,324 rights were awarded to the KMP in recognition of the achievement of a successful IPO.

During FY23, the Company achieved the following performance targets which underpinned the short term incentive outcomes:

Financial	Strategy & Operations
• Continued strong business growth: – In-force premium: $315.9 million (up 24%); – Insurance premium: $330.3 million (up 33%); – Net Insurance premium: $77.6 million (up 22%). • Inforce Market Share Growth: – Direct up to 7.8% of Direct Market; – Strategic Partners up to 2.2% of advised market. • Underlying NPAT: $10.3 million (up 9%).	• Growth in Direct Sales via successful execution of Direct Alliance Partners Budget Direct and RAC (WA) offsetting decline in Market Sales activity. • Commenced implementation of IT Transformation project (18 month timeline) and material accounting standard AASB 17 *Insurance Contracts* implementation. • Completed planned enhancement to Reinsurance arrangements to manage reinsurance concentration exposures. These arrangements resolved and responded to the regulatory incident reported during the year.

Customers	People & Culture
• Continued below-market lapse rates and high customer satisfaction rates. • NobleOak was again the most awarded Australian Direct Life Insurer in 2022. • Direct Sales Team was named the #1 Sales Contact Centre in Australia by leading independent consultancy GRIST.	• Strong focus on NobleOak's culture and core values with over 90% of employees believing in NobleOak's purpose. • A positive employee NPS, with 91% participation and over 89% of employees stating that they would recommend NobleOak as a great place to work. • Ongoing capability build across the teams.

The following table tracks the current expectation for performance outcomes of 'in-flight' long term incentive programs. Below target performance outcomes are currently forecast for the 2021 and 2022 awards; driven by the current low share price.

Tracking Unvested LTI Awards

LTI Award	Vesting Date	Tracking (50% of Rights vest at target)	Total Performance Rights Granted	Total Performance Rights Granted (For CEO & CFO)
2020	30-Jun-23	Target – 50.5%	794,391	448,250
2021	30-Jun-24	Below Target	789,736	395,898
2022	30-Jun-25	Below Target	833,960	432,894

Short-Term Incentive Outcomes

Relationship between NobleOak performance and Executive KMP remuneration

Each Executive KMP has corporate and individual targets and objectives, including sound risk management practices as well as demonstrating NobleOak's core values and corporate culture, which are key factors in the assessment.

Taking into account the Company and the individual goals achieved, the resultant potential STI awards for Executive KMP for FY23 are as follows:

Whilst the business continues its strong growth trajectory, the lower NPAT growth compared to net earned premium growth and the prudential capital incident reported during the year have seen lower than target performance assessments for key management personnel.

Key Management Personnel	Target STI %	Minimum-Maximum STI %	Actual STI Achieved % [1]
Anthony Brown (CEO)	40%	0% – 60%	23.5%
Scott Pearson (CFO)	25%	0% – 50%	17.2%

1. Reflects the STI amount as a percentage of Total Fixed Remuneration.

Executive KMP Remuneration Table

The remuneration of each Executive KMP for the year ended 30 June 2023 is set out below:

		Short-Term Benefits			Equity-Based Payments		Other		
		Base Salary ($)	Cash STI ($)	Non-Cash Benefits[1] ($)	LTI Performance Rights ($)	LTI Options ($)	Other long-term employee benefits[2] ($)	Superannuation ($)	Total ($)
Anthony Brown	FY23	563,004	138,871[3]	(10,675)	107,440	(61,443)	14,788	25,457	777,442
	FY22	537,458	216,616	20,969	226,088	110,042	27,690	23,680	1,162,543
Scott Pearson	FY23	391,172	71,896[4]	13,351	79,474	(47,117)	9,764	25,457	543,997
	FY22	376,087	114,565	23,880	157,236	84,383	5,980	23,680	785,811
Total	**FY23**	**954,176**	**210,767**	**2,676**	**186,914**	**(108,560)**	**24,552**	**50,914**	**1,321,439**
Total	**FY22**	**913,545**	**331,181**	**44,849**	**383,324**	**194,425**	**33,670**	**47,360**	**1,948,354**

1 Includes movement in accrual balance for annual leave, car parking benefits and associated fringe benefits tax. In the FY22 Remuneration Report, these amounts were not included, however the financial statements did not require restatement.

2 Movement in provision for long service leave. In the FY22 Remuneration Report, these amounts were not included, however the financial statements did not require restatement.

3 $34,718 of the FY23 STI is deferred into cash for a period of 12 months. This will be payable in cash following the FY24 financial results subject to continued service and Board risk assessment and approval. $54,240 of the FY22 STI was deferred into cash and will be paid prior to 30 September 2023.

4 $17,974 of the FY23 STI is deferred into cash for a period of 12 months. This will be payable in cash following the FY24 financial results subject to continued service and Board risk assessment and approval. $28,765 of the FY22 STI was deferred into cash and will be paid prior to 30 September 2023.

REMUNERATION REPORT
continued

5. KMP equity Interests

The tables below set out the equity interests held by NEDs and Executive KMP.

Shares	Opening Balance (1 July 2022)	Shares Acquired	Shares Sold	Closing Balance (30 June 2023)
Directors of NobleOak Life Limited				
Andrew Boldeman	51,282	–	–	51,282
Sarah Brennan (appointed 8 December 2021)	–	–	–	–
Kevin Hamman[1]	1,100,002	–	–	1,100,002
Stephen Harrison[2]	188,454	–	–	188,454
Inese Kingsmill	–	–	–	–
KMP of NobleOak Life Limited				
Anthony Brown[3]	5,493,310	172,215	–	5,665,525
Scott Pearson	114,815	83,992	–	198,807

1. Of the Shares held by Mr Hamman, 437,002 Shares are held in the name of TK Consulting (Aust) Pty Ltd as trustee for the Hamman Family Trust (an entity associated with Mr Hamman), 227,273 Shares are held in the name of Future Super KH Custodian Pty Ltd as trustee for the Future Super Fund (an entity associated with Mr Hamman), 172,727 Shares are held in the name of Future Super KH Pty Ltd as trustee for the Future Super Fund (an entity associated with Mr Hamman) and 110,000 Shares are held in the name of KH Investments Pty Ltd as trustee for the KH Development Trust (an entity associated with Mr Hamman).
2. Of the Shares held by Mr Harrison, 38,000 Shares are held in the name of MSJ Capital Pty Ltd as trustee for the Harrison Super Fund (an entity associated with Mr Harrison).
3. Of the Shares held by Mr Brown, 3,980,769 Shares are held in the name of Brohok Investments Co Pty Ltd (an entity associated with Mr Brown). 108,396 Shares were acquired through the exercise of performance rights issued through the 2018 LTI Plan and 141,024 shares were acquired through the exercise of performance rights issued through the 2019 LTI Plan.

REMUNERATION REPORT
continued

6. Employment Agreements

The Executive KMP operate under employment agreements as set out below.

Length of contract	The CEO and CFO are on permanent contracts, which are ongoing employment contracts until notice is given by either party.
Notice periods	In order to terminate the employment arrangements, the CEO and CFO are required to provide NobleOak with six months' written notice.
Resignation	On resignation, unless the Board determines otherwise, all unvested STI or LTI benefits are forfeited.
Termination on notice by NobleOak	NobleOak may terminate employment of the CEO and CFO by providing six months' written notice. The Company may make payment in lieu of the notice period based on TFR. On termination on notice by NobleOak, unvested STI or LTI benefits may be varied, terminated, suspended or exercised, in the absolute discretion of the Board (subject to the listing rules of the ASX).
Death or total and permanent disability	On death or total and permanent disability, the Board has discretion to allow all unvested STI and LTI benefits to vest. NobleOak may immediately terminate employment at any time in the case of serious misconduct, and Executive KMP will only be entitled to payment of TFR up to the date of termination.
Termination for serious misconduct	On termination without notice by NobleOak in the event of serious misconduct: • all unvested STI or LTI benefits will be forfeited; and any ESS instruments provided to the employee on vesting of STI or LTI awards that are held in trust, will be forfeited.
Statutory entitlements	Statutory entitlements (long service leave and annual leave) will be payable in all events of separation.
Post-employment restraints	The CEO's contract includes a post-employment restraint around working for a competitor direct insurer of 6 months. The CFO is also subject to a post-employment restraint for up to 6 months.

AUDITOR'S INDEPENDENCE DECLARATION

Deloitte.

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The Board of Directors
NobleOak Life Limited
Level 4, 44 Market Street
Sydney, NSW, 2000

30 August 2023

Dear Board Members

Auditor's Independence Declaration to NobleOak Life Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Board of Directors of NobleOak Life Limited.

As lead audit partner for the audit of the financial report of NobleOak Life Limited for the year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- Any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Max R+ Murray

Max Murray
Partner
Chartered Accountants

FINANCIAL REPORT

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year ended 30 June 2023

		Consolidated		The Company	
	Note	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Continuing Operations					
Insurance premium revenue	2.1	330,336	248,401	309,845	230,919
Reinsurance expenses	2.1	(252,699)	(184,700)	(252,699)	(184,700)
Net insurance premium revenue		77,637	63,701	57,146	46,219
Investment income	2.1	3,823	181	4,594	1,166
Net commissions	2.1	18,248	15,097	18,248	15,097
Fees & other revenue	2.1	3,797	4,422	16,852	14,068
Claims expense – net of reinsurance recoveries	2.2	(17,421)	(9,485)	(17,420)	(9,485)
Policy acquisition costs	2.2	(52,575)	(45,170)	(49,212)	(42,095)
Change in net policy liabilities (before economic assumption changes)	5.3	5,820	7,000	5,820	7,000
Change in net policy liabilities (economic assumption changes)	5.3	(635)	(8,321)	(635)	(8,321)
Administration expenses	2.2	(24,395)	(21,969)	(21,663)	(18,498)
AASB 17 expenses	2.2	(2,193)	–	(2,193)	
IPO expenses	2.2	–	(2,808)	–	(2,808)
IT transformation project expenses	2.2	(481)	–	(381)	–
Operating Profit before interest expense		**11,625**	**2,648**	**11,156**	**2,343**
Lease interest expense		(280)	(47)	(5)	(34)
Profit Before Tax		11,345	2,601	11,151	2,309
Income tax expense	2.6	(3,352)	(916)	(3,037)	(518)
Profit After Tax		**7,993**	**1,685**	**8,114**	**1,791**
Other Comprehensive Income		–	–	–	–
Total Comprehensive income attributable to Owners of the Company		**7,993**	**1,685**	**8,114**	**1,791**
Earnings per share					
Basic (cents per share)	2.4	9.31	2.00		
Diluted (cents per share)	2.4	9.08	1.95		

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

		Consolidated		The Company	
	Note	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Assets					
Cash and cash equivalents	7.3	50,415	30,263	47,113	27,183
Receivables	3.1	26,327	12,043	25,174	11,250
Financial assets	3.3	177,696	69,200	180,905	72,415
Gross policy liabilities ceded under reinsurance	5.3	72,985	27,428	72,985	27,428
Plant and equipment	4.1	404	169	404	169
Right-of-use assets	4.2	5,679	495	–	360
Deferred tax asset	2.6	3,487	3,562	2,463	2,834
Intangibles	4.3	4,561	5,353	1,313	1,816
Total assets		341,554	148,513	330,357	143,455
Liabilities					
Payables	3.2	168,026	28,639	164,970	25,719
Current tax liabilities	2.6	2,909	702	2,909	702
Lease liabilities	4.2	5,834	556	–	405
Provisions	4.4	1,953	1,512	–	-
Gross policy liabilities	5.3	42,993	5,472	42,993	5,472
Total liabilities		221,715	36,881	210,872	32,298
Net assets		119,839	111,632	119,485	111,157
Equity					
Issued share capital	6.1(a)	95,727	95,323	95,727	95,323
Accumulated profits	6.2	22,819	14,826	22,465	14,351
Share-based payment reserve	6.1(b)	1,293	1,483	1,293	1,483
Total equity		119,839	111,632	119,485	111,157

The above Statement of Financial Position should be read in conjunction with the accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year ended 30 June 2023

Consolidated

	Note	Issued share capital	Accumulated profits	Share-based payment reserve	Total equity
		$'000	$'000	$'000	$'000
Balance as at 1 July 2021		62,451	21,298	871	84,620
Profit for the year		–	1,685	–	1,685
Dividends	2.5	–	(8,157)	–	(8,157)
Share capital net of transaction costs		32,872	–	–	32,872
Recognition of share-based payments		–	–	612	612
Balance at 30 June 2022		95,323	14,826	1,483	111,632
Profit for the year		–	7,993	–	7,993
Dividends	2.5	–	–	–	–
Recognition of share-based payments		–	–	214	214
Share issued under Long Term Incentive Plan		404	–	(404)	–
Balance at 30 June 2023	6.1	**95,727**	**22,819**	**1,293**	**119,839**

The Company

	Note	Issued share capital	Accumulated profits	Share-based payment reserve	Total equity
		$'000	$'000	$'000	$'000
Balance as at 1 July 2021		62,451	20,717	871	84,039
Share capital net of transaction costs		32,872	–	–	32,872
Profit for the year		–	1,791	–	1,791
Dividends	2.5	–	(8,157)	–	(8,157)
Recognition of share-based payments		–	–	612	612
Balance at 30 June 2022		95,323	14,351	1,483	111,157
Profit for the year		–	8,114	–	8,114
Dividends	2.5	–		–	–
Recognition of share-based payments		–	–	214	214
Share issued under Long Term Incentive Plan		404	–	(404)	–
Balance at 30 June 2023	6.1	**95,727**	**22,465**	**1,293**	**119,485**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year ended 30 June 2023

		Consolidated		The Company	
	Note	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Cash flows from operating activities					
Premium received		330,472	249,265	309,689	231,470
Reinsurance premium payments		(215,238)	(177,915)	(215,238)	(177,915)
Reinsurance concentration mitigants received		89,427	20,000	89,427	20,000
Reinsurance recoveries received		57,573	47,970	57,573	47,970
Claims paid		(72,399)	(51,629)	(72,399)	(51,629)
Interest received		2,097	181	2,014	169
Dividends and distribution received		1,023	56	1,873	1,056
Fees and other income received		103,718	114,374	118,808	125,344
Marketing and policy acquisition costs		(141,615)	(144,593)	(140,245)	(143,132)
Payments to other suppliers and employees		(24,921)	(29,732)	(22,460)	(26,357)
Net cash generated from operating activities	7.3(b)	130,137	27,977	129,042	26,976
Cash flows from investing activities					
Purchase of plant and equipment		(340)	(31)	(339)	(31)
Purchase of intangible assets		(133)	(4,457)	(31)	(807)
Purchase of financial assets		(108,336)	(48,837)	(108,332)	(52,038)
Net cash used in investing activities		(108,809)	(53,325)	(108,702)	(52,876)
Cash flows from financing activities					
Repayment of leasing liabilities		(896)	(899)	(405)	(656)
Lease interest paid		(280)	(47)	(5)	(34)
Dividends paid	2.5	–	(8,157)	–	(8,157)
Amounts received from issue of shares	6.1(a)	–	34,520	–	34,520
Cost of issue of shares	6.1(b)	–	(1,648)	–	(1,648)
Net cash (used in)/from financing activities		(1,176)	23,769	(410)	24,025
Net (decrease)/increase in cash and cash equivalents held		**20,152**	**(1,579)**	**19,930**	**(1,875)**
Cash and cash equivalents at the beginning of the financial year		**30,263**	**31,842**	**27,183**	**29,058**
Cash and cash equivalents at the end of the financial year	**7.3(a)**	**50,415**	**30,263**	**47,113**	**27,183**

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 30 June 2023

1. About this report

(a) General Information

NobleOak Life Limited (the Company) is a company limited by shares, incorporated and domiciled in Australia.

