

27 September 2012

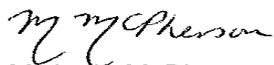
The Manager  
Company Announcements  
ASX Limited  
Level 4, Bridge Street  
Sydney NSW 2000

## 2012 Shareholder Review – nib holdings limited

Please find attached nib's 2012 Shareholder Review which was distributed to nib shareholders today.

The Shareholder Review can also be viewed online at [nib.com.au/shareholders](http://nib.com.au/shareholders).

Yours sincerely,



Michelle McPherson  
Chief Financial Officer & Company Secretary



# SHAREHOLDER REVIEW 2012

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# 1952

# We're celebrating being 60 years young



**1952**

Newcastle Industrial Benefits (nib) Hospital Fund established by workers at BHP Steelworks, Mayfield, NSW.



**1975**

nib amalgamates with South Coast Medical Fund. The merger boosts membership by 10,000.



**1986**

First nib Eye Care Centre opens in Newcastle.



**1962**

nib moves into its first head office at 366 Hunter Street, Newcastle.



**1977**

nib embraces the technological age with computers introduced into the workplace.

**1953**

Newcastle Industrial Benefits Medical Fund established.

**1977**

Newcastle Industrial Benefits becomes nib health funds ltd.

**1984**

Medicare introduced.

**1952**

Newcastle Industrial Benefits (nib) Hospital Fund established by workers at BHP Steelworks, Mayfield, NSW.

**1962**

nib moves into its first head office at 366 Hunter Street, Newcastle.

**1976**

nib's membership triples following the establishment of Medibank Private.



**1999**

nib Customer Care Centre awarded 'Call Centre of the Year' for outstanding tele-performance and customer service.



**1987**

First nib Day Hospital opens in Newcastle.



**2006**

nib negotiates sale of Newcastle Private Hospital to Healthscope.

**1997**

nib launches its first website.

**1994**

nib Private Hospital opens in Newcastle.

**1988**

Newcastle Knights enter NSWRL with nib as a founding sponsor.

**2003**

nib acquires Victorian-based health fund, IOOF Health Services.

**1998**

First nib Dental Centre opens.

**2004**

Prime Minister John Howard opens Newcastle Private Hospital, owned and developed by nib.

**1982**

nib opens its first Sydney branch in the CBD.

**1993**

nib expands interstate with operations in Queensland, Victoria, South Australia and the ACT.

**2000**

Introduction of Federal Government's Lifetime Health Cover considerably boosts memberships.



## 2008

nib relocates to its new head office in Honeysuckle, Newcastle.



## 2010

As part of its expansion into Western Australia, nib secures naming rights to nib Stadium, Perth.



## 2007

nib policyholders vote in favour of demutualising and nib becomes Australia's first private health insurer to list on the ASX.



## 2011

nib opens its first Western Australian retail centre at Booragoon, Perth.

## 2007

nib becomes elite partner of AFL team, the Geelong Cats.

## 2008

Prime Minister Kevin Rudd launches nib foundation.

## 2010

nib enters the International Workers Health Cover market with the acquisition of IMAN.

## 2011

In FY11, premium revenue reaches \$1 billion for the first time.

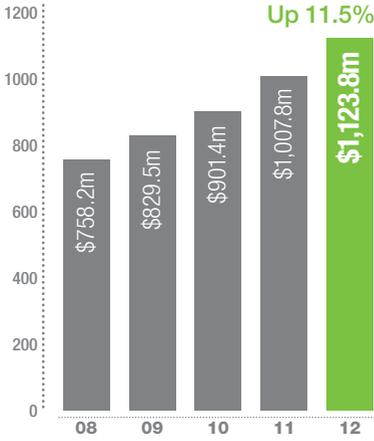
## 2012

nib foundation funding support for health and wellbeing initiatives tops \$10 million.

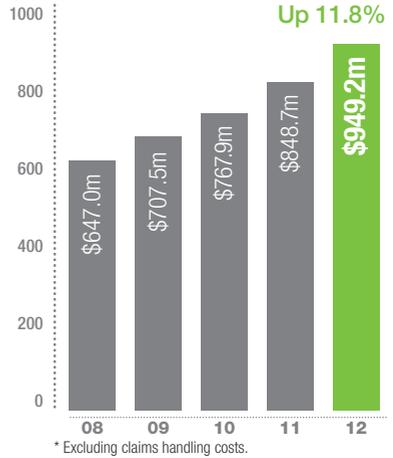
# 2012 ▶

# Performance Highlights

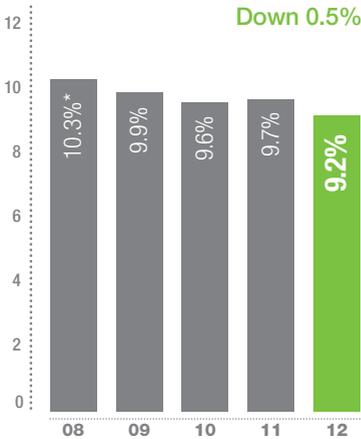
## Premium Revenue



## Net Claims Incurred\*



## Management Expense Ratio



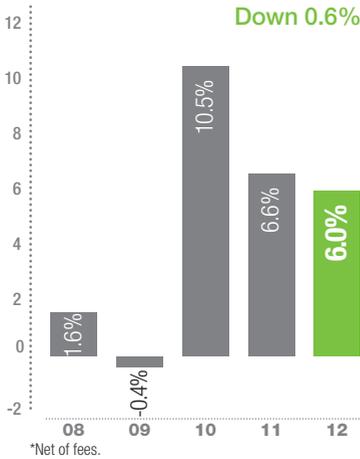
\* FY08 result was normalised to remove the impact of costs associated with nib's demutualisation and listing.

## Pre-tax Underwriting Result

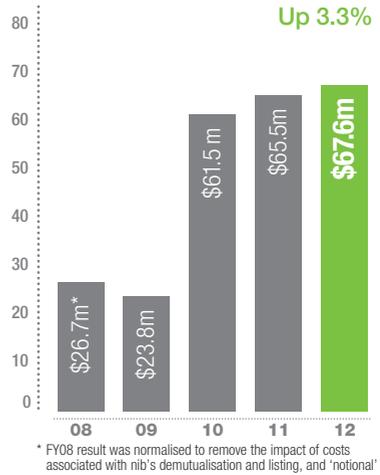


\* FY08 result was normalised to remove the impact of costs associated with nib's demutualisation and listing.

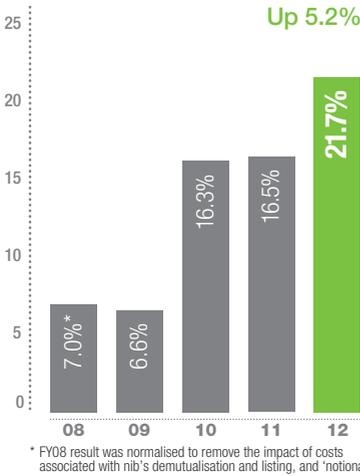
### Net Investment Return\*



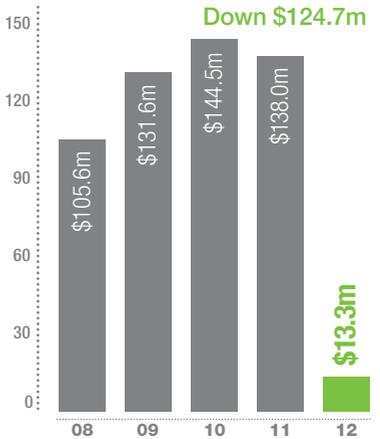
### Net Profit After Tax



### Return On Equity



### Surplus Capital



# This year nib celebrates 60 years of operation.



**Steve Crane**  
Chairman

There is no doubt we have come a long way since our formation as a sickness and accident fund in 1952 by workers at Newcastle's BHP Steelworks.

