HALF YEAR RESULTS ANNOUNCEMENT 2009

25 FEBRUARY

TODAY'S AGENDA

Overview – Mark Fitzgibbon
Financial Performance – Michelle McPherson
Strategy & Outlook - Mark Fitzgibbon
Questions & Answers

OVERVIEW

Mark Fitzgibbon

Managing Director and Chief Executive Officer

Overview

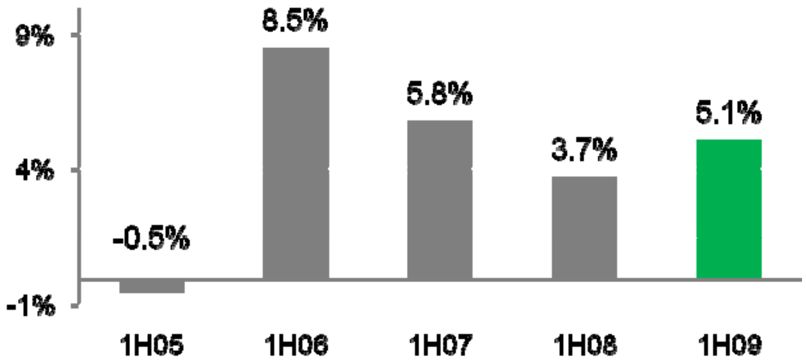
- Strong 1H09 underwriting result
  - Net underwriting profit up 50.0% to $20.8m (1H08: $13.9m*)
  - Net underwriting margin of 5.1% (1H08: 3.7%*)
- Net policyholder growth of 9,741 (or 2.7%)
  - 375,130 policyholders as at 31 December 2008
  - nib continues to grow faster than industry average – 2.7% v 1.6% for industry for the 6 months to 31 December 2008
  - Premium revenue up 10.7% to $410.6m (1H08: $370.9m)
- Loss on consolidated investment portfolio was (6.5)% or ($13.6)m
- Net consolidated profit after holding company costs and tax of $2.1m
- Capital management & dividend
  - On market share buy back of 18.2m shares ($14.9m)
  - Interim dividend of 3.0 cps to 31 December 2008 fully franked ($15.0m) reflecting capital management initiatives and revised dividend policy
- Innovations
  - Young at Heart (over 55s cover), Life insurance, new distribution channel

* 1H08 result was normalised to remove the impact of costs associated with nib's demutualisation and listing, and "notional" tax

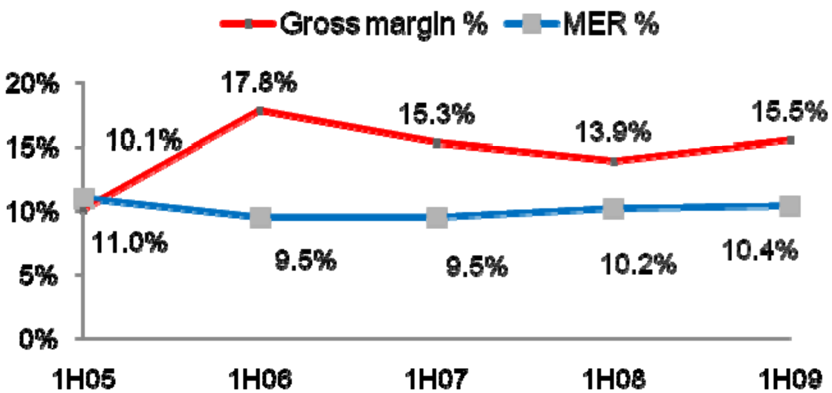
We continue to be pleased about…

Very good operating performance – net margin of 5.1% in 1H09 up from 3.7% in 1H08

Net underwriting margin above 5%



Solid gross underwriting margin and stabilised MER

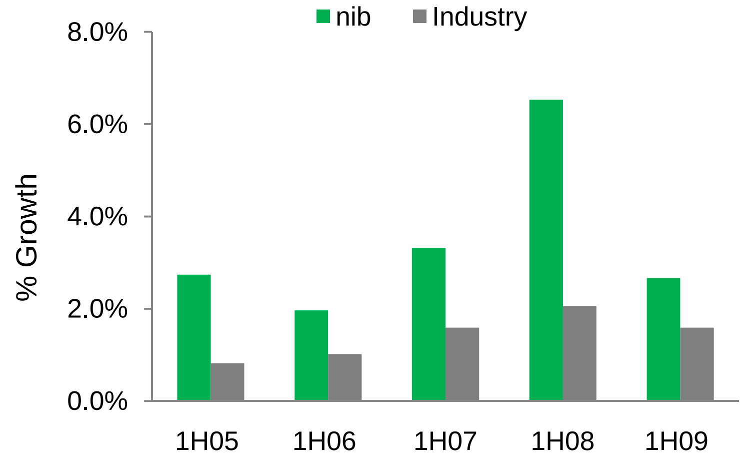


Note: 1H05 and 1H06 unaudited and not normalised

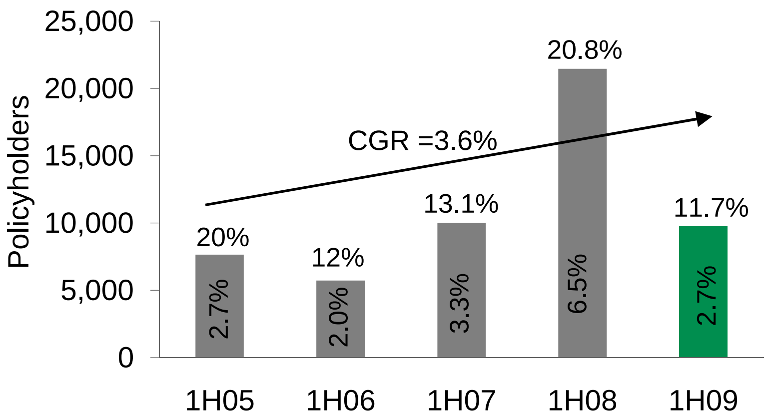
- Strong net underwriting margin of 5.1% is in line with our target of 5% due to improved gross margin
- Improved gross underwriting margin of 15.5% (13.9%:1H08)
- Stable management expense ratio of 10.4% (10.2%:1H08)
- We continue to heavily invest in marketing and advertising - $8.5m ($8.1m:1H08)
- Underlying ROE and EPS is improving but remains unsatisfactory (refer Appendix – slide 36)

We continue to be pleased about…

We continue to grow faster than the industry



The ongoing success of our organic growth strategy



Compounding growth rate (CGR)= 3.6% (Industry 1.5%), *representing 15.7% of industry growth*

- Despite MLS and economy our organic growth strategy continues to generate results
  - nib growing faster than industry- 2.7% vs 1.6%
  - 9,741 net new policyholders (1H08:21,464)
- nib with 7.1% (1H08:6.9%) market share, accounted for 11.7% (1H08: 20.8%) of national growth in 1H09
- nib with 9.6% (1H08:9.2%) market share in 20-39 age group accounted for 19.9% (1H08:19.9%) of national growth