The Company's registered office is Level 4, 44 Market Street, Sydney NSW, 2000. These consolidated financial statements comprise the Company, its subsidiaries and controlled entities (together referred to as the "Group").

The Group is a for-profit entity and is primarily involved in the sale and management of life insurance products.

The Financial Report was authorised for issue by the Directors on 30 August 2023. The Company has the power to amend and reissue the Financial Report.

The financial statements are prepared by consolidating the financial statements of the Group's Benefit Funds and Management Fund. A list of Benefit Funds appears in note 5.2 of the financial statements.

(b) Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board (AASB), and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the Group and the separate financial statements of the parent entity. For the purpose of preparing the consolidated financial statements, the Company is a for-profit entity. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company and the Group comply with International Financial Reporting Standards ('IFRS').

(c) Basis of preparation

The financial report has been prepared on an accruals basis and is based on historic costs, except financial instruments that are measured at revalued amounts or fair values at the end of each reporting period.

Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques in accordance with the measurement hierarchy in note 3.3.

The Group operates predominantly in the financial services industry. As such, the assets and liabilities disclosed in the statement of financial position are grouped by nature and listed in an order that reflects their relative liquidity.

The Company is that as referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporate Instrument, amounts in the consolidated financial statements and Directors' report have been rounded off to the nearest thousand dollars, unless otherwise indicated.

The Group's functional currency is Australian dollars. All amounts are presented in Australian dollars, unless otherwise noted.

(d) Controlled entities

Controlled entities, which make up the Group are all those entities over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. A list of controlled entities is summarised in note 7.2.

(e) Going concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

(f) Change in accounting policy

New Australian Accounting Standards and amendments to Accounting Standards that are effective in the current period

There has been no new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

New accounting standards issued but not yet effective

A number of new accounting standards and amendments have been issued but are not yet effective, none of which have been early adopted by NobleOak in the financial report. These new standards and amendments, when applied in future periods, are not expected to have a material impact on the financial position or performance of the Group, other than as set out below:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 17 '*Insurance Contracts*' will replace AASB 1038.	1 January 2023	30 June 2024
AASB 9 '*Financial instruments*' – The Group is taking the deferral approach and will implement at the same time as AASB 17 *Insurance Contracts*.	1 January 2023	30 June 2024

AASB 17 *Insurance Contracts*

On 1 January 2023 AASB 17 *Insurance Contracts* ("the Standard") replaced AASB 1038. This standard became effective for NobleOak on 1 July 2023 on the commencement of the new financial year. The new Standard makes material changes to the recognition, measurement, presentation and disclosure of insurance contracts with the intention of standardising reporting on insurance contracts internationally (to be consistent with IFRS 17), while at the same time aiming to result in reporting that granularly, and faithfully represents the contracts that an entity holds.

The Standard does not change the underlying economics of the business or insurance contracts, but it does impact:

- the level of net assets, the level of shareholder retained earnings and the tax position at transition (1 July 2022 for NobleOak); and
- the pattern of future profit recognition thereafter, which will have subsequent profit, tax and retained earning implications.

NobleOak is expecting to see a material decrease in net assets as at the transition date. Based on current interpretation of corporate tax laws, this is expected to result in a material deferred tax asset at transition that will be available to offset tax payable on future profits.

Over the last year, APRA has revised capital Prudential Standards to enable alignment with AASB 17. Changes to these standards, effective from 1 July 2023, have resulted in changes in granularity of reporting requirements however no material changes to the capital requirements for NobleOak are expected.

High Level Project Progress and Objectives

The NobleOak AASB 17 project team and management are currently working through the transition calculations and ensuring the new requirements of the Standard are embedded in readiness for ongoing financial reporting. From inception, given the Standard impacts shareholder outcomes, the project philosophy has been to make decisions in line with the below hierarchy:

1. Compliance
2. Financial outcomes
3. Operational outcomes

In line with this philosophy NobleOak management plan to leverage the changes to extract additional business value through investment into:

- Data capabilities that link end to end insurance data and enable analysis that can improve our ability to identify emerging risks and opportunities; and
- An uplift in process automation and controls within finance and actuarial, commensurate with the complexity and growth of the business in recent years.

Detailed Progress and Key Accounting Changes

<table>
<tr><th>Workstream</th><th>Material standard changes, accounting policy decisions and general progress comments</th></tr>
<tr><td>Accounting Position Papers and governance</td><td>
10 Accounting Position Papers have been drafted which set out NobleOak's interpretation of the standards, proposed accounting policies and implementation implications. The accounting papers will continue to be refined as governance progresses.

NobleOak Accounting Position Papers include:
<table>
<tr><th>Accounting position paper</th><th>Description</th></tr>
<tr><td>1. Separation of contracts</td><td rowspan="4">Considers and addresses the treatment and recognition of individual cash flows, contracts, and contract modifications over time.</td></tr>
<tr><td>2. Modification and derecognition</td></tr>
<tr><td>3. Contract boundary</td></tr>
<tr><td>4. Expenses</td></tr>
<tr><td>5. Level of aggregation</td><td rowspan="2">Considers and addresses the level at which policy liability provisions should be calculated and reported.</td></tr>
<tr><td>6. Onerous contracts</td></tr>
<tr><td>7. Revenue recognition</td><td rowspan="3">Sets out the calculation approach and changes and additions to underlying assumptions used in the future recognition and measurement of profit.</td></tr>
<tr><td>8. Discount rate</td></tr>
<tr><td>9. Risk adjustment</td></tr>
<tr><td>10. Transition</td><td>Sets out the methods, assumptions and approaches used to complete the transition and to complete the restatement of the balance sheet under AASB 17.</td></tr>
</table>
Examples of key changes currently being finalised include:
• Insurance and reinsurance contracts are required to be measured separately;
• Definitions of portfolios and groups of insurance contracts, under which contracts will be measured and assessed under the new standard. Determination whether contract should be accounted for as long (multi-year) or short (1 year) duration contracts, based on the characteristics of the contracts, including premiums structures and ability to re-price;
• The recognition of the Contractual Services Margin (unearned profit) over time using coverage units (the maximum benefit payable under a contract) rather than premium;
• Insurance acquisition cashflows (formally deferred acquisition costs) expected to be effectively written down in part or in full at transition, with future insurance acquisition cashflows expected to be deferred and expensed over the life of the policy; and
• An explicit risk margin required to be included the provision for expected future insurance contract cashflows, which will increase the confidence level that the policy liability provision will be adequate.
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NOTES TO THE FINANCIAL STATEMENTS
continued

Workstream	Material standard changes, accounting policy decisions and general progress comments
Reporting	Under AASB 17 there will be changes to the way results are presented within the balance sheet, the statement of profit and loss and in the notes to the accounts. Changes to the balance sheet include: • Insurance contract liabilities are to include all cashflows that relate to the fulfillment of the insurance contract including direct costs (such as acquisition and claim costs) and other costs (e.g., indirect costs such as overheads). For example, premiums receivable and claims payable will now be incorporated in the insurance contract liabilities rather than payables and receivables. Changes to the statement of profit and loss include: • Amounts related to insurance contracts issued will be presented separately to amounts relating to reinsurance contracts held; • Claims incurred and attributable operational expenses will be combined into a single line item relating to insurance service expenses; • The total of insurance contract revenue less the insurance service expense will represent the insurance service result; • The effect of discounting (i.e. The time value of money) on expected cash flows of insurance contract assets and liabilities will be presented as insurance finance income or expense; and • Movement in contractual service margin will be included as part of the insurance contract revenue.
Measurement models for future revenue recognition	NobleOak expects to use the General Measurement Model as the default measurement model for measuring insurance contracts under AASB 17. Groups of insurance contracts are measured under the General Measurement Model as: • Fulfilment cashflows, which are discounted future expected cash flows, with an explicit risk adjustment for non-financial risk, and • The Contractual Service Margin, representing unearned profit to be recognized as services are provided over the coverage period.
Transition	For transition calculation purposes, NobleOak recognises and measures each group of insurance contracts using the transition approaches defined under AASB 17. With the effective date of the standard for NobleOak being 1 July 2023, NobleOak's transition date is 1 July 2022 being the opening balance sheet date for the comparative period. NobleOak is expected to use a combination of transition approaches across its business lines. A fully retrospective approach is applied where sufficient information is available to apply this approach. If information doesn't allow this then there is a choice between the modified retrospective and fair value approaches, provided there is sufficient information available to support the modified retrospective approach. NobleOak expects the adjustment to the balance sheet at transition to result in a materially lower net asset position. This is expected to be primarily driven by liabilities relating to past acquisition cash flows that are no longer recognised, with further changes to the transition balance sheet resulting from fair value adjustments and recognition of loss components.

Expected Financial Impacts

NobleOak expects a material decrease in net assets at transition. As we are still finalising the transition calculations, it is not yet possible to disclose the expected quantum of impacts.

However, the following observations are made about likely key drivers of changes in the financial results:

- **Transition adjustments** at the transition date are expected to result in a decrease in net assets:
  - the expected write-off of some or all of the Deferred Acquisition Cost implicit in the policy liability at the transition date is expected to result in a decrease in net assets, and a material deferred tax asset.
  - **Fair value transition calculations** are expected to result in changes to insurance liability provisions (or reinsurance assets) compared to those calculated in accordance with AASB 1038. This is because the fair value calculation allows for future benefits under the contract, obtainable in an arm's length market transaction, without allowing for any benefit or cost that NobleOak has already obtained through the contract(s) in the past.
- **Reporting granularity** is expected to highlight different levels of profitability within each portfolio:
  - For portfolios with long contract boundaries: To the extent that individual contracts are assessed as being onerous (i.e., the profitability implicit in these contracts are lower than required to cover the risk) a loss component will be recognised immediately at contract inception. This means that some new business segments are likely to be measured as less profitable in the first year and more profitable in later years than under current reporting; and
  - For portfolios with short contract boundaries: The emergence of profit broadly reflects each 12 months of cashflows, and to the extent that profitability implicit in pricing is not uniform, the emergence of profit will vary from year to year.
- **Different profit release patterns** are expected across the various business lines, driven by:
  - Recognition of profit in line with coverage provided (maximum benefits payable), resulting in a faster profit (or cost) recognition for long duration contracts (or reinsurance contracts). Under AASB 1038, profits were recognised in line with risk taken (i.e. premiums for NobleOak); and
  - Potential mismatches in the profit and loss release patterns where insurance contracts are determined to have a short contracts boundary and the supporting reinsurance contract is required to be recorded using a long contract boundary.

Transition Reporting Schedule

Transition calculation and balance sheets are currently being prepared as at 30 June 2022 and will progress through the governance processes over the coming months.

The 30 June 2023 Financial Statement presented in this annual report have been prepared in accordance with AASB 1038. Immediately following completion of 30 June 2023 Year End process, work will be completed to prepare financial statements under the new accounting standard AASB 17.

The first set of financial statements under the new (AASB 17) basis will be reported to the market in February 2024 for the half year ended 31 December 2023.

We expect to provide shareholders and the broader market with a AASB 17 transition update and information session prior to the half year results release.

AASB 9 *Financial instruments*

AASB 9 *Financial Instruments* – replaces AASB 139 *Financial Recognition and Measurement*. AASB 9 includes revised guidance on the classification and measurement of financial instruments.

It also carries forward guidance on recognition and de-recognition of financial instruments from AASB 139. The application of AASB 9 is not expected to have a material impact on the results of the Group.

The majority of the Group's assets are assets backing policyholder liabilities and are currently designated at fair value through the profit or loss. The Group's other financial instruments (i.e. receivables and payables) are held at amortised cost. The standard is now in effect, however the Group is taking the deferral approach that is to implement the standard at the same time as AASB 17. The Group has measured those liabilities which are within the scope of AASB 4 *Insurance Contracts*, and these are greater than the 90% threshold of total liabilities required to take the deferral option available as an insurer.

From 1 July 2023, AASB 9 will change the Group's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with an expected credit loss ("ECL") approach. The Group is finalising the AASB 9 evaluation to consider the impact and implementation alongside AASB 17. As the Group's assets backing policyholder liabilities are currently measured as at fair value through profit or loss and other financial instruments (i.e. receivable and payables) are held at amortised costs, the adoption of AASB 9 does not materially change the accounting for these assets.

(g) Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (NobleOak Life Limited) and the subsidiaries. A subsidiary is an entity the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Details of the subsidiaries are provided in note 7.2.

The assets, liabilities and results of a subsidiary are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of a subsidiary have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

(h) Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not re-measured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is re-measured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

(i) Impairment of assets

At each reporting date, the Group reviews the carrying amounts of its tangible, right-of-use and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. An excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(j) Significant accounting policies

The significant accounting policies adopted in the preparation of the financial report are contained in the notes to the financial statements to which they relate. All accounting policies have been consistently applied to the current year and comparative period, unless otherwise stated.

(k) Critical accounting judgements and estimates

The following items are covered in note 5.6:

- Life insurance policy liabilities, including the actuarial methods and assumptions; and
- Assets arising from reinsurance contracts.

2. Results for the year

2.1 Revenue items

	Consolidated		The Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
(i) Net Insurance Premium Revenue				
Premium revenue from insurance contracts	330,336	248,401	309,845	230,919
Less: Outward reinsurance expense	(252,699)	(184,700)	(252,699)	(184,700)
	77,637	63,701	57,146	46,219

NobleOak's in-force premium as at 30 June 2023 in active benefit funds was $315,948,929 ($254,591,855 as at 30 June 2022).

In-force premium in closed benefit funds as at 30 June 2023 was $11,415,619 ($11,685,662 as at 30 June 2022). From 1 June 2020, NobleOak generated revenue from the closed benefit funds to support the administration cost of managing the run-off to these policies.

There is a difference between in-force premium and the revenue recognised in the profit or loss statement due to timing of policy start dates (earned premium) and sales incentives offered with the policies (premium free periods). For core life insurance business, the gross premium (including base premium and fees) is collected by NobleOak Services Limited (the subsidiary company and the administrator). The base premium is paid to NobleOak Life Limited (the parent company and the insurer) which is recognised as insurance premium revenue in the Company's statement of profit or loss. The fee component of the gross premium retained in the subsidiary company is recognised within the insurance premium revenue in the consolidated profit or loss statement.

Premium revenue

Premium revenue arises in respect of life insurance contracts and it is recognised on a due basis subject to the rules governing each Benefit Fund. Where policies provide for the payment of amounts of premiums on specific due dates, such premiums are recognised as revenue when due. Unpaid premiums are recognised as revenue only during the days of grace or where secured by the surrender values of the policies concerned. Other premiums are recognised as revenue on a due basis.

NOTES TO THE FINANCIAL STATEMENTS
continued

Outward reinsurance expense

Premiums ceded to reinsurers under reinsurance contracts are recorded as an outward reinsurance expense and are recognised over the period of indemnity of the reinsurance contract.

