



2017 Half Year Results Investor Presentation

20 February 2017



Disclaimer



The material in this presentation is a summary of the results of nib holdings limited (nib) for the 6 months ended 31 December 2016 and an update on nib's activities and is current at the date of preparation, 20 February 2017. Further details are provided in nib's half year accounts and results announcement released on 20 February 2017.

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This presentation should be read in conjunction with other publicly available material. Further information including historical results and a description of the activities of nib is available on our website: www.nib.com.au/shareholders

As referenced in this presentation, if there is a change percentage increase or (decrease) between 1H16 and 1H17 the change shown is the difference between those two percentages.

Any discrepancies between totals and sums of components in this publication are due to rounding.

All figures quoted are in Australian dollars unless otherwise stated.

Mark Fitzgibbon

Chief Executive Officer & Managing Director



1H17 Financial Highlights



Total Group Revenue

\$995.0m
▲ 7.3%

UOP¹

\$95.2m
▲ 43.4%

Statutory Operating Profit \$90.9m (▲ 53.3%)

Net Investment Income

\$13.8m
▲ 112.3%

ROE²

31.7%
▲ 8.8%

NPAT

\$71.1m
▲ 65.0%

Statutory EPS

16.4cps
▲ 65.7%

Underlying EPS 17.1cps (▲ 55.5%)

Note: The percentage increases shown above is the difference between the 1H16 and 1H17 results.

¹ UOP is comprised of underwriting result, other income and expenses including non-underwriting businesses. It excludes amortisation of acquired intangibles, one-off transactions, M&A costs, finance costs, net investment income and income tax.

² Using average shareholders' equity and NPAT attributable to the owners of nib holdings limited for the previous 12 months over a 12 month rolling period.

1H17 Snapshot



Positive result with Group revenue of \$995.0m (▲7.3%) and underlying operating profit¹ (UOP) of \$95.2m² (▲43.4%). Statutory operating profit of \$90.9m (▲53.3%). Guidance updated with FY17 UOP expected to be \$140m – \$150m (statutory operating profit of \$137m – \$147m).

In difficult market conditions, arhi achieved net premium revenue of \$829.8m (▲6.2%) with UOP of \$73.0m (▲41.2%). Our multi-channel distribution strategy has maintained our strong sales momentum with net policyholder growth of 2.1% (11,005 policies), comparing favourably to industry average of 0.3%³. We accounted for 50.1% of total industry growth for 1H17.

Adjacent businesses continue to grow contribution to Group earnings; International (inbound) health insurance (iihi) UOP grew to \$13.3m (▲146.3%), nib NZ improved UOP to \$10.9m (▲39.7%). World Nomads Group (WNG) UOP of \$3.1m (1H16: \$4.2m) with business performing soundly.

Ongoing focus on customer service, continuous improvement and innovation. arhi net promoter score (NPS) of 24.6% versus 23.9% in 1H16.

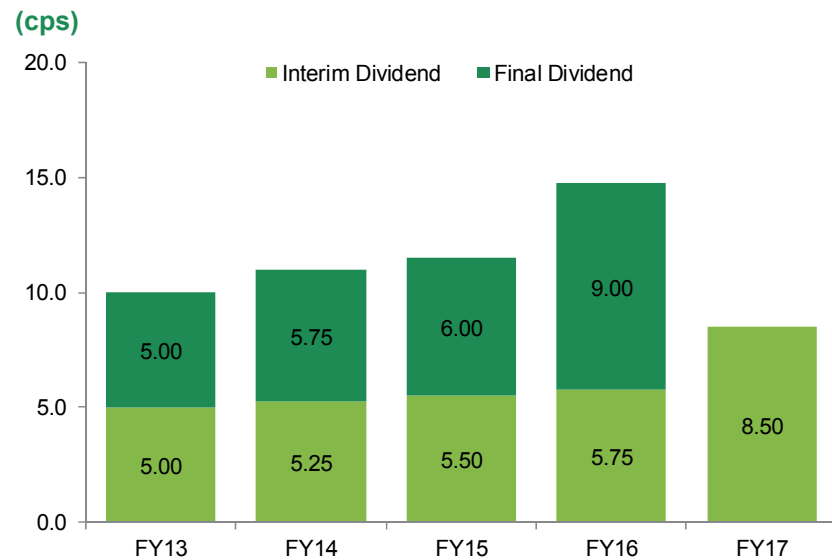
We expanded Whitecoat digital platform reach to 250,000 providers and almost 350,000 patient reviews. Also entered into agreements with Bupa and HBF to join platform.

¹ UOP is comprised of underwriting result, other income and expenses including non-underwriting businesses. It excludes amortisation of acquired intangibles, one-off transactions, M&A costs, finance costs, net investment income and income tax.

² nib's statutory operating profit includes \$4.3m in amortisation of acquired intangibles and one-off transactions and M&A costs.

³ Source: APRA

Interim Dividend



- Dividend reflects ongoing earnings growth.
- 1H17 interim dividend increased to 8.50 cps, fully franked (1H16: 5.75 cps)
 - Ex-dividend date – 2 March 2017
 - Record date – 3 March 2017
 - Payment date – 3 April 2017
- nib dividend policy will continue to reflect payment of fully franked dividends at a payout ratio of 60 - 70% of full year NPAT.