Source: PHIAC

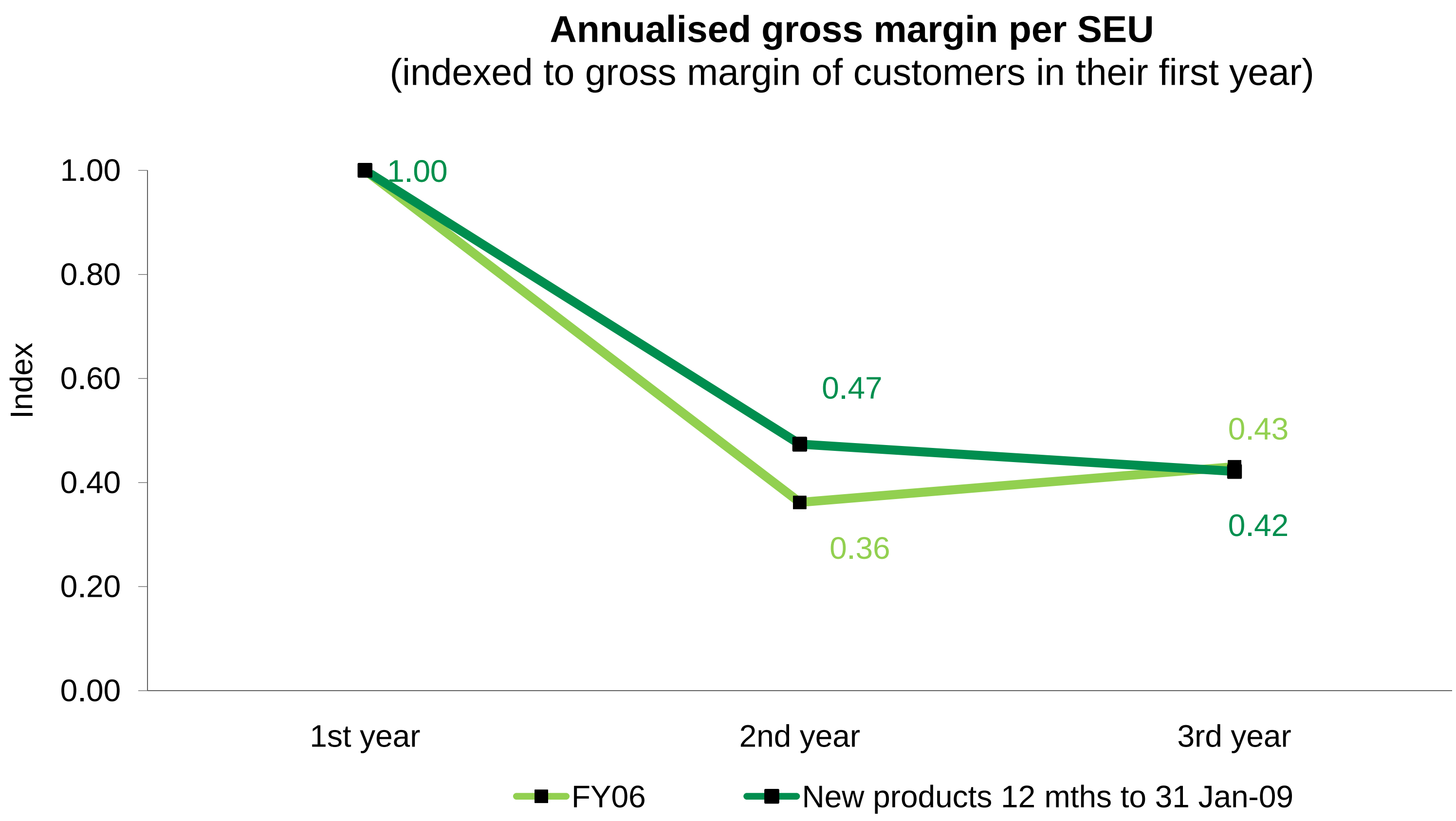
We continue to be pleased about…

The efficacy of our business strategy

	FY05	FY06	FY07	FY08	1H08	**1H09** 6 months to 31/12/09
Annualised growth in net membership	4.2%	3.9%	8.8%	11.1%	13.0%	**5.3%**
% of new sales new to category	68.7%	70.8%	74.4%	78.2%	80.4%	**72.1%**
% of new sales "under 40"	71.7%	73.6%	78.5%	79.2%	78.2%	**78.2%**
% of new sales online	4.2%	13.6%	32.5%	38.8%	37.5%	**38.0%**
% of new sales outside NSW/ACT	19.1%	23.4%	32.3%	44.0%	42.3%	**43.3%**

We continue to be pleased about…

Apparent success in reducing adverse selection through product design



We are not so happy about…

- Disappointing investment returns
  - 1H09 return on investment assets was (6.5)% or $(13.6)m
  - Poor investment returns are negatively impacting our ROE target of 15% (1H09: 2.9%*)
- Macro-economic conditions
  - GFC will exert additional pressure on PHI sales and lapse
  - Investment earnings will remain weak
- One-off expenses associated with our M&A aspirations ($1.3m) and share registry costs ($1.1m), new head office impairment ($1.7m) and write-off of former head office plant and equipment ($0.8m)
- Some elements of Government policy
  - MLS changes have had an impact on sales and retention although not yet to extent previously forecast
  - Current risk equalisation arrangements are discouraging risk management across PHI and effectively undermining efforts to attract younger better risks and lower premiums
  - Premium approval process

* Rolling 12 months, using average shareholders equity over rolling 12 month period

FINANCIAL PERFORMANCE

Michelle McPherson
Chief Financial Officer and Deputy CEO

Financial results

Net underwriting result of $20.8m, up $6.9m or 50.0% on 1H08

	1H09			1H08			% change
($m)	Statutory	Adjust	Normalised	Statutory	Adjust	Normalised	1H09 vs 1H08
Profit after tax	2.1	0.0	2.1	(7.6)	25.3	17.7	(88.1)%

- We have not normalised one-off costs for the 1H09 period – management expenses ($4.0m) and other expenses ($3.4m)
- The 1H08 result was normalised to remove the impact of costs associated with nib's demutualisation and listing, and "notional" tax

