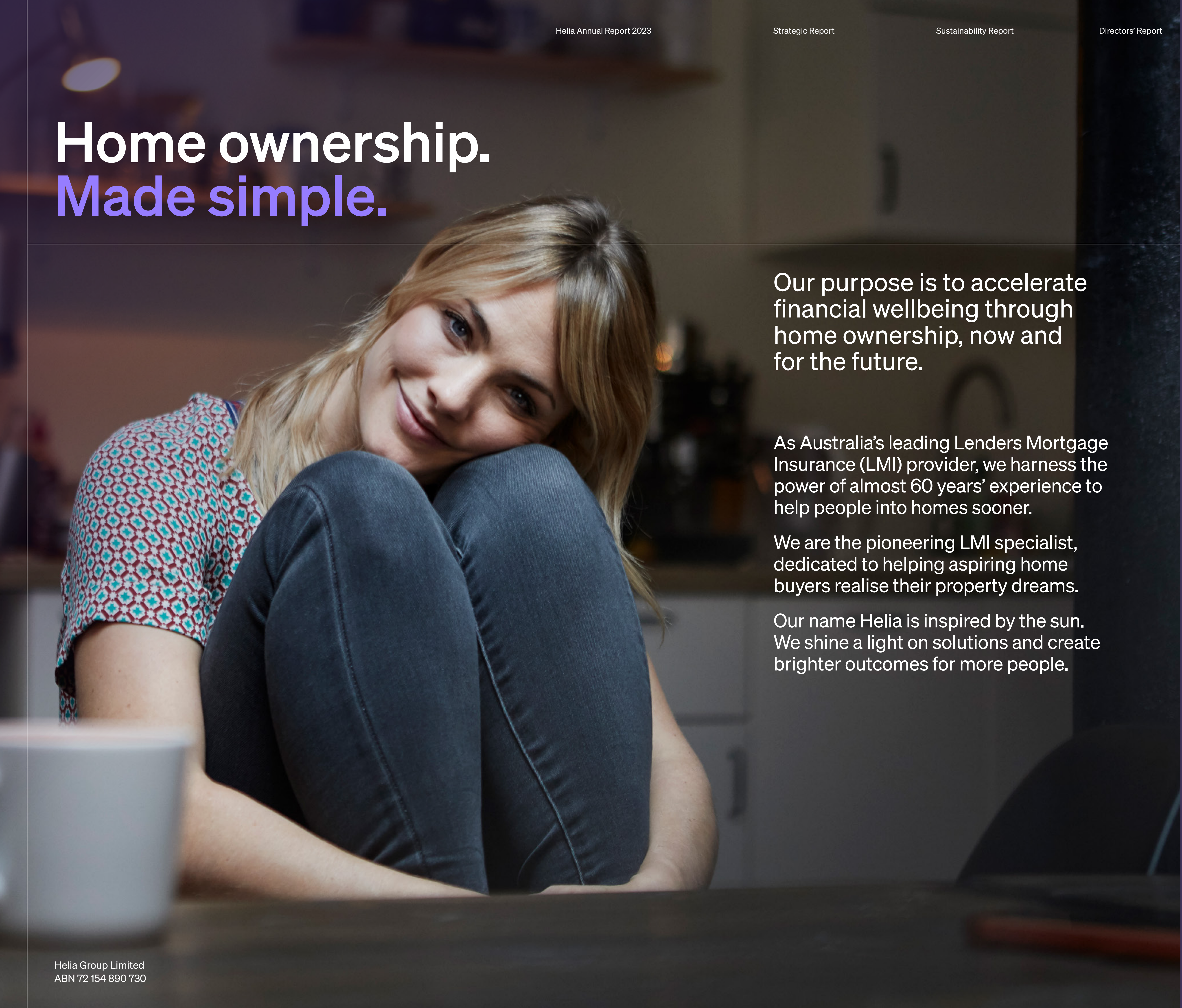
Helia

Annual Report 2023

Accelerating financial wellbeing through home ownership, now and for the future.

Home ownership.
Made simple.



Our purpose is to accelerate financial wellbeing through home ownership, now and for the future.

As Australia's leading Lenders Mortgage Insurance (LMI) provider, we harness the power of almost 60 years' experience to help people into homes sooner.

We are the pioneering LMI specialist, dedicated to helping aspiring home buyers realise their property dreams.

Our name Helia is inspired by the sun. We shine a light on solutions and create brighter outcomes for more people.

Acknowledgement of Country

We respectfully acknowledge the Traditional Owners of the lands across Australia and pay our respects to their Elders past and present.

Our registered office is located on the lands of the Cammeraygal Peoples.

Helia Group Limited
ABN 72 154 890 730

FY23 Highlights

Customer

Number of home buyers supported

42,641

Hardship requests approved

9,064

Number of claims paid

240

Customer NPS

+79

Customer renewals

4

Customer wins

1

Operational

New policies written

27,583

New insurance written

$13.0bn

Closing delinquencies

4,532

Delinquency rate

0.52%

Shareholder

Underlying ROE

21.1%

Net tangible assets per share

$3.76

Earnings per share

84.7cps

Market capitalisation

$1,309m

On-market buy-back

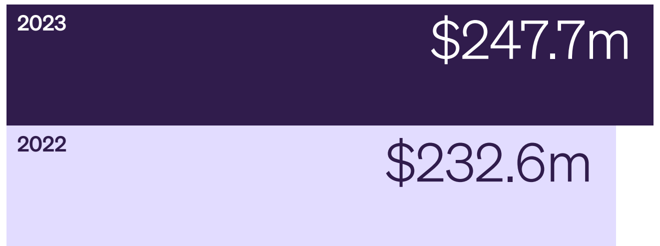
$156.2m

Dividends per share

59c

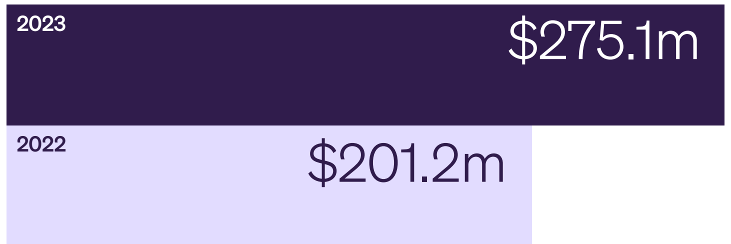
Financial

Underlying NPAT



Up 6.5% on FY22

Statutory NPAT



Up 36.7% on FY22

Gross written premium

$185.2m

Down 42.1% on FY22

Insurance revenue

$427.3m

Down 8.6%

Insurance service result

$358.4m

Up 19.1% on FY22

Net investment income

$170.8m

Financial strength

Claims paying ability

Cash and financial assets

$3bn

Reinsurance coverage

$679m*

Amount of claims paid in 2023

$25.2m

Credit ratings

S&P Insurer financial strength

A

Fitch Insurer financial strength

A

PCA Ratio

1.86x

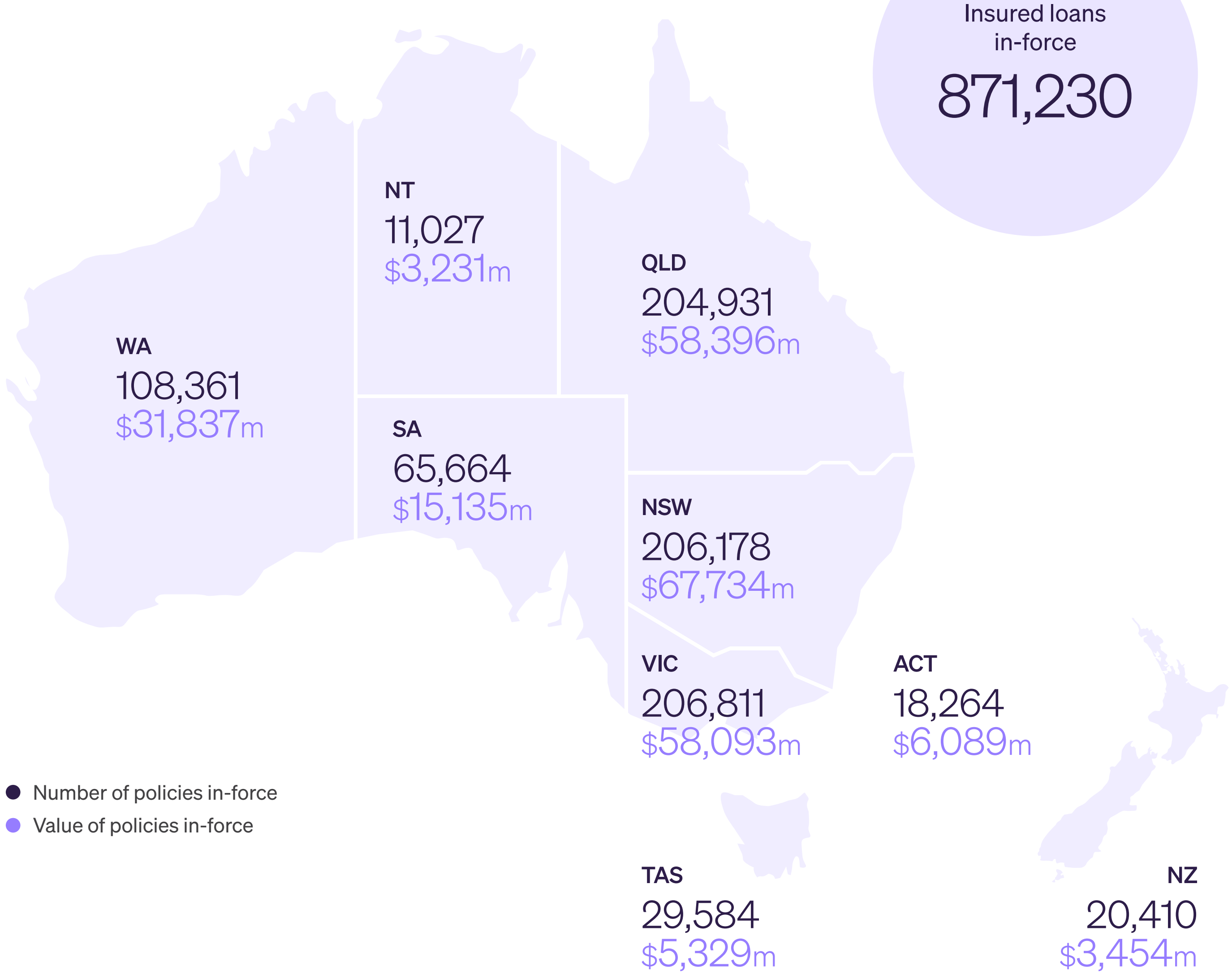
Figures at 31 December 2023 or for FY23 unless otherwise stated.

* Reinsurance coverage $379m at 1 Jan 2024.

2023 Performance overview

Portfolio of insured home loans

Insured loans in-force
871,230



- Number of policies in-force
- Value of policies in-force

- Owner Occupier + Principal & Interest: $195.4bn (78%)
- Owner Occupier + Interest Only: $0.9bn (<1%)
- Investor + Principal & Interest: $49.4bn (20%)
- Investor + Interest Only: $3.2bn (1%)
- Other: $0.4bn (<1%)

Operating result two-year summary

Income statement ($m)	2023	2022
Insurance revenue	427.3	467.7
Insurance service result	358.4	300.8
Net financial result	81.5	17.9
Statutory net profit/(loss) after tax (NPAT)	275.1	201.2
Underlying net profit/(loss) after tax	247.7	232.6
Statutory diluted EPS (cps)	84.7	52.6
Underlying diluted EPS (cps)	76.3	60.8

Key financial measures	2023	2022
New insurance written (NIW) ($b)	13.0	20.0
Gross written premium (GWP) ($m)	185.2	319.9
Total incurred claims ratio (%)	(15.7)	(0.4)
Closing delinquencies (n)	4,532	4,569
Delinquency rate (%)	0.52	0.47

Balance sheet & regulatory capital ($m)	2023	2022
Total assets	3,203.2	3,461.0
Net assets	1,141.4	1,205.7
Book value per share ($)	3.79	3.47
Net Tangible Assets per share ($)	3.76	3.44
PCA coverage ratio (times)	1.86x	2.21x

Shareholder measures	2023	2022
Market capitalisation ($m)	1,308.5	955.5
Share price ($)	4.35	2.75
Underlying return on equity (%)	21.1	18.4
Ordinary dividend per share (cps)	29.0[1]	26.0[1]
Special dividend per share (cps)	30.0[2]	27.0[1]
Share buy-back ($m)	156.2	180.9

1. Fully franked.
2. Unfranked.

Chairman's message

Over the past year, as households faced cost of living pressures from inflation and rising interest rates, Helia continued to play a pivotal role in the Australian housing market. We worked with our customers to help people achieve their dream of home ownership sooner and supported people to stay in their homes when they faced financial difficulties.

Helia's performance in 2023 demonstrated the strength and resilience of our business, as we delivered another strong result for our shareholders.

2023 capital return to shareholders

$342.9m

The role of LMI in supporting home buyers

Helia's purpose of accelerating financial wellbeing through home ownership remains at the heart of our business. It continued to guide our activities throughout the year.

With housing affordability worsening and continued rental price increases during 2023, saving for a home deposit is not getting easier for Australia's homebuyers. The disparity between household incomes and dwelling prices has increased, making Helia's role in enabling the Australian housing market through LMI even more important today than it was when we were established in 1965.

Owning a home brings with it housing security and lifestyle benefits, as well as long-term financial advantages. Buying a home with LMI can help access these benefits sooner and provides an important pathway to home ownership.

During the year, we helped over 42,000 people to buy homes. As at 31 December 2023, Helia had over 871,000 policies in-force, with insurance in-force of $249bn.

Our commitment to supporting financial wellbeing applies across all stages of the home ownership journey, including when there are challenges. Alongside our customers, we supported over 9,000 hardship requests during 2023, helping Australians stay in their homes by supporting loan deferrals and restructures.