Today, we are recognised as one of Australia's leading private health insurers providing quality and affordable health cover. nib also continues to deliver underlying earnings growth, profitability and strong returns for our shareholders. In the financial year ending 30 June 2012, our underlying earnings were up 15% on the previous year to \$70.7 million.

nib provides health cover to almost 900,000 Australians through our domestic Health Insurance Business, which continues to be the main economic driver of our strong profitability. Our investment in International Business operations also made a material contribution to our consolidated result this financial year and we expect that these operations will continue to grow in future years.

Capital management initiatives were a feature of the financial year. We returned almost \$140 million by way of a \$75.4 million Capital Return, payment of special dividends totalling \$23.3 million and an on-market share buy-back at a cost of \$41.0 million. Our focus on capital management during the year makes good our promise to shareholders that in the absence of merger and acquisition prospects we would return surplus capital.

Our strong financial performance has allowed the Board to declare FY12 full year ordinary dividends of 9.25 cents per share, fully franked. This represents a payout ratio of 60% of NPAT. The Board decided to increase guidance for future ordinary dividend payments to reflect a payout ratio of fully franked ordinary dividends of 60% to 70% of full year NPAT.

As at 30 June 2012, we had \$13.3 million in surplus capital above our internal prudential requirements. This was down from \$138.0 million for the previous corresponding period reflecting the initiatives previously explained. The Board contemplated a final special dividend for FY12 equivalent to our surplus capital position but we believe there may be better near-term strategic investment opportunities for shareholders.

As at 30 June 2012, our total investment assets were \$489.1 million.

During the year the Federal Government passed legislation to income test the Private Health Insurance Rebate. While unhelpful to our business, our analysis is that the income testing will have minimal impact.

As part of this year's Federal Budget, the Government also announced the establishment of a Pricing and Competition Unit, which will provide the Government with more detailed advice on industry pricing, cost drivers, insurance premiums and competition policy within the private health insurance industry. We fully support greater sophistication and transparency in the annual pricing approval process, so the initiative is welcome.

Our regulator, the Private Health Insurance Administration Council, has released a draft of new capital standards for the industry, which are planned for implementation on 30 June 2013. We don't expect these new standards will have a material impact on our capital requirements.

It was also a landmark year for our charitable organisation, nib foundation, which marked a significant milestone in reaching \$10 million in committed funding since its establishment in 2008. We have taken pride in the efforts of the foundation in improving the health and wellbeing of our community.

Overall, we like the investment thesis for private health insurance. The fiscal pressure on all levels of Government in Australia to continue to fund healthcare at current levels is unsustainable, and coupled with an unwillingness by Australians to rely on the public health system, there is little alternative other than for private health insurance to play a greater role. nib is well placed to capitalise on these opportunities and continue our good track record.

I would like to thank my fellow Directors and our talented Executive Management team, who are supported by our many employees, for their dedication and contribution to another successful year for our business.

“ nib continues to deliver underlying earnings growth, profitability and strong returns for our shareholders. ”

PRE-TAX UNDERWRITING RESULT

\$70.7m

FULL YEAR DIVIDEND

9.25cps

## Managing Director's Report

# This was always going to be a landmark year for nib.



**Mark Fitzgibbon**  
Managing Director

It follows an impressive period of above-average policyholder growth and increasing profitability.

These prior achievements reflected product innovation, confident investment in our brand, marketing and distribution, a fairly benign competitive landscape and “headspace” to improve underwriting margins.

However, the operating environment during FY12 was very different because:

- A number of our competitors had replicated our “fit for purpose” product philosophy (we led the industry in allowing people to carve out cover they assessed as unnecessary);
- Industry-wide investment in marketing was almost 10-times greater than five years before;
- Brokered comparison platforms such as iSelect consolidated their presence; and
- Underwriting margins had arguably reached a level above which both Government regulation and price competition probably wouldn't allow.

Against this challenging backdrop, I am pleased to report that in FY12 we still managed top line consolidated revenue growth of 11.5%, a 15.0% increase in pre-tax underwriting profit to \$70.7 million, and an 8.0% rise in earnings per share to 14.8 cents per share.

Health Insurance Business (HIB) policyholder growth of 4.7% once again eclipsed system growth of 3.7% and our return on equity grew from 16.5% to 21.7%. Total Shareholder Return\* for the 12 months to 30 June 2012 was also an impressive 22.7% versus -7.0% for the ASX All Ordinaries Index.

It is important to note that the underwriting profit of \$70.7 million (FY11: \$61.5 million) was materially improved by the accounting treatment of direct acquisition costs for new policyholders. These constitute commissions on sales we pay to brokers. In FY12, these costs were for the first time capitalised, whereas in previous accounting periods they were expensed fully in the year they were incurred. The increased materiality of direct acquisition costs and the requirements of Australian Accounting Standard AASB 1023 explain the treatment. On a like-for-like basis, the underwriting result would have been \$62.5 million, an increase of 1.6%.

A standout contributor in the latest financial year result was our nascent International Workers Business (IWB). Pre-tax IWB earnings increased more than 160%\* to \$7.5 million and at year's end we covered foreign workers across a diverse range of industries here in Australia.

Our foray into this market has been a vitally important strategic initiative. It reflects our recognition some time ago that to maintain earnings momentum we needed to supplement our domestic HIB with new revenues. IWB accounted for 10.6% of the FY12 underwriting profit and we expect its contribution will be even greater in coming years.

We made solid progress on a number of other business development fronts during FY12. Our market position as a challenger brand focused on those aged under 40 continues to serve us well (we were responsible for 15.6% of growth in hospital persons in this segment). Nevertheless, we very deliberately sought to build market share in other areas. Specifically, we focused on the niche over 55 years of age category; the corporate segment, where employers buy, subsidise or facilitate health insurance for their workers; and Western Australia, a market that is growing powerfully. Although the increases are off relatively low bases, sales to over 55s increased 24.7%, corporate sales premium revenue rose by 16.7% and Western Australian policyholders increased by 36.1%.

Other important initiatives during the year included more active investment in the sale of complementary insurance lines (where commission income grew almost 70% to \$1.5 million) and our partnership with the world's largest private health insurer, US-based UnitedHealth Group, which we announced in July this year. Through this partnership we have become UnitedHealth Group's service provider for their expat or local customers in Australia.

During FY12, we continued to expand our presence in the national market and leverage operational capability. What we might lack in scale compared to some major rivals, we more than make up for this in terms of creativity, dexterity and commercial discipline.

Notwithstanding policy changes such as the income testing of the Australian Government Private Health Insurance Rebate, premium control and the frustratingly inefficient system of risk equalisation, as Chairman Steve has already argued, the sector will continue to grow and with it, nib. Supportive Government policy, buoyant employment and increasing disposable incomes, as well as weakening confidence in the so-called "free" public healthcare system, will continue to be the key drivers of sector growth.

