

Date: 27 November 2003

Subject: NIB Health Funds Financial Year Results

NIB Health Funds Limited (NIB) reported at its Annual General Meeting today significant membership growth and an operating surplus of \$17.7million for financial year 2003.

During the year NIB's membership grew by 32,030 to 266,373 - an increase of 13.7%. This was driven by a combination of organic growth and the acquisition of Victorian-based health fund, IOOF Health Services Limited (IOOF). As a result, NIB now covers more than 570,000 people across the entire nation.

NIB's trading results in its 50th year of operations were among the strongest in the industry, consolidating the Newcastle-based fund's standing as the sixth largest health insurer in Australia.

The year's trading result enabled NIB to grow net assets by \$16million, an increase of 9.3% on the previous year, taking the group's accumulated reserves to \$189million.

Chief Executive Officer Mark Fitzgibbon said NIB had again performed strongly in an increasingly difficult commercial environment.

"One of our major priorities has been to keep member contributions as low as possible. This year we increased contributions by only 3.2% while the industry average was 7.4%," Mr Fitzgibbon said.

Mr Fitzgibbon said NIB's acquisition of IOOF in April this year signalled the future path for the industry.

"We would expect the number of players to contract as funds strive for economies of scale and only the fittest will survive" Mr Fitzgibbon said.

Mr Fitzgibbon said NIB was looking beyond the traditional role of a health insurer.

"We will always be there for our members in times of illness and injury but we must deliver products, services and advice that can help our members stay fit and healthy in the first place."

Mr Fitzgibbon said NIB's Board of Directors had adopted a new strategic plan which provided the framework for NIB's future as a health care company and not only an insurer.

"NIB's first 50 years have been incredibly successful. The further development and rollout of our strategic plan across the next 12 months will position NIB for an equally exciting future," Mr Fitzgibbon said.

Other features of the year for NIB included:

- Membership growth of 13.7%, translating to 32,030 new members.
- Member benefit payments of \$338million, up 11.6% on the previous year.
- Contributions income of \$399million, up 7.6%.
- A contribution increase of just 3.2%, less than half the industry average of 7.4%.
- Start of construction on 120-bed NIB Private Hospital at New Lambton Heights.
- Celebration of company's 50th year in business.

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