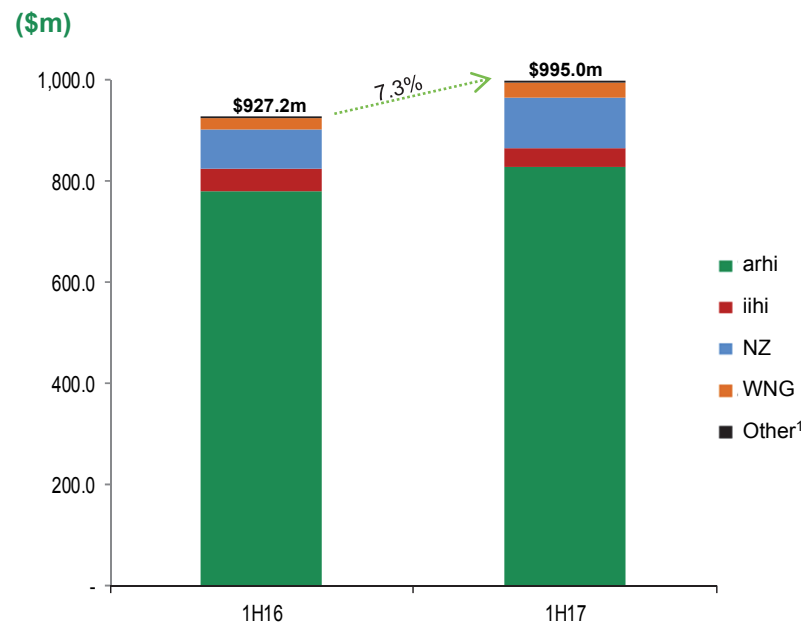
Michelle McPherson
Chief Financial Officer & Deputy CEO



1H17 Revenue



Total revenue by segment



Total Group revenue of \$995.0m (▲ 7.3%) due to:

- arhi premium revenue of \$829.8m (▲ 6.2%), accounting for 83.4% of total Group revenue.
- International (inbound) health insurance (iihl) premium revenue of \$35.9m (▼ 13.5%). Segment experienced very strong policyholder growth (14.0%). 1H17 revenue decline due to decision to not renew a large but unprofitable student business account from 1 March 2016. Excluding this group of business premium revenue ▲ 27.3%.
- nib New Zealand premium revenue of \$100.0m (▲ 25.2%), includes full period benefit of OnePath (NZ) health insurance (1H16 a 1 month result²).
- World Nomads Group (WNG) with operating revenue of \$27.0m (▲ 22.7%), (1H16 a 5 month result³). Tough domestic operating environment for 1H17.

¹ Refer Slide 28 for breakdown of Other income

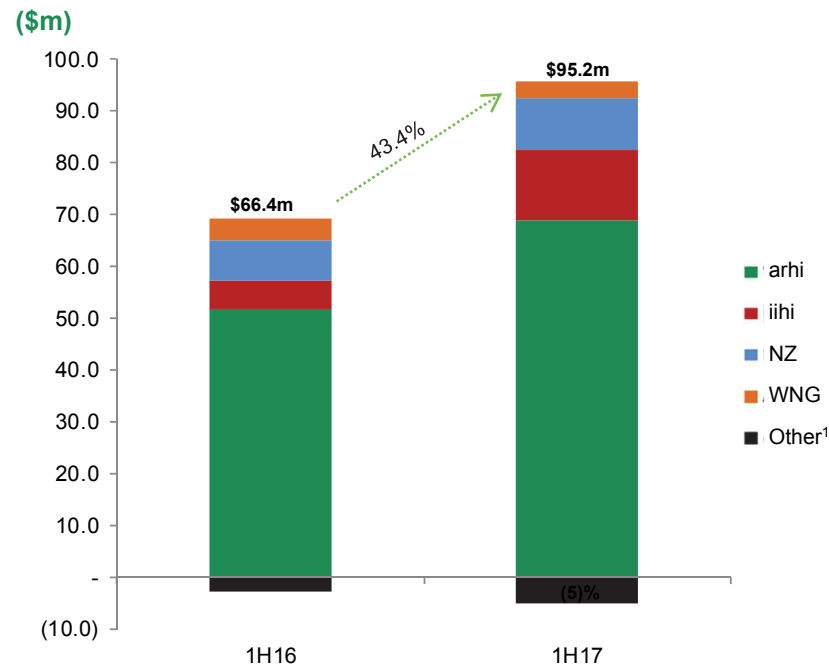
² OnePath (NZ) health insurance acquisition was completed 1 December 2015 with 1H16 a 1 month result.

³ WNG acquisition was completed on 31 July 2015 with 1H16 a 5 month result.

