

**FULL YEAR RESULTS
ANNOUNCEMENT
2009
17 AUGUST**

2009

TODAY'S AGENDA

- **Headlines & snapshot**
- **Business growth**
- **Financial detail & profitability**
- **Market outlook, business strategy
& key enterprise risks**
- **Capital management**
- **Summary**

Headlines

- Net policyholder growth of 18,899 (5.2%) in difficult economic conditions
- Premium revenue of \$829.5 million up 9.4% on previous year
- Pre-tax underwriting profit of \$40.2 million up 21.8% on previous year (FY09 net underwriting margin 4.8%)
- Consolidated profit of \$23.8 million impacted by poor investment losses
- Operating cash in-flow of \$44.2 million
- Capital management:
 - On market share buy-back EPS accretive circa 4%
 - Final dividend of 4.4 cps fully franked. Full year dividend of 7.4 cps, of which 2.4 cps a normal dividend (50% payout ratio) and 5.0 cps a capital management initiative
- Return on Equity (ROE) 6.6% unsatisfactory but 11.2% if investment earnings normalised (5.5%)
- Total Shareholder Return (TSR) for year of 58.2% (ASX300: (20.3)%)
- Strong foundation for FY10 and beyond
 - Better than system growth expected to continue
 - Net margin to improve in FY10 and stabilise within target 5-6% range
 - Surplus capital and no debt with strategic investment and/or capital management opportunities

Financial snapshot

(\$m)	FY08*	FY09	Change	
			\$m	%
Premium revenue	758.2	829.5	71.3	9.4
Gross margin	111.2 14.7%	122.0 14.7%	10.8	9.7
Management Expense	(78.2) 10.3%	(81.8) 9.9%	(3.6)	4.6
Net margin	33.0 4.4%	40.2 4.8%	7.2	21.8
Net investment return	7.5 1.6%	(1.8) (0.4)%	(9.3)	(124.0)
Other income	1.4	1.1	(0.3)	(21.4)
Other expenses	(4.3)	(7.9)	(3.6)	83.7
Profit before tax	37.6	31.6	(6.0)	(16.0)
Tax	(10.9)	(7.8)	3.1	(28.4)
NPAT	26.7	23.8	(2.9)	(10.9)
EPS (cps)	5.2	4.7	(0.5)	(9.6)
ROE (%)	7.0	6.6	(0.4)	(5.7)

* FY08 result was normalised to remove the impact of costs associated with nib's demutualisation and listing, and "notional" tax

Growth

Despite GFC and changes to Government policy, our organic growth strategy continues to deliver strong results

(%)	FY05	FY06	FY07	FY08	FY09
Net policyholder growth (nib)	4.2	3.9	8.8	11.1	5.2
Net policyholder growth rate (industry)	0.8	2.1	4.2	4.2	3.0 ¹
% of new sales new to category (nib)	68.7	70.8	74.4	78.2	67.4
% of new sales “under 40” (nib)	71.7	73.6	78.5	79.2	78.7
% of new sales online (nib)	4.1	13.5	32.5	38.8	36.2
% of new sales outside NSW/ACT (nib)	19.1	23.4	32.3	44.0	42.6

- CAGR since FY05 = 6.6% (Industry 2.9%¹)
- nib with 7.1%¹ market share, accounted for 11.9%¹ of national growth in FY09
- Victoria accounted for 38% of net growth in FY09, followed by NSW with 35% and Queensland 24%
- nib with 9.8%¹ market share in 20-39 age group accounted for 22.4%¹ of national growth
- Net policyholder growth for July 09 of 3318 policies (July 08: 2757)

Gross Margin

Gross margin remains stable with risk equalisation a growing impost

Normalised earnings (m)	FY05	FY06	FY07	FY08	FY09	FY09 vs FY08	
						\$m	%
Premium revenue	530.7	611.9	666.0	758.2	829.5	71.3	9.4
Claims expense	(406.5)	(441.2)	(505.4)	(554.0)	(599.3)	(45.3)	8.2
HBRTF/RETF Levy*	(37.2)	(42.8)	(48.1)	(73.1)	(87.0)	(13.9)	19.0
State levies	(15.3)	(16.1)	(17.6)	(19.9)	(21.2)	(1.3)	6.5
Net claims incurred	(459.0)	(500.1)	(571.1)	(647.0)	(707.5)	(60.5)	9.4
Gross underwriting result	71.7	111.8	94.9	111.2	122.0	10.8	9.7
Gross underwriting margin (%)	13.5	18.3	14.3	14.7	14.7	-	-

Variance Analysis	(\$m)
Policyholder growth	18.7
Product mix	9.3
Premium rate increase	41.5
Claims inflation (including one of negative impact of Loyalty Bonus removal)	(45.5)
Risk equalisation	(13.9)
State levies	(1.3)
Other	2.0
Total variance	10.8

- Average premium revenue per policyholder of \$2100 down from \$2159 in FY08 reflecting ongoing success in target segment via entry level products
- Removal of Loyalty Bonus estimated to have increased claims inflation by \$4.9m for FY09 but is estimated to reduce FY10 claims expense by \$11.7m
- Risk equalisation arrangements are discouraging risk management across PHI and effectively undermining efforts to attract younger, better risk policyholders and lower premiums

Operating Expenses (underwriting)

Decrease in MER, with operating expenses stable despite one off costs of \$4.2m

(\$m)	FY05	FY06	FY07	FY08*	FY09	FY09 vs FY08	
						\$m fav/(unfav)	%
Employment	29.5	31.9	37.1	36.2	35.7	0.5	1.4
Marketing	5.8	7.4	13.8	18.9	17.2	1.7	9.0
IT	4.3	4.4	5.1	5.6	5.7	(0.1)	(1.8)
Occupancy	5.0	5.2	4.9	4.6	8.7	(4.1)	(89.1)
Other	11.7	11.5	10.3	12.9	14.5	(1.6)	(12.4)
TOTAL	56.3	60.4	71.2	78.2	81.8 ⁺	(3.6)	(4.6)
TOTAL MER (%)	10.6	9.9	10.7	10.3	9.9	-	-

*FY08 result was normalised to remove the impact of costs associated with nib's demutualisation and listing, and "notional" tax . ⁺ includes one-offs detailed below

- Increase in management expenses of \$3.6m to \$81.8m due to:
 - One-off costs of \$4.2m:
 - Employment: Redundancy costs of \$1.5m
 - Occupancy \$2.8m: New head office building impairment \$1.7m, P&E write-off - former head office building \$0.8m, Disposal of property \$0.3m
 - Employment costs lower due to efficiency improvements (annualised savings of more than \$2.2m as a result of one-off redundancies of \$1.5m in FY09)
 - Lower marketing costs reflect more optimal marketing mix and prudence given macro economic conditions