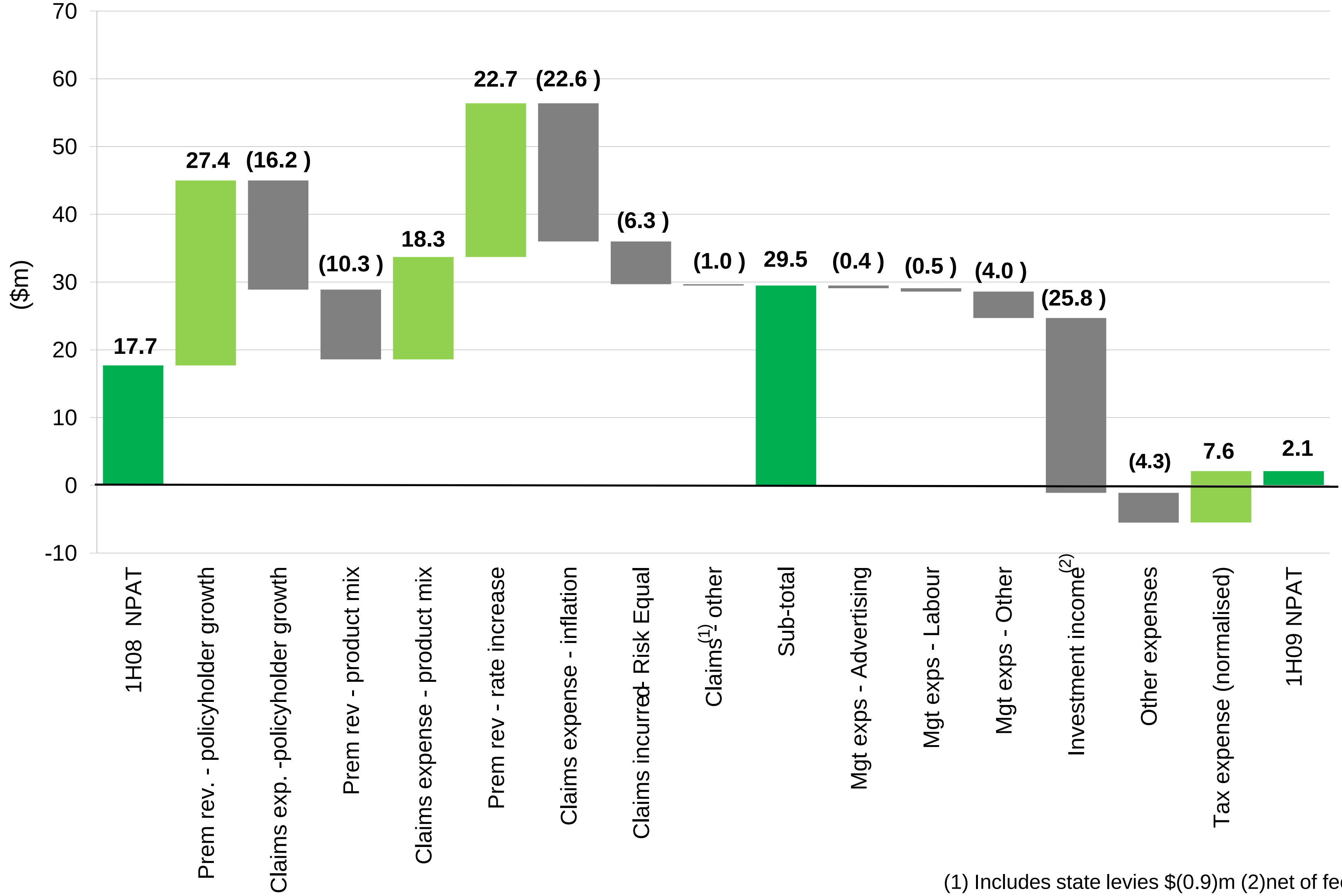
Normalised earnings ($m)	1H09	1H08	Change
Premium revenue	410.6	370.9	10.7%
Claims expense	(295.4)	(274.7)	(7.5)%
HBRTF/RETF Levy	(41.1)	(34.8)	(18.1)%
State levies	(10.5)	(9.6)	(9.4)%
Net claims incurred	(347.0)	(319.1)	(8.7)%
Gross underwriting result	63.6	51.8	22.8%
Management expenses	(42.8)	(37.9)	(12.9)%
Net underwriting result	20.8	13.9	50.0%
Investment income (1)	(13.9)	11.9	(216.8)%
Other	(5.0)	(0.7)	(614.3)%
Profit before tax	1.9	25.1	(92.4)%
Tax	0.2	(7.4)	(97.3)%
Net profit after tax	2.1	17.7	(88.1)%

Performance indicators (normalised)	1H09	1H08
Gross margin	15.5%	13.9%
Management expense ratio	10.4%	10.2%
Net margin	5.1%	3.7%
Investment return	(6.5)%	5.7%
EPS (cps)	0.4	3.4
ROE(2)	2.9%	9.1%

- 1H09 result reflects:
  - Continued policyholder growth
  - Strong underwriting margin
  - Stable claims inflation
  - Disappointing investment returns

(1) Net of fees. (2) Rolling 12 months, using average shareholders equity over rolling 12 month period. Note: Underlying normalised NPAT (ie before investment experience) was up 17.5% to $23.5m (1H08 - $20m), see Appendix (slide 36)