1H17 Group UOP



UOP by segment



Group UOP of \$95.2m (\uparrow 43.4%) due to:

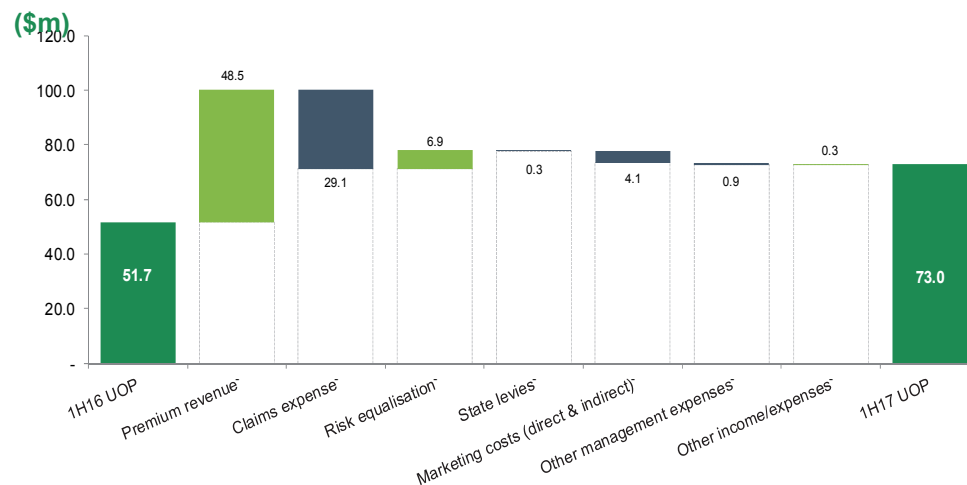
- Strong operating performance in arhi, with UOP of \$73.0m (\uparrow 41.2%). Favourable claims environment a key driver of the strong 1H gross margin.
- Adjacent businesses accounted for 27.0% of Group UOP (1H16: 24.7%) due to:
 - Significant turnaround in iihi claims experience following termination of large but unprofitable student business account in 2H16. UOP of \$13.3m (\uparrow 146.3%).
 - Growth as well as improved scale and profitability of nib New Zealand with UOP of \$10.9m (\uparrow 39.7%).
 - Contribution from WNG of \$3.1m down on 1H16 (\$4.2m) reflecting investment in growth to create future enterprise value.
- Group underlying insurance margins remain strong
 - Group gross margin 21.3% (1H16: 18.0%).
 - Group net margin 10.0% (1H16: 7.2%).

¹ Other includes corporate expenses (share registry/directors fees) as well as investment in nib Options, offset by income from complementary products (life and related insurance commissions), travel insurance commissions prior to WNG acquisition (31 July 2015), as well as rent and licence fee income (Digital Health Ventures). Refer Slide 28 for breakdown of Other income & Expenses.

1H17 arhi Performance



	1H17	1H16	Change
Policyholder growth (%)	2.1	1.8	0.3%
Lapse (%)	5.8	5.3	0.5%
Premium revenue (\$m)	829.8	781.3	6.2%
Claims expense ¹ (\$m)	(686.0)	(663.5)	3.4%
Gross underwriting result (\$m)	143.8	117.8	22.1%
UOP (\$m)	73.0	51.7	41.2%



¹ Includes risk equalisation and state levies

- UOP result of \$73.0 (▲41.2%) due to:
 - Successful ongoing execution of multi-channel growth strategy, with nib accounting for 50.1% of industry growth (1H17).
 - Benign claims environment, both hospital and ancillary, improved 1H17 gross margin by 220bps to 17.3%.
 - Risk equalisation contribution of \$87.4m (▼7.2%).
- Pressure on premiums being relieved by recent claims experience and trajectory as well as our own efforts to manage claims inflation – 2017 approved premium increase of 4.48% our lowest in 14 years (industry average 4.84%).
- Management expenses of \$71.2m (▲7.6%) reflects ongoing investment in growth.
- Qantas Assure contributing to our above system growth. Investment across whitelabel portfolios to be stepped up in 2H17 including new Suncorp partnership.
- 1H17 net underwriting margin 8.7% (1H16: 6.6%).

arhi Claims & Margin Trends



nib drawing rate claims inflation¹ (including risk equalisation) Rolling 12 months average – figures to 31 January 2017



¹ Drawing rate claims inflation is the increase in costs per person covered.

- Recent trends indicate claims inflation may have “bottomed” with reversion to more normal trends and seasonality expected for 2H17.
- Full year drawing rate inflation expected to be in the order of 2% - 4%.
- FY17 seeing a reversion to more normal 1H v 2H gross margin trends.
 - Ancillary claims forecast to be \$15m - \$20m higher in 2H reflecting normal seasonality (i.e. resetting annual limits from 1 January).
- Management expenses forecast to be \$15m - \$20m higher in 2H17. Increase reflects timing of marketing expenditure which is targeted to maintain ongoing above system growth, and includes investment in expansion of whitelabelling.
- Strong 1H17 net underwriting margin (8.7%) reflects multiple favourable factors which aren't expected to continue.