Supporting our lender customers

At Helia, our products assist the purchase of housing by transferring risk, giving lenders confidence to write loans with higher loan-to-value (HLVR) ratios. This facilitates competition in the home loan market, providing home buyers with access to a greater range of lenders where deposit gaps exist.

Our strong balance sheet contributes to insulating the market through additional capital holdings and provides opportunities for reinsurance to further manage risk in the financial system.

During 2023, the expansion of the Federal Government Home Guarantee Scheme to 50,000 places affected the size of the LMI market in a year where volumes were down due to lower HLVR lending. LMI and the Government schemes both have a common goal to get people into home ownership sooner and can be complementary in the people they help.

We continue to advocate for the important role LMI plays in enabling access to competitive loans for home buyers and sustaining a strong and stable financial system.

Strategy delivery

Over the year, Helia progressed key business and strategic priorities including the launch of two new products. We improved the customer experience, delivered technology enhancements by moving to cloud-based infrastructure and applications, enhanced the use and management of data, as well as providing improved tools for our people.

In addition, our strategic investments helped people access home loans, and supported equity release, so that home owners can more effectively tap into the value and wealth they have built in their homes.

Capital management

Our business is well capitalised with a strong balance sheet to ensure we can support our customers and their borrowers, now and over the long term.

In 2023, we actively managed capital and returned $186.7m of capital to shareholders through the payment of ordinary and special dividends of 55 cents per share. Additionally, we bought back $156.2m of shares through on-market buy-backs, reducing the total number of shares on issue by 13.4%.

Following this sizeable return of capital, we remain in a very strong capital position with a capital ratio of 1.86 times the minimum regulatory Prescribed Capital Amount (PCA). This remains above the Board target capital operating range of 1.4 to 1.6 times PCA. We will continue to manage capital to bring Helia's position in line with our target range over time to help us deliver attractive returns to our shareholders.

The Board was pleased to see Helia added to the ASX 200 from 18 December 2023. This reflected the sustained increase in our share price and market capitalisation.

Board diversity and changes

The Board recognises the importance of a diverse, experienced team to support sound decision making. The Board is composed of eight Directors: seven independent non-executive Directors and the CEO. Collectively this group offers a diversity of tenure, skills, experience and gender. We are pleased to have equitable gender representation with 50% female Directors, which is above our 40% minimum target.

The Board's focus remains on building on Helia's strong results, customer experience, product innovations and opportunities to diversify revenue streams as we steer our organisation through the next phase of its strategy.

In January 2024, I announced I will retire as Chairman of the Helia Board at the conclusion of the Annual General Meeting on 9 May 2024. I'm proud to have contributed to the Board for 12 years, including eight as Chairman.

The Board has elected independent Director Leona Murphy to be Chair following the 2024 AGM. Leona was appointed to the Board on 1 November 2022 and is an experienced Chair and non-executive Director.

Building a sustainable future

Helia remains committed to delivering on our sustainability commitments as we embed environmental, social and governance (ESG) considerations across our business, with the intention of enhancing our resilience, minimising risks and creating long-term value for shareholders.

In 2023, communities across Australia were impacted by weather-related events. Climate change is impacting the frequency and scale of natural disasters. Helia remains committed to delivering on our sustainability commitments to help mitigate the impact of physical and transition risks of climate change — a shared challenge for industry, our business, customers and communities.

One way Helia has addressed this is by using data to help identify high physical risk climate locations. Internal modelling has been enhanced to incorporate climate variables into our risk and forecasting models. This allows us to quantify the impact of different scenarios on our business as a direct result of climate change, now and in the future. This helps us to understand the risk and reduce our exposure to high climate-risk locations.

In preparation for the upcoming International Sustainability Standards Board (ISSB) standards, a significant step forward for non-financial reporting in Australia, we are focused on uplifting our reporting and modelling capabilities to address the physical and transitional impact of climate risk.

Helia achieved net zero for our scope 1 and scope 2 emissions in 2023 and the Board remains committed to maintaining this net zero status. Furthermore, we will continue to support Australia's transition to a lower carbon economy by developing a carbon management plan for our scope 3 emissions. The Sustainability section (pages 24-33) of this annual report provides further details on our approach and the progress we have made.

Thank you

On behalf of the Board, I would like to thank Pauline Blight-Johnston, our CEO, the Helia senior leadership team, and our people, whose commitment to our customers has been fundamental to delivering another strong outcome for our shareholders.

Finally to you, our shareholders, thank you for your ongoing support.

Ian MacDonald
Chairman

CEO's message

Our purpose at Helia is to accelerate financial wellbeing through home ownership, now and for the future. As economic conditions contributed to a reduction in housing affordability, we continued to look for ways to help people into homes sooner. During the year, we worked together to help our customers, home buyers and the community. I am proud that we achieved a strong result thanks to the combined efforts of all our talented people.

Underlying return on equity

21.1%

Underlying NPAT

$247.7m

Up 6.5% on FY22

Our customers

Our ongoing market engagement and customer focus resulted in us winning an exclusive contract with Great Southern Bank and retaining all four customer contracts that were up for renewal during the year. We continue to engage with lenders to build relationships and showcase our capability, which is opening doors to further opportunities.

Our already exceptional customer net promoter score improved two points this year to +79, showing that our continued focus on working with customers to support home buyers made an impact.

Our investment in technology has been key to our goal of providing a superior customer experience. In 2023, we increased the number of customers with LMI integrated digitally into their loan origination process. This integration delivers a seamless experience of LMI for our customers and makes us easier to do business with.

Additionally, we completed the re-platforming of key systems used for LMI processing onto a single strategic technology platform. This consolidation resulted in a simpler, more secure environment, which we are able to quickly adapt to meet customer needs. Our investments in technology and innovation resonated with customers and were recognised externally. We won an innovation award in the Asia Pacific region for our end-to-end digital transformation, one of only six companies globally to receive this award.

Financial performance

We delivered a strong financial performance for the full year ended 31 December 2023 (FY23), reporting a statutory net profit after tax (NPAT) of $275.1m, underlying NPAT of $247.7m and an underlying ROE of 21.1%. Statutory NPAT was higher than underlying NPAT mainly as a result of unrealised mark-to-market investment gains in the shareholder funds.

Our FY23 results were driven by a strong insurance service result, due to low incurred claims, and solid investment returns.

In 2023, Gross Written Premium (GWP) decreased 42.1% to $185.2m, reflecting subdued market conditions for new lending, in particular high loan-to-value ratio lending, as well as the impact of the Federal Government's First Home Guarantee scheme. The fall in revenue of 8.6% was more modest, given revenue is recognised over the life of an LMI contract.

Total incurred claims were negative $67.2m. This included $64.6m in incurred claims from 2023 and changes to the liabilities for prior years' incurred claims of negative $131.8m. This unusual incurred claims result was due to low levels of delinquencies, despite rising interest rates and inflation. This was attributed to the high employment rate and the availability of savings for many households. The recovery in dwelling values during 2023 was also a positive and the portfolio continues to have very low levels of negative equity. These economic factors, along with our track record of responsible portfolio management, combined to produce the unusually low claims result.

Our investment portfolio benefited from higher interest rates, with the portfolio yielding a return of 5.5% for the year.

We have a very strong capital position and continue to return surplus capital, enhancing returns to shareholders.

Strategic progress

To strengthen our position as Australia's leading LMI provider, we continue to evolve the home ownership experience, respond to changing market needs and invest in our people, technology, risk culture and sustainable business practices.

Our multi-year digital transformation has modernised our technology and enabled us to deliver change faster, enhancing our efficiency and creating opportunities to spend more time on innovation. Additionally, we improved our integration in the lending ecosystem, enhanced our data management capabilities and advanced our ways of working. Our cyber security posture was externally verified with Helia achieving ISO27001 certification.

The evolution of our LMI offers continued this year with the introduction of two new products: LMI for self-managed superannuation funds, and LMI for small to medium enterprises, expanding into new categories of lending. We leveraged our customer relationships to support the growth of our strategic investment partners, including with Household Capital.

Our people

To enable all our people to realise their full potential, we nurture a diverse, equitable and inclusive workplace. I am proud that in 2023 we achieved gender pay equity. We are one of a small number of financial services businesses in Australia to reach this milestone. Additionally, the Workplace Gender Equality Agency (WGEA) recognised us as a Gender Equity Employer of Choice for the ninth year.

Maintaining an engaged and energised workforce continues to be a focus. Overall engagement improved to 80%, placing us in the top quartile for engagement in the financial services sector.

Whilst we were sad to farewell Prudence Milne, our General Counsel and Company Secretary during the year, we wish her well in retirement. We were pleased to promote Brady Weissel to the senior leadership team in her place, a well-deserved promotion for a valued member of our team.

Our communities

We are committed to making a positive impact in the communities we serve, supporting financial wellbeing and housing accessibility is a core part of our purpose. We deliver on this through our LMI solutions and by helping to preserve access to safe and secure housing.

In response to economic challenges, we approved over 9,000 hardship requests with our customers, keeping people in their homes during difficult times. We continued to improve education resources to support first home buyers in their journey to home ownership.

We are proud of our community partnerships and in 2023 we continued our support of the St Vincent de Paul Society and Youth Off The Streets, and completed our first year supporting Habitat for Humanity. These charities help people experiencing homelessness, provide emergency shelter, and help remove barriers to future home ownership such as educational disadvantage. We donated $468,000 and many of our people volunteered, seeing first-hand the positive impacts these charities have on Australian communities.

Looking ahead

Helia is a time-tested business that understands how to navigate the ups and downs of the economic cycle. As we face a period of economic uncertainty, we remain confident in the strength of our business and dedicated to supporting our customers and aspiring home buyers. Cost of living pressures are likely to continue for some time and we anticipate delinquencies increasing and claims trending toward long-term average levels.

We will continue to invest in our business and implement our strategy so we can support our customers and help future generations achieve the dream of home ownership sooner.

I would like to thank Helia's Chairman, Ian MacDonald, for his valuable contribution to the organisation, as well as his guidance and support to me personally. We will miss him when he retires from the Board following the AGM on 9 May. I look forward to working with Leona Murphy when she transitions into the Chair role on Ian's retirement.

Finally, I would like to thank our people for their passion, hard work and how they show up for our customers – as well as you, our shareholders, for your ongoing support.

Pauline

Pauline Blight-Johnston
Chief Executive Officer
and Managing Director

Who we are

Our purpose

To accelerate financial wellbeing through home ownership, now and for the future.

Our vision

To be the leading partner of choice for flexible home ownership solutions.

Purpose in action

For many, the dream of home ownership remains a lifetime aspiration, and once achieved, it can play a pivotal role in building financial security.

We exist to help people achieve this dream and to support them across their home ownership journey – whether they are purchasing their first home, upgrading, refinancing, or investing.

With almost 60 years in the Australian market, we are harnessing our experience, partnerships, and resources to help more aspiring home buyers accelerate their financial wellbeing through home ownership.

Our strategic priorities

Our multi-year strategy provides the framework for us to deliver sustainable growth in an evolving environment. We remained focused on enhancing and evolving LMI, and supporting our customers and partners with complementary offerings to provide new opportunities for home buyers and home owners.

In 2023, we made good progress delivering on our strategic priorities, retaining all of our customers while winning a new and exclusive customer and launching new LMI offerings. We also achieved success across our key enablers, providing a strong foundation to drive growth, efficiency and innovation.

Enhance

Improve the efficiency and competitiveness of the core LMI business

Strategic priorities

- Win new customers
- Retain customers and deliver above-system growth

2023 progress

- Renewed four exclusive customer contracts
- Secured a new exclusive customer — Great Southern Bank
- Improved already strong customer satisfaction and achieved a Net Promoter Score of +79
- Completed our technology modernisation, winning an innovation award for our end-to-end digital transformation.

Evolve

Reimagine LMI for a new generation of home buyers

Strategic priorities

- Innovate LMI to deliver solutions for underserved and new market segments

2023 progress

- Expanded into new markets through launch of Residential Small and Medium Enterprise LMI and SMSF LMI
- Continued to evolve our Monthly Premium LMI and Family Assistance offerings, expanding customer and market engagement
- Enhanced support for our customers and home buyers through updated education including a new LMI video and discussion guide, and expanded range of fact sheets
- Our Deposit Comparison Estimator tool won Australian Broker Magazine's 5-Star Mortgage Innovator award.

Extend

Leverage our core capabilities into complementary offerings

Strategic priorities

- Create adjacent and sustainable revenue streams

2023 progress

- Continued to support the growth of Household Capital, which provides solutions to use home equity for financial wellbeing at the later stages of the home ownership journey
- Continued exploring emerging home access solutions.

Supported by our key enablers

- Future-fit people and culture
- Future-fit organisation
- Manage risks strategically
- Environmental, social and governance

Our operating environment

The median dwelling value to income ratio rose to

7.5x

It now takes an average of 10 years to save a 20 per cent deposit

Overall, the domestic economy supported Helia's financial performance in 2023, and we are in a strong position to respond to changing economic conditions.

The economy

In response to ongoing inflationary pressures over 2023, the Reserve Bank of Australia (RBA) stayed committed to returning inflation to target within a reasonable timeframe. This saw 125 basis points of cash rate increases, the majority of which were in the first half of the year. At its final meeting for the year in December, the RBA held the cash rate target flat at 4.35%, with the impact of more recent rate rises continuing to flow through the economy[1].

Mortgage industry arrears were subdued over the year, reflecting strong employment conditions and, for some households, the ability to draw on savings to manage higher mortgage repayment and cost of living pressures.

The Australian labour market demonstrated resilience over 2023, with the unemployment rate rising 40 basis points on the prior corresponding period (pcp) to 3.9%. The participation rate remained at near all-time highs, but hours worked reduced reflecting a gradual easing of conditions in the labour market[2].