	Consolidated		The Company	
	2023 $'000	**2022 $'000**	**2023 $'000**	**2023 $'000**
(ii) Investment Income				
Interest income	2,356	248	2,277	233
Increase/(Decrease) in market value of investments	160	(123)	160	(123)
Dividends and distribution income	1,307	56	2,157	1,056
	3,823	181	4,594	1,166

Investment Income

Interest income is recognised in the period in which it is earned. Dividends and distribution income are recognised when the right to receive payment is established. Investment income includes realised and unrealised gains or losses on financial assets which are reported on a combined basis as fair value gains or losses on financial assets.

	Consolidated		The Company	
	2023 $'000	**2022 $'000**	**2023 $'000**	**2023 $'000**
(iii) Net commissions				
Commissions received from reinsurers	109,274	112,285	109,274	112,285
Fees paid to reinsurers	(434)	–	(434)	–
Commissions paid to distributors	(90,592)	(97,188)	(90,592)	(97,188)
	18,248	15,097	18,248	15,097

Net Commission revenue from reinsurers

Commission revenue is recognised when all service obligations are complete and revenue is receivable from reinsurers. Fees paid to reinsurers are recognised when all service obligations are complete and expense is payable to reinsurers.

Commission expenses

Commission expense is recognised when all service obligations are complete and expense is payable to distributors.

	Consolidated		The Company	
	2023 $'000	**2022 $'000**	**2023 $'000**	**2022 $'000**
(iv) Fees & other revenue				
Management fees & administration fees	3,797	4,422	16,852	14,068
	3,797	4,422	16,852	14,068

Management fee revenue

Management fee revenues are recognised in the period in which the services are performed and obligations satisfied. All revenue is stated net of the amount of goods and services tax (GST).

NOTES TO THE FINANCIAL STATEMENTS
continued

2.2 Expense items

	Consolidated		The Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
(i) Claims Expenses				
Claims payments	72,659	51,712	72,658	51,712
Claims expense reserve	55,731	18,672	55,731	18,672
Gross claims expense	128,390	70,384	128,389	70,384
Reinsurance recovery on paid claims	(60,814)	(45,955)	(60,814)	(45,955)
Reinsurance recovery reserve	(50,155)	(14,944)	(50,155)	(14,944)
Reinsurance recovery	(110,969)	(60,899)	(110,969)	(60,899)
Claims expense – net of reinsurance recoveries	17,421	9,485	17,420	9,485

Claim payments are recognised when the liability to a policyholder under a life insurance contract has been established or upon notification of the insured event. Claims on risk business are treated as an expense and are recognised when a liability to the policyholder is established.

Reinsurance claims recovery is recognised for claims ceded to reinsurers under reinsurance contracts.

Claim expense reserve is an actuarial estimate for future claim payments, reinsurance recovery reserve is an actuarial estimate for future claim recovery.

	Consolidated		The Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
(ii) Policy Acquisition Costs				
Commission	19,703	14,971	16,340	11,896
Marketing & promotion	12,356	11,991	12,356	11,991
Salary & employee costs	7,163	6,418	7,163	6,418
Stamp duty	8,943	6,837	8,943	6,837
Underwriting & medical costs	1,956	3,144	1,956	3,144
Other variable costs	2,454	1,809	2,454	1,809
	52,575	45,170	49,212	42,095

Policy acquisition costs comprise the costs of acquiring new business, including commission, advertising, policy issue and underwriting costs, agency expenses and direct and indirect other sales costs.

NOTES TO THE FINANCIAL STATEMENTS
continued

	Consolidated		The Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
(iii) Administration expenses				
Salary & employee costs (incl Board costs)	11,476	11,063	9,120	8,224
Marketing & Promotion – Brand and non-lead	657	383	657	383
Management fees	–	–	2,499	3,159
Depreciation & amortisation	1,644	1,571	621	787
IT expenses	2,576	2,105	1,360	320
Professional fees	2,760	2,490	2,703	271
Other expenses	5,282	4,357	4,703	5,354
	24,395	21,969	21,663	18,498

	Consolidated		The Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
(iv) One-off expenses				
AASB 17 expenses[1]	2,193	–	–	–
IPO expenses[2]	–	2,808	–	2,808
IT transformation project expenses[3]	481	–	381	–
	2,674	2,808	381	–

1. Costs that relate to the implementation costs of AASB 17 project.
2. Costs that relate to the stock market listing on 22 July 2021, or otherwise not incremental and directly attributable to issuing new shares, are recorded as an expense in the statement of comprehensive income in the period incurred.
3. Costs that relate to the project "OakBranch", our technology upgrade initiative to transform our IT environment, build in-house data management and reporting capability and uplift our customer portal and user experience.

Basis of expense apportionment

All operating expenses in respect of life insurance or life investment contracts have been apportioned between policy acquisition, policy maintenance and investment management expenses with regard to the objective when incurring the expense and the outcome achieved.

The apportionment process is adopted by applying the following methodology:

- Expenses that can be directly identifiable and attributable to a particular class of business are allocated directly to that class of business. Expenses directly attributable to the ordinary and superannuation participating and non-participating classes of business that cannot be directly allocated to a particular class of business are apportioned based upon the appropriate cost drivers;
- Commission expenses that cannot be allocated to a class of business, for example volume bonuses, are apportioned on the basis of new business and renewal commissions of each class, allowing for limits implied by the basis of adviser remuneration;
- Investment expenses are apportioned to the classes of business on the mean balance of assets under management; and
- Other expenses that cannot be allocated to a particular class of business are apportioned to the classes of business based on appropriate cost drivers, including number of new policies issued and related premiums, number of new units issued, mean balance of assets under management, average number of policies in-force and time and activity-based allocation.

NOTES TO THE FINANCIAL STATEMENTS
continued

(v) Remuneration of auditors

	Consolidated		The Company	
	2023 $	2022 $	2023 $	2022 $
Auditor of the parent entity				
Audit and review of financial reports	701,930	330,100	643,130	281,100
Audit of APRA and ASIC regulatory return	50,270	36,900	38,200	29,340
Total remuneration for audit services	752,200	367,000	681,330	310,440
Other non-assurance services	47,700	–	35,700	–
Total remuneration for non-assurance services	47,700	–	35,700	–
Total remuneration	799,900	367,000	717,030	310,440

2.3 Segment Information

AASB 8 requires disclosure of operating segments that engage in business activities and whose results are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess performance.

The information reported to the Group's Board of Directors, being the chief operating decision maker, for the purpose of resource allocation and assessment of performance is focused on the products and services of each reporting segment.

The principal operating segments within the insurance operations of NobleOak are as follows:

(a) Direct Business

The term 'Direct' reflects the life insurance protection products that are sold directly to customers under the NobleOak brand. This segment also includes the results of the management fund, whose function is to recognise the expenses incurred and investment income of the Group (net of allocation to the other segments), as well as one small closed fund, Funeral Fund, which is held for the Druids members.

Products sold under the direct branded Premium Life Direct or My Protection Plan include term life, total and permanent disability, trauma, income protection and business expenses.

(b) Partnerships

The term 'Strategic Partnerships' reflects the life insurance protection products which are sold to customers primarily through advisors under our partner brands. Currently, NobleOak is the issuer of life insurance policies for PPS Mutual (established 2016), Avant Mutual (established 2017) and NEOS (established 2018).

(c) Genus

The term 'Genus' refers to life insurance administration services performed by the Group company Genus Life Insurance Services Pty Ltd. Genus took on the administration of the run-off of life and funeral insurance protection products written through Freedom Insurance Group following it ceasing operations in 2019. Genus also took on the administration of the run-off of life insurance policies written through A&G following the purchase of administration rights in August 2021.

Genus provides administration services to the policyholders of the portfolios and receives revenue from the insurer/reinsurer. The segment also includes the residual results of the Freedom and Reward Benefit Funds.

NOTES TO THE FINANCIAL STATEMENTS
continued

	Direct		Strategic Partnerships		Genus		Consolidated	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Insurance premium revenue	74,229	63,038	244,769	171,030	11,338	14,333	330,336	248,401
Reinsurance expenses	(33,016)	(28,002)	(211,030)	(145,726)	(8,653)	(10,972)	(252,699)	(184,700)
Net insurance premium revenue	41,213	35,036	33,739	25,304	2,685	3,361	77,637	63,701
Investment income	1,610	122	2,191	55	22	4	3,823	181
Net commissions	5,253	5,692	12,995	9,405	–	–	18,248	15,097
Fees & other revenue	54	35	–	–	3,743	4,387	3,797	4,422
Claims expense – net of reinsurance recoveries	(12,158)	(7,290)	(5,263)	(2,195)	–	–	(17,421)	(9,485)
Policy acquisition costs	(27,457)	(25,256)	(25,015)	(19,788)	(103)	(126)	(52,575)	(45,170)
Change in net policy liabilities (before economic assumption changes)	13,916	11,540	(8,076)	(4,550)	(20)	10	5,820	7,000
Change in net policy liabilities (economic assumption changes)	(1,706)	(7,977)	1,071	(344)	–	–	(635)	(8,321)
Administration expenses	(14,230)	(12,044)	(4,983)	(3,585)	(5,182)	(6,340)	(24,395)	(21,969)
AASB 17 imp lementation expenses	–	–	–	–	–	–	(2,193)	–
IPO expenses (Unallocated corporate costs)	–	–	–	–	–	–	–	(2,808)
IT transformation project expenses	(381)	–	–	–	(100)	–	(481)	–
Operating Profit before interest expense	**6,114**	**(142)**	**6,659**	**4,302**	**1,045**	**1,296**	**11,625**	**2,648**
Lease Interest Expense	(278)	(34)	–	–	(2)	(13)	(280)	(47)
Profit Before Tax	**5,836**	**(176)**	**6,659**	**4,302**	**1,043**	**1,283**	**11,345**	**2,601**
Income Tax expense	(1,746)	(22)	(1,949)	(1,321)	(315)	(415)	(3,352)	(916)
Profit After Tax	**4,090**	**(198)**	**4,710**	**2,981**	**728**	**868**	**7,993**	**1,685**
Impact of policy liability economic assumption changes (post tax)	1,194	5,584	(749)	241	–	–	445	5,825
Impact of AASB 17 expenses (post taxes)	–	–					1,535	–
Impact of IPO expenses (post tax)	–	–	–	–	–	–	–	1,966
Impact of IT project expense	267	–	–	–	70	–	337	–
Underlying NPAT[1]	**5,551**	**5,386**	**3,961**	**3,222**	**798**	**868**	**10,310**	**9,476**

1. Underlying NPAT is a non-IFRS financial measure, defined as net profit after tax excluding the impact on the valuation of policy liability from changes in economic assumptions and other material one-off items considered by the board to not reflect underlying performance of the business. Disclosing an underlying measure of profitability enables the users of financial information to better assess the underlying performance of the business (as is contemplated by ASIC RG 230 Disclosing non-IFRS financial information).

2.4 Earnings per share

	Consolidated	
	2023	**2022**
Basic earnings per share (cents)	9.31	2.00
Diluted earnings per share (cents)	9.08	1.95
Basic earnings per share		
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:		
Profit for the year attributable to owners of the Group ($'000)	7,993	1,685
Earnings used in the calculation of basic earnings per share ($'000)	7,993	1,685
Weighted average number of ordinary shares for the purpose of basic earnings per share	85,894,480	84,466,900
Diluted earnings per share		
The earnings used in the calculation of diluted earnings per share are as follows:		
Profit for the year attributable to owners of the Group ($'000)	7,993	1,685
Earnings used in the calculation of total diluted earnings per share ($'000)	7,993	1,685
The weighted average number of ordinary shares for the purposes of diluted earnings per share reconciles to the average number of ordinary shares used in the calculation of basic earnings per share as follows:		
Weighted average number of ordinary shares used in the calculation of basic earnings per share	85,894,480	84,466,900
Shares deemed to be dilutive in respect of the Premium Option Plan and Performance Rights Plan	2,138,820	1,844,830
Weighted average number of ordinary shares used in the calculation of diluted earnings per share (all measures)	88,033,300	86,311,730

2.5 Dividends

The NobleOak Board believes the best returns on capital in the near term will be achieved by reinvesting operating cash flows into the business to support its ongoing growth. Accordingly, no dividend has been declared in FY23.

The directors resolved to determine the payment of a dividend of $0.12 per share franked to 100% in FY22. The dividend was paid out of the company's pre-existing cash reserves (prior to the IPO) on 20 June 2021. The aggregate dividend amount of $8.2 million was paid to holder of ordinary shares in the company as at the record date of 9 June 2021.

	Consolidated and Company			
	2023		**2022**	
	Cents per share	**$'000**	**Cents per share**	**$'000**
Dividend	–	–	12	8,157

The Company's ability to utilise the franking account credits depends on meeting *Corporations Act 2001* (Cth) requirements to declare dividends. Franked dividends are franked at a tax rate of 30%. The dividend paid in the financial year has utilised $3.5 million of the franking credit account.

NOTES TO THE FINANCIAL STATEMENTS
continued

Dividend franking account

	Consolidated and Company	
	2023 $'000	2022 $'000
Amount of franking credit available for use in subsequent financial years	6,892	5,308

The Company's ability to utilise the franking account credits depends on meeting *Corporations Act 2001* (Cth) requirements to declare dividends. Franked dividends are franked at a tax rate of 30%. The dividend paid in the prior financial year utilised $3.5 million of the franking credit account.

2.6 Taxes

	Consolidated		The Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
(a) The components of tax expense comprise:				
Current tax	3,438	1,364	2,827	826
Deferred tax	(86)	(448)	210	(308)
	3,352	916	3,037	518
(b) The prima facie tax on profit from operations before income tax is reconciled to income tax as follows:				
Prima facie tax expense on profit from operations before income tax at 30% (2022: 30%)	3,404	780	3,345	693
Add:				
Tax effect of:				
Members Liability	(6)	(21)	(6)	(21)
Non-deductible expenses	(32)	117	(33)	106
Under provision of prior year income tax	32	46	32	46
	(6)	142	(7)	131
Less:				
Tax Effect of:				
Deductible expenses	–	–	–	–
Non-assessable other income	46	6	301	306
	46	6	301	306
Income tax expense attributable to profit for the year	3,352	916	3,037	518

NOTES TO THE FINANCIAL STATEMENTS
continued

Income tax

The Company is subject to income tax on income less an appropriate proportion of administration and overhead expenses. Certain benefits are exempt from income tax under provision of the Income Tax Assessment Act.

The income tax benefit (expense) for the year comprises current income tax benefit (expense) and deferred tax benefit (expense).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax benefit (expense) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Current tax liabilities

	Consolidated		The Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Provision for income tax	2,909	702	2,909	702
Maturity analysis:				
Current	2,909	702	2,909	702
	2,909	702	2,909	702

The tax currently payable (or receivable) is based on taxable profit for the year less tax instalments paid. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Deferred tax asset

	Consolidated		The Company	
The balance comprises temporary difference attributable to:	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Asset impairments	555	555	555	555
Accrued expenses	1,372	1,332	1,205	1,170
Employee entitlement provision	526	453	–	–
Prior year tax losses	29	29	–	–
Intangibles and fixed assets	555	582	253	498
Share capital issue costs	450	611	450	611
	3,487	3,562	2,463	2,834
Movement:				
Opening balance as at beginning of year	3,562	2,932	2,834	2,344
Charged to income statement	86	448	(210)	308
Changes to equity	(161)	182	(161)	182
Closing balance as at end of year	3,487	3,562	2,463	2,834

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Tax Consolidation

NobleOak Life Limited is the head entity of the Tax Consolidated Group comprising of NobleOak Life Limited and its wholly owned entities. Under tax consolidation, the head entity assumes the following balances from controlled entities within the Tax Consolidated Group:

(i) current tax balances arising from external transactions recognised by entities in the tax consolidated group which occurred after implementation date; and

(ii) deferred tax assets arising from unused tax losses and unused tax credits recognised by entities in the Tax Consolidated Group which occurred after implementation date.