Financial results – normalised – key drivers

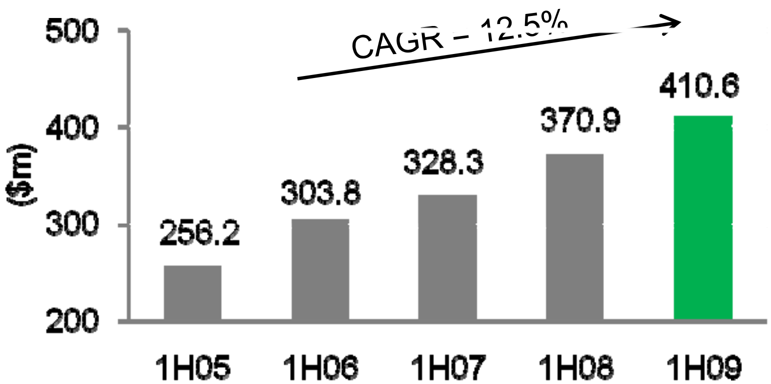


(1) Includes state levies $(0.9)m (2)net of fees

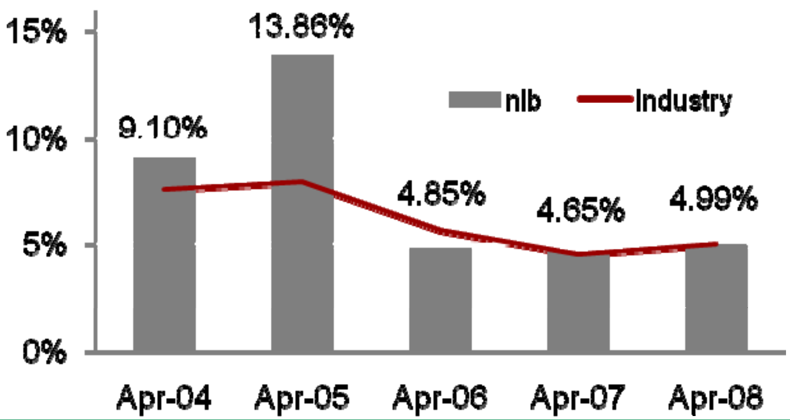
Premium revenue

Strong growth in premium revenue – up 10.7% to $410.6m

Premium revenue continued to grow strongly



Average premium rate increase in line with market

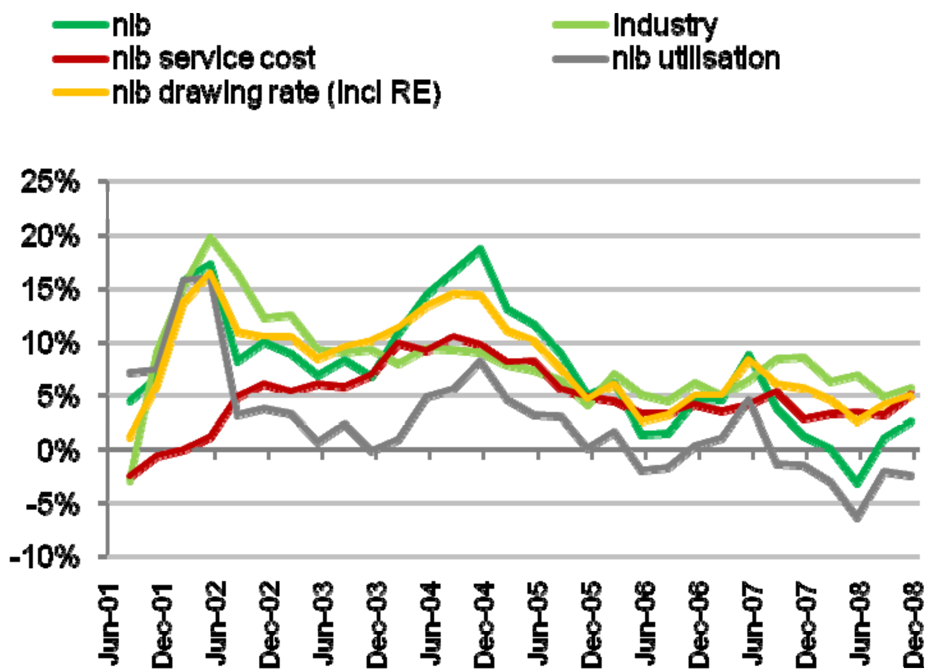


- $39.7m increase in premium revenue (1H09 v 1H08):
  - Policyholder growth generated increase of $27.4m (1H08: $32.0m)
  - Premium rate increase effective 1 April 2008 of 4.99% (2007:4.65%) generated increase of $22.7m (1H08:$18.2m)
  - Product mix has decreased further to $(10.3)m [1H08:$(7.6)m]- we continue to have a higher proportion of customers on lower value products (like Basic Saver)
- Within net product mix change, product buy-up during 1H09, estimated at $2.5m premium revenue impact
- 2009 price increase, subject to Minister’s approval, to be effective 1 April 2009

Claims expense and levies

Claims inflation up 8.7% or $27.9m

Hospital claims inflation



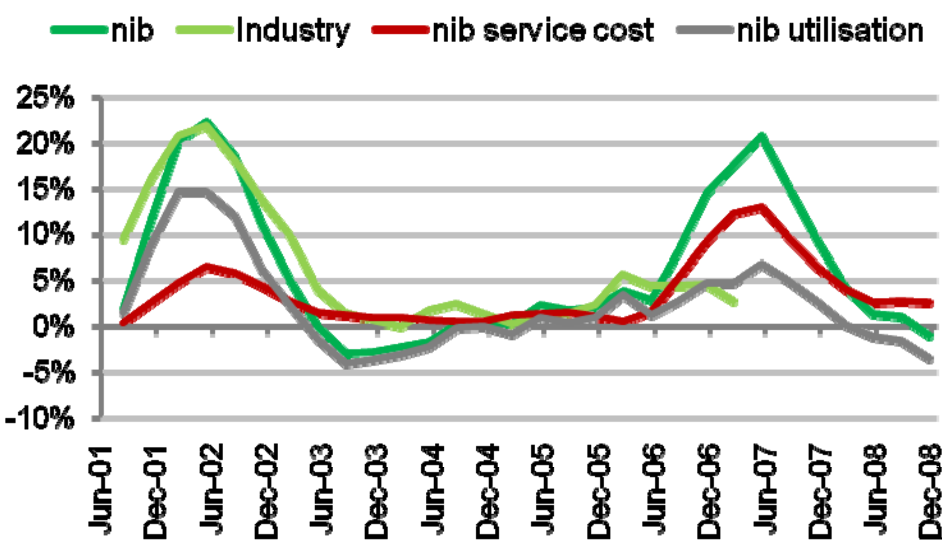
Source: PHIAC

- $27.9m increase in claims expense and levies
  - Claims expense- $20.7m (1H08:$25.1m)
    - Policyholder growth- $16.2m (1H08:$20.6m)
    - Claims inflation has increased by $22.6m driven by increase in service costs partially offset by declining average utilisation (1H08:$19.2m)
    - Product mix - $(18.3)m [1H08 :$(14.5)m)]
    - Other - $0.2m
  - Risk Equalisation - $6.3m (1H08:$14.9m). Continues to provide little incentive for other funds to manage risk
  - State levies - $0.9m (1H08:$1.0m)

Claims expense and levies

($m)	1H05	1H06	1H07	1H08	1H09	1H09 v 1H08
Claims expense	202.8	221.6	249.6	274.7	295.4	7.5%
HBRTF/Risk equalisation levy	19.1	19.6	19.9	34.8	41.1	18.1%
- Gross deficit	(43.6)	(47.1)	(55.8)	(57.9)	(68.4)	18.1%
- Calculated deficit	62.7	66.7	75.7	92.7	109.5	18.1%
- Gross deficit (% of claims)	21.3%	21.3%	22.4%	21.1%	23.2%	9.9%
- Calculated deficit (% of claims)	31.0%	30.4%	30.3%	33.7%	37.1%	9.9%
State levies	7.6	7.8	8.6	9.6	10.5	9.4%
TOTAL	229.5	249.0	278.1	319.1	347.0	8.7%

Ancillary claims inflation



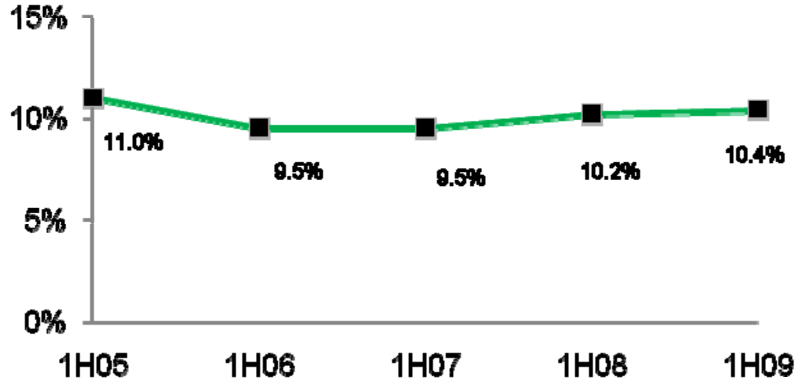
- Ancillary service cost inflation has stabilised following the peak in June 07, being 12 months post the introduction of the Loyalty Bonus

Note: 1H05 and 1H06 unaudited and not normalised. Industry data from 1 April 2007 is not comparable due to change in the way ancillary products are determined by PHIAC Source: PHIAC

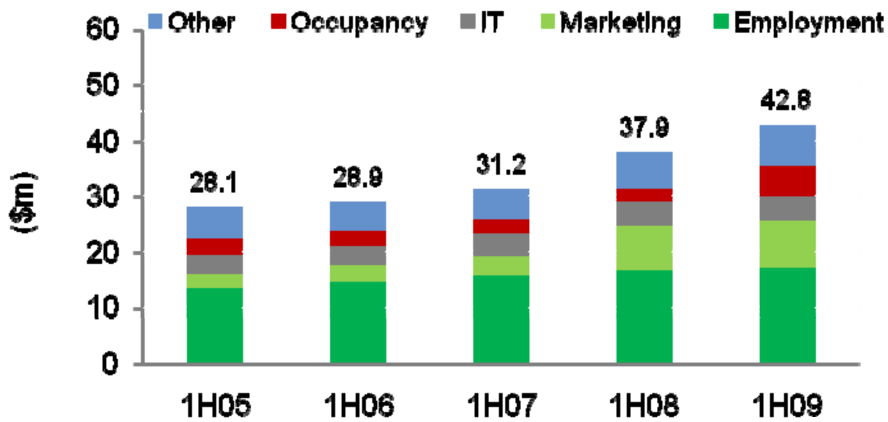
Management and other expenses

Management expense ratio remains stable at 10.4%, with other expenses significantly impacted by one-off costs