National dwelling values hit a record in December rising 8.1% during 2023[3]. This bounce back saw a full recovery from the fall after the previous cycle peak. The recovery was broad based, with both combined capitals and combined regionals higher.

The substantial positive equity in most geographies acts as a buffer for home owners, providing options for them to refinance or downsize without going into arrears. The strong property market contributed to very low levels of claims incurred by Helia over 2023.

The mortgage market

The combination of rising dwelling values and interest rates contributed to a deterioration in affordability. The median dwelling value to income ratio rose to 7.5 times and the proportion of household income required to service a new mortgage is close to record highs at 46.2%[4]. It is estimated that it would now take an average of 10 years for aspiring home buyers to save a 20% deposit[4].

The impact of deteriorating affordability over the course of 2023 was reflected in industry new loan commitments being down over 14% compared to the prior year[5]. Encouragingly, new total housing loan commitments increased in the four months to December, suggesting a floor may have been reached in the current cycle[5].

A substantial proportion of housing lending in 2023 was external refinancing. At December 2023, year to date total refinancing was up 10% on the pcp. Strong competition from lenders, rising interest rates and the expiry of fixed rate loans drove this increase[5].

Of particular relevance to the LMI industry has been the fall in high loan-to-value (HLVR) ratio lending, with loans written above an 80% loan-to-value (LVR) down 14.4% on the pcp[6].

Rising interest rates impacted serviceability, particularly for new borrowers who faced an interest rate serviceability test of approximately 9%, including the buffer set by Australian Prudential Regulation Authority (APRA).

In addition to the cyclical factors driving industry activity, structural changes also impacted the LMI industry, the largest of which came from the Australian Government Home Guarantee Scheme. This scheme provides a guarantee at no cost to participating lenders for loans to home buyers without a 20% deposit who meet income threshold and other eligibility criteria. As it currently offers 50,000 places each year, it can have a marked impact on the LMI industry when volumes are depressed through cyclical factors, as was the case in 2023.

The outlook

In the short term, the duration of the cyclical downturn in industry volumes is expected to be driven by interest rates and house prices.

In the medium to longer term, pent-up demand from prospective borrowers currently saving for a deposit, new home construction and population growth should combine to provide structural support for the industry.

As the economy slows the level of industry arrears and claims is expected to increase moderately in the periods ahead. We will continue to work with our customers to ensure that our underwriting risk settings are appropriate and balance the needs of all our stakeholders.

Helia is in a strong position to respond to the changing economic environment and we continue to support our customers to help home buyers get into their homes sooner.

1. RBA Cash Rate Target and Media Statement 5 December 2023. rba.gov.au/statistics/cash-rate
2. Australian Bureau of Statistics Labour Force Australia, December 2023.
3. CoreLogic's Hedonic Home Value Index 2 January 2024.
4. ANZ Core Logic Housing Affordability Report, November 2023.
5. Australian Bureau of Statistics (December 2023), Lending indicators (seasonally adjusted).
6. APRA HLVR data for September 2023.

The value we create

Our principal activity

Our core business activity during 2023 was providing LMI.

In Australia, LMI facilitates residential mortgage lending by transferring risk from lenders to LMI providers, predominantly for high loan-to-value ratio (HLVR) residential mortgage loans.

As an LMI provider, our profitability is driven primarily by the ability to earn premiums and generate financial income in excess of net claims and operating expenses (underwriting and other costs).

Values of policies written in 2023

$13bn

Our market position

We are the leading provider of LMI in Australia and play a key role in developing capital and risk management solutions for the Australian residential mortgage market.

In 2023, we expanded use of our residential mortgage-backed security (RMBS) LMI product, writing more than $5m in GWP.

The estimated share of the Australian LMI market by GWP held by Helia for the 12 months ended 30 June 2023 was 34%[1].

Home loan policies in-force

871,230

Our customers

We have strong, long-standing partnerships with our customers who are major banks, non-major banks, customer-owned banks, and non-bank mortgage originators.

In 2023, we retained all customer contracts due for renewal, and expanded our customer base signing a new multi-year partnership with Great Southern Bank.

Customer renewals

4

New customers

1

Net promoter score

+79

1. APRA Quarterly general insurance institution-level statistics, June 2023. apra.gov.au/quarterly-general-insurance-statistics

Products

Lenders Mortgage Insurance

Our LMI proposition protects lenders if a home owner defaults on a home loan and the lender is unable to recover the outstanding loan amount from the sale of the secured property. Using LMI may enable home buyers to accelerate their path to home ownership by taking out a home loan with less than a 20% deposit. Lenders purchase LMI for risk transfer and capital management purposes.

We offer flexible solutions to support home ownership and provide options for covering the LMI cost, being:

- at the time the home loan is originated
- to cover a portfolio of seasoned home loans (usually over six months old).

Premiums may be paid monthly or up-front (when the loan is originated). Our Family Assistance option provides an additional 15% premium reduction if the cost of LMI is paid by a family member at time of settlement.[2]

The coverage amount and term may be tailored to meet customer risk management needs.

Innovation

Strategic investments

During 2023, our strategic minority investments in reverse mortgage provider, Household Capital and finance platform technology company, Tiimely (formerly tic:toc), helped more Australians to accelerate their wellbeing through home ownership. During the year, Household Capital supported a growing number of people to access additional funding in retirement, increasing their loan portfolio by 63% in 2023. Around 13,000 customers have been able to take steps to home ownership by accessing a loan directly through Tiimely Home since 2017.

Award-winning solutions

In 2023 our Deposit Comparison Estimator received Australian Broker Magazine's 5-Star Mortgage Innovator award.

Services

Insights

- **Customer analytics and insights** — to support our customers in making commercial and risk management decisions.
- **Quality assurance reviews** — to provide insights and opportunities for our customers.
- **Education** — available via insights, training and tools for customers, brokers and home buyers.

Delivery

- **Delegated underwriting** — allowing for in-house processing by our customers and faster speed to 'yes' for their home buyers.
- **Auto-decisioning capability** — allowing for auto-approvals of LMI proposals.
- **Digitalisation and integration** — API connectivity and access to our eLMI portal for quotations, LMI proposal submissions, hardship and claim submissions.
- **Review and investigation** — identification of potentially fraudulent activities.
- **Streamlined claims** — faster claim payments.
- **Industry third-party data providers** — Leveraging third-party data suppliers to enhance our service offerings to customers and improve our ability to manage risk.
- **Delegated hardships** — faster support for home owners facing financial difficulty.

Solutions

- **Borrower sale program** — targeted assistance for borrowers not able to rectify their financial situation.
- **Home owner protection** — to support our vulnerable borrowers in times of financial difficulty.
- **Property sale expertise** — real estate and valuer expertise.
- **Future-focused innovation** — research and development of solutions to meet the needs of home buyers.

2. Family Assistance only applies to traditional LMI product.

Our enablers to success

To strengthen our position as Australia's leading LMI provider, we are innovating for the future to help customers and home buyers. This requires exceptional people, technology, risk management and sustainable business practices.

Future-fit people and culture

We continue to build a diverse and inclusive organisation by strengthening our employee value proposition and investing in the development of our people.

Read more on page 18

Future-fit organisation

We are committed to enhancing our digital capabilities through innovation and modern technology for the benefit of our customers.

Read more on page 20

Manage risks strategically

We harness business-wide risk capabilities and embed them into our risk governance by using tools, training and monitoring.

Read more on page 22

Environmental, social and governance

We are responding to environmental, social and governance (ESG) risks and opportunities to create long-term value for our people, customers, shareholders and the community.

Read more on page 24

Our enablers to success continued

Future-fit people and culture

Our culture

Our focus is on creating a diverse and inclusive organisation whose people are committed and passionate about our purpose and can respond quickly and effectively to opportunities.

Our approach is defined by our People and Culture Strategy which aims to attract, develop, and retain the best people for the right roles at the right time, and create an environment where our people can thrive. Our culture is central to developing appropriate solutions to support our customers and creating positive and lasting impacts for home owners.

An essential aspect of our culture is putting customers at the heart of our business.

Engagement at Helia

To ensure we are responding to the needs of our people, we conduct regular Engagement and Culture surveys. Our latest survey (June 2023) received high employee participation and reported a significant improvement in engagement and culture scores. We used insights from our more recent employee survey to further improve our workplace and culture by responding to feedback and addressing areas that need improvement. We remain committed to providing a safe, diverse and inclusive working environment for our people.

Engagement and Culture survey results	June 2023	
Engagement	80%	+10
Culture	85%	+3
Risk Culture	83%	+8
Participation	86%	-2

as compared to 2022 survey results

Our behaviours

Rethink the everyday

We put ourselves in the customer's mindset daily and challenge the norm to improve the customer's experience. We keep an open mind in moving forward and encourage curiosity to try new things.

Own it

We focus on our impact and help each other thrive. We bring ideas, take action, see it through and do it well – every time. We face challenges head on and look for opportunities.

Grow together

We put the customer at the centre of the conversation, sharing our expertise, experience and perspective openly, by inviting and listening to different views. We do right by each other, our customers and communities.

Our team

At 31 December 2023, Helia directly employed 233 people, comprised of permanent employees, fixed-term contractors and interns.

In early 2023, we introduced new performance rating scales to enable better alignment with our brand and refreshed behaviours. We moved to a three-point rating scale when reviewing performance outcomes and demonstrating our behaviours. Through the introduction of a separate scale for our behaviours, we emphasised their importance and created an impetus for a values-based approach to performance.

We continue to provide market-leading benefits to full-time and part-time employees including a $600 Health and Wellbeing Allowance and financial support for further education, free third-party superannuation advice, additional leave (three days for wellbeing; one day birthday leave per year), company paid insurance (Life, Total Permanent Disability and Death Salary Continuance), and employee share ownership.

Ninth consecutive year Workplace Gender Equality Agency (WGEA) Employer of Choice for Gender Equality.

WGEA Employer of Choice for Gender Equality

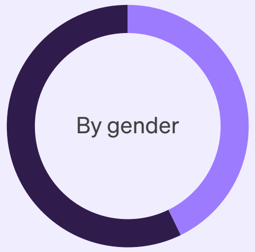
In 2023, Helia met gender pay parity, which is defined by the Workplace Gender Equality Agency (WGEA) as a gender pay gap between -5% and 5%. This marks a particularly proud achievement for Helia. It is a significant milestone when compared to the Financial Services Industry where the gender pay gap is +26.2%[1] in favour of men.

Pay parity is only achievable through the continued focus of all our leaders and serves as a highly valued attraction, employee retention, and engagement tool. At the end of the year, 43% of our managers were women. This remained above our minimum target of 40%.

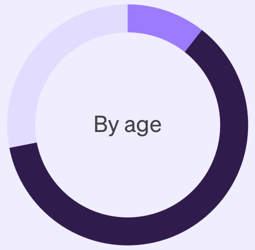
Diversity, equity and inclusion metrics are becoming increasingly important to employment candidates and current employees.

Employees 2023

233 Total employees



By gender	
Female	100 (43%)
Male	133 (57%)



By age	
< 30 years	25 (11%)
30–50 years	143 (61%)
>50 years	65 (28%)

Training and development

We invest in the development of our people to build a high-performing and inclusive workplace culture where team members can reach their full potential.

During 2023 we delivered learning and development opportunities to our team that included eLearning and instructor-led programs focused on diversity, business fundamentals, technical and specialist training, communication and presentation skills, smart work productivity, Wellbeing @work sessions, and leadership upskilling programs. In addition, we provided higher education assistance. Our training programs provided a great foundation to support promotions and growth opportunities.

6

tailored leadership courses accelerating the development of our key leaders at every level, emerging leaders, first-time managers, and established leaders.

95%

of our people who participated in our engagement and culture survey believe their direct manager genuinely cares about their wellbeing. Our popular quarterly Wellbeing @work series focuses on holistic wellbeing including physical and emotional.

1. WGEA Australia's Gender Equality Scorecard 2022-23 (November 2023) – Average gender pay gap in Financial and Insurance Services.

Our enablers to success continued

Future-fit organisation

Our technology ambition is to deliver flexible, safe digital solutions for our customers, through contemporary ways of working and modern technologies.

Our technology strategy has five pillars:

1 **Seamless customer journeys**
Fast, effortless and adaptable digital solutions that deliver exceptional services to our customers.

2 **Flexible partner engagement**
Technology that promotes easy partnering with customers and participants in the home lending ecosystem.

3 **Future-fit workforce**
Optimised internal services, using future-proof technologies, platforms and processes that help our people.

4 **Win on risk**
A secure and reliable technology environment to protect Helia against evolving operational, technology, data and cyber risks.

5 **Strong foundations**
Future proof and fit-for-purpose technology infrastructure and data capabilities that help Helia to unlock more efficiencies and value from its assets and data.

In early 2023, we set a vision for the future centred on the five pillars of our technology strategy. We accelerated integration in the lending ecosystem, completed our multi-year digital transformation, and advanced our cyber security and data management capabilities. As a result of this work, we operate in a modern technology environment, fit for our future ambitions and capable of meeting emerging external requirements.

"I'm proud that Helia was recognised externally for our commitment to innovation, receiving an innovation award for our end-to-end digital transformation."

Jeremy Francis
Chief Operating Officer

Delivering seamless customer journeys

To better support our customers' lending transformation objectives, we have increasingly partnered with customers to establish system integration using Application Programming Interfaces (APIs). APIs enable our customers to easily incorporate Helia's LMI requirements digitally into their loan origination process, which improves operational efficiency. We continued to work with lenders, technology providers and other industry participants to improve LMI accessibility through technology.

We completed the re-platforming of our underwriting, loss management and claims processes, consolidating onto a single strategic technology platform. This replaced multiple legacy systems which were decommissioned, resulting in a simpler, faster and more secure technology environment. This simplification helps us to provide excellent customer experiences as we are able to adapt to customer demand faster.