Assets and liabilities which arise as a result of balances transferred from entities within the Tax Consolidated Group to the head entity are recognised as related party balances receivable and payable in the statement of financial position. The recoverability of balances arising from tax funding arrangements is based on the ability of the Tax Consolidated Group to utilise the amounts recognised by the head entity.

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of Goods and Service Tax (GST), except:

- Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- For receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

3. Receivables, payables and investments

3.1 Receivables

Trade receivables

Trade accounts receivable are carried at amounts due and are generally settled within 30 days.

	Consolidated		The Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Reinsurance Receivable	17,417	4,903	17,417	4,903
Trade receivables	4,503	3,734	3,364	2,777
GST receivable	2,200	1,744	2,768	2,087
Other receivables – related party	–	–	(47)	606
Prepayments	2,207	1,662	1,672	877
	26,327	12,043	25,174	11,250
Maturity analysis:				
Current	26,327	12,043	25,174	11,250
Non-current	–	–	–	–
	26,327	12,043	25,174	11,250

3.2 Payables

	Consolidated		The Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Payables – Related parties	–	–	2,064	1,468
Reinsurance Premiums Payable	52,984	15,522	52,423	15,522
Other Reinsurance Payable	97,434	–	97,434	–
Sundry creditors	7,879	6,431	7,144	5,798
Accruals	4,726	3,721	4,050	2,729
Deferred revenue	3,031	2,619	–	–
Other payables	1,972	346	1,855	202
	168,026	28,639	164,970	25,719
Maturity analysis:				
Current	168,026	28,639	164,970	25,719
Non-current	–	–	–	–
	168,026	28,639	164,970	25,719

Payables

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

Other reinsurance payable represents the group's liability to the reinsurers associated with reinsurance concentration mitigation arrangements implemented in the current year including the principal value of $97.0m and fees on the Deposit Back arrangement and on the Letters of Credit of $0.4m (refer note 5.3 and 5.4 for further details).

Accruals

Accruals are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Deferred revenue

Deferred revenue is generated when the administration fee is received in advance. Revenue is only recognised when it is earned.

3.3 Investment

Financial instruments

A financial instrument is any contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity and are recognised when the Consolidated Group become a party to the contractual provisions of the instrument.

Financial assets

Financial assets comprise assets held to fund policyholder liabilities, provide securities against reinsurance asset exposures, and excess shareholders' assets. Financial assets are measured at fair value through profit or loss and include bank bills and term deposits, and Australian fixed interest bonds.

Financial liabilities

Financial liabilities are measured at amortised costs which include payables and lease liabilities.

Financial instruments designated as fair value through profit or loss

The policy of management is to designate a group of financial assets or financial liabilities as fair value through profit or loss when that group is both managed and its performance evaluated on a fair value basis for both internal and external reporting in accordance with the Group's documented investment strategy.

	Consolidated		The Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Financial assets held at cost:				
Shares in Subsidiaries	–	–	3,351	3,351
Financial assets held at fair value through profit or loss:				
Bank bills and term deposits*	87,537	27,561	87,395	27,425
Listed unit trusts*	77,559	22,417	77,559	22,417
Unlisted unit trusts*	12,600	19,222	12,600	19,222
	177,696	69,200	180,905	72,415
Maturity analysis:				
Current	87,537	27,561	87,395	27,425
Non-current	90,159	41,639	93,510	44,990
	177,696	69,200	180,905	72,415
Level 1				
Listed unit trusts	77,559	22,417	77,559	22,417
Level 2				
Bank bills and term deposits	87,537	27,561	87,395	27,425
Unlisted unit trusts	12,600	19,222	12,600	19,222
	100,137	46,783	99,995	46,647
Level 3	–	–	–	–
	177,696	69,200	177,554	69,064

* Include assets held in support of reinsurance concentration mitigants including claims settlement terms and Deposit Back arrangement of $109.4m (refer note 5.3 for more details).

Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments are measured by level of the following fair value measurement hierarchy:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

(ii) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and

(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

3.4 Financial risk management

The Board of Directors has established an investment policy to ensure that assets are adequately protected and invested in accordance with the Group's primary objectives of safety, liquidity and yield. The principal goal of the investment policy is to maximise investment returns while growing the Group's asset base without putting at risk the capital adequacy and solvency obligation requirements stipulated by relevant laws and standards (such as those imposed by the APRA). To assist with the implementation and management of the investment policy, the Board has established a Finance and Investment Committee (FIC).

The Group's financial instruments consist mainly of deposits with banks, fixed interest investments, accounts receivable and payables.

The totals for each category of financial instruments are set out below in the interest rate risk note at 3.4(e).

(a) Interest rate risk

The following table details the Consolidated Group's exposure to the interest rate risk at 30 June 2023 and 2022:

	Less than 1 year		Between 1 & 5 years		Over 5 years		Total	
2023	**$'000**	**Weighted average interest rate %**	**$'000**	**Weighted average interest rate %**	**$'000**	**Weighted average interest rate %**	**$'000**	**Weighted average interest rate %**
Financial Assets								
Cash and cash equivalent	50,415	3.1	–	–	–	–	50,415	3.1
Receivables	26,327	–	–	–	–	–	26,327	–
Bank bills and term deposits	24,537	4.7	63,000	5.4	–	–	87,537	4.7
Listed unit trusts	15,067	4.9	62,492	4.9	–	–	77,559	1.8
Unlisted unit trusts	5,565	4.0	6,416	4.9	619	2.8	12,600	2.5
	121,911	3.0	131,908	5.1	619	2.8	254,438	2.9
Financial Liabilities								
Payables	168,026	–	–	–	–	–	168,026	–
Lease liabilities	5,834	–	–	–	–	–	5,834	–
	173,860	–	–	–	–	–	173,860	–

	Less than 1 year		Between 1 & 5 years		Over 5 years		Total	
2022	**$'000**	**Weighted average interest rate %**	**$'000**	**Weighted average interest rate %**	**$'000**	**Weighted average interest rate %**	**$'000**	**Weighted average interest rate %**
Financial Assets								
Cash and cash equivalent	30,263	0.6	–	–	–	–	30,263	0.6
Receivables	12,043	–	–	–	–	–	12,043	–
Bank bills and term deposits	27,561	1.2	–	–	–	–	27,561	1.2
Listed unit trusts	7,750	1.8	14,637	1.7	30	0.4	22,417	1.8
Unlisted unit trusts	1,554	2.5	8,110	2.3	9,558	2.7	19,222	2.5
Total	79,171	0.9	22,747	1.9	9,588	2.7	111,506	1.2
Financial Liabilities								
Payables	28,639	–	–	–	–	–	28,639	–
Lease liabilities	556	–	–	–	–	–	556	–
	29,195	–	–	–	–	–	29,195	–

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amounts of financial assets recorded in the Group's financial statements represent the Group's maximum exposure to credit risk in relation to these assets.

The Group's investment policy sets out a minimum investment counter party grade (as measured by Standard & Poor's) for fixed interest and cash investments of at least BBB or better. The Group's Risk Appetite Statement sets out a minimum Financial Strength Rating (as measured by Standard & Poor's) for reinsurers of at least A or better.

Credit risk associated with receivables is considered minimal. The main receivables balance is in relation to receivables from outstanding premiums receivable, GST receivables and prepayments.

(c) Fair value of financial instruments

The net fair value of financial assets and liabilities approximates the amounts recorded in the financial statements. The fair value has been determined in accordance with the accounting policies disclosed in note 3.3 to the financial statements.

(d) Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

A maturity analysis for the contractual remaining life of financial liabilities has been included in the interest rate risk note at 3.4(a).

(e) Sensitivity analysis – Interest rate risk

The Group has performed sensitivity analysis relating to its exposure to interest rate risk at balance date.

This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in this risk.

Interest Rate Sensitivity Analysis

At 30 June 2023, the effect on net profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2023 $'000	2022 $'000
Change in net profit		
• Increase in interest rate by 1%	652	285
• Decrease in interest rate by 1%	(652)	(285)
Change in Equity		
• Increase in interest rate by 1%	652	285
• Decrease in interest rate by 1%	(652)	(285)

The above interest rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged. The Group has no exposure to fluctuations in foreign currency.

Sensitivities relating to Actuarial calculations in regards to insurance products is listed in note 5.5.

(f) Capital risk management

The Group manages its capital requirements by assessing capital levels on a regular basis. Its objectives are to maintain an optimal capital structure to reduce the cost of capital whilst providing security, returns and benefits to policyholders and members.

Life companies are subject to externally imposed minimum capital requirements set and monitored by APRA. These requirements are in place to ensure sufficient solvency margins for the protection of policyholders and members. The capital adequacy position at balance date is disclosed in note 5.4.

(g) Life insurance risk

Life insurance risk consists of all aspects of the risk arising from the underwriting of insurance risk. The Group ensures that the insurance risk is controlled through the use of underwriting procedures, appropriate premium rating methods and approaches, effective claims management procedures and sound product terms and conditions due diligence.

The Group purchases reinsurance to limit its exposure to accepted insurance risk. It cedes to specialist reinsurance companies a proportion of its portfolio for certain types of insurance risk. This serves primarily to reduce the net liability on large individual risks and provides protection against large losses. The reinsurers used are regulated by the APRA and are members of large international groups with sound credit ratings.

4. Other assets and liabilities

4.1 Plant and equipment

	Consolidated	The Company
	$'000	$'000
Gross carrying amount		
Balance at 1 July 2022	1,559	609
Additions	371	371
Write off*	(1,243)	(293)
Balance at 30 June 2023	**687**	**687**
Accumulated depreciation		
Balance at 1 July 2022	(1,390)	(440)
Depreciation expense	(106)	(106)
Write off*	1,213	263
Balance at 30 June 2023	**(283)**	**(283)**
Net book value		
As at 30 June 2022	169	169
As at 30 June 2023	**404**	**404**

* Relates to furniture and fitting write off due to office move.

Plant and equipment is recorded at cost less any accumulated depreciation and impairment losses.

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. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

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Depreciation

Depreciation is calculated using the straight-line method over the asset's useful life to the Consolidated Group commencing from the time the asset is held ready for use. Useful lives range between 3 to 10 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance 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. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

4.2 Right-of-use assets and Lease Liabilities

Right-of-use assets

	Consolidated	The Company
	$'000	$'000
Gross carrying amount		
Balance at 1 July 2022	3,042	2,209
Additions – new lease contract	6,174	–
Termination of lease contract	(3,042)	(2,209)
Balance at 30 June 2023	**6,174**	**–**
Accumulated depreciation		
Balance at 1 July 2022	(2,547)	(1,849)
Depreciation expense	(990)	(360)
Termination of lease contract	3,042	2,209
Balance at 30 June 2023	**(495)**	**–**
Net book value		
As at 30 June 2022	495	360
As at 30 June 2023	5,679	–

Lease Liabilities

	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Lease liabilities	5,834	556	–	405
Maturity analysis:				
Current	577	556	–	405
Non-current	5,257	–	–	–
	5,834	556	–	405

The Group had leases for its old office facility on Level 1 and 7, 66 Clarence Street Sydney until 31 January 2023. A new lease is entered into by NobleOak Aspire Pty Ltd, a wholly owned subsidiary of NobleOak Life Limited for Level 4, 44 Market Street Sydney from 1 February 2023 for a term of 7 years, in which NobleOak Life Limited has guaranteed as disclosed in note 7.6. The office was available for use from 5 December 2022.

With the exception of short-term leases and leases of low value, each lease is reflected on the balance sheet as a right-of-use assets and a lease liability. Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases have an option to extend to a further term. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases of office facilities, the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Group must ensure aspects of the right-of-use asset and incur maintenance fees on such items in accordance with the lease contracts.

The Group has elected to account for short-term leases and leases of low value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit and loss on a straight-line basis over the lease term.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised on the balance sheet.

Right-of-use asset	No. of right-of use assets leased	Range of remaining terms	No. of leases within extension options	No. of leases with option to purchase	No. of leases with variable payments linked to an index	No. of leases with termination options
Office facilities	1	6.5years	1	–	1	–

The lease liabilities are secured by the related underlying assets and the bank guarantees listed as Contingent Liabilities in note 7.6. Future minimum lease payments as 30 June 2023 were as follows:

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	After 5 years	Total
30 June 2023	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Lease Payments	1,013	1,058	1,106	1,155	1,206	2,013	7,551
Finance Charges	(436)	(386)	(329)	(263)	(187)	(116)	(1,717)
Net present value	577	672	777	892	1,019	1,897	5,834

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	After 5 years	Total
30 June 2022	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Lease Payments	563	–	–	–	–	–	563
Finance Charges	(7)	–	–	–	–	–	(7)
Net present value	556	–	–	–	–	–	556

Right-of-use asset

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentive received, any initial direct costs incurred, and except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the lease term or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

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Lease Liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payment that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred. Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

4.3 Intangibles

	Consolidated				The Company	
	Software Development $'000	Goodwill $'000	A&G Administration Right $'000	Total – Intangibles $'000	Software Development $'000	Total – Intangibles $'000
Gross carrying amount						
Balance at 1 July 2022	2,713	150	3,100	5,963	2,163	2,163
Additions	133	–	–	133	31	31
Balance at 30 June 2023	**2,846**	**150**	**3,100**	**6,096**	**2,194**	**2,194**
Accumulated depreciation						
Balance at 1 July 2022	(347)	–	(263)	(610)	(347)	(347)
Amortisation expense	(615)	–	(310)	(925)	(534)	(534)
Balance at 30 June 2023	**(962)**	**–**	**(573)**	**(1,535)**	**(881)**	**(881)**
Net book value						
As at 30 June 2022	2,366	150	2,837	5,353	1,816	1,816
As at 30 June 2023	**1,884**	**150**	**2,527**	**4,561**	**1,313**	**1,313**

To align with the expected run off experience, the unit of production method has been chosen for A&G Administration Right, whereby yearly amortisation is determined based on the expected run off pattern of the business.

Goodwill and other intangibles are initially recorded at the amounts by which the purchase price exceeds the fair value attributed to the interest in the net fair value of identifiable assets, liabilities and contingent liabilities at date of acquisitions. Goodwill and other intangibles are tested annually for impairments and carried at cost less accumulated impairment losses.

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives which are disclosed in note 2.2. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Goodwill

Goodwill is carried at cost less accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

(i) the consideration transferred;

(ii) any non-controlling interest; and

(iii) the acquisition date fair value of any previously held equity interest; over the acquisition date fair value of net identifiable assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. The goodwill represents goodwill in NobleOak Services Limited.

4.4 Provisions

	Consolidated		The Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Employee benefits	1,953	1,512	–	–
Maturity analysis:				
Current	1,239	1,169	–	–
Non-current	714	343	–	–
	1,953	1,512	–	–

Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cashflows are discounted using market yields on high-quality corporate bonds with terms to maturity that match the expected timing of cashflows.