Management expense ratio remains stable



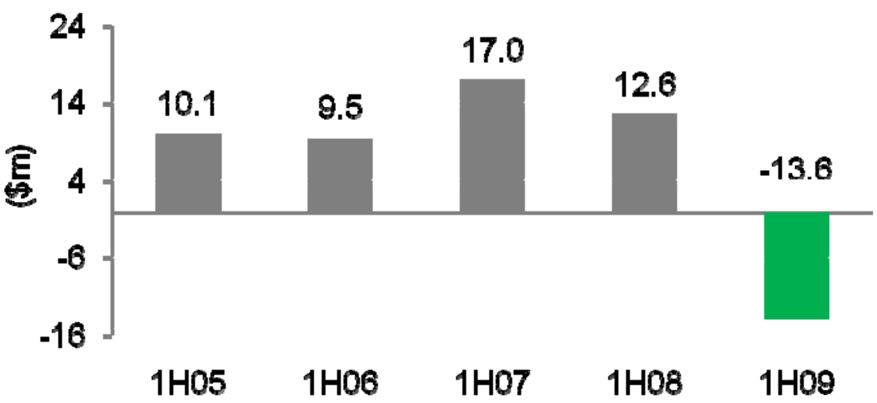
Controlled growth in management expenses



- $4.9m increase in management expenses to $42.8m due to one-off costs of $4.0m
  - New head office impairment - $1.7m
  - Redundancy costs of $1.2m. Will result in annualised savings of $2.2m
  - Plant and equipment write-off (former head office building) - $0.8m
  - Disposal of surplus retail properties - $0.3m
- Marketing and Advertising - $8.5m (1H08:$8.1m)
- Increase in other expenses ($4.4m) largely reflecting one-off costs
  - Share registry costs - $1.1m
  - Due diligence - $1.3m
  - Defence strategy - $1.0m

Investment income

1H09 return on investment assets is disappointing



- Annualised return on investment assets of (6.5)% (1H08:5.7%)
- Investment expenses for the period of $0.3m
- Actual return for the first six weeks of 2009 calendar year was (0.2)%

Investment return

Annualised return	1H09	1H08
Cash	6.5%	6.2%
Australian shares	(47.7)%	9.7%
Australian fixed interest	22.5%	3.2%
O/s shares	(55.5)%	(4.2)%
O/s fixed interest	(10.8)%	12.3%
Listed infrastructure	(37.8)%	(0.3)%
Property trusts	(29.2)%	10.0%
Unlisted security[1]	1.3%	0.0%
Return (ex direct property)	**(7.4)%**	**5.6%**
Direct property	5.9%	7.7%
Total return	**(6.5)%**	**5.7%**

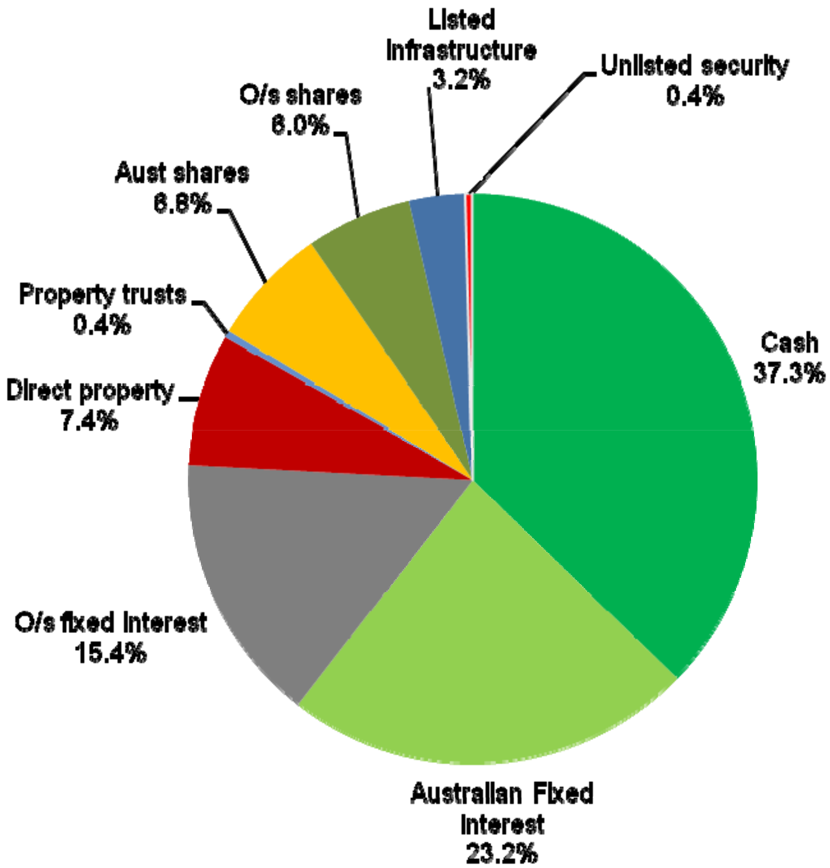
(1) Inception date was May 2008; the 07/08 return is the monthly return for May 2008.

Note: 1H05 and 1H06 unaudited and not normalised

Investment assets

GFC has seen us maintain existing investments with any operating surplus generated being invested in cash

Investment assets – $404.6m (at 31 Dec 08)

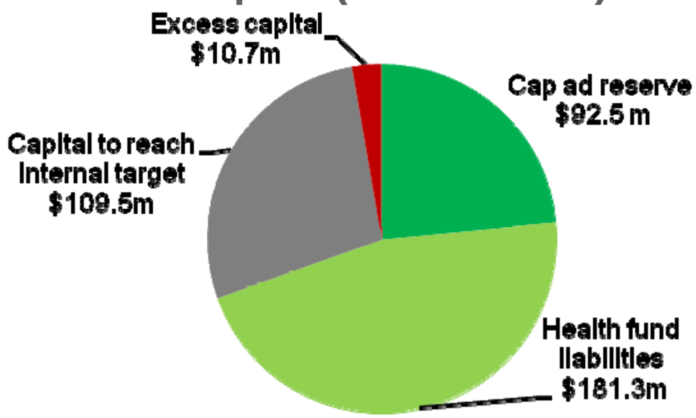


- Externally managed portfolio – mix at 31 December 08 was 76%/24%
- Total investment assets of $404.6m as at 31 December 08 (1H08: $459.6m)
- Cash has decreased by $27.8m since 30 June 08 reflecting impact dividend paid ($10.9m), on- market share buy-back($14.9m), and capital expenditure ($15.3m, with $12.9m re: new head office building), partially offset by surplus generated by operations

