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nib responds to APRA's updated capital and reporting guidance due to COVID-19

nib holdings limited (nib) (ASX: NHF) has confirmed its forecast capital position remains well ahead of regulatory requirements and internal targets and allows for the Australian Prudential Regulation Authority's (APRA) announcement this week on the need for private health insurers to provision in FY20 for a presumed "catch up" in treatment and claims.

In a letter to private health insurers, APRA directed capital requirements allow, as a general liability, an expectation of hospital and allied (e.g. dental) treatment deferred during the course of COVID-19 to now occur during the course of FY21. APRA's letter can be viewed at: <https://www.apra.gov.au/application-of-capital-framework-for-covid-19-related-disruptions>.

nib's Managing Director, Mark Fitzgibbon said nib is well positioned to meet its mandated regulatory and additional internal capital targets.

"The impact of COVID-19 on healthcare treatment and claims remains unclear and we'll only be in a position to finalise an estimate of a liability once FY20 actual claims experience is clearer. Nevertheless, we've modelled APRA's direction and expect to have a level of retained capital well ahead of APRA's minimum capital requirement as well as nib's own internal target," Mr Fitzgibbon added.

Mr Fitzgibbon said APRA was taking a prudently conservative position on the COVID-19 impact and nib was supportive of that position. He added that COVID-19 was having an ongoing impact upon a range of factors beyond that encountered in April and May when medical and other clinical activity was at its nadir.

"Yes we saw a significant drop off in hospital and allied treatment, most of which will return or is already returning this current financial year. Yet we suspect an underlying impact on what we would normally expect in treatment volumes. First, there are possible limitations on the healthcare system's capacity in FY21 to accommodate the additional deferred treatment. Second, we suspect there may be an aversion to treatment and especially hospitalisation while ever the threat of COVID-19 survives. Only time will tell," he said.

nib said its FY20 full year dividend would similarly only be considered by the Board once the end of year position was finalised.

MEDIA AND INVESTOR RELATIONS

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This announcement has been authorised for release by Roslyn Toms, Company Secretary.