Net Margin

Net underwriting result of \$40.2m, up \$7.2m or 21.8 % on FY08

	FY05	FY06	FY07	FY08*	FY09	FY09 vs FY08	
							%
Pre-tax underwriting result (\$m)	15.4	51.4	23.7	33.0	40.2	7.2	21.8
Net underwriting margin (%)	2.9	8.4	3.6	4.4	4.8	0.4	9.1

* FY08 result was normalised to remove the impact of costs associated with nib's demutualisation and listing, and "notional" tax

- Approved average premium increase of 5.18% in March 2009 in line with application
- Actual net underwriting margin of 4.8%, even with the one-off impact of the removal of the Loyalty Bonus, demonstrates ability to deliver on 5.0% threshold target in near term

Investments

Overall FY09 investment result very disappointing

	FY05	FY06	FY07	FY08	FY09	FY09 vs FY08	
							%
Net investment return (\$m)	17.0	17.9	31.3	7.5	(1.8)	(9.3)	(124.0)
Net percentage return (%)	8.2	6.5	8.8	1.6	(0.4)	(2.0)	

	Investment Return		Investment Split	
	FY08	FY09	FY08	FY09
Cash	6.1%	5.0%	39.4%	38.7%
Australian fixed interest	4.3%	10.7%	18.7%	21.9%
O/s fixed interest	8.0%	1.2%	14.5%	15.6%
Direct property	7.2%	5.9%	6.6%	7.0%
Australian shares	(11.7)%	(18.7)%	8.4%	7.2%
O/s shares	(15.3)%	(30.7)%	8.0%	5.9%
Listed infrastructure	(14.8)%	(20.7)%	3.6%	3.1%
Property trusts	11.8%	(45.3)%	0.4%	0.2%
Unlisted security ¹	5.9%	(4.9)%	0.4%	0.4%
Total return	1.6%	(0.4)%	100%	100%
Total investment assets (\$m)			453.0	427.2

- Investment expenses for the period of \$0.7m
- Portfolio returns in line with relevant benchmarks with exception of OS fixed interest 1.2%, versus benchmark of 9.9%.
- Defensive/growth split of 83%/17% (FY08²: 80%/20%) noting direct property being investment in Newcastle Private Hospital (NPH) now classified as defensive
- Actual return for July 09 was 2.2%
- No additional exposure to growth assets in short/medium term other than as a result of market movements in existing investments

Holding company and other subsidiary expenses

Initiatives underway to reduce extent of holding company costs

(\$m)	FY08*	FY09	FY09 vs FY08	
			\$m	%
Share registry costs – ongoing	1.1	2.2	1.1	100.0
Share registry costs – one off	0.0	1.3	1.3	-
Due Diligence	1.4	1.3	(0.1)	(7.1)
Bid response	0.0	0.6	0.6	-
Other	1.9	2.6	0.7	36.8
TOTAL	4.3	7.9	3.6	83.7

* FY08 costs for November – June 08 only

- Increase in holding company and other subsidiary expenses \$3.6m largely reflecting one-off costs
 - Share registry costs - \$1.3m
 - Due diligence - \$1.3m
 - Bid response - \$0.6m
- Other expenses of \$2.6m include consulting, postage and other holding company costs
- Initiatives to reduce share registry costs underway, including Unmarketable Parcel Sale Facility which will result in a 21% reduction in the current number of shareholders or a pre-tax saving of approximately \$500,000 pa

Profitability and performance metrics

Consolidated result hurt by investment losses

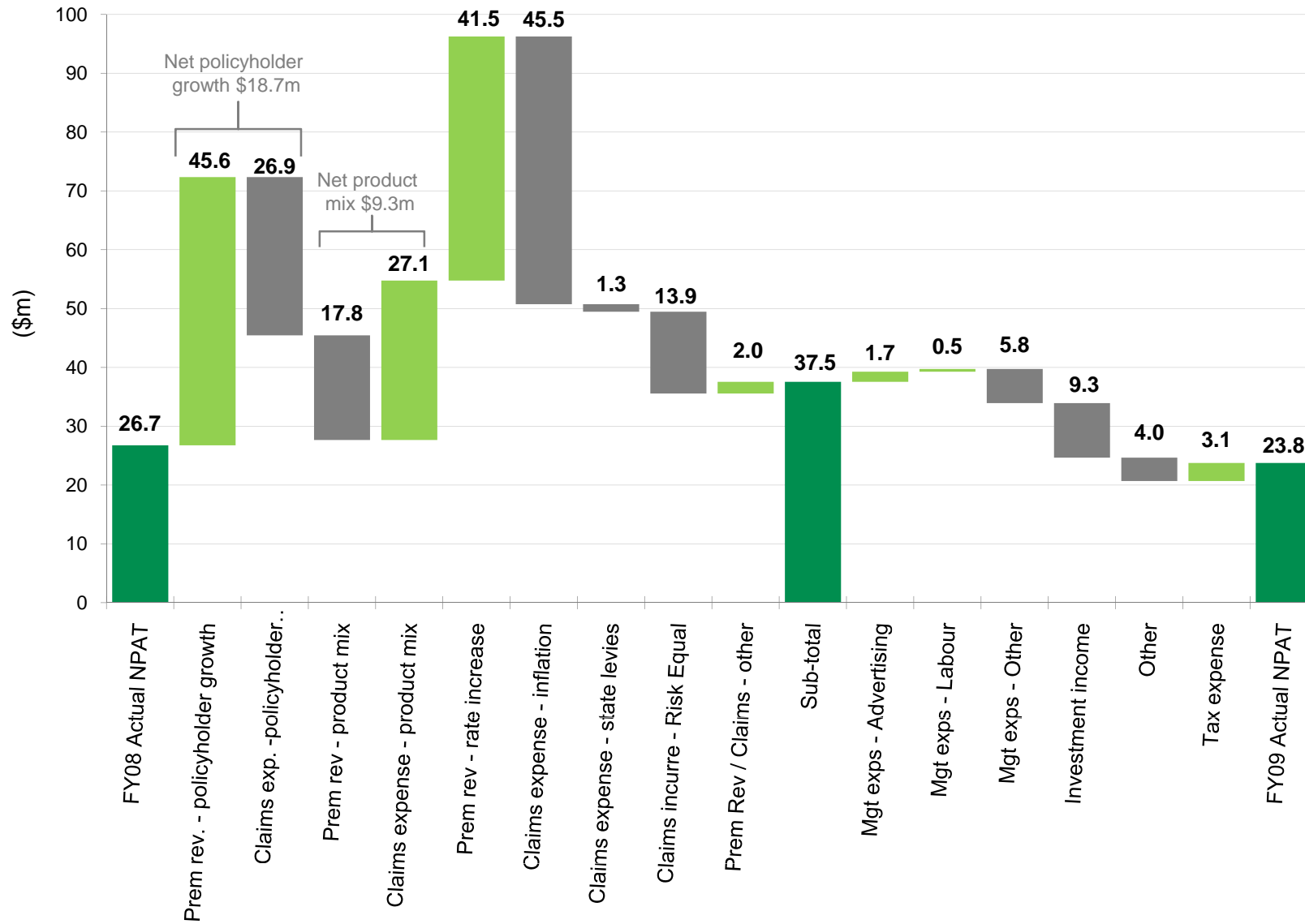
	FY05	FY06	FY07	FY08*	FY09
Profit before tax (\$m)	26.8	69.5	52.9	37.6	31.6
NPAT (\$m)			37.2	26.7	23.8
EPS (cps)				5.2	4.7
ROE (%)				7.0	6.6
TSR (%) ¹				(38.0)	58.2

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

¹ TSR based on dividends reinvested.