As competition in the domestic HIB market intensifies, our challenge to diversify and grow earnings becomes more important. Central to this is sensibly increasing our investment in international workers and international students, while exploring additional international prospects given the palpable and growing influence of globalisation in healthcare markets.

I'd like to take this opportunity to thank everyone involved in making FY12 a successful year – from the 550 employees through to my fellow Directors and Executives.

“

Policyholder growth of 4.7% once again eclipsed system growth of 3.7% and our return on equity grew from 16.5% to 21.7%.”

.....  
EARNINGS PER SHARE

14.8cps

.....  
RETURN ON EQUITY

21.7%

\* Total Shareholder Return assumes dividends reinvested at payment date.

\* FY11 was a nine month result with the IMAN business acquired October 2010.

# Policyholder growth was strong across all parts of our business.



Now Australia's fifth largest health insurer, nib has come a long way since our formative years as a hospital fund for workers at the BHP Steelworks in Newcastle.

Amalgamations have helped increase our customer base and also extended our reach beyond the Hunter. The first was in 1975 when we merged with the Illawarra-based South Coast Medical Fund.

We combined with two Newcastle-based funds in 1978 and 1981; The Hunter Medical Benefits Fund and then The Store Medical and Hospital Fund. In 2003, we completed the acquisition of Victorian-based health fund, IOOF health services.

In 2010, we entered the International Workers and International Students businesses which are expected to contribute significantly to future growth.

### Premium Revenue

Consolidated premium revenue increased 11.5% to \$1.1 billion in FY12. The rise was driven by strong premium growth of 10.5% in the Health Insurance Business (HIB) due to continued organic growth, policyholders buying higher premium products relative to sales in the previous year, and our annual premium adjustments.

Our International Business operations, in particular International Workers Business (IWB), continued to make a material contribution to our premium growth and earnings. Premium revenue from our International Workers Business in FY12 rose 57.5%\*.

### Policyholder Growth

HIB policyholder growth remains the cornerstone of our business. In FY12, we achieved growth of 4.7%, exceeding annual industry policyholder growth for the 11th year in a row.

This result is made more significant when noting that nib accounted for 9.8% of total policyholder growth across the private health insurance industry even though we represent 7.6% of industry market share. Within nib's total policyholder growth, 72.3% was generated within our target market of those aged 20-39 years.

Our net growth was impacted by policyholder lapse of 9.6%, up from 9.0% on the previous year. Our lapse trend remains a concern and a key focus for the business, with the two biggest issues being customers "switching" to other funds and customers who fall into payment arrears. We are, therefore, undertaking a number of initiatives to improve the overall nib customer experience and retention.

### Premium Increases

Annual premium changes are required to cover increasing claims costs.

On 1 April 2012, we increased HIB premiums on average by 5.5% across all products. The impact on customers varied but for around 85% of customers the increase was limited to less than \$3 per week.

### International Business

IWB now provides health cover to almost 17,000 temporary migrant workers in Australia, representing net policyholder growth of 18.6% in FY12.

We expect strong policyholder growth to continue in FY13 as we aim to further expand the business through the corporate sector, with a focus on resources and infrastructure projects.



International Students Business (ISB) is starting to yield strong organic policyholder growth and now provides health cover to around 3,300 international students in Australia, up 132% on the previous year.

An underwriting loss of \$1.4 million for FY12, caused primarily by high claims, has been addressed through changes to price and product design. These changes are expected to improve ISB's performance in FY13.

In July 2012, nib announced a strategic alliance with US-based UnitedHealthcare International, a UnitedHealth Group company, which services more than 75 million people worldwide.

The alliance is an important step in nib's ambitions to become a genuine international business.

Through this partnership, nib will provide cover to UnitedHealthcare International's expatriate customers working in Australia, such as employees of US-based companies.

The exclusive relationship will provide their customers with access to nib's network of 500 leading Australian hospitals, local physicians and direct payment arrangements with other health care providers, including dentists and optometrists.

### Life and Travel Insurance

In FY12, life and travel insurance commissions increased to \$1.5 million, from \$0.9 million in FY11. Life insurance commissions also include the nib Funeral Plan and nib Bill Relief, which covers loan repayments and household expenses if a customer is left without an income. Increasingly, we find our customers take comfort in purchasing these complementary products through nib.

“

Our International Business operations, in particular International Workers Business (IWB), continued to make a material contribution to our premium growth and earnings.”

.....  
**CONSOLIDATED PREMIUM REVENUE**

**\$1.1b**

.....  
**FY12 NET HIB POLICYHOLDER GROWTH RATE**

**4.7%**  
 .....

\* FY11 was a nine month result with the IMAN business acquired October 2010

## Customer Service

# Technological advancements are driving significant change in customer behaviour.



nib's move to a dedicated head office building on Hunter Street, Newcastle, in 1962 marked a significant milestone for the business. The new facility allowed the expansion of claims processing teams to better serve our growing customer base.

As the business continued to grow beyond the region, so did our retail network. In 1982, nib opened its first Sydney branch, located in the CBD.

Expanding the service offering to our customers was the catalyst for establishing several bulk-billing nib Eye Care Centres in 1986, with nib Dental Care Centres following in 1998. The nib Day Hospital and nib Private Hospital were also established in 1987 and 1994, respectively.

We currently operate 20 Retail and Sales Centres nationwide and in recent years have implemented mobile and web service channels in line with customer service demands.

Like all businesses it is vital that we continue to remain innovative by providing service channels that best meet the needs and expectations of our customers.

### Online

Recognising the increasing popularity of mobile technology, we have continued to invest in a range of online customer channels, including our retail website, mobile sites and applications, as well as personalised extranets for our corporate clients.

Key performance highlights in FY12 included:

- Our retail website attracted around 1.9 million unique visitors (FY11: 1.7 million);
- 29% of all new sales were made online; and
- Approximately 34% of all nib customers transacted online.

Our investment in mobile technology will continue with the launch of our latest iPhone app later this calendar year, along with upgrades to our retail and mobile sites.

These online solutions meet customer demand to interact seamlessly with nib no matter which communication channel they choose to use.

### Retail Network

nib's 20 Retail and Sales Centres remain important for customers who prefer face-to-face service. Transactions through our retail network have continued to decline in recent years, primarily due to the popularity and convenience of alternative methods of service and claiming. The challenge for us is to provide a retail network that caters for both a traditional service experience and the evolving needs of our customers.

### Customer Care Centre

Our Customer Care Centre received more than 1 million calls in FY12. The popularity of this channel was highlighted in June with a record 154,000 calls received that month, primarily in response to income testing of the Australian Government Private Health Insurance Rebate. This was a 75% increase on our average monthly call volume for FY12.

In addition to handling telephone enquiries, our Customer Care Centre is responsible for email interactions with our customers, as well as responding to social media activity on Facebook and Twitter.



### Listening to our customers

Our customer service has been designed and implemented to ensure our customers can interact and transact with us when, where, and how it is most convenient for them.

Understanding our customers' needs is at the heart of two projects we have underway that ensure we are continually improving the customer experience.

The *Net Promoter Score*\* (*NPS*) helps us better understand the nib experience from an individual customer's point of view. After a customer contacts our Customer Care Centre or an nib Retail Centre they are sent a survey email to gauge their experience.

Results from these surveys have already been used to develop and implement a number of changes to our claims processing, internal processes and product design, to improve the overall customer experience.