1H17 iihi Performance



	1H17	1H16	Change
Policyholder growth (%)	14.0	14.5	(0.5)%
Premium revenue (\$m)	35.9	41.5	(13.5)%
Claims expense (\$m)	(12.8)	(27.3)	(53.1)%
Gross underwriting result (\$m)	23.1	14.2	62.7%
UOP (\$m)	13.3	5.4	146.3%

(\$m)

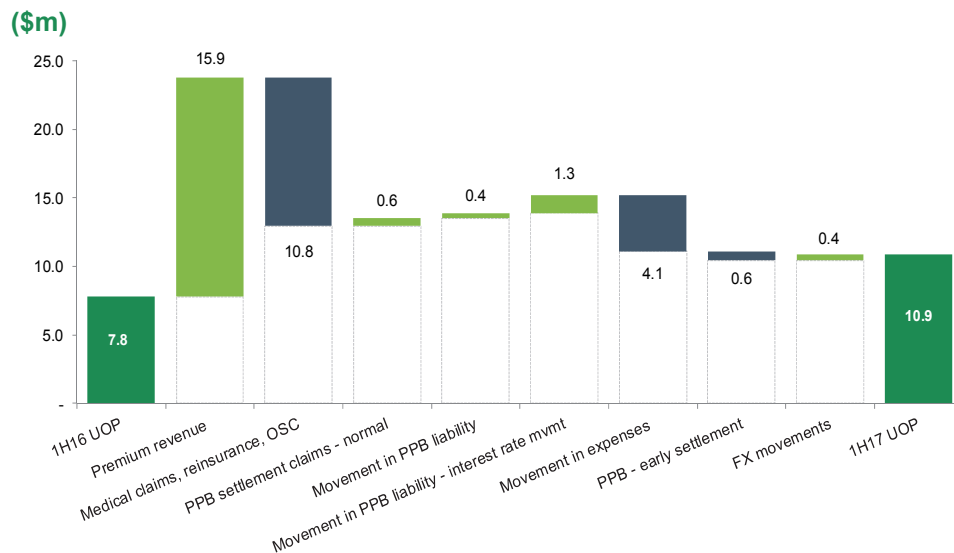


- Dramatic improvement in earnings (UOP ▲146.3%) boosted by strong sales (international students and workers) as well as deliberate decision to not renew a large but unprofitable student business account in 2H16.
- Premium revenue ▼\$5.6m reflects cessation of group student agreement, is more than offset by \$8.9m improvement in gross underwriting result and \$7.9m improvement in UOP.
- Strong customer growth, particularly within international students segment, continues to build scale of business and earnings.
- Current market conditions support ongoing strong margins.

1H17 NZ Performance



	1H17	1H16	Change
Policyholder growth (%)	1.0	25.2 ¹	(24.2)%
Premium revenue (\$m)	100.0	79.9	25.2%
Claims (medical and PPB ² settlement) (\$m)	(64.7)	(56.9)	13.7%
Gross underwriting result (\$m)	39.2	30.8	27.3%
UOP (\$m)	10.9	7.8	39.7%



- Continues to perform in line with expectations, with revenue ▲ 25.2% and UOP ▲ 39.7%. 1H17 included full period benefit of OnePath³.
- Investment in brand and growth is paying off with DTC gaining traction with sales through this channel up 24.5% on 1H16.
- Whitelabel portfolio continues to grow with NZ Automobile Association (who have over 1 million members) agreeing to partner with nib. Although early days, pipeline of sales through this channel is expected to continue to improve.
- Lower impact of PPB early settlement on UOP in 1H17 versus 1H16 due to completion of first campaign on 31 August 2016 (second offer campaign expected to commence March 2017). Refer slide 27 for further detail on PPB and settlement offer.
- Ongoing effort and focus to leverage skills of our people and systems across the Group will continue to benefit our NZ operations.

¹ Includes policyholders from acquisition of OnePath (NZ) health insurance. Excluding OnePath policyholders, growth for 1H16 was 2.4%.

² PPB – Premium Payback product. Refer slide 27 for details of movement in PPB.

³ OnePath (NZ) health insurance acquisition was completed 1 December 2015 with 1H16 a 1 month result.

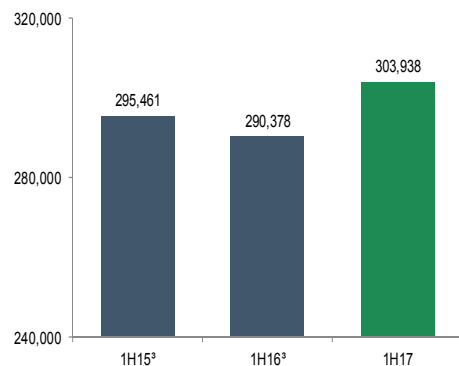
1H17 WNG Performance



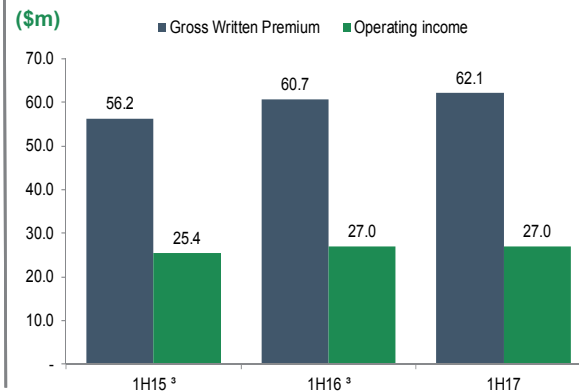
	1H17	1H16 ¹ (5 month result)	Change
Policyholder sales	303,938	236,308	28.6%
Gross Written Premium (\$m) ²	62.1	49.7	24.9%
Operating income (\$m)	27.0	22.0	22.7%
Operating expenses (\$m)	(23.9)	(17.8)	34.3%
UOP (\$m)	3.1	4.2	(26.2)%

Policyholder sales

(Policies)



GWP² & Operating Income



¹ This is a 5 month result due to the WNG business being acquired on 31 July 2015

² WNG is a distributor of travel insurance and earns a commission for policies sold, however GWP is shown as it is a key performance metric of the business, noting GWP excludes other sources of income such as Emergency Travel Assistance and Managing General Agent fees

³ 1H15 and 1H16 are 6 month results showing policyholder sales and GWP prior to acquisition on 31 July 2015.