- With normalised investment returns NPAT would have been in the order of \$42.5m (EPS: 8.4cps) (Refer Appendix – slide 36, for normalised results)
- ROE well below 15% target at 6.6%, reflecting poor investment results and surplus capital held – FY09 ROE of 11.2% if investment earnings normalised (FY08: 11.3%)
- TSR¹ since listing in November 2007 18.1% vs ASX 300 (29.9)%

Summary of movement FY08 to FY09



Capital Management

Movement in surplus capital

	(\$m)
Surplus capital at 30 June 2008:	105.6
Board's revision to capital adequacy of 1.4x (31 Dec 2008) (1.5x 30 June 2008) -	28.5
On market share buy-back	(17.8)
2009 Full Year dividend – normal (50% payout ratio)	(11.9)
2009 Full Year dividend – capital management initiative	(24.9)
Decrease in capital required	28.3
FY09 Profit after tax	23.8
Surplus capital at 30 June 09 , above internal target of 1.4X:	131.6

- On market share buy back (21.8m shares at a total cost \$17.8m and an average price of \$0.82)
- Unmarketable Parcel Share Sale Facility – 22.0m shares offered in the share sale facility equating to 57,791 shareholders. Sale period ends 28 August 2009
- Fully franked dividends seen as effective way to return surplus capital to shareholders (franking credits current limiting factor)

Balance Sheet

Remains strong, with reduction in net assets due to dividend and share buy-back activities

(\$m) At	June 07	June 08	June 09
Health fund operating assets			
Current assets	26.6	32.1	30.5
Non-current assets	40.0	71.6	62.0
Health fund operating liabilities			
Outstanding claims liability (OSC)	(54.0)	(62.3)	(56.2)
Unearned premium liabilities (UPL)	(51.6)	(47.0)	(49.9)
Other	(50.6)	(57.4)	(61.0)
Investment assets			
Cash & cash equivalents	17.6	179.2	167.1
Available for sale financial assets	0.0	1.6	1.5
Financial assets at fair value	376.4	242.8	230.3
Direct property	31.3	30.0	30.0
Borrowings (unpresented cheques)	(1.4)	(2.1)	(0.4)
Net other assets / liabilities	1.9	(3.7)	8.0
Net assets	336.2	384.8	361.9

- OSC is 7.9% of claims expenses for FY09 (FY08: 9.6%)
 - Following an achievement of a sustainable reduction in claims backlog we have moved to 89.8% of benefits being paid within two months (FY08: 88.4%).
 - Efficiency improvement resulted in 2% decrease in OSC as a percentage of FY09 claims expense, partially offset by increase due to growth
- UPL is 6.0% of premium revenue for FY09 (FY08: 6.2%)

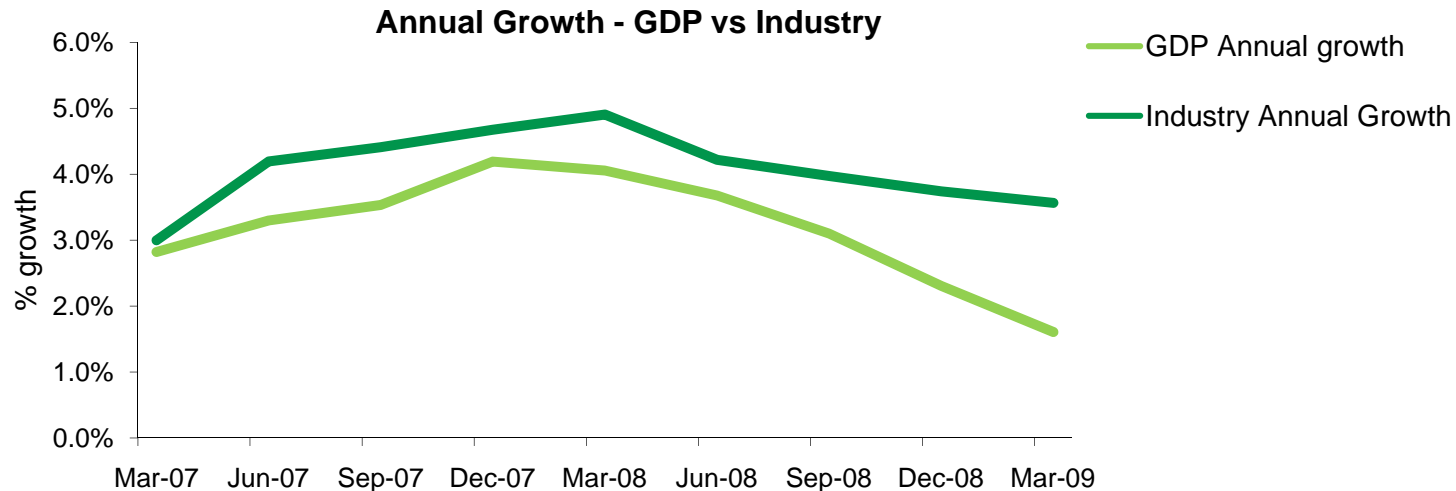
Cash flow

(\$m)	FY05	FY06	FY07	FY08	FY09	FY09 vs FY08	
						\$m	%
Net cash inflow/(outflow) from operations	32.3	79.7	67.9	53.2	44.2	(9.0)	(16.9)
Net cash inflow/(outflow) from investing	(30.3)	(78.8)	(60.7)	66.0	(11.0)	(77.0)	(116.7)
Net cash inflow/(outflow) from financing	0.1	0.1	0.1	41.7	(43.6)	(85.3)	(204.6)

- Decrease in FY09 operating cash flow of \$9.0m over FY08 driven by lower investment portfolio cash flows, income tax paid, partially offset by demutualisation and listing expense payments in FY08
- Investing cash outflow of \$11.0m includes \$17.6m for P,P&E (mainly new head office building completion), offset by P,P&E divestment proceeds of \$9.9m (mainly former head office building)
- Cash outflow from financing activities a result of dividend payments of \$25.9m and on market share buy-back payments of \$17.8m

Market outlook

Industry and market fundamentals are sound



- System growth of GDP +1-3%
- Growing competition for PHI market share and revenue diversification in adjacent markets
- On balance, supportive government policy given national dependency ratio and budget deficit
- National Health and Hospital Reform Commission will invigorate policy debate towards need for more private funding and in the short term poses no major threat other than Denticare (depending upon actual arrangement)
- Pioneering attempts at more integrated managed care capability to increase especially given spectre of Medicare Select
- Pressure for demutualisation and consolidation likely to continue - possible further overseas interest in PHI market and entry

Health fund members prefer demutualisation

Can there now be any serious doubt?

	nib	MBF	AHM	Manchester Unity
Members who voted	31%	40%	58%	78%
Votes in support of scheme	95%	98%	95%	99%

Source: Company announcements

“nib pursued a demutualisation and listing on ASX in 2007 to be better placed to participate in the consolidation and modernisation of the private health insurance industry. From time-to-time nib has discussions with domestic and international industry participants on a range of matters, including possible joint strategic initiatives. These discussions will continue to occur in order to grow shareholder value and the market will be informed of any material matters in accordance with our responsibilities with respect to continuous disclosure.”