5. Life insurance contracts

5.1 Accounting for life insurance contracts

Principles underlying the conduct of life insurance business

The life insurance operations of the Group are conducted within separate benefit funds as required by the *Life Insurance Act 1995* (Life Act) and are reported in aggregate with the management fund in the Consolidated and Company statement of profit or loss and other comprehensive income, Consolidated and Company statement of financial position, Consolidated and Company statement of changes in equity and Consolidated and Company statement of cash flows. The life insurance operations consist of the provision of life insurance. Life insurance contracts involve the acceptance of significant insurance risk. Insurance risk is defined as significant if, and only if, an insured event could cause an insurer to pay significant benefits in any scenario, excluding scenarios that lack commercial substance. Insurance contracts include those where the insured benefit is payable on the occurrence of a specified event such as death, injury or disability caused by accident or illness. The insured benefit is not linked to the market value of the investments held by the Group, and the financial risks are substantially borne by the Group. In accordance with AASB 1038 *Life Insurance Contracts*, financial assets backing policy liabilities are designated at fair value through profit and loss. NobleOak has determined that all assets held within the statutory funds back policy liabilities. Financial assets backing policy liabilities consist of high-quality investments.

The management of financial assets and policy liabilities is closely monitored to ensure that investments are appropriate given the expected pattern of future cash flows arising from the policy liabilities.

Premium revenue

Premium revenue only arises in respect of life insurance contracts. Premiums with a regular due date are recognised as revenue on a due basis. Premiums with no due date are recognised as revenue on a cash received or receivable basis.

Unpaid premiums are only recognised as revenue during the days of grace and are included as Premiums Receivable (part of Receivables) in the statement of financial position.

Premiums due after, but received before, the end of the financial year are shown as Life Insurance Premium in Advance (part of Payables) in the statement of financial position.

Claims

Claims incurred relate to life insurance contracts and are treated as expenses. Claims are recognised upon notification of the insured event. The liability in respect of claims includes an allowance (estimate) for incurred but not reported claims and an allowance (estimate) for expected declinature of notified claims.

Claims are shown gross of reinsurance recoverable. Any reinsurance recoveries applicable to the claims are included in receivables.

Policy acquisition costs

The policy acquisition costs incurred are recorded in the statement of profit or loss and other comprehensive income and represent the fixed and variable costs of acquiring new business. The policy acquisition costs include commission, advertising, policy issue and underwriting costs, and related costs.

Basis of expense apportionment

All operating expenses in respect of life insurance or life investment contracts have been apportioned between policy acquisition, policy maintenance and investment management expenses with regard to the objective when incurring the expense and the outcome achieved.

The apportionment process is adopted by applying the following methodology:

(i) Expenses that can be directly identifiable and attributable to a particular class of business are allocated directly to that class of business;

(ii) Commission expenses that cannot be allocated to a class of business, for example volume bonuses, are apportioned on the basis of new business and renewal commissions of each class, allowing for limits implied by the basis of adviser remuneration;

(iii) Investment expenses are apportioned to the classes of business on the mean balance of assets under management; and

(iv) Other expenses that cannot be allocated to a particular class of business are apportioned to the classes of business based on appropriate cost drivers, including number of new policies issued and related premiums, number of new units issued, mean balance of assets under management, average number of policies in-force and time and activity-based allocations.

Life insurance Policy liabilities

The insurance policy liabilities provisions are calculated in accordance with Prudential Standard LPS 340 Valuation of Policy Liabilities (“LPS 340”). The valuation approach is based upon a best estimate projection of future benefit payments, expenses, premiums and investment returns, however approximate methods may be used where the result will not be materially different from a full valuation process.

NobleOak’s policy liabilities are calculated using:

- Projection method: is the best estimate of the present value of the liabilities under the in-force policies. This is the mechanism by which planned margins are recognised over the period which the services are provided to the policyholder. If future losses are expected to arise then these are recognised immediately through the profit and loss.
- Accumulation method: this method is an approximation to the projection method. The policy liabilities include outstanding claims liabilities, unearned premium reserves.

As at 30 June 2023, with the exception of the Freedom Fund, Reward Fund and Funeral Fund, policy liabilities for all other Benefit Funds were calculated using the projection method.

Both calculation methods are designed to calculate the value of life insurance policy liabilities using the Margin on Services methodology. Under this methodology, planned profit margins and an estimate of future liabilities are calculated separately for each related product group, with future cash flows determined using best estimate assumptions and discounted to the reporting date. Profit margins are systematically released over the term of the policies in line with the pattern of services to be provided. The future planned profit margins are deferred and recognised over time by including the value of the future planned profit margins within the value of the policy liabilities.

The assumptions used in the calculation of the insurance contract policy liabilities are reviewed at each reporting date. Details of specific actuarial policies and methods are set out in note 5.5.

5.2 Disaggregated information by Benefit Fund

Details of Benefit Funds' profit or loss for the year ended 30 June 2023	Risk Fund No. 1	PPS Mutual Benefit Fund	Avant Benefit Fund	NEOS Benefit Fund	Freedom Insurance Benefit Fund	Reward Insurance Benefit Fund	Funeral Benefit Fund	Management Fund	Inter Fund Eliminations	Company
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Premium revenue										
Insurance premium revenue	53,739	59,294	7,626	177,848	10,038	1,300	–	–	–	309,845
Reinsurance expenses	(33,016)	(34,596)	(4,251)	(172,182)	(7,671)	(983)	–	–	–	(252,699)
Net premium revenue	**20,723**	**24,698**	**3,375**	**5,666**	**2,367**	**317**	**–**	**–**	**–**	**57,146**
Investment income	611	654	106	1,431	10	2	155	1,625	–	4,594
Net commissions	5,253	(306)	–	11,679	–	–	–	–	1,622	18,248
Fees & other revenue	–	–	–	–	–	–	–	21,836	(4,984)	16,852
Claims expense – net of reinsurance recoveries	(12,120)	(1,272)	(281)	(3,709)	–	–	(38)	–	–	(17,420)
Policy acquisition costs	(24,095)	(17,078)	(2,653)	(5,284)	(84)	(18)	–	–	–	(49,212)
Change in net policy liabilities (before economic assumption changes)	13,896	(3,898)	(378)	(3,800)	(17)	(3)	20	–	–	5,820
Change in net policy liabilities (economic assumption changes)	(1,706)	757	109	205	–	–	–	–	–	(635)
Administration expenses	–	(311)	(46)	(271)	(2,267)	(295)	–	(18,473)	–	(21,663)
Fees to management fund	(1,918)	(1,398)	–	–	–	–	(46)	–	3,362	–
AASB 17 expenses	–	–	–	–	–	–	–	(2,193)	–	(2,193)
IT transformation project expenses								(381)		(381)
Lease interest expense	–	–	–	–	–	–	–	(5)	–	(5)
Profit before tax	**644**	**1,846**	**232**	**5,917**	**9**	**3**	**91**	**2,409**	**–**	**11,151**
Income tax expense	(197)	(555)	(70)	(1,725)	(3)	(1)	–	(486)	–	(3,037)
Profit after tax	**447**	**1,291**	**162**	**4,192**	**6**	**2**	**91**	**1,923**	**–**	**8,114**

Details of Benefit Funds' profit or loss for the year ended 30-Jun-22	Risk Fund No. 1	PPS Mutual Benefit Fund	Avant Benefit Fund	NEOS Benefit Fund	Freedom Insurance Benefit Fund	Reward Insurance Benefit Fund	Funeral Benefit Fund	Manage-ment Fund	Inter Fund Elimina-tions	Company
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Premium revenue										
Insurance premium revenue	45,556	47,229	7,075	116,726	12,674	1,659	–	–	–	230,919
Reinsurance expenses	(28,002)	(28,167)	(3,392)	(114,167)	(9,700)	(1,272)	–	–	–	(184,700)
Net premium revenue	**17,554**	**19,062**	**3,683**	**2,559**	**2,974**	**387**	**–**	**–**	**–**	**46,219**
Investment income	43	27	5	23	1	–	20	1,047	–	1,166
Net commissions	5,693	545	–	8,859	–	–	–	–	–	15,097
Fees & other revenue	–	–	–	–	–	–	–	17,691	(3,623)	14,068
Claim expense – net of reinsurance recoveries	(7,205)	(478)	(244)	(1,473)	–	–	(85)	–	–	(9,485)
Policy acquisition costs	(22,181)	(12,266)	(2,566)	(4,957)	(114)	(11)	–	–	–	(42,095)
Change in net policy liabilities (before economic assumption changes)	11,472	(3,885)	(170)	(495)	8	2	68	–	–	7,000
Change in net policy liabilities (economic assumption changes)	(7,977)	(156)	(99)	(89)	–	–	–	–	–	(8,321)
Administration expenses	–	(236)	(43)	(221)	(2,868)	(378)	–	(14,752)	–	(18,498)
Fees to management fund	(1,475)	(2,099)	–	–	–	–	(49)	–	3,623	–
IPO expenses	–	–	–	–	–	–	–	(2,808)	–	(2,808)
Lease interest expense	–	–	–	–	–	–	–	(34)	–	(34)
Profit/(loss) before tax	**(4,076)**	**514**	**566**	**4,206**	**1**	**–**	**(46)**	**1,144**	**–**	**2,309**
Income tax expense	1,224	(155)	(170)	(1,262)	–	–	–	(155)	–	(518)
Profit/(loss) after tax	**(2,852)**	**359**	**396**	**2,944**	**1**	**–**	**(46)**	**989**	**–**	**1,791**

Details of Benefit Funds' financial position as at 30 June 2023	Risk Fund No. 1	PPS Mutual Benefit Fund	Avant Benefit Fund	NEOS Benefit Fund	Freedom Insurance Benefit Fund	Reward Insurance Benefit Fund	Funeral Benefit Fund	Management Fund	Inter Fund Eliminations	Company
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Assets										
Cash and cash equivalents	9,341	12,037	2,899	19,416	841	148	131	2,300	–	47,113
Receivables	972	4,121	206	17,347	269	38	138	8,367	(6,284)	25,174
Financial assets	21,279	10,997	1,028	123,526	240	57	4,312	19,466	–	180,905
Gross policy liabilities ceded under reinsurance	(10,133)	19,872	9,321	51,075	2,338	512	–	–	–	72,985
Plant and equipment	–	–	–	–	–	–	–	404	–	404
Deferred tax asset	–	–	–	–	–	–	–	2,463	–	2,463
Intangibles	–	–	–	–	–	–	–	1,313	–	1,313
Total assets	**21,459**	**47,027**	**13,454**	**211,364**	**3,688**	**755**	**4,581**	**34,313**	**(6,284)**	**330,357**
Liabilities										–
Payables	7,755	7,875	2,115	145,414	1,260	229	9	6,597	(6,284)	164,970
Current tax liabilities	–	–	–	–	–	–	–	2,909	–	2,909
Lease liabilities	–	–	–	–	–	–	–	–	–	–
Provisions	–	–	–	–	–	–	–	–	–	–
Gross policy liabilities	(61,653)	29,744	10,076	58,116	2,392	522	3,796	–	–	42,993
Total liabilities	**(53,898)**	**37,619**	**12,191**	**203,530**	**3,652**	**751**	**3,805**	**9,506**	**(6,284)**	**210,872**
Net assets	**75,357**	**9,408**	**1,263**	**7,834**	**36**	**4**	**776**	**24,807**	**–**	**119,485**
Members' funds										
Issued share capital	–	–	–	–	–	–	–	95,727		95,727
Share-based payment reserve	–	–	–	–	–	–	–	1,293		1,293
Accumulated profits	75,357	9,408	1,263	7,834	36	4	776	(72,213)		22,465
Total equity	**75,357**	**9,408**	**1,263**	**7,834**	**36**	**4**	**776**	**24,807**	**–**	**119,485**

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Details of Benefit Funds' financial position as at 30 June 2022	Risk Fund No. 1	PPS Mutual Benefit Fund	Avant Benefit Fund	NEOS Benefit Fund	Freedom Insurance Benefit Fund	Avant Benefit Fund	Funeral Benefit Fund	Management Fund	Inter Fund Eliminations	Company
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Assets										
Cash and cash equivalents	5,787	11,520	1,487	6,315	851	93	98	1,032	–	27,183
Receivables	836	3,607	109	4,418	320	73	10	7,863	(5,986)	11,250
Financial assets	12,214	6,971	1,522	20,722	238	54	4,401	26,293	–	72,415
Gross policy liabilities ceded under reinsurance	2,123	13,278	6,776	1,653	2,789	809	–	–	–	27,428
Plant and equipment	–	–	–	–	–	–	–	169	–	169
Right-of-use assets	–	–	–	–	–	–	–	360	–	360
Deferred tax asset	–	–	–	–	–	–	–	2,834	–	2,834
Intangibles	–	–	–	–	–	–	–	1,816	–	1,816
Total assets	**20,960**	**35,376**	**9,894**	**33,108**	**4,198**	**1,029**	**4,509**	**40,367**	**(5,986)**	**143,455**
Liabilities										
Payables	6,672	10,750	1,642	6,411	1,343	211	8	4,668	(5,986)	25,719
Current tax liabilities	–	–	–	–	–	–	–	702	–	702
Lease liabilities	–	–	–	–	–	–	–	405	–	405
Gross policy liabilities	(52,202)	20,010	7,150	23,055	2,828	815	3,816	–	–	5,472
Total liabilities	**(45,530)**	**30,760**	**8,792**	**29,466**	**4,171**	**1,026**	**3,824**	**5,775**	**(5,986)**	**32,298**
Net assets	**66,490**	**4,616**	**1,102**	**3,642**	**27**	**3**	**685**	**34,592**	**–**	**111,157**
Members' funds										
Issued share capital	–	–	–	–	–	–	–	95,323	–	95,323
Share-based payment reserve	–	–	–	–	–	–	–	1,483	–	1,483
Accumulated profits	66,490	4,616	1,102	3,642	27	3	685	(62,214)	–	14,351
Total equity	**66,490**	**4,616**	**1,102**	**3,642**	**27**	**3**	**685**	**34,592**	**–**	**111,157**

5.3 Policy & member liabilities

	Consolidated		The Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Opening balance	(21,956)	(45,873)	(21,956)	(45,873)
Increase in net claims reserve	(1,997)	23,728	(1,997)	23,728
Decrease/(Increase) in net active lives policy liabilities reflected in the income statement	(7,994)	(2,455)	(7,994)	5,097
Increase in profit share reserve (pre tax) reflected in the income statement	2,809	3,776	2,809	(3,776)
Decrease in profit share reserve reflected in the income statement (tax)	(843)	(1,132)	(843)	(1,132)
Profit share payment	(11)	–	(11)	–
Closing balance	**(29,992)**	**(21,956)**	**(29,992)**	**(21,956)**
Gross policy Liabilities				
Active lives policy liabilities	(88,674)	(68,508)	(88,674)	(68,508)
Claims reserve	122,824	67,093	122,824	67,093
Profit share reserve	8,843	6,887	8,843	6,887
Total Gross Policy Liability	**42,993**	**5,472**	**42,993**	**5,472**
Policy Liabilities – Ceded to Reinsurers				
Active lives policy liabilities	23,875	11,703	23,875	11,703
Claims reserve	(96,860)	(39,131)	(96,860)	(39,131)
Profit share reserve	–	–	–	–
Total Policy Liabilities – Ceded to Reinsurers	**(72,985)**	**(27,428)**	**(72,985)**	**(27,428)**
Net Policy Liabilities				
Net active lives policy liabilities	(64,799)	(56,805)	(64,799)	(56,805)
Net claims reserve	25,964	27,962	25,964	27,962
Profit share reserve	8,843	6,887	8,843	6,887
Total Net Policy Liabilities	**(29,992)**	**(21,956)**	**(29,992)**	**(21,956)**

NobleOak has entered arrangements with its reinsurers to mitigate reinsurance concentration exposures.