- Business performing soundly under nib ownership.
- UOP of \$3.1m (▼26.2%) due to
 - investment being made to expand operations in new markets,
 - negative impact of FX (impacting sales, particularly UK),
 - Soft domestic sales.
- Policyholder sales ▲4.7%³ with international markets growing strongly, both US and Canada stand out. Domestic sales have improved in recent months with 2H17 forecast to be stronger.
- Effort to grow and expand business to continue in 2H17, particularly targeting international markets, with level of investment to impact FY UOP.

Investments, Gearing & Capital

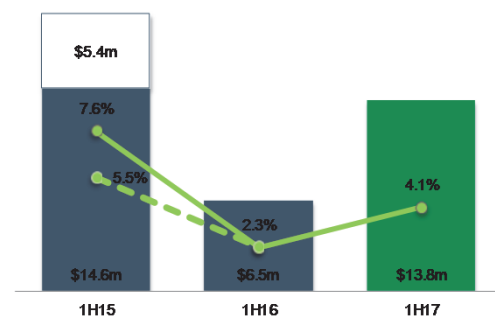


(\$m)	1H17	1H16	Change
Net investment income	13.8	6.5	112.3%
Finance costs	(2.4)	(2.6)	(7.7)%
Available capital above internal targets ¹	31.6	4.0	690.0%

¹ Allowing for payment of interim dividend

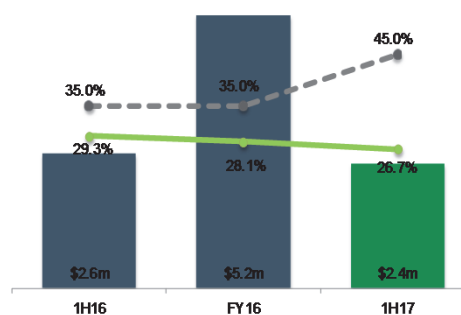
Investments

- Profit on sale of PSG shares (\$m)
- Net investment income (\$m)
- Net percentage return - annualised (%)
- Normalised annualised investment return (%)



Gearing & Finance Costs

- Finance Costs (\$m)
- Gearing ratio
- Maximum gearing ratio



- Net investment income (▲ 112.3%) due to market performance and above internal benchmarks.
- Interest cover of 44:1 at 31 December 2016 well above debt covenant.
- Current debt facilities refinanced in December with covenants updated to be more consistent with market (previously aligned to internal benchmarks).
- Group gearing ratio covenant increased to 45% (previously 35%). Group interest cover ratio covenant reduced to not less than 3:1 (previously not less than 5:1).

Mark Fitzgibbon

Chief Executive Officer & Managing Director



Industry Outlook



- Market conditions for arhi to remain "soft" with affordability a key consumer concern. PHI participation rates likely to remain steady. Medium to longer term growth prospects favourable.
- Increasing healthcare spending reflecting a combination of price inflation and utilisation growth. Medium/long term claims inflation per capita to be in the 4% - 5% p.a. range subject to the success of efforts to improve system efficiency.
- Rising healthcare spending and an increasing ratio of taxpayers to retired (often high cost) Australians means on balance, any policy or regulatory change needs to encourage PHI participation. Some real prospects to improve system efficiency such as further prosthetic pricing, risk equalisation and community rating reforms. New Health Minister Hunt seems very determined to improve system efficiency and we will continue to prosecute for change.
- An expanded role for PHI in the healthcare system if healthcare homes concept is to be successful. There is and will be rising consumer demand for PHI to add more value.
- Attractive growth prospects in international inbound businesses (international students and workers), PHI in New Zealand and travel insurance (especially in overseas markets).
- PHI market disruption risk mitigated (though not negated) by various barriers to entry. These include a nuanced regulatory regime, the strength of incumbents and the nature of PHI ownership.
- Increasing globalisation of healthcare delivery and financing means overseas interest in Australian healthcare assets and opportunities generally (and possibly in PHI given well developed capability and experience).

Our Focus



- Above arhi system growth (target 4% - 5% p.a.) through distribution strategy, price competitiveness, improved sales/retention skills and world class customer service.
- Deeper insights across the Group into consumer behaviour, mitigating adverse selection and retention.
- Achieve more "bang for buck" for policyholders and ease premium pressures through more sophisticated contracting with providers and risk management of high cost policyholders.
- Further develop and extend penetration of Whitecoat digital platform. Help consumers make better decisions around treatment and choice of provider and transact with providers. Thereby give consumers another reason to have PHI.
- Grow non-arhi businesses to create further enterprise value and diversify earnings. Explore additional opportunities consistent with 'Red Queen Racing'¹ investment philosophy and discipline including both domestic and international. D-Day for nib Options.
- Anticipate a range of possible future market scenarios and actively prepare the nib Group to adapt to each.

¹ Red Queen Racing is a term we use to characterise the culture and process of experimentation/innovation at nib. In particular, it expects any new business initiative to be well researched, have sufficient earnings potential to justify the effort, and able to leverage existing capabilities and assets within the nib Group (economies of scope). It also limits the value of new investment so that their failure cannot jeopardise the Group.