Business strategy

Profitable growth and strong returns on invested capital

- Target <40's market segment, extend brand reach and improve retention to achieve above system organic growth
- Increase 'share of wallet' from customer base through policy 'buy up' and adjacent product offerings
- Maintain net underwriting margin in range of 5-6% with emphasis on reducing claims inflation
- Continue to explore M&A opportunities consistent with strategic and investment criteria
- Accelerate new product concepts and innovation throughout business
- Further develop high performance organisational capability and culture
- Pursue ROE of at least 15% through ongoing profitability, sound investment and capital management

Business improvement

- Customer experience
 - Online engagement
 - CRM development
 - National Australia Bank channel
- Efficiency
 - Reconfiguration of retail network
 - Outsourcing and automation document processing
 - Electronic claims processing
- Product development
 - Young at Heart
 - Dental Plus
 - Removal of loyalty program
 - Life Insurance in collaboration with Tower
 - Health Savings Accounts (pending)
 - Overseas Students (pending)
 - 457 Visas (pending)

Key enterprise risks

- Market
 - Macro-economic environment
 - Competitor activity
 - Claims inflation
- Sovereign
 - Premium pricing
 - 30% Private Health Insurance Rebate
 - Medicare Levy Surcharge
 - National Health and Hospital Reform Commission
- Investment
 - Market volatility
 - Surplus capital

Capital management

- nib's new prudential target (capital adequacy) is 1.4x
- As at 30 June 2009, nib had \$131.6 million in capital surplus to its target (post final dividend)
- Continuing to seek a balance between being able to readily finance value creating investment and not perpetuating a 'lazy' balance sheet
- nib for the time being intends to retain a large surplus capital position having regard for potential strategic investments but subject to the completion of its share buy-back of up to 10% of issued shares at the time of commencement of buy-back in 2008, or 51,786,969 shares
- Dividend policy will continue to reflect the objective of efficiently and tax effectively returning surplus capital by way of special dividends (to extent made possible by franking credits) in addition to normal dividends at 50-60% payout ratio. Normal payout ratio based upon forecast sustainable growth rate
- nib will further review its position on the surplus capital and its capital structure prior to FY10 half year reporting in light of market developments
- Overseas and unverified policyholder trust due to expire in October 2010. Currently 10.3% of issued capital remains with the trust. On expiry, Board can either cancel or dispose of the remaining unclaimed shares

Summing up

- FY09 a sound result with above system growth and improved underlying profitability
- FY10 shaping up as another positive year with forecast:
 - Net policyholder growth between 4-6%
 - Net underwriting result of \$45-\$50 million (net underwriting margin of 5-5.5%)
- nib has no debt with opportunities to lower its cost of capital through leverage and either investing or returning capital towards achieving our target ROE of at least 15%
- At macro level, future will involve greater private funding of national healthcare spending

Q+A

**QUESTIONS AND
ANSWERS**

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APPENDIX

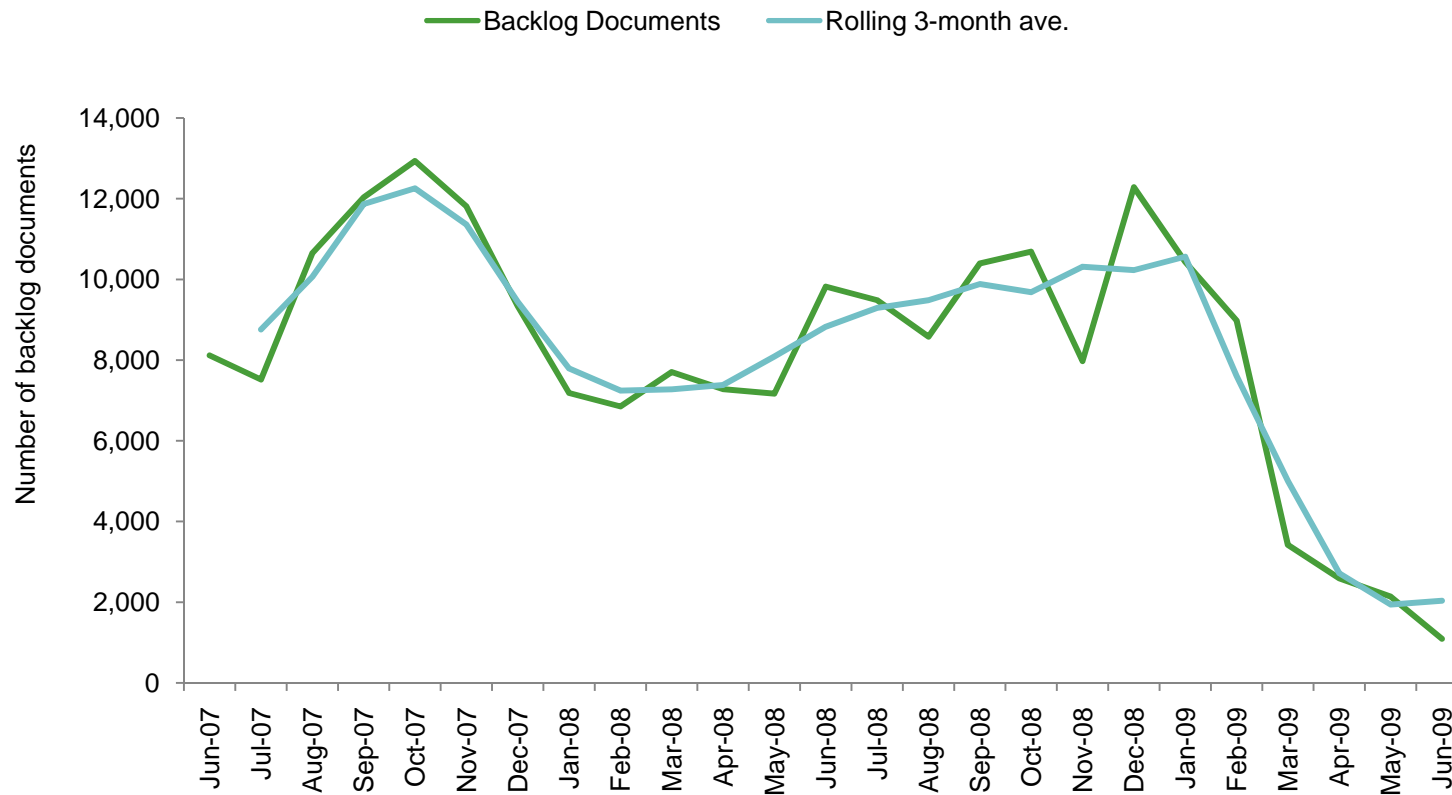
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Policyholder growth