These arrangements are outlined in note 5.4 with the security provided at 30 June 2023 as follows:

- Claims Settlement Terms – Policy liabilities ceded to reinsurers has been reduced by $12.4 million (30 June 2022: $20.0 million) of lump sum claims settled by a reinsurer on incurred claim basis;
- Deposit Back Arrangement – $97 million assets held as security against policy liabilities ceded to reinsurers are recorded as other reinsurance payable (refer note 3.2); and
- Letters of credit (LOC's) – $66 million of LOC's are in place as security against policy liabilities ceded to reinsurers (refer note 7.6).

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Components of net active lives policy liabilities

	Consolidated		The Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Future policy benefits	340,677	330,369	340,677	330,369
Future expenses and commissions	(9,471)	33,110	(9,471)	33,110
Less future revenues	(540,471)	(570,610)	(540,471)	(570,610)
Best estimate liability	(209,265)	(207,131)	(209,265)	(207,131)
Planned margins over future expenses	144,466	150,326	144,466	150,326
Net active lives policy liabilities	(64,799)	(56,805)	(64,799)	(56,805)

	Company & Consolidated			
2023	Less than 1 Year	Between 1 & 5 years	Over 5 years	Total
Total Gross Policy Liability	37,178	(20,203)	26,017	42,992
Total Policy Liabilities – Ceded to Reinsurers	32,183	(2,313)	43,114	72,984
Total Net Policy Liabilities	**4,995**	**(17,890)**	**(17,097)**	**(29,992)**

	Company & Consolidated			
2022	Less than 1 Year	Between 1 & 5 years	Over 5 years	Total
Total Gross Policy Liability	16,903	(52,996)	41,566	5,473
Total Policy Liabilities – Ceded to Reinsurers	736	(29,556)	56,249	27,429
Total Net Policy Liabilities	**16,167**	**(23,440)**	**(14,683)**	**(21,956)**

5.4 Capital Adequacy

NobleOak is subject to minimum capital regulatory capital requirements in accordance with APRA Life Insurance Prudential Standards. NobleOak is required to maintain adequate capital against the risks associated with its business activities and measure its capital to the 'Prudential Capital Requirement' (PCR).

NobleOak has in place an Internal Capital Adequacy Assessment Process (ICAAP) that sets out how NobleOak manages its capital. The ICAAP determines the level of capital to be maintained within each benefit fund including regulatory prescribed capital amounts, Pillar 2 capital requirements and a target level of surplus to reduce the likelihood of falling below regulatory capital requirements and is approved by the Directors.

In late March 2023, NobleOak received a notification from APRA in connection with its calculation and reporting of reinsurance asset exposures under APRA's prudential standards. APRA advised that NobleOak's approach was inconsistent with APRA's interpretation and was in breach of the prudential standards.

At the time of the notification, and as disclosed in the half year financial report, NobleOak was already working with its reinsurers to manage the way it operates its reinsurance arrangements to mitigate asset concentration risk. NobleOak subsequently confirmed to the market (in July 2023) that it has changed the way it operates its reinsurance arrangements, and that APRA has confirmed that the new arrangements meet its prudential standards.

The capital adequacy position at balance date for NobleOak, in accordance with the APRA requirements, is set out in the following table. The prior year comparative has been restated from what was disclosed in the 30 June 2022 financial statements to correct for the inconsistent interpretation of the prudential standards.

NobleOak is well capitalised with a regulatory solvency ratio of approximately 191% at 30 June 2023. NobleOak continues to prudently monitor its capital position to ensure the business remains well capitalised to support its existing customers and invest in the business to drive further growth.

Capital position of the Company	2023 $'000	Restated 2022 $'000	Impact of restatement 2022 $'000	As reported 2022 $'000
(a) Capital Base	40,323	41,773	–	41,773
(b) Prescribed capital amount	21,125	97,999	84,778	13,221
Capital in excess of prescribed capital amount = (a) – (b)	19,198	(56,226)	(84,778)	28,552
Capital adequacy multiple (%) (a)/(b)	190.88%	42.63%	(273.37%)	316.00%
Capital Base comprises:				
Common Equity Tier 1 Capital	119,486	111,158	–	111,158
Regulatory adjustment applied in calculation of Tier 1 capital	(79,163)	(69,385)	–	(69,385)
(A) Common Equity Tier 1 Capital	40,323	41,773	–	41,773
Additional Tier 1 Capital				
Regulatory adjustment applied in calculation of Additional Tier 1 capital	–	–	–	–
(B) Total Additional Tier 1 Capital	–	–	–	–
Tier 2 Capital				
Regulatory adjustment applied in calculation of Tier 2 capital	–	–	–	–
(C) Total Tier 2 Capital	–	–	–	–
Total capital base	40,323	41,773	–	41,773

While the disclosure above is at the Company level the capital adequacy position is also calculated and monitored at the benefit fund level in accordance with APRA's capital management standards.

APRA's capital management standard LPS 117 Capital Adequacy: Asset Concentration Risk Charge provides concentration of counterparty risk limits.

NobleOak's successful growth continues to increase its reinsurance assets concentration exposures. This growth along with the changing prudential standards requires a continual reassessment of mitigating measures.

The mitigation arrangements in place and being monitored and updated on an ongoing basis include:

- Claims Settlement Terms – this represents changes to reinsurance arrangement so that the funds from the reinsurer are provided to the Company on a 'claims reserved' basis for certain claims categories, rather than on a 'claims paid' basis. (Refer note 5.3 for further details.);
- Deposit Back Arrangement – this represents changes to reinsurance arrangement so that the reinsurer provides assets to the Company in support of and as security over estimated reinsurance exposures. (Refer note 3.3 and 5.3 for further details.); and
- Letter of credits (LOC's) – this represents obtaining a guarantee from an APRA approved financial institution that provides security to NobleOak against the default risk of its reinsurance asset exposure. (Refer note 5.3 and 7.6 for further details.)

These arrangements, whilst effective, have varying levels of efficiency and cost, therefore NobleOak is also considering alternative structures that may be more efficient and cost effective over the longer term.

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2023	Risk Fund No. 1	PPS Mutual Benefit Fund	Avant Benefit Fund	NEOS Benefit Fund	Freedom Insur-ance Benefit Fund	Reward Insur-ance Benefit Fund	Funeral Benefit Fund	Total Benefit Funds	Manage-ment Fund	Total Company
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
(a) Capital Base	2,465	7,877	1,390	10,450	285	55	776	23,298	17,025	40,323
(b) Prescribed capital amount	1,577	2,602	208	4,450	66	13	–	8,916	12,209	21,125
Capital in excess of prescribed capital amount = (a) – (b)	888	5,275	1,182	6,000	219	42	776	14,382	4,816	19,198
Capital adequacy multiple (%) = (a)/(b)	156%	303%	668%	235%	432%	423%	–	261%	139%	191%
Capital Base comprises:										
Net Assets (including Seed Capital)	78,122	9,458	2,013	7,934	285	55	776	98,643	24,809	123,452
Regulatory adjustment applied in calculation of Tier 1 capital	(75,657)	(1,581)	(623)	2,516	–	–	–	(75,345)	(7,784)	(83,129)
(A) Net assets after applying								–		
any regulatory adjustments	2,465	7,877	1,390	10,450	285	55	776	23,298	17,025	40,323
Tier 2 Capital	–	–	–	–	–	–	–	–	–	–
Regulatory adjustment applied in calculation of Tier 2 capital	–	–	–	–	–	–	–	–	–	–
(B) Total Tier 2 Capital	–	–	–	–	–	–	–	–	–	–
Total capital base	2,465	7,877	1,390	10,450	285	55	776	23,298	17,025	40,323
Prescribed capital amount comprises:										
(C) Insurance Risk Charge	1,377	1,788	152	1,673	–	–	–	4,990	–	4,990
(D) Asset Risk Charge	541	–	115	2,911	37	8	–	3,612	863	4,475
(E) Asset Concentration Risk Charge	–	–	–	–	–	–	–	–	1,059	1,059
(F) Operational Risk Charge	–	–	–	–	–	–	–	–	10,287	10,287
(G) Aggregation benefit	341	–	59	948	–	–	–	1,348	–	1,348
(H) Combined scenario adjustment	–	814	–	814	29	5	–	1,662	–	1,662
(I) APRA approved transition amount										
under capital adequacy standards	–	–	–	–	–	–	–	–	–	–
Prescribed capital amount = (C) + (D) + (E) + (F) – (G) + (H) + (I)	**1,577**	**2,602**	**208**	**4,450**	**66**	**13**	**–**	**8,916**	**12,209**	**21,125**

Restated 2022	Risk Fund No. 1	PPS Mutual Benefit Fund	Avant Benefit Fund	NEOS Benefit Fund	Freedom Insur-ance Benefit Fund	Reward Insur-ance Benefit Fund	Funeral Benefit Fund	Total Benefit Funds	Manage-ment Fund	Total Company
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
(a) Capital Base	6,198	3,723	1,038	3,826	278	53	683	15,799	25,974	41,773
(b) Prescribed capital amount	11,574	14,293	246	62,606	46	19	–	88,784	9,215	97,999
Capital in excess of prescribed capital amount = (a) – (b)	(5,376)	(10,570)	792	(58,780)	232	34	683	(72,985)	16,759	(56,226)
Capital adequacy multiple (%) = (a)/(b)	54%	26%	421%	6%	607%	292%	–	18%	282%	43%
Capital Base comprises:										
Net Assets (including Seed Capital)	69,254	4,667	1,852	3,742	278	53	685	80,531	34,592	115,123
Regulatory adjustment applied in calculation of Tier 1 capital	(63,056)	(945)	(814)	84	–	–	(2)	(64,733)	(8,618)	(73,351)
(A) Net assets after applying any regulatory adjustments	6,198	3,723	1,038	3,826	278	53	683	15,799	25,974	41,773
Tier 2 Capital	–	–	–	–	–	–	–	–	–	–
Regulatory adjustment applied in calculation of Tier 2 capital	–	–	–	–	–	–	–	–	–	–
(B) Total Tier 2 Capital	–	–	–	–	–	–	–	–	–	–
Total capital base	6,198	3,723	1,038	3,826	278	53	683	15,799	25,974	41,773
Prescribed capital amount comprises:										
(C) Insurance Risk Charge	553	1,178	202	829	–	–	–	2,762	–	2,762
(D) Asset Risk Charge	484	–	90	281	44	13	–	912	998	1,910
(E) Asset Concentration Risk Charge	10,770	12,619	–	61,389	–	–	–	84,778	–	84,778
(F) Operational Risk Charge	–	–	–	–	–	–	–	–	8,217	8,217
(G) Aggregation benefit	233	–	55	183	–	–	–	471	–	471
(H) Combined scenario adjustment	–	496	9	290	2	6	–	803	–	803
(I) APRA approved transition amount under capital adequacy standards	–	–	–	–	–	–	–	–	–	–
Prescribed capital amount = (C) + (D) + (E) + (F) – (G) + (H) + (I)	**11,574**	**14,293**	**246**	**62,606**	**46**	**19**	**–**	**88,784**	**9,215**	**97,999**

Impact of 2022 restatement:

	Restated 2022 $'000	Impact of restatement 2022 $'000	As reported $'000
Risk Fund No.1			
(b) Prescribed capital amount	11,574	10,770	804
Capital in excess of/(below) prescribed capital amount = (a) – (b)	(5,376)	(10,770)	5,394
Capital adequacy multiple (%) = (a)/(b)	54%	(717%)	771%
(E) Asset Concentration Risk Charge	10,770	10,770	–
Prescribed capital amount = (C) + (D) + (E) + (F) – (G) + (H) + (I)	11,574	10,770	804
PPS Mutual Benefit Fund			
(b) Prescribed capital amount	14,293	12,619	1,674
Capital in excess of/(below) prescribed capital amount = (a) – (b)	(10,570)	(12,619)	2,049
Capital adequacy multiple (%) = (a)/(b)	26%	(196%)	222%
(E) Asset Concentration Risk Charge	12,619	12,619	–
Prescribed capital amount = (C) + (D) + (E) + (F) – (G) + (H) + (I)	14,293	12,619	1,674
NEOS Benefit Fund			
(b) Prescribed capital amount	62,606	61,389	1,217
Capital in excess of/(below) prescribed capital amount = (a) – (b)	(58,780)	(61,389)	2,609
Capital adequacy multiple (%) = (a)/(b)	6%	(308%)	314%
(E) Asset Concentration Risk Charge	61,389	61,389	–
Prescribed capital amount = (C) + (D) + (E) + (F) – (G) + (H) + (I)	62,606	61,389	1,217

The above table represents the impacts on the 2022 capital adequacy position. The only benefit funds required to be restated were Risk Fund 1, PPS Mutual Benefit Fund and NEOS Benefit Fund.

NOTES TO THE FINANCIAL STATEMENTS
continued

5.5 Summary of Significant Actuarial Methods and Assumptions

The effective date of the Actuarial Valuation Report on policy liabilities and solvency reserves calculation is 30 June 2023. The actuarial report was prepared by Ms. B. Cummings BEc (Hons) FIAA. The Actuarial Valuation Report indicates that Ms. B. Cummings is satisfied as to the accuracy of the data upon which policy liabilities have been determined.

Valuation of Policy Liabilities

Policy liabilities for life insurance business have been determined in accordance with Life Prudential Standard 340 issued by the Australian Prudential Regulation Authority. The standard requires that the policyholder liabilities be calculated on the basis of best estimate assumptions and in a way that allows for the systematic release of planned margins as services are provided to policyholders or premiums are received.

The policy liabilities for the Freedom Fund, the Reward Fund and the Funeral Fund have been calculated using an accumulation method. Under this method the policy liability is equal to the policies' Termination Value. There are no deferred acquisition cost assets which require an Acquisition Expense Recovery Component.

The Termination Value has been calculated as the sum of the amount of unearned premium (where the policyholders continue to pay premiums upon renewal), the value of incurred claim liabilities and the face value of guaranteed and discretionary policyholder benefits not recognised elsewhere within the Balance Sheet. No explicit actuarial assumptions are required for the accumulation method except to estimate a provision for incurred but not reported claims and outstanding claim payments for Group Salary Continuance. The use of the accumulation method will result in profits emerging in proportion to premium.

The Acquisition Expense Recovery Component (also known as Deferred Acquisition Cost or DAC) refers to the costs incurred in order to acquire new business. As the benefits obtained from these costs are expected to be long term in nature, it is reasonable to defer the recognition of these costs to align with the benefits obtained. These acquisition costs are allocated to Risk Fund No. 1 and the Avant Benefit Fund in line with NobleOak's DAC Policy.

A Liability Adequacy Test (LAT) is required to ensure that future investment earnings and premium income are expected to exceed future benefit payments and expenses. The expenses of the benefit fund include management fees paid to the Management Fund, stamp duty whenever a premium is collected and the amortisation of the DAC (which was described previously).

The policy liability for Risk Fund No. 1, the PPS Mutual Benefit Fund, the Avant Benefit Fund, and Neos Benefit Fund has been calculated using the projection method. The projection method uses expected cash flows (premium, investment income, redemptions or benefit payments and expenses) to establish the value of policy liability based upon a range of actuarial assumptions including lapse, mortality, morbidity and expense assumptions. The policy liabilities held reflect:

- The value of expected future premiums is deducted from the value of expected future benefit and expense payments to determine the net obligation to policy owners over the life of the contract (allowing for guaranteed renewability); plus
- The value of expected future profits such that no profit or loss arises when a life insurance contract is issued; plus
- The value of incurred claim liabilities not recognised elsewhere within the Balance Sheet.