An internal quality improvement project, known as *Think Like the Customer* or *TLC*, identifies every customer interaction, researches and understands customer expectations and what they value, and then allows the business to redesign work processes around these interactions.

By focussing our efforts on improving the customer experience, we will in turn improve business performance through reduced lapse and management expenses, while increasing sales, customer satisfaction, employee engagement and scalability.

“

Our customer service has been designed and implemented to ensure our customers can interact and transact with us when, where and how it is most convenient for them.”

CALLS TO CUSTOMER CARE CENTRE

1 million

CUSTOMERS TRANSACTING ONLINE

34%

\* Net Promoter, Net Promoter Score and NPS are registered trademarks of Bain & Company, Inc., Satmetrix Systems, Inc., and Fred Reichheld.

## Efficiencies

# We aim to balance operational efficiency and customer service.



The introduction of computers in 1977 marked a significant change in the way nib operated, providing improved claims processing and the automation of key business processes.

In 1997, we established our first online presence with the introduction of nib.com.au. The website now attracts around 1.9 million unique visitors each year and is becoming increasingly popular for customers joining nib, making transactions and claiming.

An industry leader in technological innovation, nib became Australia's first health fund to launch a mobile phone app in 2010 that allowed customers to make a claim directly from their smartphone.

Achieving this remains a focus of the business as we seek to meet our profitability targets.

### Claims Management

Claims expenses and levies totalled \$949.2 million, up from \$848.8 million in FY11. This increase is a result of claims inflation and policyholder growth and represents a claims expense ratio of 84.5% which is in line with our targets.

Within our Health Insurance Business (HIB), hospital and ancillary claims remain our most significant outgoing cost. Hospital benefits paid to customers rose 8.3% on the previous year to \$499.8 million and represent more than half of our total claims expenses. Ancillary costs increased by 10.9% to \$246.5 million.

By far the fastest area of claims inflation is our contribution to the Risk Equalisation Levy, a system that requires all health insurers to share the costs associated with older and chronically ill Australians. In FY12, our net Risk Equalisation Levy expense was \$160 million, an increase of 20.5% on FY11.

The transition in our hospital contracting process has been completed and we now have agreements with nearly 500 facilities across Australia. Since leaving the Australian Health Services Alliance on 30 June 2010, we have taken a more strategic approach to hospital contracting, including setting longer-term agreements that allows us to achieve mutually beneficial outcomes.

Wellness programs are also helping to reduce the frequency and cost of customer admissions to hospitals. nib's COACH program, for example, is a risk reduction, phone counselling service for people who have recently experienced a cardiac episode, such as a heart attack. We will continue to rollout these programs to targeted customers in high risk health categories during FY13.



## Operating Costs

Improving customer claiming practices and how we administer our customers' policies continues to present opportunities to reduce operational costs and ensure our customers are paid as quickly as possible.

Electronic customer claiming remains high due to the continued success of point-of-service claiming facilities, HICAPS and iSoft, as well as the increased utilisation of our online, mobile and tele-claiming technologies. In FY12, 86% of all ancillary claims were made electronically, up from 81% in FY11.

The significant uptake of the Eclipse 6 hospital claiming system across the major hospital groups in FY12 has resulted in 51% of all hospital claims being processed electronically during the year, up from 17% in the previous year. This level of electronic hospital claiming is expected to further improve as smaller facilities integrate with the system. Straight-through processing of medical, hospital and ancillary claims is also contributing to operations and claims efficiencies, as well as faster payment of customer claims.

The automation of our outbound customer communications also continued in FY12 with 28% of our customers electing to receive correspondence by email.

“

Electronic claiming remains high due to the continued success of point-of-service claiming facilities, HICAPS and iSoft, as well as the increased utilisation of our online, mobile and tele-claiming technologies.”

HIB HOSPITAL BENEFITS PAID

**\$499.8m**

HIB ANCILLARY BENEFITS PAID

**\$246.5m**

## Profitability and Shareholder Returns

# We continue to focus on organisational efficiency and revenue growth.



In 2007, nib became Australia's first private health insurer to list on the Australian Securities Exchange (ASX) following overwhelming support from our policyholders to demutualise.

As part of this process, all eligible nib policyholders received shares based on their length of membership with nib.

Since listing on the ASX, nib has achieved Total Shareholder Return (TSR) of 147% compared to the ASX 200 of -24.5%.

This has enabled us to maintain underlying profitability in FY12, and as a result, nib has achieved cumulative average growth in our underwriting results of 24.4% since listing on the ASX in 2007.

In FY12, our pre-tax underwriting profit was \$70.7 million, up 15% from \$61.5 million in FY11. Our FY12 underwriting result benefited from the deferral of acquisition costs associated with the use of brokers, such as iSelect. Due to significant growth in the use of brokers, which in FY12 accounted for 22.2% of policyholder sales, nib was required to capitalise and amortise up-front commissions paid to brokers. This resulted in an increase in our Health Insurance Business FY12 underwriting results. If nib did not defer acquisition costs, our FY12 pre-tax underwriting profit would have been \$62.5 million, an increase of 1.6% on FY11.

Our recent expansion into international business made a material contribution to our consolidated underwriting result. In FY12, our International Workers and International Students businesses contributed 8.6% of our overall pre-tax net underwriting profit, up from 2.8% in FY11.

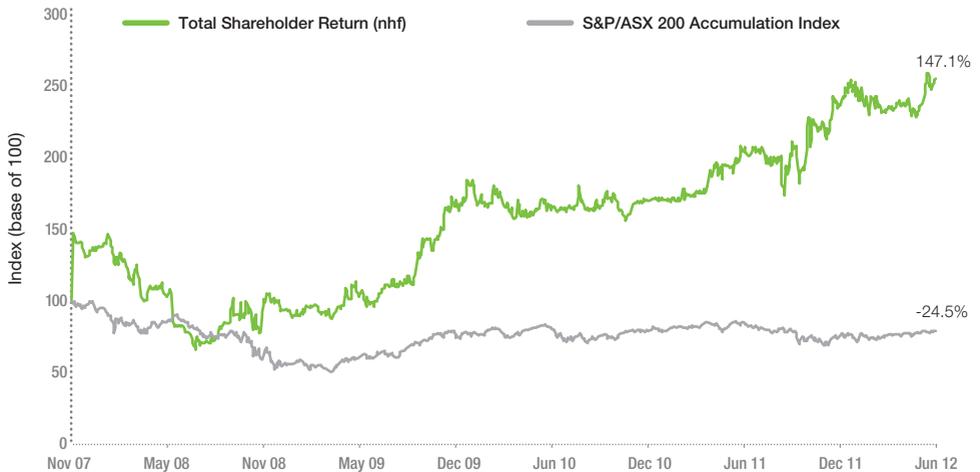
Delivering profitable growth for the business will remain a focus in FY13.

Capital management initiatives undertaken throughout the year saw a 8.8% reduction in our total investment assets to \$489.1 million.

In total, \$140 million was returned or used in FY12 through a variety of capital management initiatives, including:

- \$75.4 million Capital Return in July 2011;
- \$23.3 million in special dividends; and
- Completion of our on-market share buy-back at a total cost of \$41.0 million.

Our reduced capital base as a result of capital management initiatives resulted in lower net investment income of \$25.6 million in FY12, down from \$32.1 million in FY11. However, our investment return remained stable at 6.0% (FY11: 6.6%) and was in line with targets for our regulatory capital (UBS bank bill rate plus 1%) and surplus capital (UBS bank bill rate).