Completed our digital transformation

During the year, we completed the end-to-end digital transformation of our technology environment which started in 2021 when we separated from Genworth Financial Inc. Consequently, our business operates on a smaller set of strategic, locally managed enterprise platforms. The majority of our applications are now hosted on modern cloud-based infrastructure.

We advanced our innovation culture during the year further maturing our agile ways of working. This included the establishment of quarterly innovation pitches, as well as running our first two-day innovation event where over 100 employees collaborated to build basic working prototypes designed to target real business opportunities.

Advancing cyber and data capabilities

We continued to invest in bolstering our cyber defences from identification, prevention and detection through to response and recovery. We achieved ISO27001 certification in early 2023, formalising recognition of our strong cyber maturity.

We successfully implemented a new cloud-based data platform which replaced our legacy enterprise data warehouse. This new platform provides improved foundations for resilience and growth, as well as advanced analytics features. During the year, substantial focus was also given to enhancing our data governance practices including the implementation of new technology which has provided greater insight into our data. In combination, these initiatives have substantially uplifted our data management capability, acknowledging the critical role data plays in our organisation.

Looking ahead

In 2024, we are confident our technology strategy will continue to enable our purpose to accelerate financial wellbeing through home ownership, now and for the future. We will use our modernised technology to create business growth opportunities through:

- Deeper integration into the lending ecosystem to make Helia's LMI products more easily accessible
- Use of automation and Artificial Intelligence to enable our people to deliver for our customers
- Ongoing investment in cyber security and data management.

Our enablers to success continued

Manage risks strategically

Effective risk management is an important part of everything we do. As the first LMI provider in Australia, we've been managing risk for almost 60 years.

Our disciplined risk management practices and strong risk culture enable the development and implementation of proven strategies and frameworks to manage risk while pursuing opportunities to safely grow our business.

At Helia, it is everyone's role to manage risk

We have prioritised the following initiatives to support our business strategy:

Growing our business responsibly

We remain focused on being a leading provider of LMI and continually review our underwriting settings to manage growth within our risk appetite in line with the evolving environment.

Protecting against cybercrime

We continue to test, evolve and optimise our cyber and data risk management capabilities to protect against ever-changing threats.

Enhancing our risk capabilities and culture

We continue enhancing our Governance, Risk and Compliance (GRC) system to enable our organisation and people to be transparent, agile and more responsive and effective in managing risk.

Risk management framework

We govern risk through our Risk Management Framework, policies and processes to effectively manage current and emerging risks. Helia adopts the 'Three Lines Model' that drives accountability across the business for risk management.

Our strategy for managing material risk

Financial

Economic risk

Using forward-looking economic data, modelling and stress testing enables our business to be better positioned for possible risk outcomes.

Underwriting risk

Maintaining strong underwriting discipline and controls to actively respond to underwriting risks and opportunities.

Market, credit, and liquidity risk

Proactively managing investment and counterparty risk within risk appetite for optimum returns.

Capital financing risk

Actively managing our capital sources and mix to support our strategic objectives.

Climate risk

Aligning our strategy and framework to effectively manage the risks of climate change.

For more information see page 28.

Non-financial

Operational risk

Uplifting core operating systems and processes using digitisation. Maintaining appropriate governance and change management controls across our business.

Cyber risk

Strengthening and securing against cybercrime and creating a culture of strong cyber security awareness.

Data risk

Advancing our modern data and analytics platform to maintain high standards of quality, privacy and security expected by our customers who have entrusted us with their data.

Compliance risk

Using our GRC system to effectively manage regulatory obligations.

Conduct and reputational risk

Continuing to strengthen controls and processes to protect our customers and brand.

People risk

Embedding our employee value proposition to attract and retain talented people, create a workplace where people feel safe to speak up and build capabilities we need for the future.

Strategic

Revenue concentration risk

Retaining our leadership in Lenders Mortgage Insurance through excellent customer experience and flexible and innovative products and services.

Product risk

Building new capabilities and more diverse revenue streams. Building effective government and regulatory relations.

Our approach to sustainability

Helia is committed to creating value in a way that is economically, socially, and environmentally sustainable for both present and future generations. Our sustainability strategy is built around our sustainability pillars:

- **Driving financial wellbeing and housing accessibility**
- **Enhancing climate resilience**
- **Demonstrating good corporate citizenship**

Our sustainability pillars are aligned to the environmental, social and governance (ESG) risks and opportunities determined to be most relevant to our business. Through this approach, we are identifying areas of our operations where our sustainability commitments stand to make the biggest impact for people and communities across Australia.

Our focus is on delivering solutions that enhance the financial wellbeing of people and communities. We are committed to making a positive impact for customers through our products, operations and responsible governance, and for our people by cultivating a diverse and inclusive culture that helps everyone to thrive.

In 2023, climate has continued to be prioritised in Helia's sustainability strategy. We are committed to playing a role in minimising our environmental impact in line with global and national commitments, and we are growing our understanding of how climate change could potentially impact our business in the coming decades.

For more information on our approach to managing key climate related risks, see page 28.

> "At Helia, we are applying our expertise in risk management to support our business and customers in understanding and responding to the physical and transitional risks of climate change."
>
> **Pauline Blight-Johnston**
> Helia CEO

FY23 Sustainability Progress

In 2023, we have continued to make progress across our sustainability commitments including the following key achievements:

Pillars	**Financial wellbeing and housing accessibility** Creating positive impact through our products, education initiatives and by helping our customers to support vulnerable borrowers.	**Climate resilience** Understanding and responding to climate risks and opportunities while minimising the environmental impact of our operations.	**Demonstrating good corporate citizenship** Driving diversity, equity and inclusion for our people, enhancing ESG governance and responsible investment management.
2023 progress	• Over 42,000 people helped into homes. • Over 9,000 hardship requests approved to support borrowers experiencing financial hardship. • 74 hours of LMI education delivered to Helia's broker and lender network. • Waived $5.23m of debt to support vulnerable borrowers.	• Net zero for Scope 1 and 2 emissions achieved. • 98% of in-force portfolio not exposed to High Climate Risk Locations. • New modelling tools developed to identify climate risk locations.	• Gender pay equity achieved[1] • Gender diversity targets achieved for female representation on the Board and in management. • Innovate Reconciliation Action plan lodged with Reconciliation Australia.

1. A gender pay gap between -5% and 5% as defined by Workplace Gender Equality Agency (WGEA).

Governance

In May 2023, Helia's sustainability function was strengthened with the appointment of a full time head of sustainability, reporting to the chief risk officer. Helia's sustainability team is responsible for the day-to-day management, monitoring and reporting of the sustainability strategy whilst supporting the wider business to deliver on our ESG commitments.

Along with supporting the sustainability team, risk is responsible for overseeing risk management and governance processes and controls. Insights gained from climate risk assessments, models and the tools we are developing is being fed into risk appetite frameworks, policies, and strategic decision-making.

To prepare for the new sustainability reporting frameworks expected to be introduced in Australia, an International Sustainability Standards Board (ISSB) readiness assessment was conducted in December 2023. This process helped our team to identify and prioritise areas to enhance Helia's climate governance, reporting and disclosures.

For more information, see our Corporate Governance Statement.

> "We welcome the new ISSB standards as an important step forward in building more transparent and consistent sustainability reporting across our sector. Helia is investing in our internal capabilities in readiness to meet evolving regulatory and shareholder expectations for information on our climate commitments and actions."
>
> **Ian MacDonald**
> Chairman

Sustainability governance structure

Helia Board of Directors
Provides corporate governance, owns sustainability policy and strategy

Risk Committee | **Remuneration and Nominations Committee** | **Audit Committee**

See Helia's Corporate Governance Statement for more information on committee roles

Senior Leadership Team
Responsible for resourcing and executing ESG priorities

Chief Risk Officer
Executive ownership of sustainability function, responsible for embedding ESG strategy, practices, and driving progress

Sustainability Council
Cross functional team responsible for tracking and reporting on ESG initiatives across the business

Responsible investing

Helia's approach to responsible investing reflects our wider commitment to sustainability and is reviewed on an annual basis. We work closely with investment managers who are required under our mandates to consider ESG risks and opportunities. Our investment mandates do not allow investing in companies with revenue from the manufacture of Controversial Weapons, and to not knowingly invest in companies involved in modern slavery or human trafficking.

For more information, see our Investment Policy.

Climate

Enhancing climate resilience

“Helia’s approach to climate is two-fold – building the climate resilience of our business by understanding and responding to climate risks and, minimising the environmental impact of our operations. Engaging with our value chain and owning our shared responsibility as we work through the complexities of climate risk in the years ahead will be key to ensuring a sustainable future.”

Andrew Cormack
Chief Risk Officer

Helia recognises that understanding and addressing climate change is key to building a resilient and sustainable business for the future. We continue to incorporate climate-related risks and opportunities into our business strategy, decision-making and customer offerings as part of our ESG commitments.

This year, we focused on enhancing Helia’s analysis and reporting capabilities. This will help to ensure we understand the effectiveness of our policy responses in managing exposures, along with our modelling capabilities to better assess the potential future risks and opportunities facing our business.

Both climate-related physical and transition risk have the potential to impact Helia’s financial performance over the medium to long term. Helia’s approach to assessing and managing climate risk is aligned to APRA’s Prudential Practice Guide CPG 229 Climate Change Financial Risks and the Task Force for Climate-Related Financial Disclosures (TCFD).

In preparation for the upcoming ISSB reporting standards and growing stakeholder expectations, we will continue to build our climate risk reporting capabilities, targets and disclosures in the coming years.

Physical risks refer to the damage or reduced value caused by extreme weather events such as floods, bushfires, storms and cyclones, and long-term shifts in climate patterns.

Transition risks refer to the impact of regulatory and policy changes, technological innovation, social and economic shifts and the transition to a net zero emissions economy.

Understanding climate exposure

In 2023, we increased our understanding of Helia’s exposure to climate risk in our underwriting portfolio, enhanced our modelling capabilities to quantify potential losses due to climate change, and have continued to consider climate insights and considerations in our risk appetite and policies.

The development of a climate scenario analysis model was used to test the resilience of our portfolio. It is helping us to expand previous analyses, evolve our methodologies, and explore the impact of different scenarios on our business.

We have continued to leverage Munich Re data to help identify high physical risk climate locations. This has set the foundation to develop our internal modelling capabilities to run climate adjusted business simulations. We have incorporated additional climate variables into our risk and forecasting models, enabling Helia to quantify the impact of different scenarios on our business as a direct result of climate change, through to 2050.

We have also developed a climate impact visualisation tool that provides a detailed view of the climate impact within specific locations across Australia. Once fully deployed, this tool will help our business to quickly identify high climate risk locations and integrate climate variables into decision making processes.

Managing risk

In response to our climate analysis, Helia incorporated climate risk factors in decision-making policies and processes. We have set a limited appetite for new business concentrations impacted by climate transition and physical risk.

A maximum tolerance threshold within our risk appetite statement has been set for our exposure to coal mining and high physical climate risk locations. In FY23, Helia was within this threshold.

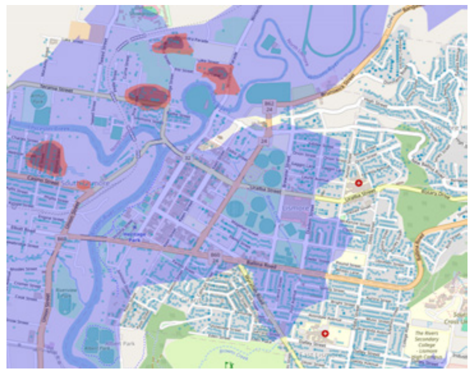
In 2023, we introduced a new internal LMI portfolio reporting cadence which includes updates on climate risk exposures in high physical and transitional climate risk locations.

Sharing climate insights

Helia is committed to sharing insights with customers to help identify high risk climate locations and co-develop strategies to manage associated risks.

Whilst all of our customers can benefit from these insights, we see specific opportunity in supporting smaller lenders, with less proprietary data, to develop a greater understanding and management of their exposure to the physical impacts of climate change in the years to come.

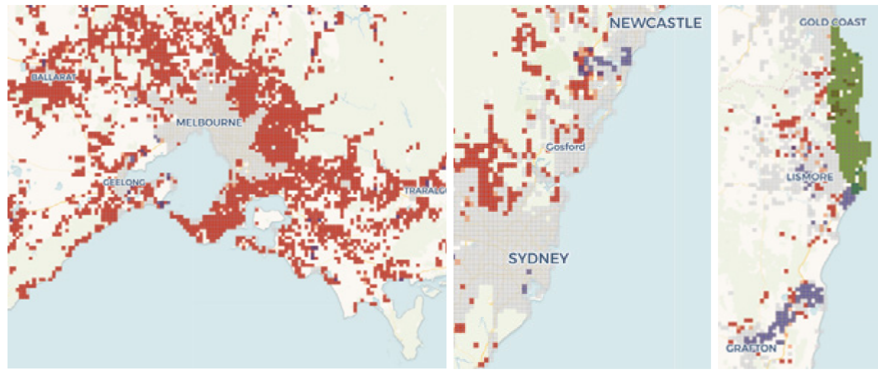
98%
of in-force portfolio is not exposed to High Climate Risk Locations.



Sample extract from climate visualisation tool

This climate impact visualisation tool sample shows impacted areas for a 1-in-100 year flood event at a property level view, as well as extreme flood risk zones calculated using Munich Re data.

Key
- 1-in-100 year flood map
- Extreme flood risk



Sample extract from climate risk exposure analysis

The above climate exposure analysis samples use Munich Re data in conjunction with government flood, tropical cyclone and bushfire maps, to identify physical climate related risks across different regions.

Key
- Tropical cyclone exposure to populated areas (>25% properties exposed)
- Flood exposure to populated areas (>25% properties exposed)
- Bushfire exposure to populated areas (>25% properties exposed)
- Limited or no physical climate risk to populated areas (≤ 25% of properties exposed

Reducing our carbon footprint

Helia recognises the role we play in limiting climate change. We are working to better understand, report, and reduce our emissions to support Australia's transition to net zero by 2050, in line with the goals of the Paris Agreement.