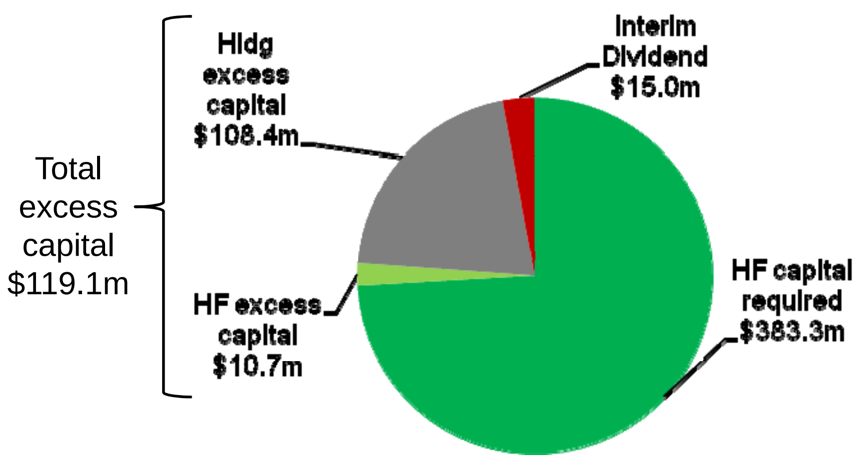
Regulatory capital requirements

$119.1m of excess capital above internal target after allowing for 2009 interim dividend

Health fund capital (at 31 Dec 08)



Group capital allocation (at 31 Dec 08)



- Updated capital management plan resulted in revision to internal target from 1.5x– 1.4x reflecting more rigorous capital management
- Capital adequacy at 31 December 08 – 1.44X (refer Appendix historical capital adequacy)

Movement in excess capital from 30 June 2008 ($105.6m) result of	$105.6m
Board's revision to capital adequacy of 1.4x (1.5x 30 June 2008) -	$27.4m
2009 interim dividend	$(15.0)m
Share buy-back	$(14.9)m
Changes in forecast, liabilities and reserves	$13.9m
Profit after tax	$2.1m
Excess capital at 31 December 08, 1.44X above internal target	$119.1m

Capital management

- Our capital position remains strong
  - $119.1m in excess capital at 31 December 2008 reflecting revised capital adequacy target of 1.4x
  - Ungeared balance sheet
- Capital management
  - Share buy-back – on market share buy-back of up to 10% of issued shares announced on 29 August 2008
    - To date 18.2m shares at a cost of $14.9m have been purchased
    - This reflects 35% of the 10% share buy-back cap
    - Intend to continue the buy-back in compliance with applicable laws and the ASX Listing Rules
- Unmarketable parcel sale facility
  - Investigating offering sale facility to small share parcel holders to improve liquidity and reduce share registry costs

Dividend

- Revised dividend policy
  - Board has determined to no longer apply a standard pre-determined dividend payout ratio
  - Fully franked dividends seen as an efficient way to return surplus capital to shareholders
  - After for allowing for strategic needs, capital expenditure and working capital requirements, the Board will consider dividends subject to current year earnings, retained earnings and available franking credits
  - Franking credits are the current limiting factor given nib was only subject to income tax from 1 October 2007
- Dividend
  - Interim dividend of 3.0 cps fully franked ($15.0m) reflecting capital management initiatives and revised dividend policy

nib holdings

STRATEGY & OUTLOOK

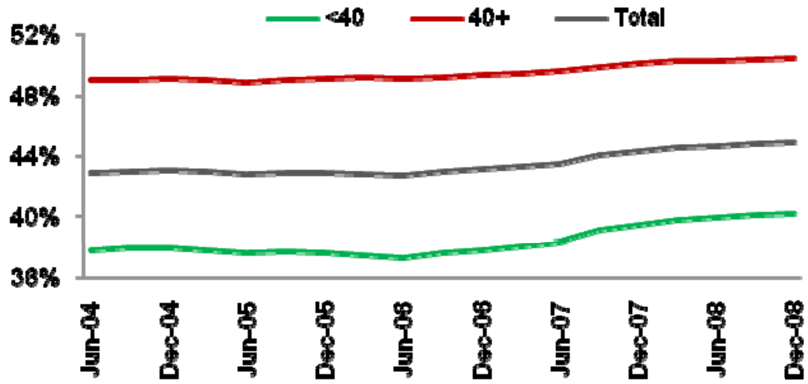
Mark Fitzgibbon

Managing Director and Chief Executive Officer

Market outlook

Despite economic conditions the basic fundamentals and support for PHI remain strong

Penetration[1] continues to increase



Penetration[1] by State also continues to increase

	Penetration 1H09	Penetration 1H08	Change
NSW / ACT	46.6%	45.8%	1.8%
Victoria	43.4%	43.1%	0.8%
Queensland	42.7%	41.7%	2.3%
WA	50.9%	49.2%	3.3%
SA	44.8%	44.4%	0.9%
Tas	43.2%	43.0%	0.5%
NT	34.2%	33.3%	2.9%

Source: PHIAC (1) Hospital persons covered

- Federal Government will remain supportive of industry – 30% Rebate, Lifetime Health Cover, Medicare Levy Surcharge
- Significant potential for continued industry growth
  - Continued decline of public health system
  - Increasing dependency ratio and Government's ability to finance future health costs
  - Broader health cover
  - Potential Business-to-Government (B2G)
- Pressures for consolidation will accelerate as some health insurers will come under pressure vis margins and capital adequacy

Business strategy

Clear focus and ambitions

- Growth targeted at <40 segment
  - Ongoing investment in marketing and sales/retention/policy “buy up”
  - Ongoing interest in M&A and industry consolidation
- Product development and innovation
  - “Young at Heart”
  - Health savings accounts
  - B2G opportunities
  - Complementary products
- Operating efficiency
  - Distribution strategy
  - E-Commerce and outsourcing
- Claims efficiency
  - Product design to reduce adverse selection and unwarranted variation
  - Case management
  - Ex-ante risk equalisation
- Capital management
  - Optimisation of capital structure
  - Deployment or return of capital
  - Dividend policy
  - On-market share buy-back
  - Improved liquidity

Significant near term issues

- 2009 premium pricing submission
  - With Federal Minister for Health and Ageing for approval
- MLS and economy
  - MLS changes have had an impact on sales and retention although not yet to extent previously forecast
- New distribution arrangement with a national financial services company
  - Details to be soon announced
- Removal of Loyalty Bonus and replacement with higher annual limits
- National Health & Hospitals Reform Commission (NHHRC)
- General disclosure on M&A

Removal of Loyalty Bonus and replacement with higher annual limits

- nib is replacing its Loyalty Bonus program (FY08:$19.1m) with higher annual limits for Extras services on selected products
  - Approximately 70% of nib's customers will receive higher annual limits greater than their annual Loyalty Bonus entitlement
  - Of the 30% of customers that will not receive higher annual limits, only 22% of these (or 6% of all nib customers) previously utilised Loyalty Bonus
  - Provides a more equitable and competitive product offering to current and new nib customers
- Removal of Loyalty Bonus will result in a once-off negative basis impact to seasonality of claims resulting from accelerated vesting and higher limits (estimated $5.7m for 2H09), but will reduce FY10 claims expense (estimated $15.6m)
- This equates to an ongoing annualised impact of approximately $10.0m reduction in claims expense

Proposed NHRRC reforms

- Interim report only

Increased individual responsibility	✓
Integrated primary care, wellness and disease prevention	✓
Healthcare education and promotion	✓
Pay for quality	✓
Single funder (option c)	✓ ?
Denticare	✗
Maintain public/private balance	✗

General disclosure on M&A

“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.”