Sales and lapse

nib	FY07 at 30 Jun 07	FY08 at 30 Jun 08	FY09 at 30 Jun 09
Total policyholders	328,784	365,389	384,288
- Policyholder growth rate	8.8%	11.1%	5.2%
Total sales	49,758	67,456	50,438
- Sales rate	16.5%	20.5%	13.8%
Total lapses	23,272	30,851	31,539
- Lapse rate	7.7%	9.4%	8.6%
Net policyholders	26,486	36,605	18,899
Total hospital persons 20-39yrs	188,155	218,445	231,136
- Hospital persons growth rate 20-39yrs	12.4%	16.1%	5.8%

Reduction in claims backlog

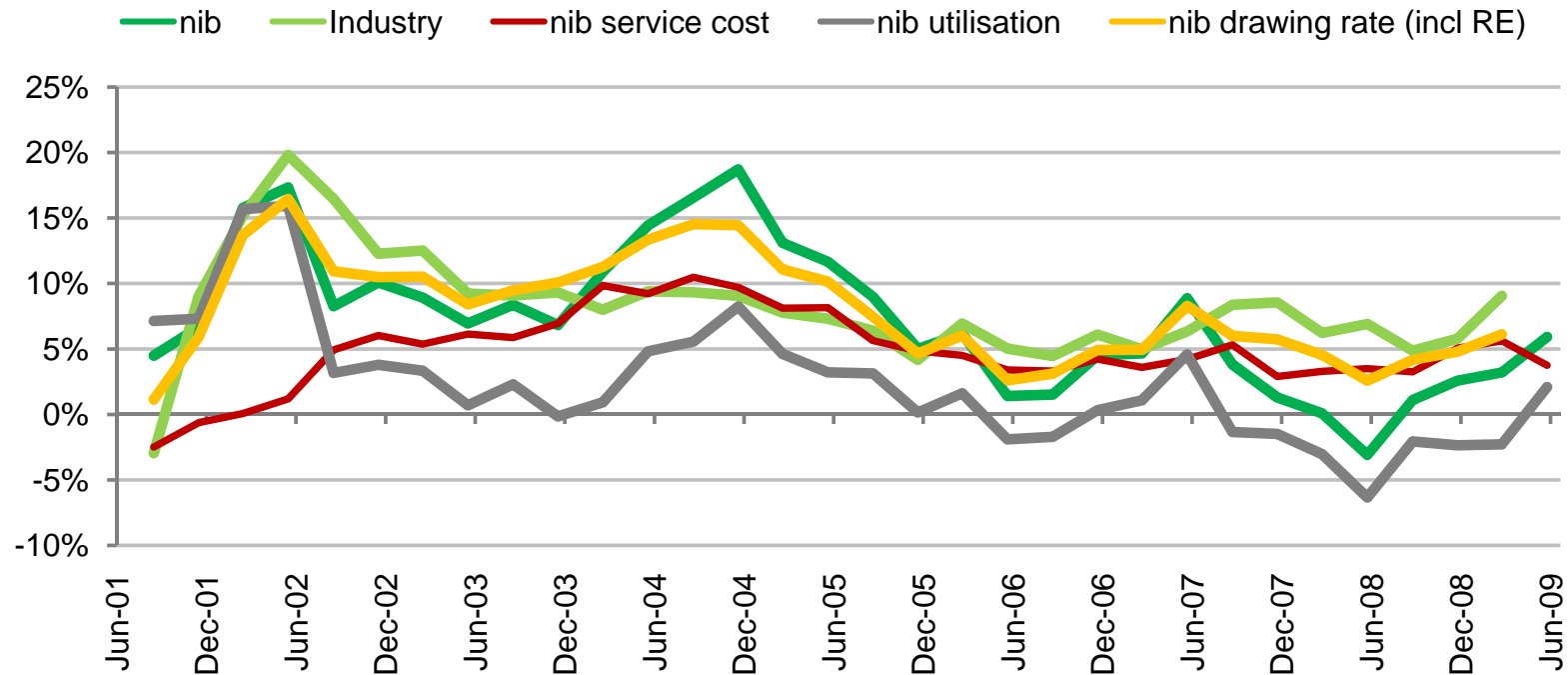


Claims expense and levies

(\$m)	FY05	FY06	FY07	FY08	FY09	FY09 v FY08 (%)
Claims expense	406.5	441.2	505.4	554.0	599.3	8.2
HBRTF/Risk equalisation levy	37.2	42.8	48.1	73.1	87.0	19.0
- Gross deficit	(88.4)	(93.5)	(109.8)	(117.5)	(137.1)	16.7
- Calculated deficit	125.6	136.3	157.9	190.6	224.1	17.6
- Gross deficit (% of claims)	21.7%	21.2%	21.7%	21.2%	22.9%	7.9
- Calculated deficit (% of claims)	30.9%	30.9%	31.2%	34.4%	37.4%	8.7
State levies	15.3	16.1	17.6	19.9	21.2	6.5
TOTAL	459.0	500.1	571.1	647.0	707.5	9.4