This year, we conducted a review of Helia's scope 1 and 2 emissions, aligned to the *National Greenhouse and Energy Reporting Act 2007* (NGER Act). Following this review, we have determined that Helia is already surpassing our previously disclosed carbon neutral ambitions and is at net zero for scope 1 and 2 emissions.

This is due to the reclassification of previously reported scope 1 emissions and the purchase of renewable energy by Helia's landlord for our electricity usage in our head office. Our head office remains located in a 5 Star rated NABERS energy and 4.5 Star rated NABERS water building.

During 2023, overall electricity consumption of 496.3 gj increased slightly (up 5%) from the previous reporting period.

Given Helia's limited physical presence, we understand the important role the environmental performance of our office building and our landlord's carbon commitments play in reducing the carbon footprint of our business. For this reason, sustainability commitments will be considered in all future lease transactions.

Further work is required to develop an accurate and complete scope 3 emissions inventory.

We have increased reporting on our indirect operational emissions sources this year, with the inclusion of business travel (flights and hotel stays) and leased co-working space for our Melbourne employees. Ensuring that emissions, waste and water consumption data from outside of our organisation is representative of Helia's actual use has continued to be a challenge in 2023. Whilst current data is not fully accurate for scope 3 categories, we will continue to track and report in these categories as we work to improve data quality.

Key challenges we face in developing our scope 3 inventory include the complexities of identifying and managing emission sources across our value chain, determining an industry aligned approach to defining our underwriting portfolio product footprint, and gaining better data insights for our investment portfolio.

We will continue to engage with our customers, industry peers and climate experts as we develop a carbon management plan for scope 3 emissions, which remains a priority in our sustainability strategy.

Renewable energy used for purchased electricity (scope 2)

100%

Reduction in water consumption

13%

Total municipal solid waste (up 10% on FY22)

21.8t

Business travel (air travel and hotel stays)

122.2tCO_2e

Key

GJ: Gigajoule **t:** tonnes **tCO_2-e:** Carbon dioxide equivalent

Helia is supporting Australia's transition to a lower carbon economy by committing to:

- **Maintaining** 100% net zero for scope 1 and 2 emissions
- **Developing** an emissions management plan for scope 3 emissions

Helia's environmental data including emissions, waste and water can be accessed in the 2023 Sustainability Data Pack.

Creating impact

Through our people

Maintaining a diverse, inclusive, and supportive environment for our people is critical to the performance of our business.

In 2023, Helia achieved gender pay equity[1], a significant milestone, particularly when compared to the Financial Services Industry where the gender pay gap is +26.2% in favour of men. This outcome has been achieved through the continued focus of our leaders and hiring managers, and reflects our women in management rate of 43%, above target of 40%.

Through targeted learning and growth opportunities, along with ongoing flexibility and hybrid working arrangements, we are supporting our people to develop professionally, maintain work-life balance and contribute to Helia's success.

See page 18 for more information on our approach to diversity, equity and inclusion.

1. A gender pay gap between -5% and 5% as defined by Workplace Gender Equality Agency (WGEA).
2. The percentage of roles with direct reports filled by women.

Female representation at Helia:

50%
Board members

43%
Managers[2]

For more information about our people, see page 18.

With our customers

Supporting customers is key to delivering on our purpose of driving financial wellbeing through home ownership.

Investment in our future-fit technology capabilities for a seamless lending experience, partnering in innovation for future home ownership solutions, and ongoing education initiatives have been reflected in an exceptional Net Promoter Score (NPS) of +79, up two points on last year.

We provide customers with training, education materials and insights that help cut through the complexity of home buying. This helps to ensure that the benefits and risks of LMI are understood and that borrowers are informed and supported to make responsible lending decisions for their circumstances.

We remain aligned with our customers in our approach to hardship requests, helping people to stay in their homes during difficult periods. In 2023, we approved over 9,000 requests to support borrowers impacted by financial hardship and waived $5.23m of debt to support vulnerable borrowers when they need help the most.

Over
9,000
Hardship applications approved

79+
Net promoter score

For our community

Through our community partnerships, Helia has continued to support the financial wellbeing of communities across Australia.

We are focused on supporting community initiatives that assist people experiencing homelessness and address the varying barriers to home ownership.

In 2023, we completed our first full year as a transformation partner with Habitat for Humanity Australia. We are proud of the impact we are making through this partnership to provide safe and accessible housing to families in need, in particular women and children impacted by domestic violence. We continued to support St Vincent de Paul Society, Youth Off The Streets, Smith Family and OzHarvest through funding and volunteering.

Over
$468,000
Donated

239
Volunteer hours

Reconciliation Action Plan – Innovate

Our vision for Reconciliation is an Australia that embraces respect and wellbeing for Aboriginal and Torres Strait Islander peoples, and people of all backgrounds.

In 2023, we lodged our Innovate Reconciliation Action Plan with Reconciliation Australia and we continue to engage with our people, the local community and First Nations representatives to help us identify and shape meaningful ways our business can promote reconciliation.

Directors' Report

The Directors present their report together with the financial statements of the Group comprising the Company and its controlled entities for the year ended 31 December 2023 and the auditor's report.

Corporate Governance Statement

The Corporate Governance Statement is available on the Helia website.

Please visit:
investor.helia.com.au/investor-centre

Board of Directors

Ian MacDonald

Chairman, Independent

Ian was appointed to the Board on 19 March 2012 and was appointed as Chairman of the Board on 31 August 2016.

Qualifications and experience:

Ian has over 40 years of financial services experience in Australia, the UK and Japan, specifically in banking, insurance, wealth management and technology.

Ian is a Senior Fellow and past President of the Financial Services Institute of Australasia.

Since 2006, Ian has held a number of directorships including publicly-listed companies, and is currently a director of Arab Bank Australia Ltd.

Special responsibilities (including Committee memberships):

Board – Chairman.

Directorships of other ASX listed companies and period of appointment (1 January 2021 – 31 December 2023):

None.

Pauline Blight-Johnston

Chief Executive Officer and Managing Director

Pauline joined Helia as Chief Executive Officer and Managing Director on 2 March 2020.

Qualifications and experience:

Pauline has over 30 years' experience in wealth management, financial services and insurance in Australia, New Zealand and globally.

Prior to joining Helia, Pauline held senior leadership and strategic roles in Challenger, AMP and RGA Reinsurance Company. She also served as Chief Financial Officer and Appointed Actuary of Asteron Life, and consulted to the insurance and wealth management industry at KPMG and Tillinghast-Towers Perrin.

An active industry participant, Pauline has served on the boards of the Institute of Actuaries, the Financial Services Council and the Australian Institute of Insurance and Finance, as well as being a member of and chairing committees of these bodies.

Pauline is a Fellow of each of the Institute of Actuaries of Australia, the New Zealand Society of Actuaries, the Actuarial Society of South Africa, Finsia, the Australian and New Zealand Institute of Insurance & Finance and the Australian Institute of Company Directors. She also holds a Master of Economics degree from Macquarie University.

Special responsibilities (including Committee memberships):

Managing Director.

Directorships of other ASX listed companies and period of appointment (1 January 2021 – 31 December 2023):

None.

Board of Directors continued

Gai McGrath

Director, Independent

Gai was appointed to the Board on 31 August 2016.

Qualifications and experience:

Gai has over 37 years of financial services experience, specifically in retail banking and wealth management. Gai previously held numerous senior executive positions with the Westpac Group from 2003 to 2015 including:

- General Manager, Retail Banking, Westpac Australia;
- General Manager, Retail Banking, Westpac New Zealand;
- General Manager, Customer Service and General Manager, Risk Solutions at BT Financial Group.

Gai was formerly the Chair of BT Funds Management, the Trustee for BT Super (until 3 February 2024). Prior to the Westpac Group, Gai was General Counsel & Company Secretary at Perpetual Limited and a partner at a Sydney-based law firm.

Gai is a Graduate of the Australian Institute of Company Directors.

Gai is currently a director of Toyota Finance Australia Limited, Steadfast Group Limited and HBF Health Limited.

Special responsibilities (including Committee memberships):

Risk Committee – Chair;
Remuneration and Nominations Committee – Member.

Directorships of other ASX listed companies and period of appointment (1 January 2021 – 31 December 2023):

Steadfast Group (since 1 June 2018).

Alistair Muir

Director, Independent

Alistair was appointed to the Board on 1 December 2021.

Qualifications and experience:

Alistair has extensive experience in technology, digital transformation and fintech. He is an experienced digital executive and entrepreneur with a focus on growing and scaling digital businesses.

Alistair has worked with a broad range of ASX and Fortune 500 companies to successfully launch new digital products and ventures and advised government departments on Artificial Intelligence and innovation including the Commonwealth Scientific and Industrial Research Organisation (CSIRO) and other publicly funded research institutes.

Alistair holds a first class honours degree in computer science from the Dublin Institute of Technology and attended both Harvard Business School and Massachusetts Institute of Technology as part of an executive education focusing on disruptive strategy, innovation and the business applications of Artificial Intelligence.

Alistair is currently a non-executive Director of Bendigo and Adelaide Bank Limited and a member of the ASIC Consultative Panel.

Special responsibilities (including Committee memberships):

Risk Committee – Member;
Audit Committee – Member.

Directorships of other ASX listed companies and period of appointment (1 January 2021 – 31 December 2023):

Bendigo and Adelaide Bank Limited (since 12 September 2022) and
Humm Group Limited
(31 March 2021 – 22 June 2022).

Leona Murphy

Director, Independent

Leona was appointed to the Board on 1 November 2022.

Qualifications and Experience:

Leona is an experienced non-executive director of ASX-listed, member-based and not-for-profit organisations. She is currently a non-executive director of Liberty Financial Group Limited, Chair and President of Royal Automobile Club of Queensland Limited, and Chair of Members Banking Group Limited, Club Finance Holdings Limited, RACQ Insurance Limited and Club Insurance Holdings Pty Ltd.

Leona is a member of an Advisory Board of The Climate Ready Initiative, an initiative hosted by Griffith University's Climate Action Beacon.

Special responsibilities (including Committee memberships):

Remuneration and Nominations Committee – Chair;
Audit Committee – Member;
Risk Committee – Member.

Directorships of other ASX listed companies and period of appointment (1 January 2021 – 31 December 2023):

Liberty Financial Group Limited (since 26 February 2020) and Liberty Fiduciary Ltd in its capacity as responsible entity for the Liberty Financial Group Trust (since 8 October 2020) (together, the Liberty Group).

Gerd Schenkel

Director, Independent

Gerd was appointed to the Board on 1 December 2021.

Qualifications and experience:

Gerd has over 25 years' experience in business innovation having established Telstra Digital, Telstra's enterprise-wide digital team and digitalisation program and having founded UBank for National Australia Bank. Other previous roles have included strategy and innovation roles in various Australian financial services institutions. Gerd is a management consultant, advising large organisations in financial services on their technology, digital and analytics agendas in Australia, the Middle East and North America.

Gerd holds a Master of Science from University of Stuttgart, a Master of Business Administration (MBA) from Columbia Business School and attended University of Sydney as a Visiting Scholar focussing on Robotics.

Special responsibilities (including Committee memberships):

Audit Committee – Member;
Remuneration and Nominations Committee – Member.

Andrea Waters

Director, Independent

Andrea was appointed to the Board on 16 March 2020.

Qualifications and experience:

Andrea has over 35 years' experience in financial services as an auditor, accountant and non-executive director. She was a former partner of KPMG (until 2012) specialising in financial services audit and has a deep experience in risk management and in implementing and enhancing audit and governance structures in financial services. She brings to the Board a strong strategic perspective and deep experience understanding complex business operations.

Andrea is a Fellow of Chartered Accountants Australia & New Zealand and a member and accredited facilitator of the Australian Institute of Company Directors.

Andrea is currently a director of MyState Limited, Grant Thornton Australia Limited, Bennelong Funds Management Group, Citywide Service Solutions Pty Limited and Chairman of the Colonial Foundation.

Special responsibilities (including Committee memberships):

Audit Committee – Chair;
Remuneration and Nominations Committee – Member.

Directorships of other ASX listed companies and period of appointment (1 January 2021 – 31 December 2023):

MyState Limited
(since 19 October 2017).

Duncan West

Director, Independent

Duncan was appointed to the Board on 1 September 2018.

Qualifications and experience:

Duncan has more than 30 years of insurance industry experience having held senior executive positions at Royal Sun Alliance Group PLC, Promina Group Limited, CGU Limited and MLC Limited.

He is currently a Director of Suncorp Group Limited, Avant Mutual Group Limited, and Chairman of Challenger Limited and Habitat for Humanity Australia.

Duncan is a Graduate of the Australian Institute of Company Directors, a Fellow of the Chartered Insurance Institute and a Senior Associate of the Australia and New Zealand Institute of Insurance and Finance. He holds a Bachelor of Science (Economics) from the University of Hull, UK.

Special responsibilities (including Committee memberships):

Risk Committee – Member.

Directorships of other ASX listed companies and period of appointment (1 January 2021 – 31 December 2023):

Challenger Limited
(since 10 September 2018),
Suncorp Group Limited
(since 23rd September 2021).

Senior leadership team

Pauline Blight-Johnston

Chief Executive Officer and Managing Director

Pauline joined Helia as Chief Executive Officer and Managing Director on 2 March 2020.

Pauline has over 30 years' experience in wealth management, financial services and insurance in Australia, New Zealand and globally.

Prior to joining, Pauline held senior leadership and strategic roles in Challenger, AMP and RGA Reinsurance Company. She also served as Chief Financial Officer and Appointed Actuary of Asteron Life, and consulted to the insurance and wealth management industry at KPMG and Tillinghast-Towers Perrin.