FY09 guidance and outlook

- Normalised net underwriting margin of around 4%
  - Despite 1H09 net underwriting margin of 5.1%, removal of Loyalty Bonus and replacement with higher annual limits will likely impact claims expenses for 2H09
  - 5% net underwriting margin target is achievable and sustainable
- Net policyholder growth rate of approximately 4%
  - 2H09 likely to be tougher given GFC and MLS
  - Remain confident of long term growth prospects and role for nib in industry consolidation
- Current market volatility makes it difficult to forecast investment return
  - Investment earnings will remain weak
- Future earnings growth per share
  - Policyholder growth
  - Improved margins
  - Policyholder ‘buy-up’
  - Capital management

Q+A

QUESTIONS AND ANSWERS

APPENDIX

Data sheet – nib

	FY03 / at 30 Jun 03	FY04 / at 30 Jun 04	FY05 / at 30 Jun 05	FY06 / at 30 Jun 06	1H07 / at 31 Dec06	FY07 / at 30 Jun 07	1H08 / at 31 Dec07	FY08 / at 30 Jun 08	1H09 / at 31 Dec08
nib									
Total policyholders	255,812	279,272	290,940	302,299	312,315	328,784	350,248	365,389	375,130
- Policyholder growth	*9.20%*	*9.20%*	*4.20%*	*3.90%*	*3.30%*	*8.80%*	*6.50%*	*11.10%*	2.7%
- Market share	*5.50%*	*6.00%*	*6.20%*	*6.30%*	*6.40%*	*6.60%*	*6.90%*	*7.00%*	7.10%
Persons covered	552,380	600,154	622,298	640,178	656,867	681,013	716,656	732,930	748,673
Avg age of hospital persons covered (yrs)	35.0	35.6	35.8	36.2	36.1	36.1	36.0	36.0	36.0
Total policyholders “under 40”	105,393	112,651	117,206	122,494	128,741	140,085	155,014	166,892	173,014
Growth in “under 40” segment	*13.0%*	*6.9%*	*4.0%*	*4.5%*	*5.1%*	*14.4%*	*10.7%*	*19.0%*	3.7%
Total hospital persons “20-39”	146,592	156,891	162,009	167,372	175,762	188,155	207,703	218,445	225,354
-Growth in hospital persons “20-39”	*10.9%*	*7.0%*	*3.3%*	*3.3%*	*5.0%*	*12.4%*	*10.4%*	*16.0%*	3.2%
- Market share	*7.3%*	*7.9%*	*8.1%*	*8.2%*	*8.3%*	*8.7%*	*9.2%*	*10.0%*	9.6%
Retail Centres (across Australia)	41	37	37	34	32	32	30	25	21
Hospital benefits paid	$118.7m	$235.5m	$282.7m	$295.2m	$170.7m	$336.7m	$176.9m	$357.7m	$201.0m
Ancillary benefits paid	$103.0m	$113.8m	$124.6m	$133.2m	$82.3m	$169.9m	$90.8m	$187.2m	$95.8m
Outstanding claims provision movement	$(1.5)m	$3.5m	$(0.8)m	$12.7m	$(3.3)m	$(1.3)m	$6.9m	$8.2m	$(2.0)m
Employees (FTEs)	470	443	472	481	483	506	484	478	422

Source: nib / PHIAC data as at 31 December 2009

Data sheet – PHI industry

By financial year intervals

	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
PHI industry						
Total Policyholders	4,649,268	4,671,430	4,708,420	4,806,754	5,008,329	5,219,567
- Policyholder growth	*1.2%*	*0.5%*	*0.8%*	*2.1%*	*4.2%*	*4.2%*
Persons Covered	9,878,620	9,916,328	9,999,253	10,189,552	10,561,848	10,942,616
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	2,159,587	2,309,302
- Growth in Hospital persons "20-39"	*-1.9%*	*-1.1%*	*0.5%*	*2.5%*	*5.5%*	*6.9%*

By half year intervals

	1H04 / at 31Dec 03	1H05 / at 31Dec 04	1H06 / at 31Dec 05	1H07 / at 31Dec06	1H08 / at 31Dec 07	1H09 / at 31Dec 08
PHI industry						
Total Policyholders	4,666,974	4,709,759	4,756,255	4,883,236	5,111,415	5,302,576
- Policyholder growth	*0.4%*	*0.8%*	*1.0%*	*1.6%*	*2.1%*	1.6%
Persons Covered	9,934,736	10,017,254	10,115,470	10,358,174	10,771,639	11,117,461
Average Age of Hospital Persons (yrs)	39.0	39.3	39.6	39.8	39.8	39.9
Total Hospital Persons "20-39"	2,022,405	2,011,438	2,037,602	2,109,533	2,257,637	2,344,085
- Growth in Hospital persons "20-39"	*0.7%*	*1.2%*	*2.1%*	*3.1%*	*4.5%*	1.5%

Source: PHIAC data as at 31 December 2008

Data sheet – nib normalised financials

($m)	FY05	FY06	1H07	FY07	1H08	FY08	1H09
PROFIT & LOSS							
Premium revenue	530.7	611.9	328.3	666.0	370.9	758.2	410.6
Gross underwriting result	71.7	111.8	50.2	94.9	51.8	111.3	63.6
Net underwriting result	15.4	51.4	19.0	23.7	13.9	33.1	20.8
Investment income (1)	11.4	18.1	17.0	29.2	12.6	4.6	(13.6)
Profit before tax	26.8	69.5	34.3	52.9	25.1	37.6	1.9
Profit after tax				37.2	17.7	26.7	2.1
Earnings per share (cps)					3.4	5.2	0.4
Return on equity (2)					9.1%	7.0%	2.9%
Dividends per share (cps)					0	2.1	3.0
Performance indicators							
Gross margin	13.5%	18.3%	15.3%	14.3%	13.9%	14.7%	15.5%
Management expense ratio	10.6%	9.9%	9.5%	10.7%	10.2%	10.3%	10.4%
Net margin	2.9%	8.4%	5.8%	3.6%	3.7%	4.4%	5.1%
Investment return	8.2%	6.5%	9.7%	8.7%	5.7%	1.6%	(6.5)%

(1) Net of fees. (2) Rolling 12 months, using average shareholders equity over rolling 12 month period.

Normalised profit & loss reconciliation

	1H09			1H08			% change 1H09 vs 1H08
($m)	Statutory	Adjust	Pro forma	Statutory	Adjust	Pro forma	
Premium revenue	410.6	0.0	410.6	370.9	0.0	370.9	10.7%
Net claims incurred	(347.0)	0.0	(347.0)	(319.1)	0.0	(319.1)	8.7%
Gross underwriting result	63.6	0.0	63.6	51.8	0.0	51.8	22.8%
Management expenses	(42.8)	0.0	(42.8)	(46.2)	8.3	(37.9)	12.9%
Net underwriting result	20.8	0.0	20.8	5.6	8.3	13.9	50.0%
Investment income (net of fees)	(13.9)	0.0	(13.9)	11.9	0.0	11.9	(216.8)%
Other	(5.0)	0.0	(5.0)	(32.7)	32.0	(0.7)	614.3%
Profit before tax	1.9	0.0	1.9	(15.2)	40.3	25.1	(92.4)%
Tax	0.2	0.0	0.2	7.5	(14.9)	(7.4)	(97.3)%
Profit from continuing ops	2.1	0.0	2.1	(7.7)	25.4	17.7	(88.1)%
Discontinued ops	0.0	0.0	0.0	0.1	(0.1)	0.0	0.0%
Profit after tax	2.1	0.0	2.1	(7.6)	25.3	17.7	(88.1)%