Our investment policy will continue to target a defensive/growth investment allocation split of 80/20 for investments required to maintain internal prudential requirements (1.3x), and 100% defensive allocation for any capital above our internal prudential target.

Net profit after tax (NPAT) for FY12 was \$67.6 million, up 3.2% compared with \$65.5 million in FY11.

Overall, our continued strong underlying profitability, investment returns and capital management initiatives delivered earnings per share of 14.8 cents, up from 13.7 cents in FY11 and a return on equity of 21.7% (FY11: 16.5%).

Our full year ordinary dividend of 9.25 cents per share was up 15.6% on the FY11 ordinary dividend of 8 cents per share (FY11 full year dividend of 13 cents per share included a 8 cents per share ordinary dividend and 5 cents per share special dividend).

Our dividend policy has been to pay fully franked dividends of between 50% to 60% of full year NPAT, and to the extent made possible by franking credits, the release of surplus capital. Our FY12 full year dividend equates to a payout ratio of 60% of NPAT.

We recently increased our dividend payout ratio to between 60% and 70% of full year NPAT, to be effective from FY13.

At 30 June 2012, nib had capital of \$13.3 million above its internal prudential target after allowing for the payment of the FY12 final dividend of 5 cents per share (totalling \$22.0 million).

“  
Delivering profitable growth for the business will remain a focus in FY13.”

#### NET PROFIT AFTER TAX

**\$67.6m**

#### FY12 CAPITAL MANAGEMENT INITIATIVES

**\$140m**

\* Graph above represents Total Shareholder Return (nib and S&P ASX 200 Accumulation Index). Share price appreciation plus reinvestment of dividends.  
Source: IRESS as at 30 June 2012.

# For 60 years, nib has been supporting health and wellbeing initiatives.



In 2008, we reaffirmed our commitment to promoting and supporting healthy Australian communities with the establishment of nib foundation.

Funded by a \$25 million donation raised as part of the demutualisation and ASX-listing, the foundation supports innovative programs that meet the needs of young people and carers in a practical and engaging way.

The launch of the foundation in 2008 by Prime Minister, The Hon. Kevin Rudd, coincided with the start of the nib Andrew Johns Walk that raised funds for the Black Dog Institute of Australia.

We also continue our long-standing partnerships with local organisations including the Hunter Academy of Sport and the Hunter Valley Research Foundation through ongoing funding and in-kind support.

Our partnerships with local and national organisations have made a meaningful difference to the lives of thousands of people across the country.

We are proud to assist our partners in tackling the health issues we face as a nation and will continue to support them in their quest for better health for all.

### nib foundation

Through our charitable organisation, nib foundation, we have broken new ground by funding innovative programs that meet the needs of young people and carers in a practical and engaging way.

Established in 2008, the foundation celebrated a major milestone in FY12 – reaching \$10 million in funding commitments following its third year of grant making.

Following a long incubation period, the first of the foundation's multi-year national partnerships came to fruition in FY12, with the Hunter Institute of Mental Health (HIMH) delivering outstanding results.

The foundation funded the national rollout of a six-week *Partners in Depression* program, which was developed by the HIMH to meet the information and support needs of carers and loved ones of people with depression.

Since 2009, the foundation's funding has allowed more than 1,000 people who live or care for someone experiencing depression to receive information and self-care strategies to reduce the stress they experience in their important support role.

It has also enabled 400 health professionals across Australia to receive training, resources and clinical support to allow them to deliver this program in their local community.

The foundation's community partners have also delivered some impressive grass roots health outcomes in areas including mental health, youth disadvantage, chronic and rare disease, disability, homelessness and domestic violence.

Some of the FY12 highlights include:

- Hundreds of youth received assistance from CanTeen's *Offspring Support Program's* age-specific counselling service;
- More than 1,200 pregnant women were screened for anxiety and depression through the Gidget Foundation's *Emotional Wellbeing Project* at Sydney's North Shore Private Hospital; and



- An average 3,300 kilograms of surplus food per week was rescued from local restaurants and food outlets, and donated to Hunter refuges and charities through OzHarvest's *Food Rescue Program*.

One of the foundation's key philosophies is that innovative thinking is the key to developing breakthroughs in service delivery to help tackle significant health issues. In line with this belief, the foundation's latest partnerships feature programs that challenge the way health and wellbeing issues are addressed.

New partnerships were established with an additional 15 organisations during FY12. Programs supported include:

- The national rollout of the Starlight Children's Foundation's unique in-hospital adolescent program, *Livewire*, to the major paediatric hospitals in Perth, Sydney, Brisbane, Melbourne and Newcastle;
- The Australia-wide delivery of The Black Dog Institute's *Headstrong* program, which features a unique teaching resource designed to provide a creative way of thinking, talking and teaching about mood disorders in the classroom;
- The creation of Limbs 4 Life's new *Carers, Children and Youth Program*, which provides peer-to-peer carer support for Victorian youth and children with limb loss or deficiency; and
- The implementation of the *Discovering the Power in Me* program by the Spinal Injuries Association to help Queenslanders with a spinal injury rehabilitate their mind and spirit.

The services delivered by the foundation's partners have already helped more than 10,000 people across the country, resulting in the foundation being well placed to meet its long-term goal of improving 50,000 lives by 2015.

“ We have broken new ground by funding innovative programs that meet the needs of young people and carers in a practical and engaging way. ”

.....  
FUNDING COMMITTED TO DATE

**\$10m**

.....  
FY12 NEW PARTNERSHIPS

**15**

\* Image above: CanTeen members.

# Board of Directors



**Steve Crane** *B Commerce, FAICD, SF Fin*  
**CHAIRMAN**  
*Independent Non-Executive Director*

Steve joined the nib holdings limited Board in September 2010 and was appointed Chairman on 1 October 2011. He is also a Director of nib health funds limited and IMAN Australian Health Plans Pty Limited.

He has 40 years of financial market experience, as well as an extensive background in publicly-listed companies.

Steve also holds directorships with Transfield Services Limited, Bank of Queensland Limited, APA Group and the Taronga Conservation Society Australia. He is also Chairman of Global Valve Technology Limited and member of the RBS Group (Australia) Advisory Council.

He was previously the Chief Executive of BZW Australia and ABN AMRO and a Director of APA Ethane Limited.

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**Mark Fitzgibbon** *MBA, MA, ALCA, FAICD*  
**MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER**  
*Executive Director*

Mark joined nib health funds limited in October 2002 as Chief Executive Officer (CEO).

He was previously CEO of the national and peak industry bodies for licensed clubs and has held several CEO positions in local government, including General Manager of Bankstown Council between 1995 and 1999.

Mark is a Director of nib health funds limited, nib health care services Pty limited, nib servicing facilities Pty limited and IMAN Australian Health Plans Pty Limited. He is also a Director of Private Healthcare Australia Limited.

He was previously a Director of the Newcastle Knights Rugby League Football Club and Australian Health Services Alliance.

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**Harold Bentley** *MA Hons, FCA, FCIS, FCSA*  
**DIRECTOR**  
*Independent Non-Executive Director*

Harold has been a Director of nib holdings limited since November 2007.

He is also a Director of nib health funds limited and IMAN Australian Health Plans Pty Limited.

Harold has over 20 years experience in the insurance sector. He was formerly the Chief Financial Officer of Promina Group Ltd and an Audit Manager of PricewaterhouseCoopers, specialising in finance and insurance companies.