An active industry participant, Pauline has served on the boards of the Institute of Actuaries, the Financial Services Council and the Australian Institute of Insurance and Finance, as well as being a member of and chairing committees of these bodies.

Pauline is a Fellow of each of the Institute of Actuaries of Australia, the New Zealand Society of Actuaries, the Actuarial Society of South Africa, Finsia, the Australian and New Zealand Institute of Insurance & Finance and the Australian Institute of Company Directors (AICD). She also holds a Master of Economics degree from Macquarie University.

Michael Cant

Chief Financial Officer

Michael joined Helia as Chief Financial Officer (CFO) in September 2021. Michael has over 30 years' experience in the Australian financial services industry across insurance, wealth management, and retail and business banking.

Prior to joining, Michael held a range of senior leadership roles at the Commonwealth Bank of Australia (CBA), including heading the Retail Banking product function, leading CBA's Corporate Banking business, CFO for the Wealth Management and Insurance division, and General Manager of distribution for Colonial First State.

Michael also worked at specialist life insurer Australian Casualty & Life, where he held the roles of Managing Director and CFO.

Michael is a Fellow of the Institute of Actuaries of Australia, holds an Economics degree from Macquarie University and is a graduate of the Advanced Management Program at Harvard University.

Lisa Griffin

Chief Commercial Officer, New Ventures

Lisa joined Helia as Chief Commercial Officer, New Ventures in March 2021.

Lisa has over 25 years' of senior management, financial, customer and strategy experience in insurance, wealth management and banking in Australia.

Prior to joining Helia, Lisa held senior roles in IAG, AMP and Suncorp, leading some of the largest transformation programs in financial services and insurance. She has a track record for combining financial and strategic discipline with innovation and creativity to take businesses in new directions.

Lisa holds a Bachelor of Business (Economics) from LaTrobe University, a Master of Business Administration (MBA) from Australian Graduate School of Management and is a Graduate of the Australian Institute of Company Directors (GAICD).

Nicole Lang

Chief People and Culture Officer

Nicole joined Helia in January 2021 as Chief People and Culture Officer. She is a global Human Resources (HR) executive with over 25 years' experience in HR, organisational development, talent and learning across banking, insurance and telecommunications.

She has a proven track record in leading and executing on strategic and operational initiatives across multiple geographies. This includes business transformation, culture change, mergers and acquisitions, divestitures and establishing new entities in both mature and emerging markets.

Prior to joining Helia, Nicole held a number of senior positions across CBA, most recently leading the HR function for the CBA's International Financial Services Business (based in Hong Kong) and was Company Director for a number of its offshore entities.

Nicole has a Master of Business (International Human Resources) from Charles Sturt University, Graduate Diploma in Education from Macquarie University and a Bachelor of Science from the University of NSW. Nicole is a member of the AICD.

Andrew Cormack

Chief Risk Officer

Andy joined Helia as Chief Risk Officer (CRO) in October 2015. Andy brings more than 25 years of executive experience to his role, holding the position of CRO in Australia and previously London over the past 15 years. He is passionate about delivering market leading risk practices and developing highly engaged teams to deliver the company's key strategic objectives and outcomes.

Before joining Helia, Andy worked in London for the leading mortgage insurance company in Europe, where he held several executive roles including most recently CRO. Prior to this, his roles included Senior Vice President (SVP) Commercial, SVP Product Development & Marketing and CFO.

Earlier in his career, Andy spent 10 years in accounting roles in London including working at JP Morgan, leading a team on emerging market fixed income derivatives. Prior to this, he worked in public accounting as a specialist auditor responsible for the London and Lloyds insurance markets.

Andy has a BA (Hons) in Accounting and Finance from Lancaster University (UK) and is a qualified Chartered Accountant (ACA)-(ICAEW).

Jeremy Francis

Chief Operating Officer

Jeremy joined Helia as Chief Operating Officer in April 2021.

With over 20 years' experience in technology, banking and finance, Jeremy is passionate about delivering digital business strategies to create new opportunities for customers, drive new business growth, and deliver cultural, technology and operational change.

Prior to joining Helia, Jeremy was Chief Information Officer at Pepper Money, where he was responsible for the digital transformation of Pepper's mortgage, asset finance and servicing businesses.

Jeremy previously held senior leadership roles in financial services at Westpac, Lloyds Banking Group and Capital Finance across business and commercial banking, asset finance and consumer lending.

Jeremy holds a Bachelor of Information Technology from the University of Technology Sydney.

Greg McAweeney

Chief Commercial Officer, LMI

Greg joined Helia as Chief Commercial Officer (CCO), LMI in August 2022. Greg has over 20 years' experience in digital strategy, customer experience, strategic marketing, brand building and business-to-consumer and business-to-business sales leadership across financial services, telecommunications and insurance.

Prior to joining Helia, Greg held a range of senior leadership roles including CCO at HCF where he was responsible for brand and marketing, consumer and business sales distribution channels, digital and corporate affairs.

Greg held the position of General Manager Digital and Customer Experience at Vodafone where he was responsible for leading the digital ecommerce sales and service strategy. He spent 14 years with Rabobank where he started up and scaled digital banks in Ireland, Australia and New Zealand.

Greg holds a Bachelor of Commerce and a Master of Business Administration (MBA) from University College Dublin and is a GAICD.

Brady Weissel

General Counsel and Company Secretary

Brady was appointed as General Counsel and Company Secretary in July 2023.

Brady joined Helia as a Corporate Counsel in July 2014 and was appointed Assistant Company Secretary in March 2016. Brady has over 13 years' experience in corporate and commercial law, corporate governance, legal risk management and strategy, including through secondments to the Global Mortgage Insurance division of Genworth Financial, Inc. in 2018 and to the role of Strategy and Growth Leader at Helia in 2021–2022.

Prior to joining, Brady was a lawyer at Ashurst acting on a range of corporate and commercial matters including private and public mergers and acquisitions, schemes of arrangement and takeovers, initial public offerings, equity raisings and joint ventures.

Brady holds a Bachelor of Commerce and Bachelor of Laws from the University of Sydney and is a GAICD.

Operating and financial review

The Group's key financial measures are summarised in the table below.

Financial performance measures

FY23 highlights	FY23	FY22
Statutory net profit after tax (NPAT) ($m)	275.1	201.2
Statutory diluted earnings per share (cps)	84.7	52.6
Underlying net profit after tax ($m)	247.7	232.6
Underlying diluted earnings per share (cps)	76.3	60.8
Ordinary dividend per share (cps)	29.0	26.0
Special dividend per share (cps)	30.0	27.0
Net tangible assets per share ($)	3.76	3.44
Underlying return on equity (ROE) (%)	21.1	18.4

FY23 key financial measures	FY23	FY22
New insurance written ($bn)	13.0	20.0
Gross written premium ($m)	185.2	319.9
Insurance revenue ($m)	427.3	467.7
Total incurred claims ratio (%)	(15.7)	(0.4)
Insurance service result ($m)	358.4	300.8
Net investment income ($m)	170.8	(84.5)
Contractual service margin balance (CSM) ($m)	669.2	665.9
Closing delinquencies (n)	4,532	4,569
Delinquency rate (%)	0.52	0.47

Non-IFRS Information

The Group uses certain measures to manage and report on its business that are not in accordance with Australian Accounting Standards and International Financial Reporting Standards (IFRS). These measures are collectively referred to as non-IFRS financial measures.

The Directors believe that these measures enable the Group to more fully explain to users the performance of the entity.

Underlying NPAT excludes the after-tax impacts of Genworth Financial Inc. (GFI) separation costs in FY22, impairments of equity-accounted investees, unrealised gains/(losses) on shareholder funds, and foreign exchange rates on Helia's investment portfolio. The bulk of these foreign exchange exposures are hedged. The Group believes this is a useful measure as it removes the impact of volatility in investment markets and one-off expenses.

A reconciliation between statutory and underlying NPAT for the years ended 31 December 2023 and 2022 is noted in the table below.

Underlying NPAT reconciliation ($m)	FY23	FY22
Statutory NPAT	**275.1**	**201.2**
Unrealised (gains)/losses on shareholder funds and FX	(44.2)	40.0
Separation costs	–	4.8
Impairment of equity-accounted investees	3.6	–
Adjustment for tax credits/(expense)	13.3	(13.5)
Underlying NPAT	**247.7**	**232.6**

Underlying diluted earnings per share and underlying return on equity are calculated the same way as the statutory equivalents but underlying NPAT replaces statutory NPAT within the formulas.

Underlying NPAT of $247.7m represented an underlying ROE of 21.1%, and was driven by a strong Insurance service result of $358.4m due to negative total incurred claims and solid investment returns.

The performance in 2023 reflects:

- Insurance revenue was 8.6% down on the prior period, mainly due to lower in-force volumes;
- Total incurred claims were negative $67.2m due to low delinquencies, and healthy levels of home equity from strong house prices. The negative result reflects a substantial reduction in the Liabilities for Incurred Claims (LIC), as experience proved much better than provisioned. New incurred claims for the current period were again relatively light;
- Insurance expenses (inclusive of the amortisation of acquisition costs) were flat year on year; and
- Net investment revenue was positive with an investment return of 5.5%, reflecting higher interest rates and unrealised mark-to-market investment gains (losses in 2022).

Review of financial condition

	FY23	FY22
Total assets	3,203.2	3,461.0
Total liabilities	2,061.9	2,255.3
Net assets	1,141.4	1,205.7
Book value per share ($)	3.79	3.47
Net tangible assets per share ($)	3.76	3.44

Total assets as at 31 December 2023 of $3,203.2m were down on the prior period, primarily due to lower financial assets due to the payment of dividends ($186.7m) and the execution of on-market share buy-backs ($156.2m).

Total liabilities of $2,061.9m were down on the prior period, primarily due to lower insurance contract liabilities reflecting:

- Lower liability for remaining coverage (LRC) from the run-off of the back book exceeding new business; and
- Lower liability for incurred claims (LIC) due to lower delinquencies, higher house prices, plus a small release of reserves from a change in reserving assumptions.

The equity of the Group as at 31 December 2023 of $1,141.4m decreased by $64.4m and incorporated a Statutory NPAT of $275.1m, less the payment of dividends and buybacks referred to above.

Capital mix

The Group measures its capital mix on a net tangible equity basis, i.e. after deduction of goodwill and intangibles, providing strong alignment with regulatory and rating agency models.

At 31 December 2023, the Group's capital mix was:

- Net tangible equity (net of goodwill and intangibles) 85.7%;
- Debt 14.3%.

Capital management

The Group remains strongly capitalised with regulatory capital base of $1,781.5m at 31 December 2023 (2022: $1,888.4m).

The Group has solvency of 1.86 times (2022: 2.21 times) the APRA prescribed capital amount (PCA), which continues to be above the Board's target solvency range of 1.4 to 1.6 times the PCA on a level 2 basis. The table below illustrates the capital position as at 31 December 2023 compared with 31 December 2022.

Operating and financial review continued

PCA coverage ratio (level 2)

(A$m), as at	31 Dec 23	31 Dec 22 restated[1]
Net assets	1,141.4	1,205.7
Regulatory adjustments	(22.5)	(17.2)
Net surplus relating to insurance liabilities	472.6	509.9
Common Equity Tier 1 capital	**1,591.5**	**1,698.4**
Tier 2 capital	**190.0**	**190.0**
Regulatory capital base	**1,781.5**	**1,888.4**
Probable maximum loss	1,206.7	1,485.1
Net premiums liability deduction	(269.4)	(312.5)
Capital credit for reinsurance	(330.7)	(729.6)
Insurance concentration risk charge	606.6	442.9
Asset risk charge	208.5	233.7
Insurance risk charge	202.2	236.8
Operational risk charge	28.0	33.7
Aggregation benefit	(86.6)	(91.5)
Total PCA	**958.8**	**855.5**
PCA coverage	**1.86x**	**2.21x**

Note: Totals may not sum due to rounding.

1. Restated for AASB 17, see note 1.2(c) of Financial Statements, and revised APRA prudential and reporting standards, effective 1 July 2023.

While PCA coverage remains very strong, there was a decrease in 2023 reflecting:

- a decrease in equity/net assets of $64.4m due to $186.7m of dividends paid and $156.2m to fund on-market share buy-backs, which was greater than the current year earnings of $275.1m; and
- less capital credit from reinsurance due to lower levels of reinsurance and smaller probable maximum loss (PML);
- partially offset by a decrease in the PML due to subdued new business volumes, high levels of cancellations and the seasoning of business written in prior years.

Dividends

Details of the dividends paid or determined to be paid by the Group and the dividend policy employed by the Group are set out in the dividends note 2.1 within the financial statements.

Environmental regulations

The Group's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation.

Market capitalisation

The market capitalisation of the Company as at 31 December 2023 was $1,308.5m based on the closing share price of $4.35.

Events subsequent to reporting date

Detail of matters subsequent to the end of the financial year is set out below and in the events subsequent to reporting date note 7.8 within the financial statements.

On 27 February 2024, the Directors declared a 15.0 cents per ordinary share fully franked final dividend and 30.0 cents per ordinary share unfranked special dividend totalling approximately $45.1m and $90.2m respectively for the year ended 31 December 2023.

On 29 January 2024, the Company announced a change to the buy-back end date to 30 April 2024. The Company may continue to buy shares until the earlier of 30 April 2024 or acquisition up to the value of $100m.

On 31 January 2024, the Group placed Balmoral Insurance Company Limited into liquidation.

On 31 January 2024, the Chairman, Ian MacDonald, announced that he will retire from the Board at the conclusion of the AGM on 9 May 2024. The Board has elected independent Director Leona Murphy to be Chair of the Board following the 2024 AGM.

There are no other events that have arisen since 31 December 2023 to the date of this report that, in the opinion of the Directors, have significantly affected or may significantly affect the operations of the Group or the state of affairs of the Group in future years.