FY17 Guidance



(\$m)	FY17 (Guidance)
Statutory operating profit	137 - 147
One-off transaction and M&A costs	(4.4)
One-off profit from restructure of business ¹ (Whitecoat)	(5.0)
One-off transaction, M&A costs	0.6
Amortisation of acquired intangibles	7.6
Amortisation of acquired intangibles (IMAN)	0.8
Amortisation of acquired intangibles (nib NZ)	4.0
Amortisation of acquired intangibles (WNG)	2.8
UOP	140 – 150

¹ Estimated one-off profit from completion of restructure of Whitecoat during period, completion occurred 1 February 2017.

- FY17 UOP expected to be \$140m – \$150m (statutory operating profit of \$137– \$147m).
- FY17 investment returns to be in line with relevant internal benchmarks².
- Ordinary dividend payout ratio 60%–70% of full year NPAT.

² Internal Investment benchmarks

- Australian Regulatory capital (79%/21% defensive/growth) – target for portfolio bank bill index plus 1%
- New Zealand regulatory capital (100% defensive) (1) For core portfolio target is a 6 month bank bill index (2) For premium payback portfolio target is a 3.0 years interest rate swap index
- Surplus capital (100% defensive) – bank bill index

Appointment of Anne Loveridge Independent Non-Executive Director



- Highly experienced Non-Executive Director with extensive knowledge of financial and regulatory reporting, risk management and compliance frameworks.
- Currently a Non-Executive Director of Platinum Asset Management, National Australia Bank Limited (Chairman – Remuneration Committee) and Chairman of Bell Shakespeare.
- Held senior positions with PwC (Australia) for almost two decades and was Deputy Chairman (PwC Australia) from 2012 to 2015.
- Passion for creating a high performance culture and being an advocate for workplace diversity.
- The appointment of Ms Loveridge is part of nib's succession planning with Non-Executive Director Harold Bentley retiring from the nib Board later this year.

Appendix

Policyholder & Other Data (Underwriting Segments)



nib Group	1H17	1H16
Total persons covered	1,378,127	1,324,763
Total policyholders	751,629	706,226
– Australian Residents Health Insurance	540,403	519,107
– International (Inbound) Health Insurance	104,766	82,205
– nib New Zealand	106,460	104,914
Employees (FTEs)	1,098	1,026
arhi		
Net policyholder growth	2.1%	1.8%
Market share	8.2%	8.0%
Persons covered	1,047,733	1,017,173
Average age of hospital persons covered (yrs)	39.1	38.4
Total policyholders “under 40”	208,389	207,678
– Growth in “under 40” segment	(0.3)%	(1.3)%
Total policyholders “over 55”	179,440	163,645
– Growth in “over 55” segment	4.9%	5.9%
Total hospital persons “20-39”	255,483	259,490
– Growth in hospital persons “20-39”	(0.8)%	(1.6)%
– Market share	9.5%	9.6%
Total hospital persons “55+”	235,749	217,247
– Growth in hospital persons “55+”	4.5%	5.9%
– Market share	6.7%	6.3%
arhi Sales by Channel (%)		
Direct (nib)	63.2%	53.5%
Broker	36.8%	46.5%

Source: nib/APRA

Detailed Income Statement (UOP)



(\$m)	1H17	1H16	Change
Net premium revenue¹	965.7	902.7	7.0%
- arhi	829.8	781.3	6.2%
- iihi	35.9	41.5	(13.5)%
- nibnz	100.0	79.9	25.2%
Net claims expense¹	(661.1)	(638.8)	3.5%
- Hospital claims paid (arhi)	(424.9)	(396.8)	7.1%
- Ancillary claims paid (arhi)	(164.4)	(159.3)	3.2%
- OSC provision movement (arhi)	5.6	1.5	273.3%
- arhi claims incurred	(583.6)	(554.6)	5.2%
- iihi claims incurred	(12.8)	(27.3)	(53.1)%
- nibnz claims incurred	(64.7)	(56.9)	13.7%
Risk equalisation levy	(87.4)	(94.2)	(7.2)%
- OSC risk equalisation margin	1.5	(2.5)	(160.0)%
- Gross deficit	211.7	184.9	14.5%
- Calculated deficit	(300.5)	(276.6)	8.6%
State levies	(15.0)	(14.7)	2.0%
Decrease/(Increase) in premium payback liability	3.9	7.8	(50.0)%
Net claims incurred (excluding claims handling)	(759.6)	(739.9)	2.7%
Gross underwriting result	206.1	162.8	26.6%
- arhi	143.8	117.8	22.1%
- iihi	23.1	14.2	62.7%
- nibnz	39.2	30.8	27.3%
Underwriting expenses (including claims handling)	(109.6)	(98.2)	11.6%
- arhi	(71.2)	(66.2)	7.6%
- iihi	(10.1)	(9.0)	12.2%
- nibnz	(28.3)	(23.0)	23.0%
Net underwriting result	96.5	64.6	49.4%
- arhi	72.6	51.6	40.7%
- iihi	13.0	5.2	150.0%
- nibnz	10.9	7.8	39.7%
Other income	29.3	24.5	19.6%
Other expenses	(30.6)	(22.7)	34.8%
UOP	95.2	66.4	43.4%