**Dr Annette Carruthers** *MBBS (Hons), FRACGP, FAICD, GradDipAppFin*  
**DIRECTOR**

*Independent Non-Executive Director*

Annette joined nib holdings limited as a Director in September 2007. She is also a Director of nib health funds limited, nib health care services pty limited and IMAN Australian Health Plans Pty Limited.

A general medical practitioner with comprehensive experience in patient care and clinical risk management, Annette also holds directorships and representative positions in a range of national, state and regional health care organisations. She is Director of Aged Care Investment Services (the Trustee for the AMP Managed Aged Care Investment Trusts), Hunter Infrastructure and Investment Advisory Board and the NSW Board of the Medical Board of Australia. Annette is also a conjoint senior lecturer in the School of Medicine and Public Health at The University of Newcastle and a member of the NSW Medical Experts Committee.

She was formerly a Director of the National Heart Foundation of Australia (NSW Division), National Heart Foundation of Australia and Haematology and Oncology Clinics of Australia.

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**Philip Gardner** *B.Comm, CPA, CCM, FAICD, JP*  
**DIRECTOR**

*Independent Non-Executive Director*

Philip has been a Director of nib holdings limited since May 2007. He is also a Director of nib health funds limited and IMAN Australian Health Plans Pty Limited.

He is the current Chief Executive Officer of The Wests Group Australia, a Director of Newcastle Airport Limited and an adjunct lecturer in the Faculty of Business and Law at The University of Newcastle.

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**Christine McLoughlin** *BA/LLB (Hons) FAICD*  
**DIRECTOR**

*Independent Non-Executive Director*

Christine has been a Director of nib holdings limited since March 2011. She is a Director of nib health funds limited and IMAN Australian Health Plans Pty Limited.

She has more than 25 years experience as a financial services and legal executive having previously worked for AMP, IAG, Optus and professional services industries in Australia, the UK and Asia.

Christine is also a Director of Whitehaven Coal Limited, Westpac's Life and General Insurance Business, The Australian Nuclear Science and Technology Organisation and St James Ethics Centre, and a Deputy Chairman of The Smith Family.

She is a former Director of the AMP Foundation and Transport Accident Commission.



# Board and Executive Remuneration

| Short-term employee benefits   |                            |                  |  |  |
|--------------------------------|----------------------------|------------------|--|--|
|                                | Cash salary and fees<br>\$ | Cash bonus<br>\$ | Motor vehicle and insurance benefits<br>\$ | Other non-monetary benefits <sup>3</sup><br>\$ |
| <b>Non-Executive Directors</b> |                            |                  |  |  |
| <b>2012</b>                    |                            |                  |  |  |
| Keith Lynch (to 30/9/2011)     | 45,016                     | –                | –  | 6,363  |
| Harold Bentley                 | 77,748                     | –                | –  | –  |
| Annette Carruthers             | 100,435                    | –                | –  | 5,149  |
| Steve Crane                    | 162,769                    | –                | –  | –  |
| Philip Gardner                 | 120,359                    | –                | –  | –  |
| Christine McLoughlin           | 117,200                    | –                | –  | –  |
|                                | <b>623,527</b>             | <b>–</b>         | <b>–</b>                                   | <b>11,512</b>                                  |
| <b>2011</b>                    |                            |                  |  |  |
| Keith Lynch                    | 140,000                    | –                | –  | 2,720  |
| Harold Bentley                 | 67,000                     | –                | –  | –  |
| Annette Carruthers             | 96,590                     | –                | –  | 2,905  |
| Steve Crane                    | 82,444                     | –                | –  | –  |
| Philip Gardner                 | 116,514                    | –                | –  | –  |
| Brian Keane                    | 34,502                     | –                | –  | –  |
| Christine McLoughlin           | 30,136                     | –                | –  | –  |
|                                | <b>567,186</b>             | <b>–</b>         | <b>–</b>                                   | <b>5,625</b>                                   |

| Short-term employee benefits   |                            |                  |  |  |
|--------------------------------|----------------------------|------------------|--|--|
|                                | Cash salary and fees<br>\$ | Cash bonus<br>\$ | Motor vehicle and insurance benefits<br>\$ | Other non-monetary benefits <sup>3</sup><br>\$ |
| <b>Executives</b>              |                            |                  |  |  |
| <b>2012</b>                    |                            |                  |  |  |
| Mark Fitzgibbon                | 520,559                    | 103,747          | 37,318                                     | 94,337   |
| Matthew Henderson              | 295,621                    | 28,723           | 14,349                                     | 4,998  |
| Melanie Kneale (to 1/6/2012)   | 330,067                    | 85,780           | 12,882                                     | 5,709  |
| Rhoderic McKensey              | 361,541                    | 37,340           | 15,456                                     | 2,732  |
| Michelle McPherson             | 382,684                    | 71,564           | 12,074                                     | 2,973  |
| Brendan Mills <sup>1</sup>     | 194,527                    | 32,212           | 2,248                                      | 2,217  |
|                                | <b>2,084,999</b>           | <b>359,366</b>   | <b>94,327</b>                              | <b>112,966</b>                                 |
| <b>2011</b>                    |                            |                  |  |  |
| Mark Fitzgibbon                | 510,797                    | 192,238          | 53,390                                     | 44,976   |
| Matthew Henderson <sup>2</sup> | 225,070                    | 41,908           | 2,807                                      | 3,696  |
| Melanie Kneale                 | 343,578                    | 85,603           | 13,466                                     | 25,665   |
| Rhoderic McKensey              | 291,304                    | 73,875           | 10,385                                     | 6,081  |
| Michelle McPherson             | 343,251                    | 101,653          | 23,598                                     | 1,100  |
|                                | <b>1,714,000</b>           | <b>495,277</b>   | <b>103,646</b>                             | <b>81,518</b>                                  |

1. Brendan Mills was appointed Chief Information Officer on 1 June 2012. Before this appointment he was the company's Information Technology Manager. Amounts shown above include all Mr Mills' remuneration during the reporting period, whether as an executive officer or as Information Technology Manager. Amounts received in his position as Chief Information Officer amounted to \$25,649, made up of cash salary of \$21,230, cash bonus of \$2,000, non-monetary benefits of \$232, superannuation of \$1,315, long service leave of \$372, and share-based bonus of \$500.