Where a DAC exists, this method results in the DAC being implicit within the cash-flows and thus the DAC is not explicitly held on the balance sheet. The LAT is also implicit within the projection method of determining policy liabilities. A deficiency reserve is required only if the projected future value of premiums and investment income are not sufficient to meet the projected future value of benefit and expense payments. The application of the projection method for Risk Fund No. 1, the PPS Mutual Benefit Fund, the Avant Benefit Fund and the Neos Benefit Fund will result in profits emerging in line with proportion to premiums.

NOTES TO THE FINANCIAL STATEMENTS
continued

Disclosure of Material Assumptions

The following table summarises the 30 June 2023 best estimate assumptions adopted for determining policy liabilities.

30 June 2023 Best Estimate Assumptions	Risk Fund	PPS Fund	NEOS Fund	Avant Fund
Lump Sum Standard Table	ALS* 2014-18	ALS 2014-18	ALS 2014-18	ALS 2014-18
Death Standalone	85%	80%	90%	90%
Death with Rider	85%	80%	90%	90%
TPD	110%	90%	110%	110%
Trauma	100%	80%	100%	90%
IDII Standard Table[1]	ADI* 2014-18	ADI 2014-18	ADI 2014-18	ADI 2014-18
Legacy Incidence	85%	80%	100%	90%
Legacy Terminations	100%	120%	100%	115%
IDII Standard Table[2]	ADI 2014-18	ADI 2014-18	ADI 2014-18	N/A
Incidence	100%	80%	100%	N/A
Terminations	110% to 120%	110% to 120%	110% to 120%	N/A
Lapse Assumptions[3]				
Stepped: lapses under age 55	8% to 12%	2% to 11%	2% to 10%	3% to 9%
Stepped: lapses over age 55	11% to 25%	14% to 24%	N/A	17% to 28%
Level: lapses under age 55	N/A	2% to 7%	2% to 6%	4% to 6%
Level: lapses over age 55	N/A	8% to 26%	N/A	11% to 28%
Indexation Assumptions				
Pre-claim	3%	3%	3%	3%
Post-claim	3%	3%	3%	3%
Short-term CPI overlay[4]	5.5% and 4.5%	N/A	7.3% to 4.5%	N/A
Discount Rates	3% to 5%	3% to 5%	3% to 5%	3% to 5%
Shock lapses for repricing	+1.4% to 1.7%	+0.08% to 0.17%	+1.6% to 2.6%	N/A
Shock lapses for CPI[5]	0.50%	+0.5% to 1%	+0.5% to 1%	+0.5%
Maintenance expense ratio	5% to 9%	42% to 51%	30% to 34%	28% to 42%

* Australian Lump Sum

** Australian Disability Income

1. Incidence and termination assumptions for the Legacy IDII benefits (last sold 30 September 2021).
2. Incidence and termination assumptions for the Current IDII benefits sold from 1 October 2021.
3. Separate age-based multiplicative lapse rate loadings also apply to the NEOS Fund.
4. Short-term CPI overlay assumptions were adopted from December 2022 half year end policy liability valuation until December 2024.
5. Additive shock lapse rates for short-term CPI lasting until December 2024.

Sensitivities

The valuations included in the reported results including those related to future performance are calculated using best estimate assumptions. The best estimate assumptions are set in respect of the future, the outcomes of which are fundamentally uncertain. NobleOak conducts sensitivity analyses to quantify the exposure to risk of changes in the best estimate assumptions should actual future experience vary from expected future experience.

The following table summarises the expected impact to current period profit and equity if the 30 June 2023 best estimate assumptions (as shown above) were to differ.

It should be noted that the policy liabilities shown in the following table exclude liabilities valued under the accumulation method as they are not affected by the 30 June 2023 best estimate assumptions shown in the previous table.

	Change in Profit after Tax $'000	Change in Equity $'000
Best Estimate		
Yields +100bps[1]	(2,338)	(2,338)
Yields –100bps[1]	2,631	2,631
Claims Up 25%[2]	(2,751)	(2,751)
Claims Down 25%[2]	–	–
Lapse Increased 25%[2]	–	–
Lapse Decreased 25%[2]	–	–

1. The discount rate sensitivity reflects a 50bps parallel shift of the 30 June 2023 yield curve, and is thus dependent upon the shape of the yield curve at the valuation date. The shape of the yield curve will differ in comparison to both prior and future periods. The impact of discount rate changes are recognised as profit or loss in the current period.
2. The impact of non-economic assumption changes (such as claims and lapses) do not impact current period profit or loss, but are instead recognised in future periods where benefits are not in loss recognition (or have not become loss making as a result of the assumption change). If benefits are in loss recognition (or have become loss making) as a result of changes to non-economic assumptions, the impact of these non-economic assumption changes are capitalised in current period profit or loss.

5.6 Critical accounting judgements and estimates

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities at year end. Estimates and judgements 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 where critical accounting estimates are applied are noted below.

Life insurance contract liabilities

Life insurance contract liabilities 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 suitably qualified personnel 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 life insurance business written. Deferred policy acquisition costs and present value of in-force business (PVIF) are connected with the measurement basis of life insurance contract liabilities and are equally sensitive to the factors that are considered in the liability measurement. The key factors that affect the estimation of these liabilities and related assets are:

- The estimated cost of providing benefits and administering these insurance contracts;
- Expected mortality and morbidity experience on life insurance products, including enhancements to policyholder benefits;
- Discontinuance experience, which affects the Group's ability to recover the cost of acquiring new business over the expected life of the contracts; and
- The amounts credited to policyholders' accounts compared to the returns on invested assets through asset-liability management and strategic and tactical asset allocation.

In addition, factors such as regulation, competition, interest rates, taxes, securities market conditions and general economic conditions affect the level of these liabilities. Details of specific actuarial policies and methods are set out in note 5.5.

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 Group may not receive amounts due to it and these amounts can be reliably measured.

6. Capital structure

6.1 Share capital

(a) Issued share capital

	Consolidated		The Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Fully paid ordinary shares	95,727	95,323	95,727	95,323

Movement in issued share capital

	Company & Consolidated		
Ordinary Shares	Number of Shares	Issue Price	$ Value ('000)
Opening Balance 1 July 2021	67,974,796		62,451
Ordinary Shares – IPO (i)	15,893,527	1.95	30,992
Ordinary Shares – IPO – Employee Gift Offer (ii)	53,248	1.95	104
Ordinary Shares – Auto & General (iii)	1,641,025	1.95	3,200
Ordinary Shares – Long Term Incentives (iv)	172,570	1.30	224
Less Transaction cost (post tax)			(1,648)
Balance 30 June 2022	**85,735,166**		**95,323**
Ordinary Shares – Long Term Incentives (v)	224,516	1.80	404
Balance 30 June 2023	**85,959,682**		**95,727**

(i) Ordinary Shares issued to shareholders under IPO on 22 July 2021.

(ii) Ordinary Shares issued to employees under the IPO Employee Gift Offer on 22 July 2021.

(iii) Ordinary Shares issued to Auto & General (A&G) as consideration for the acquisition of the administration rights from A&G with respect to portfolio of Budget Direct and Ozicare branded Life Insurance Policies in run-off. In accordance with AASB 2 *Share-Based Payments*, the equity-settled share-based payment transaction was measured at grant date (22 July 2021), and shares are subject to a 12 month escrow period.

(iv) Ordinary Shares issued to CEO and CFO with performance criteria under the 2018 Long Term Incentive Plan on 25 October 2021.

(v) Ordinary Shares issued to CEO and CFO with performance criteria under the 2019 Long Term Incentive Plan on 14 October 2022.

NOTES TO THE FINANCIAL STATEMENTS
continued

(b) Share-based payment reserve

	Number of Options/ Rights	$ Value ('000)
Opening Balance 1 July 2021	1,133,877	871
Ordinary Shares – 2018 Long-Term Incentive Rights(i)	(159,750)	(312)
Ordinary Shares – 2019 Long-Term Incentive Rights(ii)	113,747	188
Ordinary Shares – 2020 Long-Term Incentive Rights(iv)	162,201	199
Ordinary Shares – 2021 Long-Term Incentive Rights(v)	124,116	242
Option Plan 2021 – IPO(iii)		295
Balance 30 June 2022	**1,374,191**	**1,483**
Ordinary Shares – 2019 Long-Term Incentive Rights(ii)	(224,516)	(404)
Ordinary Shares – 2020 Long-Term Incentive Rights(iv)	41,653	65
Ordinary Shares – 2021 Long-Term Incentive Rights(v)	20,075	39
Ordinary Shares – 2022 Long-Term Incentive Rights(vi)	59,503	110
Option Plan 2021 – IPO(iii)	(365,656)	(164)
Balance 30 June 2023	**905,250**	**1,129**
Expired Option Plan 2021 – IPO(iii)		164
Total Share-based payment reserve	**905,250**	**1,293**

Options/rights plan Number	Number	Grant date	Expiry date	Exercise price ($)
Exercised/Expired				
(1) 2018 Performance Rights Plan(i)	159,750	24/06/2019	N/A	Nil
(2) 2019 Performance Rights Plan(ii)	224,516	20/12/2019	N/A	Nil
(3) Option Plan 2021 – IPO(iii)	365,656	26/02/2021	Tranche 1 – 22/10/2022	1.80
Current				
(3) Option Plan 2021 – IPO(iii)	365,656	26/02/2021	Tranche 2 – 22/10/2023	1.80
(4) 2020 Performance Rights Plan(iv)	335,900	06/11/2020	N/A	Nil
(5) 2021 Performance Rights Plan(v)	144,191	22/07/2021	N/A	Nil
(6) 2022 Performance Rights Plan(vi)	40,494	30/08/2022	N/A	Nil
(7) 2022 Performance Rights Plan(vi)	19,009	25/11/2022	N/A	Nil

(i) A 2018 Long Term Incentive Plan was established for key executives. The plan is based on the outcome of 3 years results ending 30 June 2021. During the 2022 year ordinary shares were issued to CEO and CFO with performance criteria and the plan has been finalised.

(ii) A 2019 Long Term Incentive Plan was established for key executives. The plan is based on the outcome of 3 years results ending 30 June 2022. During the 2023 year ordinary shares were issued to CEO and CFO with performance criteria and the plan has been finalised.

(iii) Options issued on the 26 February 2021 to executives and senior management and vest in 2022 and 2023 are dependent on achieving the planned objectives. The 1st tranche (half of the total options) expired in October 2022.

(iv) A 2020 Long Term Incentive Plan was established for key executives. The plan is based on the outcome of 3 years results ending 30 June 2023. During the 2023 year the expected rights issue increased from that estimated in 2022.

(v) A 2021 Long Term Incentive Plan was established for key executives. The plan is based on the outcome of 3 years results ending 30 June 2024. During the 2023 year the expected rights issue increased from that estimated in 2022.

(vi) A 2022 Long Term Incentive Plan was established for CEO (grant date 25/11/2022) and other executives and senior managers (grant date: 30/08/2022). The plan is based on the outcome of 3 years results ending 30 June 2025. This reserve is a provision for the potential shares earned to date based on current year's results.

NOTES TO THE FINANCIAL STATEMENTS
continued

Share-based payment arrangements

Equity-settled share-based payments to Directors and employees are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the performance rights is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

The fair value determined at the grant date of the IPO option is measured based on Black Scholes model.

6.2 Accumulated profits

	Consolidated		Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Balance at beginning of financial year	14,826	21,298	14,351	20,717
Net profit from operation after income tax	7,993	1,685	8,114	1,791
Dividends	–	(8,157)	–	(8,157)
Balance at end of financial year	**22,819**	**14,826**	**22,465**	**14,351**

7. Other disclosures

7.1 Related party disclosures

(a) Key management personnel remuneration

The compensation of the Directors and Key Personnel is set out below.

	Consolidated	
	2023 $'000	2022 $'000
Non-Executive Directors		
Short-term employee benefits	772	713
Post-employment benefits	14	18
Share-based payments	–	–
	786	**731**
Executive Directors and Key Personnel		
Short-term employee benefits	1,167	1,289
Long-term employee benefits	25	34
Post-employment benefits	51	47
Share-based payments	78	578
	1,321	**1,948**
Total	**2,107**	**2,679**

NOTES TO THE FINANCIAL STATEMENTS
continued

(b) Options issued to key management personnel

An option plan dated 26 February 2021 was established for key personnel and is based on the achievement of specific goals. Anthony Brown was issued with 273,084 options and Scott Pearson was issued with 209,408 options under this plan that vest on achieving the specific events in 2022 and 2023. Tranche 1 of 136,542 options issued to Anthony Brown and 104,704 options issued to Scott Pearson lapsed in October 2022.

(c) Performance Rights Plan

In November 2017, the Board established a Performance Rights Plan as a long-term incentive program to align key management personnel to the performance of the Group. This program issues performance rights each year to eligible personal with each issue based on achieving the business plan objectives (in-force premium and earning) over a 3-year period. Issues under this program to Anthony Brown and Scott Pearson have been:

Year	Full entitlement	Accrued to balance date
2020	448,250	248,793
2021	395,897	86,327
2022	432,894	32,467

(d) Other transactions with Directors

There has been no other revenue or expense that has arisen from transactions with any of the Directors or their related entities.

7.2 Interests in subsidiaries

The subsidiaries listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by the Group. The subsidiary's principal place of business is also its country of incorporation or registration.

		Ownership Interest Held by the Group	
Company	Principal Place of Business	2023 %	2022 %
NobleOak Services Limited	Sydney, Australia	100%	100%
Genus Life Insurance Services Pty Ltd	Sydney, Australia	100%	100%
NobleOak Aspire Pty Ltd	Sydney, Australia	100%	100%

Subsidiaries financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS
continued

7.3 Notes to the consolidated statement of cash flow

(a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and cash in money market accounts, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the statement of financial position as follows:

	Consolidated		The Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Cash and cash equivalents[i]	50,415	30,263	47,113	27,183

(i) The Consolidated balance includes restricted cash held in the trust account of the subsidiary, as a Trustee of My Protection Plan of $468,368 (2022: $420,905).

(b) Reconciliation of profit for the year to net cash flows from operating activities

	Consolidated		The Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Profit after tax	7,993	1,685	8,114	1,791
Depreciation and amortisation of non-current assets	2,019	1,790	998	1,006
Expense related to Share-based Payment Reserve	215	612	215	612
Lease interest expense	280	47	5	34
Decrease in market value of investments	(160)	123	(160)	123
Decrease/(Increase) in policy liabilities	(8,036)	23,917	(8,035)	23,917
Decrease/(Increase) in assets:				
Receivables	(14,284)	1,994	(13,924)	1,475
Other assets	75	(630)	371	(490)
Increase/(Decrease) in liabilities:				
Payables	139,387	(388)	139,251	(90)
Provisions	441	229	–	–
Current tax liabilities	2,207	(1,402)	2,207	(1,402)
Net cash from operating activities	**130,137**	**27,977**	**129,042**	**26,976**

7.4 Information on the Group's operations

The Group operates primarily in life insurance industry. The Group's operations are located in New South Wales and its customers are located in each State and Territory of Australia.

NOTES TO THE FINANCIAL STATEMENTS
continued

7.5 Additional information

NobleOak Life Limited is a public company limited by shares, incorporated in Australia. If the Group is wound up, shareholders will not be required to contribute further equity other than the balance of any partially paid shares.

