

18 February 2008

FY 2008 Dividend Payment Update

nib holdings limited (nhf) advises that following further assessment of all relevant facts and confirmation from its auditors AASB2 – Share Based Payments and UIG8 – application of AASB2, does not apply to the issue of shares by nib health funds limited to eligible policyholders. This was previously anticipated and disclosed in the nib health funds limited Proposal to Demutualise dated 11 June 2007, and the nib holdings limited Pre-Listing Share Sale Opportunity and 2008 Financial Forecasts dated 24 September 2007.

Importantly, this has no impact on the normalised underlying profitability of nhf.

The consequence of this revised accounting treatment does, however, have implications for nhf dividend policy.

nhf had previously advised that due to the anticipated negative retained earnings position of nib health funds limited (a wholly owned subsidiary of nhf) as a result of the expected application of AASB2 and UIG8 nhf would be unable to pay a dividend in respect of the financial year ended 30 June, 2008. As AASB2 and UIG8 will no longer apply, nhf is able to pay a dividend in respect of the financial year ended 30 June, 2008.

Rather than pay an unfranked dividend in respect of the 1H08 results, the Board of nhf expects payment of a fully franked (subject to the availability of franking credits) dividend in line with its dividend payout ratio of 40-60% of normalised profits in respect of the full year results for the financial year ended 30 June 2008.

For Further Information:

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