2. Matthew Henderson was appointed Group Executive Corporate and International Business on 1 May 2011. Before this appointment he was the company's Channels Manager. Amounts shown above include all Mr Henderson's remuneration during the reporting period, whether as an executive officer or as Channels

| Post-employment benefits |                        | Long-term benefits    | Termination benefits    | Share-based payments  |                       | Total \$       |
|--------------------------|------------------------|-----------------------|-------------------------|-----------------------|-----------------------|----------------|
| Superannuation \$        | Retirement benefits \$ | Long service leave \$ | Termination benefits \$ | Bonus <sup>4</sup> \$ | Performance rights \$ |                |
| 4,051                    | 3,752                  | -                     | -                       | -                     | -                     | 59,182         |
| 50,000                   | -                      | -                     | -                       | -                     | -                     | 127,748        |
| 30,756                   | 2,965                  | -                     | -                       | -                     | -                     | 139,305        |
| 14,649                   | -                      | -                     | -                       | -                     | -                     | 177,418        |
| 10,832                   | -                      | -                     | -                       | -                     | -                     | 131,191        |
| 10,548                   | -                      | -                     | -                       | -                     | -                     | 127,748        |
| <b>120,836</b>           | <b>6,717</b>           | <b>-</b>              | <b>-</b>                | <b>-</b>              | <b>-</b>              | <b>762,592</b> |
| 50,000                   | 18,349                 | -                     | -                       | -                     | -                     | 211,069        |
| 50,000                   | -                      | -                     | -                       | -                     | -                     | 117,000        |
| 30,410                   | 4,653                  | -                     | -                       | -                     | -                     | 134,558        |
| 7,420                    | -                      | -                     | -                       | -                     | -                     | 89,864         |
| 10,486                   | -                      | -                     | -                       | -                     | -                     | 127,000        |
| 3,220                    | -                      | -                     | -                       | -                     | -                     | 37,722         |
| 2,712                    | -                      | -                     | -                       | -                     | -                     | 32,848         |
| <b>154,248</b>           | <b>23,002</b>          | <b>-</b>              | <b>-</b>                | <b>-</b>              | <b>-</b>              | <b>750,061</b> |

| Post-employment benefits |                        | Long-term benefits    | Termination benefits    | Share-based payments  |                       | Total \$         |
|--------------------------|------------------------|-----------------------|-------------------------|-----------------------|-----------------------|------------------|
| Superannuation \$        | Retirement benefits \$ | Long service leave \$ | Termination benefits \$ | Bonus <sup>4</sup> \$ | Performance rights \$ |                  |
| 50,000                   | -                      | 9,527                 | -                       | 44,392                | 442,898               | 1,302,778        |
| 15,775                   | -                      | -                     | -                       | 7,176                 | 7,312                 | 373,954          |
| 15,775                   | -                      | -                     | 375,578                 | (1,979)               | 166,604               | 990,416          |
| 25,000                   | -                      | 6,264                 | -                       | 9,319                 | 97,855                | 555,507          |
| 21,314                   | -                      | 6,610                 | -                       | 17,868                | 143,115               | 658,202          |
| 15,775                   | -                      | 3,655                 | -                       | 500                   | -                     | 251,134          |
| <b>143,639</b>           | <b>-</b>               | <b>26,056</b>         | <b>375,578</b>          | <b>77,276</b>         | <b>857,784</b>        | <b>4,131,991</b> |
| 50,000                   | -                      | 9,197                 | -                       | 118,201               | 310,784               | 1,289,583        |
| 15,199                   | -                      | -                     | -                       | 3,175                 | 918                   | 292,773          |
| 15,199                   | -                      | -                     | -                       | 24,204                | 108,374               | 616,089          |
| 15,199                   | -                      | 4,935                 | -                       | 19,750                | 54,559                | 476,088          |
| 20,738                   | -                      | 6,381                 | -                       | 41,191                | 117,971               | 655,883          |
| <b>116,335</b>           | <b>-</b>               | <b>20,513</b>         | <b>-</b>                | <b>206,521</b>        | <b>592,606</b>        | <b>3,330,416</b> |

Manager. Amounts received in his position as Group Executive Corporate and International Business amounted to \$68,848, made up of cash salary of \$48,938, cash bonus of \$12,702, non-monetary benefits of \$582, superannuation of \$2,533, share-based bonus of \$3,175 and performance rights of \$918.

3. Other non-monetary benefits includes the cost of corporate entertainment attended by executives on behalf of the Group plus associated Fringe Benefits Tax payable by the Group in relation to these items.
4. Includes bonus share rights. Refer to share-based compensation. Negative amounts result from the overaccrual of bonuses in 2011.

# Income Statement

|                                 | 2012<br>\$000    | 2011<br>\$000    |
|---------------------------------|------------------|------------------|
| <b>Premium revenue</b>          | <b>1,123,808</b> | <b>1,007,848</b> |
| <b>Net claims incurred</b>      | <b>(966,629)</b> | <b>(864,914)</b> |
| <b>Underwriting expenses</b>    | <b>(86,448)</b>  | <b>(81,432)</b>  |
| <b>Underwriting result</b>      | <b>70,731</b>    | <b>61,502</b>    |
| Investment income               | 26,500           | 33,453           |
| Other income                    | 3,556            | 5,750            |
| Investment expenses             | (860)            | (1,327)          |
| Other expenses                  | (4,270)          | (7,462)          |
| <b>Profit before income tax</b> | <b>95,657</b>    | <b>91,916</b>    |
| Income tax expense              | (28,017)         | (26,453)         |
| <b>Profit for the year</b>      | <b>67,640</b>    | <b>65,463</b>    |

# Statement of Cash Flows

|  | 2012<br>\$000    | 2011<br>\$000   |
|--|------------------|-----------------|
| <b>Cash flows from operating activities</b>  |                  |                 |
| Receipts from policyholders and customers (inclusive of goods and services tax)            | 1,189,656        | 1,024,410       |
| Payments to policyholders, suppliers and employees (inclusive of goods and services tax)   | (1,048,789)      | (942,516)       |
|  | <b>140,867</b>   | <b>81,894</b>   |
| Dividends received   | 37               | 28              |
| Interest received  | 12,714           | 9,373           |
| Distributions received   | 8,816            | 16,172          |
| Transactions costs relating to acquisition of business                                     | -                | (1,056)         |
| Interest paid  | (8)              | (2)             |
| Income taxes paid  | (27,795)         | (18,129)        |
| <b>Net cash inflow (outflow) from operating activities</b>                                 | <b>134,631</b>   | <b>88,280</b>   |
| <b>Cash flows from investing activities</b>  |                  |                 |
| Proceeds from disposal of other financial assets at fair value through the profit and loss | 134,116          | 322,666         |
| Payments for other financial assets at fair value through the profit and loss              | (167,265)        | (373,393)       |
| Proceeds from sale of investment properties  | 10,000           | -               |
| Proceeds from sale of property, plant and equipment, and intangibles                       | 44               | 7               |
| Payments for property, plant and equipment, and intangibles                                | (5,730)          | (5,230)         |
| Proceeds from sale of Eye Care business  | 250              | 250             |
| Payment for acquisition of business  | -                | (23,211)        |
| <b>Net cash (outflow) inflow from investing activities</b>                                 | <b>(28,585)</b>  | <b>(78,911)</b> |
| <b>Cash flows from financing activities</b>  |                  |                 |
| Payments for share buy-back  | (41,039)         | (2,028)         |
| Payments for capital return  | (75,585)         | -               |
| Payments for employee performance and bonus share rights                                   | (1,069)          | (552)           |
| Payments for shares acquired by the nib Holdings Ltd Share Ownership Plan Trust            | (525)            | -               |
| Dividends paid to the company's shareholders   | (60,918)         | (43,442)        |
| <b>Net cash inflow (outflow) from financing activities</b>                                 | <b>(179,136)</b> | <b>(46,022)</b> |
| <b>Net increase (decrease) in cash and cash equivalents</b>                                | <b>(73,090)</b>  | <b>(36,653)</b> |
| Cash and cash equivalents at beginning of the year   | 157,169          | 193,822         |
| <b>Cash and cash equivalents at end of the year</b>  | <b>84,079</b>    | <b>157,169</b>  |
| <b>Reconciliation to Consolidated Balance Sheet</b>  |                  |                 |
| Cash and cash equivalents  | 86,673           | 160,772         |
| Borrowings   | (2,594)          | (3,603)         |
|  | <b>84,079</b>    | <b>157,169</b>  |