- We have not normalised one-off costs for the 1H09 period – management expenses ($4.0m) other expenses ($4.4m)
- The 1H08 result was normalised to remove the impact of costs associated with nib's demutualisation and listing, and "notional" tax

Financial results – underlying results

Net underwriting result of $20.8m, up $6.9m or 50.0% on 1H08

- Underlying results split out Investment income between:
  - Normalised investment income for 1H09 – calculated on the basis of a 6.0% (7.0% - 1H08) assumed return over average investment assets for the period
  - Investment experience – difference between actual and underlying Investment income

Normalised earnings ($m)	1H09	1H08	Change
Premium revenue	410.6	370.9	10.7%
Claims expense	(295.4)	(274.7)	7.5%
HBRTF/RETF Levy	(41.1)	(34.8)	18.1%
State levies	(10.5)	(9.6)	9.4%
Net claims incurred	(347)	(319.1)	8.7%
Gross underwriting result	**63.6**	**51.8**	22.8%
Management expenses	(42.8)	(37.9)	12.9%
Net underwriting result	**20.8**	**13.9**	50.0%
Normalised Investment income [1]	13.5	15.2	(11.2)%
Other	(5)	(0.7)	614.3%
Underlying profit before tax	**29.3**	**28.4**	3.2%
Tax	(8)	(8.4)	(4.8)%
Underlying profit after tax	**21.3**	**20.0**	6.5%
Inv experience (after tax)	(19.2)	(2.3)	734.8%
Profit after tax	**2.1**	**17.7**	(88.1)%

Performance indicators (normalised)	1H09	1H08
Gross margin	15.5%	13.9%
Management expense ratio	10.4%	10.2%
Net margin	5.1%	3.7%
Investment return	(6.5)%	5.7%
Normalised investment return	6.0%	7.0%
EPS (cps)	0.4	3.4
EPS (cps) – underlying	4.6	3.9
ROE [2]	2.9%	9.1%
ROE – underlying	6.6%	5.3%

(1) Net of fees. (2) Rolling 12 months, using average shareholders equity over rolling 12 month period.

Balance sheet

Robust balance sheet remains ungeared

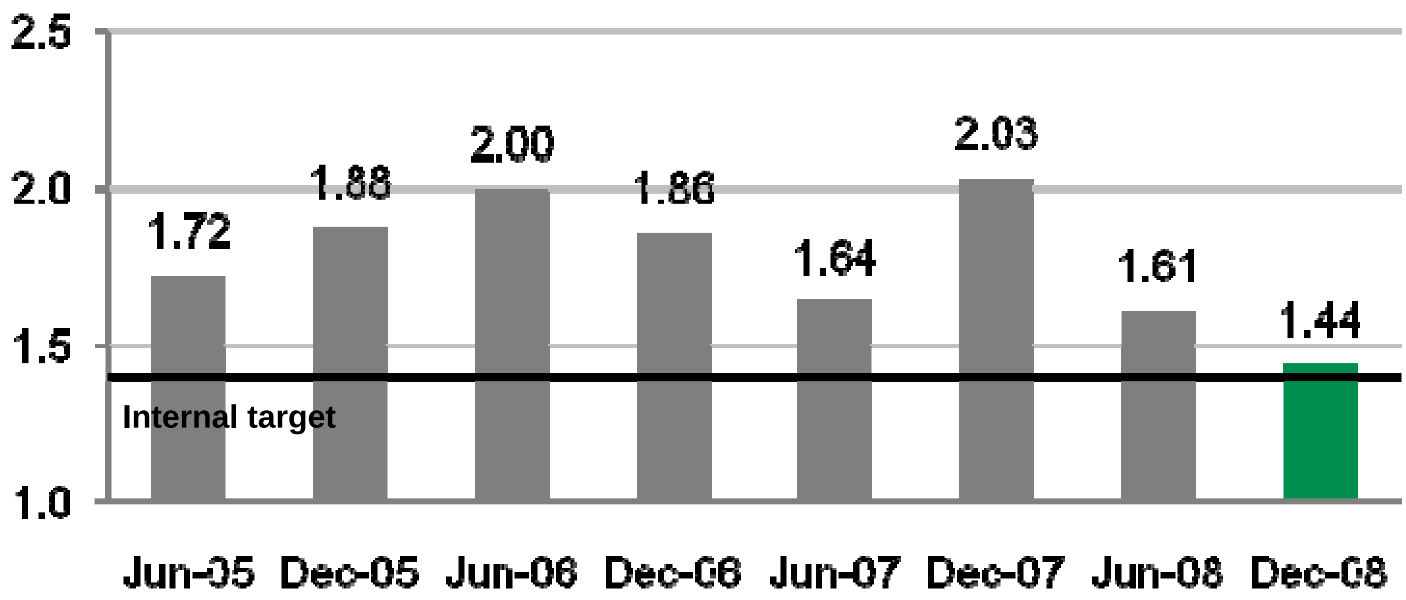
($m) At	Dec-08	June-08
Health fund operating assets		
Current assets	33.3	32.1
Non-current assets	77.7	71.6
Health fund operating liabilities		
Outstanding claims liability (OSC)	(60.2)	(62.3)
Unearned premium liabilities (UPL)	(41.8)	(47.0)
Other	(50.0)	(57.4)
Investment assets		
Cash & cash equivalents	151.4	179.2
Available-for-sale financial assets	1.6	1.6
Financial assets at fair value	222.1	242.8
Direct property	30.0	30.0
Borrowings (unpresented cheques)	(3.0)	(2.1)
Net other assets / liabilities	(3.0)	(3.7)
Net assets	**358.1**	**384.8**

- OSC is 8.9% of claims expenses for rolling 12 Months to 31 December 2008 (FY08:9.6%)
  - 87% of benefits are paid within two months (FY08:87%)
- UPL is 5% of premium revenue for rolling 12 Months to 31 December 2008 (FY08:6.0%)

Source: nib. Note: The table above provides a notional split of the balance sheet. Investment assets are also used to back health fund liabilities

Capital adequacy

Capital adequacy multiple remains strong



Sales and lapse

nib	FY07 / at 30 Jun 07	FY08 / at 30 Jun 08	1H08 / at 31Dec 07	1H09 / at 31Dec 08
Total policyholders	328,784	365,389	350,248	375,130
- Policyholder growth rate	*8.8%*	*11.1%*	*6.5%*	*2.7%*
Total sales	49,758	67,456	32,831	24,740
- Sales rate	*16.5%*	*20.5%*	*10.0%*	*6.8%*
Total lapses	23,272	30,851	11,367	14,999
- Lapse rate	*7.7%*	*9.4%*	*3.5%*	*4.1%*
Net policyholders	26,486	36,605	21,464	9,741
- Net Policyholder growth rate	*8.8%*	*11.1%*	*6.5%*	*2.7%*
Total hospital persons 20-39yrs	188,155	218,445	207,703	225,354
- Hospital persons growth rate 20-39yrs	*12.4%*	*16.1%*	*10.4%*	*3.2%*

Disclaimer

The material in this presentation is a summary of the results of nib holdings limited (nib) for the six months ended 31 December 2008 and an update on nib's activities and is current at the date of preparation, 25 February 2009. Further details are provided in the Company's half year accounts and results announcement released on 25 February 2009.

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HALF YEAR RESULTS ANNOUNCEMENT 2009

25 FEBRUARY