Claims expense

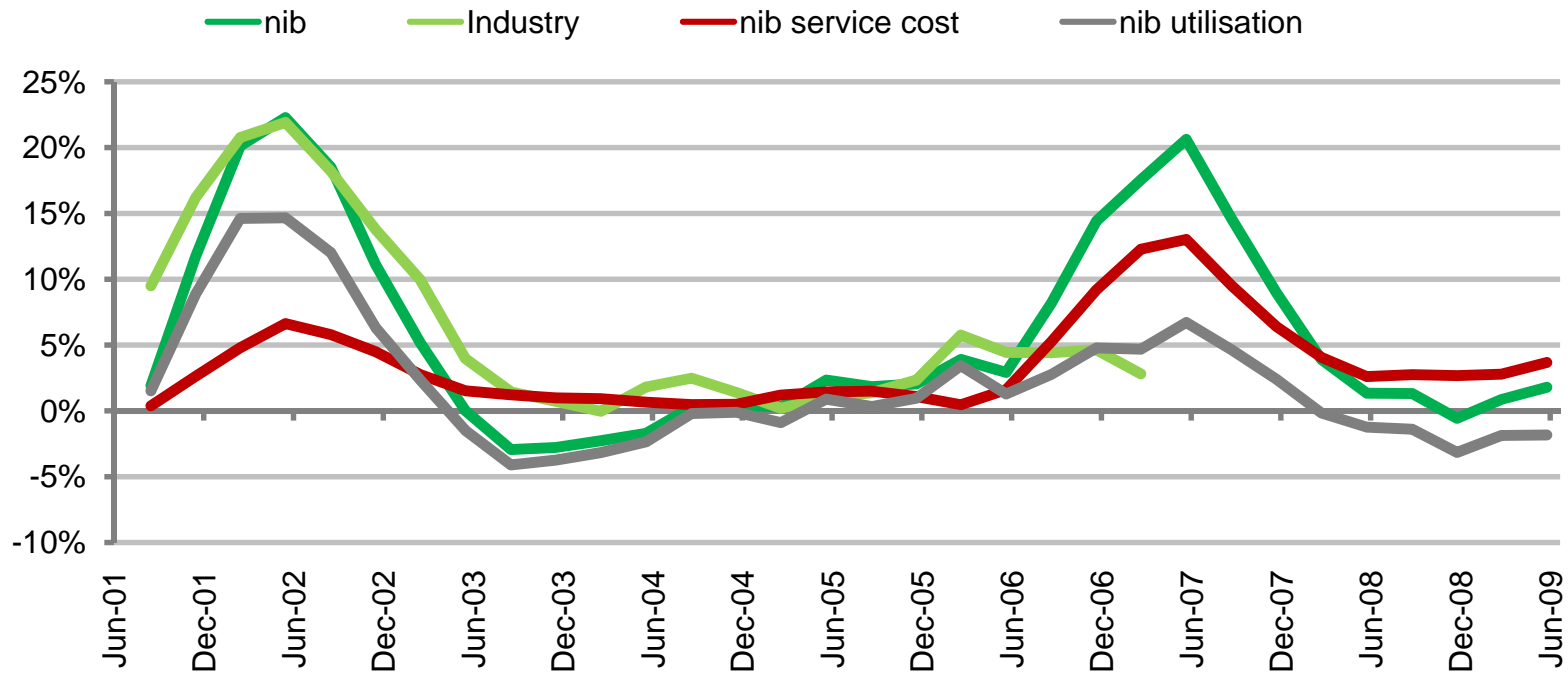
Hospital claims inflation



Source: PHIAC

Claims expense

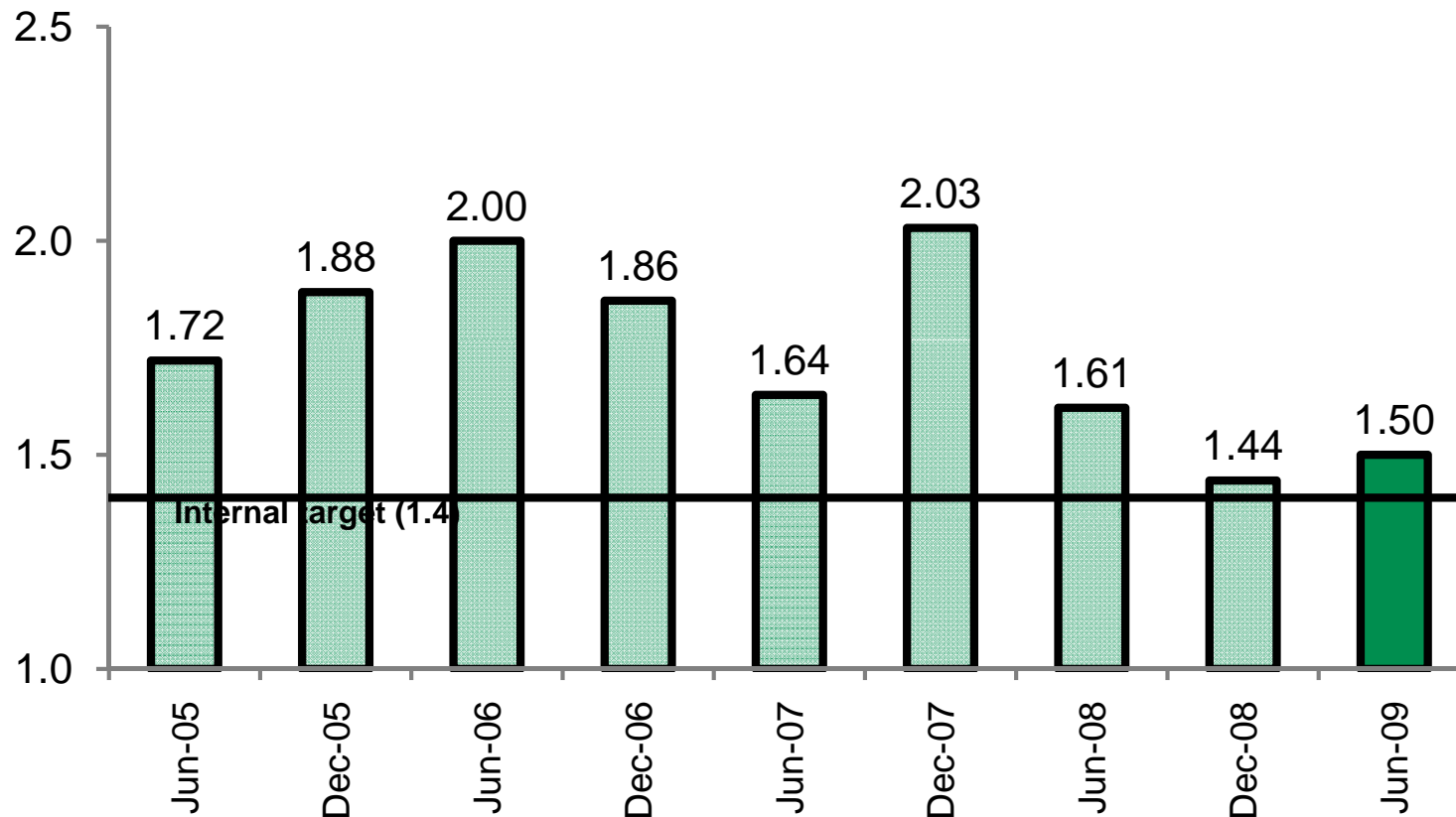
Ancillary claims inflation



Note: industry data from 1 April 2007 is not comparable due to change in the way ancillary products are determined by PHIAC Source: PHIAC