Principal place of Business & Registered office

Level 4, 44 Market Street
SYDNEY, NSW 2000
Tel: 1300 041 494

7.6 Contingent liabilities and contingent assets

Bank Guarantee

The Group has provided a bank guarantee of $806,641 to support the commercial lease on its office premises at Level 4, 44 Market Street, Sydney NSW 2000.

Indemnity

The Company has provided indemnity in favour of the insurer or reinsurer if its subsidiary Genus breaches the Freedom administration arrangements (other than those relating to remediation) and the insurer or reinsurer suffers loss. The indemnity is up to a limit of $1 million for all indemnified breaches during the three years from 1 June 2019 and in each subsequent three-year period (if any) of the administration agreement.

Letter of Credits

The Group is the beneficiary of the following irrevocable letter of credits:

- $22 million issued by DBS bank on behalf of Swiss Re Life & Health Australia Limited;
- $22 million issued by The Australia and New Zealand Banking Group Limited on behalf of Swiss Re Life & Health Australia Limited; and
- $22 million issued by National Australia Bank on behalf of Hannover Life Re of Australasia Limited

The above letter of credits were received to provide security to the Group against the default risk of its reinsurance asset exposure. Refer to note 5.3 and 5.4 for more details.

7.7 Subsequent events

There has been no matter or circumstance that has arisen since the reporting date that has significantly affected, or may significantly affect, the operations of the Group, or the state of affairs of the Company in future years.

DIRECTORS' DECLARATION

The Directors of the Group declare that the attached financial statements and notes are in accordance with the *Corporations Act 2001* and:

(a) comply with Accounting Standards and other mandatory professional reporting requirements, the *Corporations Regulations 2001* and as stated in Note 1 to the financial statements, compliance with International Financial Reporting Standards (IFRS);

(b) give a true and fair view of the financial position as at 30 June 2023 and the performance for the year ended on that date;

(c) in the opinion of the Directors there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable;

(d) the allocation and distribution of the surplus of the Benefit Funds of the Group have been made in accordance with Division 5 of Part 4 of the *Life Insurance Act 1995* and the Benefit Fund Rules of each Benefit Fund; and

(e) no assets of the Benefit Funds of the Group have been applied or invested in contravention of any relevant laws.

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

On behalf of the Directors

Anthony R Brown
Director

Stephen Harrison
Chair

Sydney, 30 August 2023

INDEPENDENT AUDITOR'S REPORT

Deloitte.

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Independent Auditor's Report to the Members of NobleOak Life Limited

Report on the Audit of the Financial Reports

Opinion

We have audited the financial reports of NobleOak Life Limited (the "Company") and its subsidiaries (the "Group") which comprise the Group and the Company's statements of financial position as at 30 June 2023, the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, and the directors' declaration.

In our opinion, the accompanying financial reports of the Group and the Company are in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group and the Company's financial position as at 30 June 2023 and of their financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

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 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 reports in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company (the "directors"), would be in the same terms if given to the directors as at the time of this auditor's report.

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

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 of the Group for the current period. These 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.

INDEPENDENT AUDITOR'S REPORT
continued

Deloitte.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter

Insurance policy liabilities
 	
As at 30 June 2023 the Group's life insurance gross policy liabilities totaled $43.0 million. The policy liabilities as disclosed in Note 5.3 are calculated based on APRA's Prudential Standard 340 *Valuation of Policy Liabilities,* AASB 1038 *Life Insurance Contracts* and recognised actuarial methods and assumptions. In calculating these policy liabilities there is a significant management judgement and estimation uncertainty.
 	
The judgements used in the calculation of the policy liabilities include:
 	
o Assumptions on lapse rates including partial lapses;
o Assumptions on discount rates;
o Claims assumptions including mortality, morbidity and incidence;
o Expense allocation assumptions; and
o Economic assumptions around inflation and indexation.
 	
Changes in the assumptions can lead to material movements in the insurance policy liabilities.
 	
In addition, the valuation process utilises actuarial models to project the future policyholder cashflows. These models have a high level of complexity, management judgement and are reliant on complete and accurate data.
 	
We consider the valuation of the insurance policy liabilities and the related disclosures as a key audit matter given the inherent level of judgement, the level of complexity involved, and the material impact that a change in the assumptions can have on the financial position and profitability of the Group.
	In conjunction with our actuarial specialists, our procedures included, but were not limited to:
	
	o Understanding and assessing the appropriateness of the valuation methodology, valuation process and valuation model used to calculate the insurance policy liabilities to ensure compliance with APRA's Prudential Standard 340 *Valuation of Policy Liabilities* and AASB 1038 *Life Insurance Contracts*;
	o Evaluating the design and implementation of relevant controls relating to the assumptions, methodology and data used in policy valuation;
	o Evaluating the competence, capabilities and objectivity of management's expert;
	o Testing, on a sample basis, the completeness and accuracy of the underlying data used in the calculation of the policy liability including tracing premiums, claims estimates and claims payments to third party evidence;
	o Assessing the valuation methodology and key assumptions (including lapse rates, discount rates, mortality, morbidity, incidence, expense ratios and economic inputs) by:
	  o understanding if the methodology adopted aligns with common industry practice;
	  o evaluating key internal assumptions in the year against the company's experience and their alignment with industry benchmarks; and
	  o evaluating key economic assumptions against market movements and industry practice.
	o Performing, on a sample basis, model point testing of the cashflows used in determining the policy liabilities to test the accuracy of the model outputs;
	o Analysing changes in, and directional consistency of, this year's reserves and profit with regards to assumptions used by management and the experience evidenced by movement in underlying data; and
	o Assessing the appropriateness of the disclosures in Note 5.3 to the financial statements against the requirements of the Australian Accounting and Prudential Standards.

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Compliance with APRA Prudential Standard LPS 117 During the year, the Group received a notification from APRA that NobleOak's approach to the calculation and reporting of reinsurance asset exposures was inconsistent with APRA's interpretation, and was in breach of Prudential Standard LPS 117 Capital Adequacy: Asset Concentration Risk Charge (LPS 117) and Reporting Standard LRS 117.0 Asset Concentration Risk Charge (LRS 117.0), as disclosed in Note 5.4. The Group has changed its reinsurance arrangements to address matters raised by APRA, with actions taken to mitigate reinsurance asset concentration risk implemented by 30 June 2023 including renegotiating terms with reinsurers and implementing a number of Letter of Credit arrangements with financial institutions. We have considered this a key audit matter due to the: o High degree of management effort involved in the plan for mitigating the issues raised by APRA; o Regulatory and financial significance of the Asset Concentration Risk Charge if not appropriately mitigated; and o Historical judgements and assumptions applied by management and the Appointed Actuary in calculating and reporting the Asset Concentration Risk Charge under LPS 117 and LRS 117.0.	In conjunction with our actuarial specialists, our procedures included, but were not limited to: o Understanding and assessing the appropriateness of methodology, process and model used to calculate the Asset Concentration Risk Charge (ACRC) to ensure compliance with APRA Prudential Standard LPS 117; o Evaluating the competence, capabilities and objectivity of management's expert; o Testing, on a sample basis, the completeness and accuracy of the underlying data used in the calculation of the ACRC; o Developing an understanding of the process to set the assumptions underpinning the ACRC; o Understanding the solutions put in place by management to remediate the ACRC and evaluating these under the requirements of Prudential Standard LPS 117; o Obtaining the Letters of Credit and updated Reinsurance Contracts put in place as mitigants for ACRC exposures, including respective APRA approvals where required; o Considering the appropriateness of the ACRC solutions applied by the Group for each benefit funds against the requirements of the Prudential Standard; o Testing, on a sample basis, the completeness and accuracy of how the solutions put in place to remediate the ACRC have been implemented in the methodology, process and models used to calculate the ACRC; and o Assessing the appropriateness and adequacy of the disclosures relating to the breach, the restatement of prior year amounts and management's implemented solutions in the financial report.
Control Environment including General IT Controls The Group's operations and financial reporting processes are heavily dependent on IT systems and associated manual business process controls for the processing and recording of a significant volume of transactions. In addition, the Group is reliant on the process and control environment within its strategic partners and specialist service providers. We have identified as a key audit matter the reliance on the various IT systems and manual business processes controls both within the Group and its strategic partners or specialist service providers, given its significant impact on our audit approach.	In conjunction with our IT and actuarial specialists, our procedures included, but were not limited to: o Determining, through discussions with management, the IT systems and manual business process controls relevant to the financial reporting process; o Developing an understanding of the manual business process controls implemented over information coming from the strategic partners or specialist service providers' systems; o Testing the design and implementation of relevant manual business process controls; and o Where we identified matters relating to the design or implementation of the IT systems or manual business process controls relevant to our audit we varied the nature, timing and extent of our substantive procedures.

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Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group and Company's annual report for the year ended 30 June 2023, but does not include the financial reports and our auditor's report thereon.

Our opinion on the financial reports does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial reports, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial reports or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, 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 Reports

The directors are responsible for the preparation of the financial reports that give 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 reports that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial reports, the directors are responsible for assessing the ability of the Group and the Company to continue as going concerns, 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 the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Reports

Our objectives are to obtain reasonable assurance about whether the financial reports as a whole are 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 reports.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial reports, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group or the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial reports or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Company to cease to continue as going concerns.

INDEPENDENT AUDITOR'S REPORT
continued

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- Evaluate the overall presentation, structure and content of the financial reports, including the disclosures, and whether the financial reports represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the Group financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 37 to 54 of the Directors' Report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of NobleOak Life 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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Max Rt Murray

Max Murray
Partner
Chartered Accountants

Sydney, 30 August 2023

SHAREHOLDERS' INFORMATION

Substantial Shareholders

As at 16 August 2023, the following entities have notified NobleOak that they are substantial holders with holdings reflected below as per their respective notices.

Name	No. of shares as per notice	% of issued capital
Samuel Terry Asset Management Pty Ltd as Trustee for Samuel Terry Absolute Return Fund	12,088,205	14.10%
Ethical Partners Funds Management Pty Ltd	11,590,873	13.48%
Magellan Financial Group Limited and its related bodies corporate	8,554,143	9.95%
UniSuper Limited as trustee for UniSuper and UniSuper Management Pty Limited	8,554,143	9.95%
Private Portfolio Managers Pty Ltd	7,378,446	8.85%
Anthony Ross Brown & his associate Brohok Investment Co Pty Ltd(1)	5,384,914	6.42%
Gordon Group	5,363,718	6.39%
Scott Gant in his personal capacity as well as director of entities listed	4,638,168	5.53%
Funds SA and Funds SA ATF the Funds SA Australian Equities B Unit Trust	4,489,630	5.22%

(1) Mr Brown and his associate's relevant interest is included in the substantial shareholding disclosed by NobleOak Life Limited in row 6 above.

SHAREHOLDERS' INFORMATION
continued

Twenty largest Shareholders (as at 16 August 2023)

Rank	Name	No. of shares as per notice	% of issued capital
1	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	16,176,549	18.82%
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	8,983,926	10.45%
3	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	8,554,143	9.95%
4	NATIONAL NOMINEES LIMITED	8,339,160	9.70%
5	ANTHONY R BROWN – BROHOK	5,665,525	6.59%
6	ES GORDON FAMILY TRUST AND SUPER FUND – EVANIC INVESTMENTS	5,431,410	6.32%
7	SCOTT GANT – QUAY SUPER FUND – MONERIS	4,436,823	5.16%
8	CITICORP NOMINEES PTY LIMITED	4,014,450	4.67%
9	FF OKRAM PTY LTD <THE FF OKRAM A/C>	3,102,439	3.61%
10	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	2,884,707	3.36%
11	UBS NOMINEES PTY LTD	1,838,720	2.14%
12	INNOVATION HOLDINGS AUSTRALIA PTY LTD	1,641,025	1.91%
13	TREVOR GROENEVELD – T GROENEVELD SUPER FUND – GROENEVELD DEVELOPMENTS	1,441,427	1.68%
14	KEVIN HAMMAN – FUTURE SUPER – TK CONSULTING – KH DEVELOPMENTS	1,100,002	1.28%
15	GREENWICH CAPITAL PARTNERS –ADVISORY	1,086,508	1.26%
16	STEPHEN HARRISON – JULIE MCCONAGHY – JASMAH – MSJ CAPITAL	972,700	1.13%
17	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	727,958	0.85%
18	GWLH PTY LTD <GWLH SUPER FUND A/C>	697,447	0.81%
19	RUTHVIC PTY LTD <RUTHVIC SUPER FUND A/C>	475,000	0.55%
20	WARBONT NOMINEES PTY LTD <UNPAID ENTREPOT A/C>	351,545	0.41%

Equity Securities (as at 16 August 2023)

Ordinary shares

There are 85,959,682 fully paid ordinary shares held by 2,175 shareholders.

Options and Performance Rights

There are 365,656 options expiring 21 October 2023 with an exercise price of $1.80 (ASX code: NOLAB) held by 6 holders.

There are 2,132,825 performance rights (ASX code: NOLAC) held by 12 holders.

SHAREHOLDERS' INFORMATION
continued

Voting Rights

Ordinary shares

At a general meeting of the Company, on a show of hands every Shareholder present in person or by proxy, attorney or representative has one vote on a show of hands and on a poll, one vote for each Share held.

Options and Performance Rights

The Company's options and performance rights do not have any voting rights.

Distribution of Shareholders

The distribution of Shareholders as at 16 August 2023 is as follows:

Range	Total	Units	% of issued capital
1 – 1,000	1,318	765,329	0.89%
1,001 – 5,000	713	1,242,751	1.45%
5,001 – 10,000	32	253,955	0.30%
10,001 – 100,000	59	2,314,212	2.69%
100,001 and over	53	81,383,435	94.68%
Total	**2,175**	**85,959,682**	**100.00%**

There are no holders of unmarketable parcels.

Distribution of Option holders

The distribution of Option holders as at 16 August 2023 is as follows:

Range	Total	Units	% of issued capital
10,001 – 100,000	4	124,410	34%
100,001 and over	2	241,246	66%
Total	**6**	**365,656**	**100%**

Shares under voluntary escrow

No shares are subject to voluntary escrow.

DIRECTORY

Registered Office and Contact Details

NOBLEOAK LIFE LIMITED
ABN 85 087 648 708
AFSL No 247302

Level 4
44 Market Street
Sydney NSW 2000, Australia

Telephone: +61 1300 041 494
Email: companysecretary@nobleoak.com.au
Website: www.nobleoak.com.au

Current Directors

Stephen Harrison
Anthony Brown
Andrew Boldeman
Sarah Brennan
Kevin Hamman
Inese Kingsmill

Chief Executive Officer

Anthony Brown

Chief Financial Officer

Scott Pearson

Company Secretary

Suzanne Barron

Appointed Actuary

Briallen Cummings

Chief Risk Officer

Matthew Wilson

Auditors

Deloitte Touche Tohmatsu

Stock Listing

NobleOak Life Limited is listed on the Australian Securities Exchange (ASX) under the ASX code 'NOL'

Share Registry

For all enquiries relating to shareholdings, dividends and related matters, please contact the share registry:

AUTOMIC PTY LTD

Level 5, Deutsche Bank Tower
126 Phillip Street
Sydney NSW 2000, Australia

Telephone: 1300 288 664
Email: hello@automic.com.au
Website: www.automicgroup.com.au

www.colliercreative.com.au #NOB0026

NobleOak
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