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# Balance Sheet

|   | 2012<br>\$000  | 2011<br>\$000  |
|---|----------------|----------------|
| <b>ASSETS</b>   |                |                |
| <b>Current assets</b>                                 |                |                |
| Cash and cash equivalents                             | 86,673         | 160,772        |
| Receivables   | 70,208         | 49,469         |
| Financial assets at fair value through profit or loss | 356,774        | 319,293        |
| Deferred acquisition costs                            | 2,140          | –              |
| <b>Total current assets</b>                           | <b>515,795</b> | <b>529,534</b> |
| <b>Non-current assets</b>                             |                |                |
| Receivables   | 10,000         | 20,000         |
| Deferred acquisition costs                            | 6,711          | –              |
| Available-for-sale financial assets                   | 2,206          | 2,206          |
| Deferred tax assets                                   | 2,124          | 6,554          |
| Property, plant and equipment                         | 42,104         | 41,858         |
| Intangible assets                                     | 38,905         | 39,098         |
| <b>Total non-current assets</b>                       | <b>102,050</b> | <b>109,716</b> |
| <b>Total assets</b>                                   | <b>617,845</b> | <b>639,250</b> |
| <b>LIABILITIES</b>                                    |                |                |
| <b>Current liabilities</b>                            |                |                |
| Payables  | 86,690         | 77,230         |
| Borrowings  | 2,594          | 3,603          |
| Outstanding claims liability                          | 74,993         | 65,883         |
| Unearned premium liability                            | 135,867        | 65,202         |
| Current tax liabilities                               | 6,884          | 10,894         |
| Provision for employee entitlements                   | 2,144          | 3,657          |
| <b>Total current liabilities</b>                      | <b>309,172</b> | <b>226,469</b> |
| <b>Non-current liabilities</b>                        |                |                |
| Unearned premium liability                            | 5,799          | –              |
| Provision for employee entitlements                   | 1,276          | 991            |
| <b>Total non-current liabilities</b>                  | <b>7,075</b>   | <b>991</b>     |
| <b>Total liabilities</b>                              | <b>316,247</b> | <b>227,460</b> |
| <b>Net assets</b>                                     | <b>301,598</b> | <b>411,790</b> |
| <b>EQUITY</b>   |                |                |
| Contributed equity                                    | 27,581         | 42,193         |
| Retained profits                                      | 271,954        | 367,595        |
| Reserves  | 2,063          | 2,002          |
| <b>Total equity</b>                                   | <b>301,598</b> | <b>411,790</b> |

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# Five-Year Performance Summary

|   |         | 2012<br>\$000 | 2011<br>\$000 | 2010<br>\$000 | 2009<br>\$000 | 2008<br>\$000 |
|---|---------|---------------|---------------|---------------|---------------|---------------|
| <b>OPERATING PERFORMANCE</b>                |         |               |               |               |               |               |
| Total revenue                               | \$m     | 1,123.8       | 1,007.8       | 901.4         | 829.5         | 758.2         |
| Earnings before interest, tax, depreciation | \$m     | 90.5          | 86.8          | 83.1          | 26.8          | 38.3          |
| Depreciation                                | \$m     | 7.3           | 6.8           | 4.8           | 4.1           | 3.8           |
| Normalised net profit                       | \$m     | 62.5          | 65.5          | 61.5          | 23.8          | 26.7          |
| Reported net profit                         | \$m     | 67.6          | 65.5          | 61.5          | 23.8          | 0.4           |
| Operating cash flow                         | \$m     | 134.6         | 88.3          | 66.3          | 44.2          | 53.2          |
| Capital expenditure                         | \$m     | 5.7           | 5.2           | 4.8           | 17.6          | 23.6          |
| <b>BALANCE SHEET STRUCTURE</b>              |         |               |               |               |               |               |
| Total assets                                | \$m     | 617.8         | 639.2         | 588.0         | 536.5         | 565.8         |
| Equity                                      | \$m     | 301.6         | 411.8         | 391.4         | 361.9         | 384.8         |
| Net debt                                    | \$m     | –             | –             | –             | –             | –             |
| <b>PER SHARE PERFORMANCE</b>                |         |               |               |               |               |               |
| Number of shares                            | m       | 439.0         | 466.7         | 495.4         | 496.1         | 517.9         |
| Weighted average number of shares – basic   | m       | 458.3         | 478.5         | 495.8         | 506.7         | 517.9         |
| Weighted average number of shares – diluted | m       | 458.3         | 478.5         | 495.8         | 506.7         | 517.9         |
| Basic earnings per share                    | cents   | 14.8          | 13.7          | 12.4          | 4.7           | 5.2           |
| Diluted earnings per share                  | cents   | 14.8          | 13.7          | 12.4          | 4.7           | 5.2           |
| Share price at year end                     | dollars | 1.50          | 1.45          | 1.25          | 0.92          | 0.62          |
| Dividend per share                          | cents   | 9.25          | 13.0          | 7.0           | 7.4           | 2.1           |
| Dividend payout ratio                       | %       | 60.0          | 92.7          | 56.4          | 154.8         | 40.7          |

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# Information for Shareholders

## 2012 Annual General Meeting

The Annual General Meeting (AGM) of nib holdings limited will be held on Tuesday, 30 October 2012 at 1pm (Australian Eastern Daylight Time) at The Westin, 1 Martin Place, Sydney NSW 2000.

A webcast of the meeting will be streamed live at [nib.com.au/shareholders](http://nib.com.au/shareholders). Shareholders can also view a webcast of the meeting from nib's head office, 22 Honeysuckle Drive, Newcastle, from 12.30pm on Tuesday, 30 October 2012.

Proxy forms can be lodged by post or online.

Full details of the AGM, including the Notice of Meeting, are available at [nib.com.au/shareholders](http://nib.com.au/shareholders).

## Financial Calendar\*

|                         |                                     |
|-------------------------|-------------------------------------|
| <b>3 September 2012</b> | Ex-dividend date for final dividend |
| <b>7 September 2012</b> | Record date for final dividend      |
| <b>5 October 2012</b>   | Payment date for final dividend     |
| <b>30 October 2012</b>  | 2012 Annual General Meeting         |
| <b>February 2013**</b>  | FY13 Half Year Results Announcement |

\* Dates are subject to change

\*\* Date to be confirmed

## Corporate Governance

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

As part of this process, the Board and management regularly review the Group's policies and practices to ensure that we comply with the legal requirements, meet the expectations of our shareholders and other stakeholders, and best address the needs of the business. In the past 12 months the Board has reviewed and updated nib's Code of Conduct, Diversity Policy, and Disclosure and Communication Policy.

Further information about nib's governance policies and practices are available from the corporate governance information section on the nib shareholder website, [nib.com.au/shareholders](http://nib.com.au/shareholders).

## Shareholder Communications

nib shareholders can receive all of their nib communications electronically, including their dividend statements, the Shareholder Review, Annual Report, Notice of Meeting and Proxy Forms.

To elect e-communications, simply visit our shareholder website at [nib.com.au/shareholders](http://nib.com.au/shareholders) and go to Manage My Shareholding. Here you can also update your dividend payment instructions or address details, and view holding statements.

nib's shareholder website also provides information regarding dividend payments, nib's share price, nib ASX Announcements and investor presentations. Webcasts of nib's results presentations are also available.

## Investor Relations

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## Share Register

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