Capital adequacy

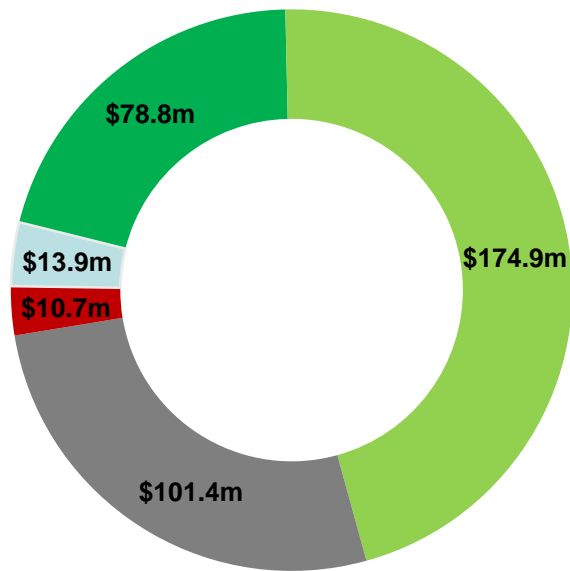
Capital adequacy multiple remains strong



Regulatory capital requirements

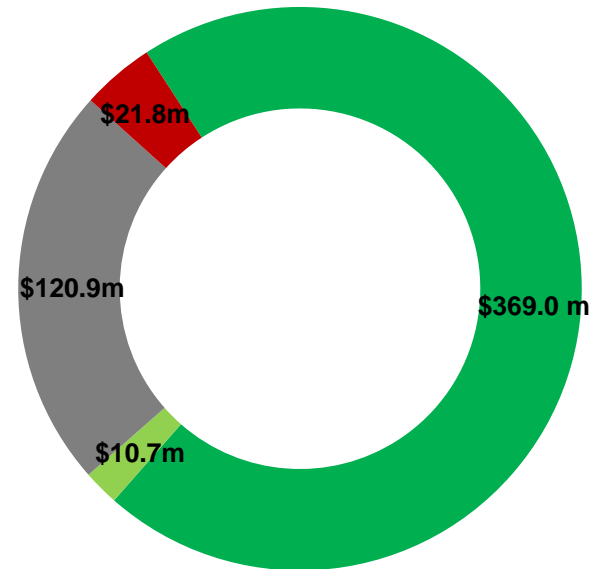
\$131.6m of surplus capital above internal target after allowing for FY09 dividend

Health Fund (HF) capital (at 30 June 09)



- Cap ad reserve
- Health fund liabilities
- Capital to reach internal target
- Surplus capital
- Seasonal variance

Group capital allocation (at 30 June 09)



- Health fund capital required
 - Health fund surplus capital
 - Holdings surplus capital
 - Final Dividend
- } Total surplus capital
 \$131.6m

Data sheet – nib

	FY03 / at 30 Jun 03	FY04 / at 30 Jun 04	FY05 / at 30 Jun 05	FY06 / at 30 Jun 06	FY07 / at 30 Jun 07	FY08 / at 30 Jun 08	FY09 / at 30 Jun 09
nib							
Total policyholders	255,812	279,272	290,940	302,299	328,784	365,389	384,288
- Policyholder growth	9.2%	9.2%	4.2%	3.9%	8.8%	11.1%	5.2%
- Market share	5.5%	6.0%	6.2%	6.3%	6.6%	7.0%	7.1% ¹
Persons covered	552,380	600,154	622,298	640,178	681,013	732,930	761,753
Avg age of hospital persons covered (yrs)	35.0	35.6	35.8	36.2	36.1	36.0	36.1
Total policyholders “under 40”	105,393	112,651	117,206	122,494	140,085	166,963	179,019
Growth in “under 40” segment	13.0%	6.9%	4.0%	4.5%	14.4%	19.2%	7.2%
Total hospital persons “20-39”	146,592	156,891	162,009	167,372	188,155	218,445	231,136
-Growth in hospital persons “20-39”	10.9%	7.0%	3.3%	3.3%	12.4%	16.1%	5.8%
- Market share	7.3%	7.9%	8.1%	8.2%	8.7%	9.5%	9.8%
Retail Centres (across Australia)	41	37	37	34	32	25	21 ²
Hospital benefits paid	\$118.7m	\$235.5m	\$282.7m	\$295.2m	\$336.7m	\$357.7m	\$400.4m
Ancillary benefits paid	\$103.0m	\$113.8m	\$124.6m	\$133.2m	\$169.9m	\$187.2m	\$204.0m
Outstanding claims provision movement	\$(1.5)m	\$3.5m	\$(0.8)m	\$12.7m	\$(1.3)m	\$8.2m	\$(5.9)m
Employees (FTEs)	470	443	472	481	506	478	458

Source: nib / PHIAC data as at 31 March 2009. ² Includes nib Retail and Sales Centres

Data sheet – PHI industry

	FY03 / at 30 June 03	FY04 / at 30 June 04	FY05 / at 30 June 05	FY06 / at 30 June 06	FY07 / at 30 June 07	FY08 / at 30 June 08	FY09 / at 30 June 09 ¹
PHI industry							
Total Policyholders	4,649,268	4,671,430	4,708,420	4,806,754	5,008,329	5,219,567	5,378,349
- Policyholder growth	1.2%	0.5%	0.8%	2.1%	4.2%	4.2%	3.0%
Persons Covered	9,878,620	9,916,328	9,999,253	10,189,552	10,561,848	10,942,616	11,264,362
Average Age of Hospital Persons (yrs)	38.8	39.2	39.5	39.8	39.9	39.8	-
Total Hospital Persons "20-39"	2,008,263	1,986,756	1,996,345	2,047,020	2,158,717	2,309,302	2,365,975
- Growth in Hospital persons "20-39"	(1.9)%	(1.1)%	0.5%	2.5%	5.5%	7.0%	2.5%

Source: nib / PHIAC data as at 31 March 2009

Data sheet – nib normalised financials

(\$m)	FY05	FY06	FY07	FY08	FY09
PROFIT & LOSS					
Premium revenue	530.7	611.9	666.0	758.2	829.5
Gross underwriting result	71.7	111.8	94.9	111.2	122.0
Net underwriting result	15.4	51.4	23.7	33.0	40.2
Investment income ⁽¹⁾	11.4	18.1	29.2	4.6	(1.8)
Profit before tax	26.8	69.5	52.9	37.6	31.6
Profit after tax			37.2	26.7	23.8
Earnings per share (cps)				5.2	4.7
Return on equity (%)				7.0	6.6
Dividends per share (cps)				2.1	7.4
Performance indicators					
Gross margin (%)	13.5	18.3	14.3	14.7	14.7
Management expense ratio (%)	10.6	9.9	10.7	10.3	9.9
Net margin (%)	2.9	8.4	3.6	4.4	4.8
Investment return (%)	8.2	6.5	8.8	1.6	(0.4)

(1) Net of fees.