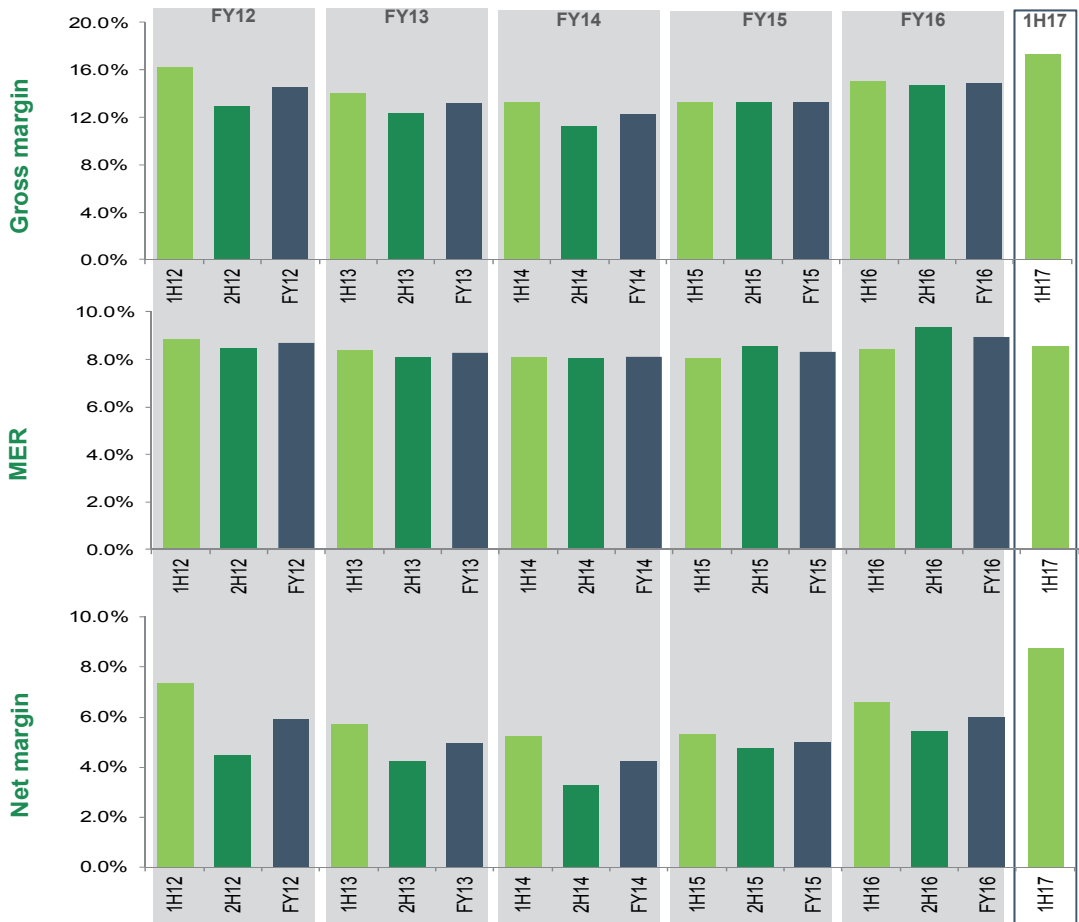
¹ Net of reinsurance

Underlying to Statutory Operating Profit



(\$m)	1H17	1H16	Change
UOP	95.2	66.4	43.4%
- arhi	73.0	51.7	41.2%
- iihi	13.3	5.4	146.3%
- nibnz	10.9	7.8	39.7%
- WNG	3.1	4.2	(26.2)%
- nib Options	(1.6)	(1.0)	60.0%
- Unallocated	(3.5)	(1.7)	105.9%
Amortisation of acquired intangibles	(3.8)	(3.5)	8.6%
- arhi	-	-	-
- iihi	(0.4)	(0.4)	0.0%
- nibnz	(2.0)	(1.4)	42.9%
- WNG	(1.4)	(1.7)	(17.6)%
One-off transaction and M&A costs	(0.5)	(3.6)	(86.1)%
- arhi	-	-	-
- iihi	-	-	-
- nibnz	-	-	-
- WNG	(0.2)	(0.9)	(77.8)%
- nib Options	-	-	-
- Unallocated	(0.3)	(2.7)	(88.9)%
Statutory Operating Profit	90.9	59.3	53.3%

arhi claims & margin trends



Detailed Management Expenses (Underwriting Segments)