Likely developments

Information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report, because the Directors believe it would be likely to result in unreasonable prejudice to the Group.

Economic overview and outlook

Overall, the domestic economy supported Helia's financial performance in 2023, and we are in a strong position to respond to changing economic conditions.

In response to inflationary pressures over 2023, the Reserve Bank of Australia (RBA) stayed committed to returning inflation to target within a reasonable timeframe. This saw 125 basis points of cash rate increases, the vast majority of which were in the first half of the year. The RBA held the cash rate at 4.35% in December[1].

On the whole, borrowers coped with rising interest rates and recent industry arrears have been abnormally subdued reflecting strong employment conditions and for some households the availability of savings to draw on.

The Australian labour market demonstrated resilience with the unemployment rate ending the year at 3.9%[2].

National dwelling values hit a record in December, rising 8.1% over the past 12 months. This bounce back saw a full recovery from the fall after the previous cycle peak[3].

The combination of rising dwelling values and interest rates contributed to a deterioration in housing affordability. Industry new loan commitments were down over 14% compared to the prior year[4].

Volumes of LMI lending were depressed due to cyclical factors in 2023. High loan-to-value ratio (HLVR) lending with loans written above an 80% LVR were down 14.4% on the pcp[5].

In addition to the cyclical factors driving industry activity, the Australian Government Home Guarantee Scheme – currently offering a total of 50,000 places annually – reduced the size of the available LMI market.

Helia's financial results are heavily influenced by economic conditions. Key aspects of our the economic outlook for 2024 are:

- Economic growth is expected to slow in 2024;
- Inflation is expected to moderate but remain above the RBA target range of 2-3% p.a.;
- The unemployment rate is expected to gradually increase to 4.6% by the end of 2024 as economic growth slows;
- The RBA cash rate is expected to fall to 3.85% by the end of 2024.

Outlook for Helia:

- The duration of the cyclical downturn in GWP volumes is expected to be driven by interest rates and house prices;
- A slowing economy is expected to result in moderate increases in claims in the periods ahead;
- Medium to longer-term pent-up demand from prospective borrowers currently saving for a deposit, new home construction and population growth should combine to provide support for the industry; and
- Helia is in a strong position to respond to the changing economic conditions.

Further information on Helia's strategy, outlook and material business risks is provided in the Chairman's message (pages 6 and 7), the CEO's message (pages 8 and 9), Our strategic priorities (page 11), Our operating environment (pages 12 and 13) and Our strategy for managing material risk (page 23).

1. RBA Cash Rate Target and Media Statement 5 December 2023. rba.gov.au/statistics/cash-rate
2. Australian Bureau of Statistics Labour Force Australia, December 2023.
3. Reported in CoreLogic's Hedonic Home Value Index 2 January 2024.
4. Australian Bureau of Statistics (December 2023), Lending indicators (seasonally adjusted).
5. Australian Prudential Regulation Authority HLVR data for September 2023.

Directors' report

Directors

The Directors of the Company at any time during, or since the end of, the financial year up to the date of this report are: Ian MacDonald, Pauline Blight-Johnston, Gai McGrath, Alistair Muir, Leona Murphy, Gerd Schenkel, Andrea Waters and Duncan West.

Company secretary

Brady Weissel

Brady Weissel was appointed as General Counsel and Company Secretary effective 3 July 2023. Brady joined Helia as a Corporate Counsel in July 2014 and was appointed Assistant Company Secretary on 10 March 2016. Brady has over 13 years' experience in corporate and commercial law, corporate governance, legal risk management and strategy. Prior to joining, Brady was a lawyer at Ashurst with experience acting on a range of corporate and commercial matters including private and public mergers and acquisitions, schemes of arrangement and takeovers, initial public offerings, equity raisings and joint ventures. Brady holds a Bachelor of Commerce and Bachelor of Laws from the University of Sydney and is a Graduate of the Australian Institute of Company Directors.

Directors' meetings

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year are set out below.

	Board											
Director	Scheduled Meetings		Unscheduled Meetings		Sub-committee Meetings		Audit Committee		Risk Committee		Remuneration and Nominations Committee	
	A	H	A	H	A	H	A	H	A	H	A	H
Ian MacDonald	9	9	2	2	–	–	–	–	–	–	–	–
Pauline Blight-Johnston	9	9	2	2	3	3	–	–	–	–	–	–
Gai McGrath	9	9	2	2	–	–	–	–	6	6	5	5
Alistair Muir	7	9	2	2	–	–	6	6	5	6	–	–
Leona Murphy[1]	9	9	2	2	–	–	6	6	6	6	2	2
Gerd Schenkel	9	9	1	2	–	–	5	6	–	–	4	5
Andrea Waters	9	9	2	2	3	3	6	6	–	–	5	5
Duncan West[2]	9	9	2	2	–	–	–	–	6	6	3	3

Note: A represents the number of meetings attended, and H represents the number of meetings held during the period that the Director held office.

1. Leona Murphy appointed Chair of the Remuneration & Nominations Committee from 1 October 2023.
2. Duncan West resigned as Chairman and member of the Remuneration & Nominations Committee from 1 October 2023.

Indemnification and insurance of Officers and Directors

During the financial year, a controlled entity paid premiums to insure Directors and certain Officers of the Company for the year ended 31 December 2023 and, since the end of the financial year, the controlled entity has paid or agreed to pay premiums in respect of such insurance contracts for the year ending 31 December 2024. Such insurance contracts insure against liability (subject to certain exclusions) persons who are or have been Directors or Officers of the Group. The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid as such disclosure is prohibited under the terms of the contracts. The Group has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an auditor of the Group.

Directors' interests and benefits

Other than the aggregate remuneration paid or receivable by Directors included in the financial report, and remuneration as an executive paid or payable by the related body corporate, no Director has received or become entitled to receive any benefit because of a contract made by the Group or a related body corporate with a Director or with a firm of which a Director is a member or with an entity in which the Director has a substantial interest.

Rounding off

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and, in accordance with that instrument, amounts in the consolidated financial statements and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Non-audit services

The auditor provided non-audit services during the year of $149,435 excluding GST (2022: Nil). The Directors are satisfied that the provision of non-audit services during 2023 by the auditor were compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* and in accordance with Helia's Auditor Independence Policy, noting that:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor;
- None of the services undermine the general principles relating to auditor independence set out in the Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Group, KPMG, and its network firms, for audit and non-audit services are provided in note 7.2 within the financial statements.

Officers of the Company who are former partners of KPMG

Each of the following persons was an Officer of the Company during 2023, and was a partner of KPMG at a time when KPMG undertook an audit of the Company:

- Ms Andrea Waters, Director since 16 March 2020, was a partner of KPMG from 1996 – 2012;
- Ms Pauline Blight-Johnston, Chief Executive Officer and Managing Director since 2 March 2020, was a partner of KPMG from 2019 – 2020.

Remuneration report

Dear Shareholder,

On behalf of your Board, I am pleased to present our annual remuneration report for the year ended 31 December 2023.

Over the year, Helia delivered strong returns for shareholders, with significant share price growth and Helia's entry into the ASX 200 Index in December. Combined with continued capital returns through ordinary and special dividends and share buy-backs, our 3-year Total Shareholder Return to December 2023 was the highest amongst ASX 200 Financial Services companies excluding Real Estate Investment Trusts (REITs).

The key to maintaining these strong shareholder returns is ensuring Helia attracts, retains and develops talent necessary to support the sound management and growth of the Company. Our people strategy focuses on the growth of our people, organisational culture and employee experience. Initiatives undertaken in 2023 built on the foundational work from the past two years and have delivered measurable uplifts in employee culture and engagement, preparing us well for 2024.

2023 Performance and Remuneration outcomes

Financial Performance

Despite a challenging environment this year, Helia delivered strong financial results, driven by very low claims and solid investment returns reflected in our financial outcomes:

- Performance Net Profit After Tax (NPAT) of $257 million (in 2022[1]: $292 million) was very strong and well above target.
- In line with market trends, Gross Written Premium (GWP) fell to $185.2 million from $319.9 million in 2022.
- Proactive capital management activities with an interim ordinary dividend of 14 cents per share, final ordinary dividend of 15 cents per share, and special dividend of 30 cents per share. Two share buy-back programmes were undertaken throughout 2023, in aggregate buying back $156.2 million or 13.4% of shares on issue.
- Entry into the ASX 200 Index from 18 December 2023.
- Delivering good total shareholder returns and outperforming the ASX 200 Financial Services Index over the last five years.

Further details provided in section 4.5.

Strategic Performance

Our key business and strategic achievements in 2023 include:

- 100% success rate in the renewal of exclusive contracts and the acquisition of a new exclusive customer;
- Continued development of new LMI offerings;
- Implementation of new Application Programming Interface (APIs) with our lender customers that will improve efficiency, responsiveness and data quality;
- A winner of the Asia-Pacific region of a global innovation award recognising our end-to-end digital transformation;
- Implemented Australian Accounting Standards Board's new standard AASB 17 (Insurance Contracts); and
- Improvement in overall risk performance including a meaningful uplift in:
  a. Annual risk culture survey scores;
  b. Risk environment and practices as reported through an independent review of our risk management framework; and
  c. Continuing cyber risk resilience supported by external certification and review of our information security practices.

In addition, the success of our people initiatives was reflected in:

- Engagement score increase of 10 points;
- Culture score increase of 3 points;
- Risk culture score increase of 8 points;
- 43% women in non-executive management positions (exceeding our target of 40%); and
- Meeting gender pay parity, which is defined by the Workplace Gender Equality Agency (WGEA) as a gender pay gap between -5% and 5%. This marks a particularly proud achievement for Helia. It is a significant milestone when compared to the Financial Services Industry where the gender pay gap is +26.2%[2] in favour of men.

We officially launched our *'Creating Brighter Futures'* Employee Value Proposition in February 2023 and have now embedded it into the employee lifecycle supporting attraction, retention, engagement, performance, development and recognition.

The impact was widely felt with our people metrics improving over 2023. We have continued to receive positive feedback from our people on the quality of the learning opportunities and our ongoing support of flexible working, both of which are proving to be significant factors in attracting and retaining talent.

We also commenced work on developing the next phase of Helia's Reconciliation Action Plan (RAP) and will continue working with Reconciliation Australia to finalise our RAP for endorsement.

We are proud of the initiatives we have in place to promote a diverse and inclusive culture at Helia and will continue to focus on ensuring our business has a positive impact on our people, shareholders and the community.

Executive Remuneration

Based on the performance above, the Board has approved:

Total Fixed Remuneration (TFR)	Short-Term Incentive (STI) See section 4.6.2	Long-Term Incentive (LTI) See section 4.6.4
Increase in CEO TFR for 2024 **3.0%**	2023 STI Scorecard **94%** of Target	2021 LTI awards tested in 2023[3] **100%** of Maximum
Average Increase in Other Executive KMP TFR for 2024[1] **4.5%**	2023 STI Risk Modifier **+10%**	Underlying ROE (25% of 2021 LTI) **100%** of Maximum
	CEO 2023 STI outcome[2] **114%** of Target	Relative TSR (75% of 2021 LTI) **100%** of Maximum
	Other Executive KMP 2023 STI outcome[2] **88% – 114%** of Target	

1. Driven by increases to executives below market median to increase market competitiveness.
2. Inclusive of STI Risk Modifier.
3. Subject to 12-month deferral period and vesting in 2024.

1. 2022 figure re-stated under AASB 17 for comparative purposes.
2. WGEA Australia's Gender Equality Scorecard 2022–23 (November 2023) – Average gender pay gap in Financial and Insurance Services.

Continuously strengthening our risk performance is a priority for Helia to meet increasing expectations of the industry and regulators. In addition to achieving strong risk culture scores relative to industry, we have delivered significant progress on organisation-wide risk management. As a result, the Board approved a risk modifier upwards adjustment of +10% to 2023 STI outcomes (not applied to any employees who did not meet Helia's expected behaviours). See section 4.6.2.

Lastly, in the 2022 Annual Report, Helia noted that it would adjust the measures for the 2023 LTI grant in light of the adoption of AASB 17 and its effect on Underlying ROE. This also impacts LTI grants made in 2021 and 2022.

Further details provided in section 4.3.

Non-Executive Director Remuneration

As outlined in the 2022 Annual Report, the Board determined an increase in the base Board fee and Committee fees (except Risk Committee Chair fee) effective January 2023 was appropriate given the increasing regulatory focus and workload, and market competitiveness conducted at the end of 2022.

Further details provided in section 6.1.

2024 Approach to Remuneration

Helia's strategic vision is to be the leading choice for flexible home ownership solutions. This vision relies on attracting, motivating, and retaining high calibre Directors and employees, incentivising sustained high performance, and managing our risks. Our remuneration framework is an important lever to deliver on this strategy, while promoting the right outcomes for people, and the interests of customers, shareholders, regulators, and the community. To achieve this vision, Helia continuously reviews its remuneration framework to ensure it is fit for purpose and fit for the future. The following are some key remuneration initiatives continuing into 2024.

Equity-based Remuneration

Helia undertook a review of the Minimum Shareholding Requirements (MSR) to ensure the design and calculation methodology are consistent and aligned to better market practice, particularly Financial Services companies. The MSR levels remain unchanged, with a formalised policy supported by a strong governance process. Further details provided in section 5.2.

Additionally, Helia successfully completed its second issue under the Employee Share Scheme (ESS) in 2023. There was significant engagement in this plan, with 90% of participants choosing to opt-in and share in the value we continue to create at Helia. The ESS, in which permanent employees with at least six months of tenure can opt to receive a grant of $1,000 of Helia shares, supports the Board's strong desire for equity ownership amongst Helia employees. The ESS will be offered again in 2024 subject to Board approval.