Normalised profit & loss reconciliation

(\$m)	FY09			FY08			% change
	Statutory	Adjust	Pro forma	Statutory	Adjust	Pro forma	
Premium revenue	829.5	-	829.5	758.2	-	758.2	9.4
Net claims incurred	(707.5)	-	(707.5)	(647.0)	-	(647.0)	9.4
Gross underwriting result	122.0	-	122.0	111.2	-	111.2	9.7
Management expenses	(81.8)	-	(81.8)	(89.1)	10.9	(78.2)	4.6
Net underwriting result	40.2	-	40.2	22.1	10.9	33.0	21.8
Investment income	(1.8)	-	(1.8)	7.5	-	7.5	124.0
Other income	1.1	-	1.1	1.4	-	1.4	(21.4)
Other expenses	(7.9)	-	(7.9)	(36.1)	31.8	(4.3)	83.7
Profit before tax	31.6	-	31.6	(5.1)	42.7	37.6	(16.0)
Tax	(7.8)	-	(7.8)	5.4	(16.3)	(10.9)	(28.4)
Profit from continuing ops	23.8	-	23.8	0.3	26.4	26.7	(10.9)
Discontinued ops	-	-	-	0.1	(0.1)	-	-
Profit after tax	23.8	-	23.8	0.4	26.3	26.7	(10.9)

- We have not normalised one-off costs for the FY09 period – management expenses (\$4.2m) other expenses (\$3.6m)
- The FY08 result was normalised to remove the impact of costs associated with nib's demutualisation and listing, and "notional" tax
- Not normalised for investment experience (refer Slide 36)

Financial results – underlying results

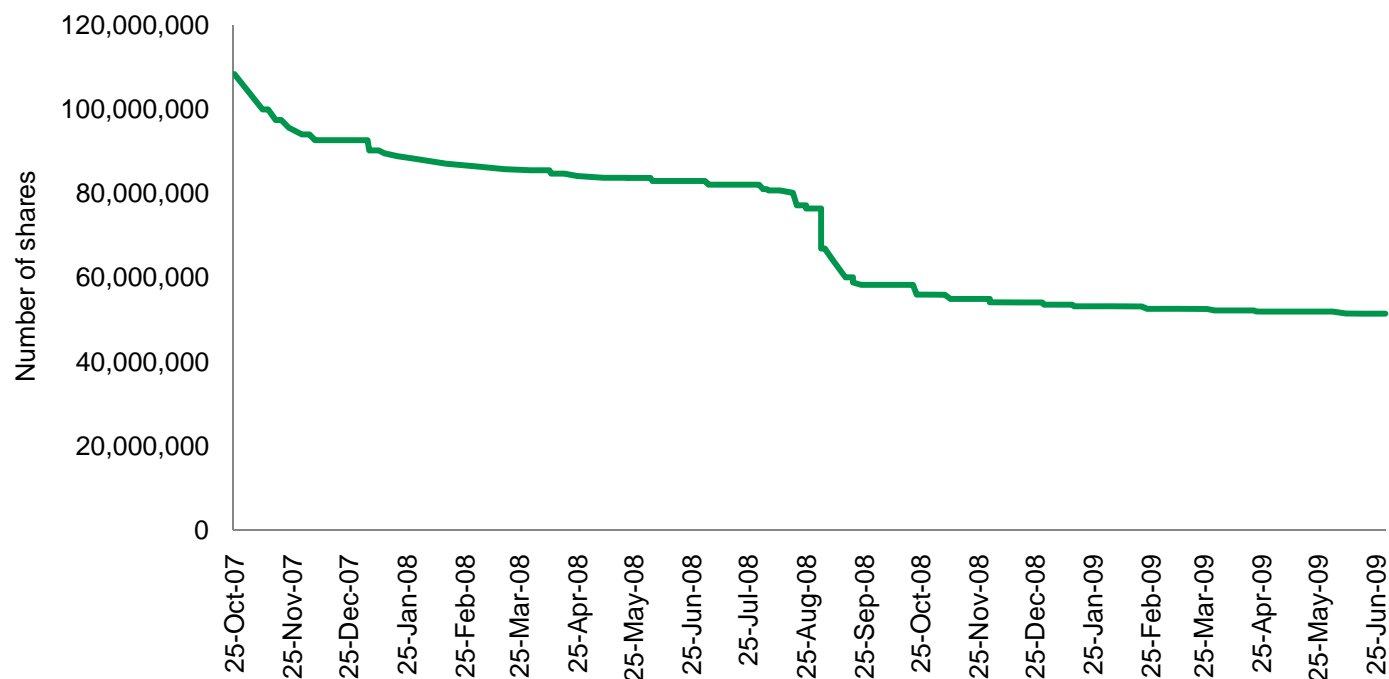
Net underwriting result of \$40.2m, up \$7.2m or 21.8% on FY08

- Underlying results split out investment income between:
 - Normalised investment income for FY09 – calculated on the basis of a 5.5% (FY08: 7.0%) assumed return over average investment assets for the period
 - Investment experience – difference between actual and underlying Investment income

Normalised earnings (\$m)	FY09	FY08	% Change	Performance indicators – normalised (%)	FY09	FY08	% Change
Premium revenue	829.5	758.2	9.4	Gross margin	14.7	14.7	-
Claims expense	(599.3)	(554.0)	8.2	Management expense ratio	9.9	10.3	(0.4)
HBRTF/RETF Levy	(87.0)	(73.1)	19.0	Net margin	4.8	4.4	0.4
State levies	(21.2)	(19.9)	6.4	Underlying investment return	5.5	7.0	(2.5)
Net claims incurred	(707.5)	(647.0)	9.4	EPS (cps)	4.7	5.2	(10.6)
Gross underwriting result	122.0	111.2	9.7	EPS – underlying (cps)	8.4	8.4	-
Management expenses	81.8	(78.2)	4.6	ROE	6.6	7.0	(0.4)
Net underwriting result	40.2	33.0	21.8	ROE – underlying	11.2	11.3	(0.1)
Normalised Investment income ¹	24.9	31.6	(21.2)				
Other income	1.1	1.4	(21.4)				
Other expenses	(7.9)	(4.3)	83.7				
Underlying profit before tax	58.3	61.7	(5.8)				
Tax	(15.8)	(18.1)	(12.7)				
Underlying profit after tax	42.5	43.6	(2.5)				
Inv experience (after tax)	(18.7)	(16.9)	(10.6)				
Profit after tax	23.8	26.7	(10.9)				

(1) Net of fees.

Overseas and unverified policyholders trust



- Eligible policyholders are allocated shares out of the trust by way of a verification process
- As at 30 June 2009, 57,446 eligible policyholders (representing 51.4 million shares) remained unverified
- On expiry, board have the ability to either cancel or dispose of the remaining shares

Disclaimer

The material in this presentation is a summary of the results of nib holdings limited (nib) for the 12 months ended 30 June 2009 and an update on nib's activities and is current at the date of preparation, 17 August 2009. Further details are provided in the Company's full year accounts and results announcement released on 17 August 2009.

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**FULL YEAR RESULTS
ANNOUNCEMENT
2009
17 AUGUST**

2009