(\$m)	Employment	Marketing	Marketing Indirect (Commissions paid)	Marketing Indirect (Commissions deferred)	Marketing Indirect (Commissions amortised)	IT	Occupancy	Other	Total Underwriting Expenses	MER% Underlying Expenses	Amortisation of acquired intangibles	Total Management Expenses	MER %
Australian Residents Health Insurance													
1H15	26.5	11.7	8.2	(7.3)	3.6	4.8	2.8	6.7	57.0	8.1%	-	57.0	8.1%
1H16	28.0	12.7	13.1	(12.2)	6.5	5.1	2.6	10.4	66.2	8.5%	-	66.2	8.5%
1H17	28.9	10.8	17.4	(15.8)	11.9	6.6	3.8	7.5	71.2	8.6%	-	71.2	8.6%
International (Inbound) Health Insurance													
1H15	3.4	0.6	1.1	(1.0)	0.6	0.7	0.3	0.4	6.1	27.2%	0.1	6.2	27.5%
1H16	4.8	0.6	1.7	(1.5)	1.2	0.9	0.4	0.9	9.0	21.7%	0.4	9.4	22.7%
1H17	5.2	0.6	2.3	(2.0)	1.7	1.1	0.5	0.7	10.1	28.1%	0.4	10.5	29.2%
nib New Zealand													
1H15	6.2	2.8	10.5	(6.1)	4.5	1.3	0.5	1.7	21.4	29.4%	1.9	23.3	32.0%
1H16	6.6	2.2	13.3	(8.2)	4.8	1.4	0.6	2.3	23.0	28.8%	1.4	24.4	30.5%
1H17	7.5	3.5	17.0	(10.4)	5.7	1.8	0.7	2.6	28.3	28.3%	2.0	30.3	30.3%

Premium Payback (PPB)



Movement in central estimate of PPB liability

(\$m)	1H17	1H16
Opening Balance – central estimate	25.6	38.0
Funding – new premium less medical claims (discounted)	1.9	2.5
Payouts (normal)	(3.2)	(3.6)
Payouts (early settlement)	(1.5)	(6.5)
Release of reserves on early settlements	(0.4)	(0.8)
Movement in discount rate	(0.8)	0.5
Discount rate – duration impact	0.3	0.6
Effect of changes in foreign exchange rates	0.1	1.7
Closing Balance – central estimate	22.1	32.3

- Premium Payback (PPB) relates to previously offered products, where customers are entitled to receive a refund (or partial refund) of premiums paid less any claims made, once the policy has been in force for a specified period.
- A PPB liability is recognised for these products. It is determined based on the discounted value of accumulated excess of premiums over claims at an individual policy level.
- The PPB liability is matched with investments of approximately the same duration.
- Campaign carried out to shift customers off PPB product with campaigns made in May 2016 for July 2016 renewals. The offer expired on 31 August 2016.

nib New Zealand UOP split between PPB and non PPB

(\$m)	Non PPB	1H17 PPB	Total	Non PPB	1H16 PPB	Total
Premium revenue	95.3	4.7	100.0	73.3	6.6	79.9
Claims (medical)	(58.5)	(1.4)	(60.0)	(44.6)	(2.0)	(46.7)
Premium payback liability settlement ¹	-	(4.7)	(4.7)		(10.2)	(10.2)
Decrease/(Increase) in premium payback liability ²	-	3.9	3.9		7.8	7.8
Gross underwriting result³	36.8	2.4	39.2	28.7	2.2	30.8
Management expenses			(28.3)			(23.0)
UOP			10.9			7.8

¹ Premium payback liability settlement includes \$1.5m relating to the early settlement campaign

² Decrease in premium payback liability includes \$1.9m relating to early settlement campaign

³ Gross underwriting result includes \$0.4m relating to early settlement campaign

Other Income & Expenses



(\$m)	1H17	1H16	Change
Other income			
Complementary insurance	1.2	1.2	-
nib Options income	(0.0)	0.0	-
Agency fee (excluding nib Options)	0.2	0.1	100.0%
Rental income	0.1	0.5	(80.0)%
Sundry income	0.8	0.2	300.0%
Digital Health Ventures income	0.1	0.5	(80.0)%
Total other income	2.3	2.5	(8.0)%
Other expenses			
Complementary insurance expenditure	(0.3)	(0.2)	50.0%
nib Options expenditure	(1.6)	(1.0)	60.0%
Share registry	(0.5)	(0.6)	(16.7)%
Corporate overheads	(2.4)	(2.1)	14.3%
Digital Health Ventures expenditure	(1.6)	(1.1)	45.5%
Other	(0.3)	(0.0)	NA
Total other expenses	(6.7)	(4.9)	36.7%

Investment Asset Allocation



	Consolidated		Australian Investment Portfolio		New Zealand Investment Portfolio	
	Balance (\$m) at 31/12/2016	Allocation at 31/12/2016	Net return (\$m) 12 months to 31/12/2016	Allocation at 31/12/2016	Net return (\$m) 12 months to 31/12/2016	Allocation at 31/12/2016
Cash ¹	117.9	18.8%	1.7	19.6%	0.1	14.5%
Fixed interest	406.4	64.7%	2.6	61.0%	0.8	85.5%
Total defensive	524.3	83.5%	4.3	80.6%	0.9	100.0%
Australian shares	37.7	6.0%	3.9	7.1%	-	-
Global shares – hedged	10.7	1.7%	1.0	2.0%	-	-
Global shares – unhedged	38.8	6.2%	3.5	7.3%	-	-
Global property	16.1	2.6%	0.3	3.0%	-	-
Total growth	103.4	16.5%	8.7	19.4%	0.0	0.0%
Total	627.7	100.0%	12.9	100.0%	0.9	100.0%

¹ Excludes operating cash of \$28.6m, noting total cash is split between cash and cash equivalents of \$71.4m and short term deposits of \$75.1m included in Financial Assets at Fair Value Through Profit or Loss.

Group NPAT (1H16 – 1H17)