Meeting CPS 511

In 2023, Helia conducted a review of the executive remuneration and performance framework and alignment to prudent risk management, ensuring that it continues to support our strategy whilst complying with the new APRA Prudential Standard CPS 511 Remuneration (CPS 511). As a result, the following changes were implemented:

- enhanced the STI individual performance and behaviour assessment to be measured on "what" was achieved as well as "how" it was achieved;
- embedded our refreshed Remuneration Policy, with a focus on the remuneration governance structures and practices, such as the role of the Risk Committee and the Risk Function to more clearly articulate how risk outcomes are reflected within remuneration outcomes;
- existing individual risk modifier impacting individual STI outcomes was extended to apply to all employees beyond executives. Funding for the Company-wide STI pool continues to be impacted by the Risk Culture Dashboard modifier outcomes. Both modifiers can be applied upwards up to +25% (in cases of positive risk management and affordability) or downwards to nil outcome (in cases of poor risk management); and
- developed a Consequence Management Framework to formalise the approach to applying proportional consequences for poor risk management or conduct which does not align with Code of Conduct and expected behaviours for Helia.

CPS 511 applies to Helia from 1 January 2024. APRA finalised requirements for remuneration disclosure which forms part of CPS 511, and will commence for all entities from their first full financial year following 1 January 2024. In Helia's case, this is the year ending 31 December 2024. Helia has already begun preparation to comply with these requirements including enhancements to this annual remuneration report for the year ended 31 December 2023.

Preparation for the Financial Accountability Regime

The Financial Accountability Regime (FAR) Bill 2023 was passed by Parliament in September 2023. The FAR will apply to the insurance sector from 15 March 2025. As with others within our sector, Helia is preparing to make any changes required for this target date.

Further information on Helia's performance, its reflection in our remuneration outcomes and alignment to risk can be found in the pages below.

Leona Murphy
Chair – Remuneration and Nominations Committee

Remuneration report continued

1. Remuneration Framework

1.1 Alignment between Remuneration and Helia's Purpose, Vision and Strategy

Purpose
To accelerate financial wellbeing through home ownership, now and for the future

Vision
To be the leading partner of choice for flexible home ownership solutions

Business Strategy

Enhance
Improve the efficiency and competitiveness of the core LMI business.

Evolve
Reimagine LMI for a new generation of home buyers.

Extend
Leverage our core capabilities into complementary offerings.

People Strategy

Growth
Build future fit capabilities to drive our growth strategy and develop our current and future leaders to engage and grow their people while accelerating execution.

Culture
Create an inclusive, innovative and high performing culture which can respond quickly and effectively to opportunities.

Employee Experience
Enhance the employee experience to optimise the way we work and live through our Employee Value Proposition.

Remuneration Principles

- Align management and shareholders.
- Link remuneration outcomes with sustainable company and individual performance.
- Encourage behaviour that aligns with Helia's expected behaviours, performance and risk management frameworks.
- Ensure remuneration is competitive and flexible to attract and retain quality talent.
- Meet regulatory requirements and support strong governance and accountability.

Executive Remuneration Framework

Total Fixed Remuneration (TFR)	Short-Term Incentive (STI)	Long-Term Incentive (LTI)
Objective Attract skills and experience required. Benchmarked against the market median.	**Objective** Motivate and reward employees for company performance, individual performance and risk management.	**Objective** Motivate and reward employees for longer term sustainable company performance, shareholder value and risk management.
Description Base salary, superannuation and other benefits.	**Description** Based on annual company performance (60% financial and 40% strategic), individual performance and risk assessment.	**Description** Based on performance against company performance (75% Relative TSR, 25% Underlying ROE) and risk assessment over four years.
Delivery Cash and superannuation	**Delivery** 50% Cash / 25% Rights / 25% Rights	**Delivery** 100% Performance Rights
Paid over the year	Year 1 / Year 2 / Year 3	Year 4

Minimum Shareholding Requirement

Executives are required to accumulate and hold shares and service-based equity awards over a five-year accumulation period.

The minimum shareholding requirement is 200% of TFR for the CEO and 100% of TFR for other executive KMP.

1.2 Our Remuneration and Risk Governance Framework

Board

The Board retains ultimate responsibility for managing Helia's remuneration practices in a sound and prudent manner so that they align with organisational and shareholder objectives and support sustainable outcomes. This includes approving the Remuneration Policy, Consequence Management Framework, executive remuneration outcomes and monitoring the effectiveness of remuneration practices. The Board retains discretion to adjust variable remuneration outcomes to provide consistency with the remuneration principles, any relevant legal and regulatory requirements or for any reason the Board believes is appropriate.

Remuneration Policy

Helia's Remuneration Policy outlines our framework and strategy on how we seek to attract, retain and motivate talent, in line with the long-term interests of the organisation, our shareholders, customers and key stakeholders.

Consequence Management Framework

Helia's Consequence Management Framework outlines the approach to applying proportional consequences for poor risk management or conduct which does not align with our Code of Conduct and expected behaviours.

Remuneration and Nominations Committee (the Committee)

Assists the Board to provide effective oversight of:

- Remuneration policy, strategy and outcomes (including CEO outcomes) taking into account recommendations from the Risk Committee;
- Board effectiveness and renewal; and
- Diversity and inclusion, talent and succession planning.

Risk Committee

Provides recommendations to the Remuneration and Nominations Committee for remuneration adjustments due to risk management.

Adjustments can be applied to the company-wide STI funding pool based on Risk Culture Dashboard modifier outcomes, or on a collective or individual basis. Adjustments can be upwards to +25% (in cases of positive risk management and affordability) or downwards to nil (in cases of poor risk management).

Independent Advisors

Independent advisors are engaged to assist the Committee in providing external benchmarking for executive remuneration and non-executive director remuneration as requested. No remuneration recommendations were sought or received from external advisors during 2023.

Other stakeholders

Feedback from shareholder interest groups is considered in developing our remuneration framework and determining remuneration outcomes.

Our remuneration framework is an important lever to deliver on our strategy, while promoting the right outcomes for people, and the interests of the organisation, our shareholders, customers, and key stakeholders. To achieve this vision, Helia continuously reviews its remuneration framework to ensure it is fit for purpose and fit for future.

Management

The CEO assesses and provides remuneration recommendations for all executives (including Executive Key Management Personnel, excluding the CEO) to the Committee for approval.

Independent risk assessment

As part of the remuneration outcomes process, the Chief Risk Officer (CRO) provides to the Risk Committee:

- An overall assessment of organisational risk culture via the Risk Culture Dashboard.
- An individual assessment of performance against specific risk measures for each executive (excluding the CRO).
- A recommendation on whether/how the risk modifier should be applied for risk outcomes.

Remuneration report continued

1.3 Alignment of Risk and Remuneration

Key to our remuneration strategy, and the future sustainability of Helia, is ensuring remuneration outcomes are aligned to appropriate management of both financial and non-financial risk. This intent is reflected throughout Helia's remuneration and risk governance framework and incentive structures.

1.3.1 How Risk and Conduct are integrated in our Remuneration Framework

Features	Description
Policies and Frameworks	• Helia's Remuneration Policy along with frameworks and practices are designed to support the desired risk culture, with respect to financial and non-financial risk, and align to our Risk Management Framework and Risk Appetite Statement. • Helia's Consequence Management Framework outlines the approach to applying proportional consequences for poor risk management or conduct which does not align with our Code of Conduct and expected behaviours.
Scope	• Policies and frameworks apply to all employees including CEO. • All employees and contractors are required to comply with Helia's Code of Conduct. • Permanent employees are eligible to participate in the company-wide STI plan and have a mandatory risk goal with a minimum weighting in their annual performance goals. • Executives are eligible to participate in the LTI plan.
Mechanisms	• STI – The company-wide STI funding pool may be adjusted based on recommendations of the Risk Committee after considering a range of factors including the Risk Culture Dashboard outcomes and assessments by the CRO. – Individual outcomes are subject to a risk modifier informed by the Risk Culture Dashboard assessment or individual risk assessments. In the case of executives, the Risk Committee will make recommendations based on a range of factors including an assessment by the CRO (other than in respect of their own outcomes). – Adjustments can be applied upwards up to +25% (in cases of positive risk management and affordability) or downwards to nil outcome (in cases of poor risk management). • LTI – Prior to LTI vesting, all risk performance and outcomes are subject to an assessment by the CRO to determine whether adjustments were required in light of any material risk events. The CRO review is tabled at the Risk Committee for its consideration and recommendation to the Committee, which is then reviewed by the Committee before a vesting recommendation is made to the Board for approval. • STIs and LTIs are subject to Board discretion, malus and clawback. Clawback can be applied within two years of payment/vesting.
Assessment	• **Quarterly:** Employee risk and conduct incidents are managed as they occur and are included in a regular quarterly review by the CRO and Chief People and Culture Officer (CPCO) with recommendations for CEO consideration and approval. • **Semi-annually:** Risk performance is assessed by managers against risk specific goals and accountabilities in the mid-year and year-end performance development reviews. • **Semi-annually:** The CRO presents the Risk Culture Dashboard to the Risk Committee, which provides insights on the organisation's risk behaviours and risk architecture to support strong risk management practices. • **Annually:** The CRO provides an assessment of the overall risk performance health of the business to the Risk Committee including any risk modifier considerations within the Consequence Management Framework. This includes an assessment at a company, collective and at an individual executive level based on risk performance against goals and overall contribution to organisational risk culture. Any risk modifiers recommended by the CRO are independently considered by the Risk Committee before it makes a recommendation to the Committee which in turn makes final remuneration recommendations to the Board for approval. Any material risk and conduct incidents involving employees below executive level are raised to the Risk Committee for awareness.
Consequences and remuneration adjustments	• STIs and LTIs are subject to financial consequences including in-year adjustments, malus and clawback. • Any employee (including temporary employees who are not eligible for STIs or LTIs) may receive non-financial consequences including any combination of formal warning, counselling, mandatory training or development, increased supervision, and termination of employment. • A comprehensive review is undertaken at the end of the year to calibrate and ensure consequences are consistent. • Remuneration adjustments for risk management are raised to the Committee for awareness, then approved by the Board for executives, or approved by the CEO for employees below the executive level. • The Board approves remuneration for executives on an individual basis and approves remuneration for Risk and Financial Control Personnel and Material Risk Takers on a cohort basis.

1.3.2 Board discretion and Remuneration

The Board retains discretion to adjust variable remuneration outcomes to provide consistency with Helia's Remuneration Principles, any relevant legal and regulatory requirements or for any reason the Board believes is appropriate. Inputs to support Board discretionary assessment may include performance over the relevant period, people and risk indicators and any unforeseen events that have materialised.

Variable remuneration may be adjusted downwards if the Board believes it is appropriate in the circumstances to do so, including if those adjustments are necessary to:

- Protect the financial soundness of the Company;
- Respond to material misconduct, and whether this has led to adverse outcomes;
- Reflect failure of financial and non-financial risk management or non-compliance with Helia's Risk Management Framework (RMF);
- Respond to a significant failure or breach of accountability, fitness and propriety, or compliance obligations;
- Respond to a significant error or a significant misstatement of criteria on which the variable remuneration determination was based;
- Respond to significant adverse outcomes for customers or other stakeholders;
- Respond to reputational risk issues; or
- Respond to significant unexpected or unintended consequences that were not foreseen by the Risk Committee or the Board.

Helia's Remuneration Framework also provides an avenue for a positive adjustment on an individual or collective basis. An assessment of positive risk behaviour considers:

- The individual behaviour contributing to reducing the risk profile or strengthening the risk culture of the team, division, or Helia as a whole; or
- The impact of the behaviour on Helia's long-term soundness.

Any upwards adjustment will be assessed by how an individual has performed on their risk measure as part of their performance goals. Any upward risk adjustments will be subject to STI pool funding and affordability considerations and individual maximum STI opportunity.

1.4 Remuneration for specified roles

The CEO and the CEO's direct reports (collectively "Senior Leadership Team" or "SLT") are defined as Senior Managers under CPS 511. All SLT employees are eligible for executive remuneration arrangements detailed in Section 3.

Helia does not have any roles identified as Material Risk Takers under CPS 511.

Risk and Financial Control Personnel (RFCP) constitute those whose primary role is in risk management, compliance, internal audit, financial control or actuarial control. Permanent RFCP are eligible for the company-wide STI plan. Independence of these roles is maintained by ensuring:

- They do not report into managers of the business areas they are responsible for overseeing and challenging other than the CEO, or report directly to the relevant Committee Chair.
- Performance measures are tailored to reflect their role in the Company.
- Financial measures are linked to Company-wide performance, but not related to the business area they are overseeing or challenging.
- Pay mix (ratio of fixed remuneration vs. variable remuneration) is appropriate for the role, which will often mean that it is not highly leveraged towards variable remuneration.

Remuneration report continued

2. Helia's Key Management Personnel (KMP)

Throughout this report, KMP refers to those responsible for planning, directing and controlling the activities of the Company, made up of Non-Executive Directors (NEDs), the CEO and nominated executives.

Name	Position	Term as KMP
Non-Executive Directors		
Ian MacDonald[1]	Chairman	Full year
Gai McGrath	Independent Director	Full year
Alistair Muir	Independent Director	Full year
Leona Murphy	Independent Director	Full year
Gerd Schenkel	Independent Director	Full year
Andrea Waters	Independent Director	Full year
Duncan West	Independent Director	Full year
Executive KMP		
Pauline Blight-Johnston	Managing Director and Chief Executive Officer (CEO)	Full year
Michael Cant	Chief Financial Officer (CFO)	Full year
Andrew Cormack	Chief Risk Officer (CRO)	Full year
Jeremy Francis	Chief Operating Officer (COO)	Full year
Greg McAweeney	Chief Commercial Officer – Lenders Mortgage Insurance (CCO-LMI)	Full year

1. As announced to the market on 31 January 2024, Ian MacDonald will retire from the Board at the conclusion of the AGM on 9 May 2024.

3. Executive Remuneration

3.1 Executive Remuneration summary

Helia's executive remuneration programs are designed to align executive and shareholder interests by:

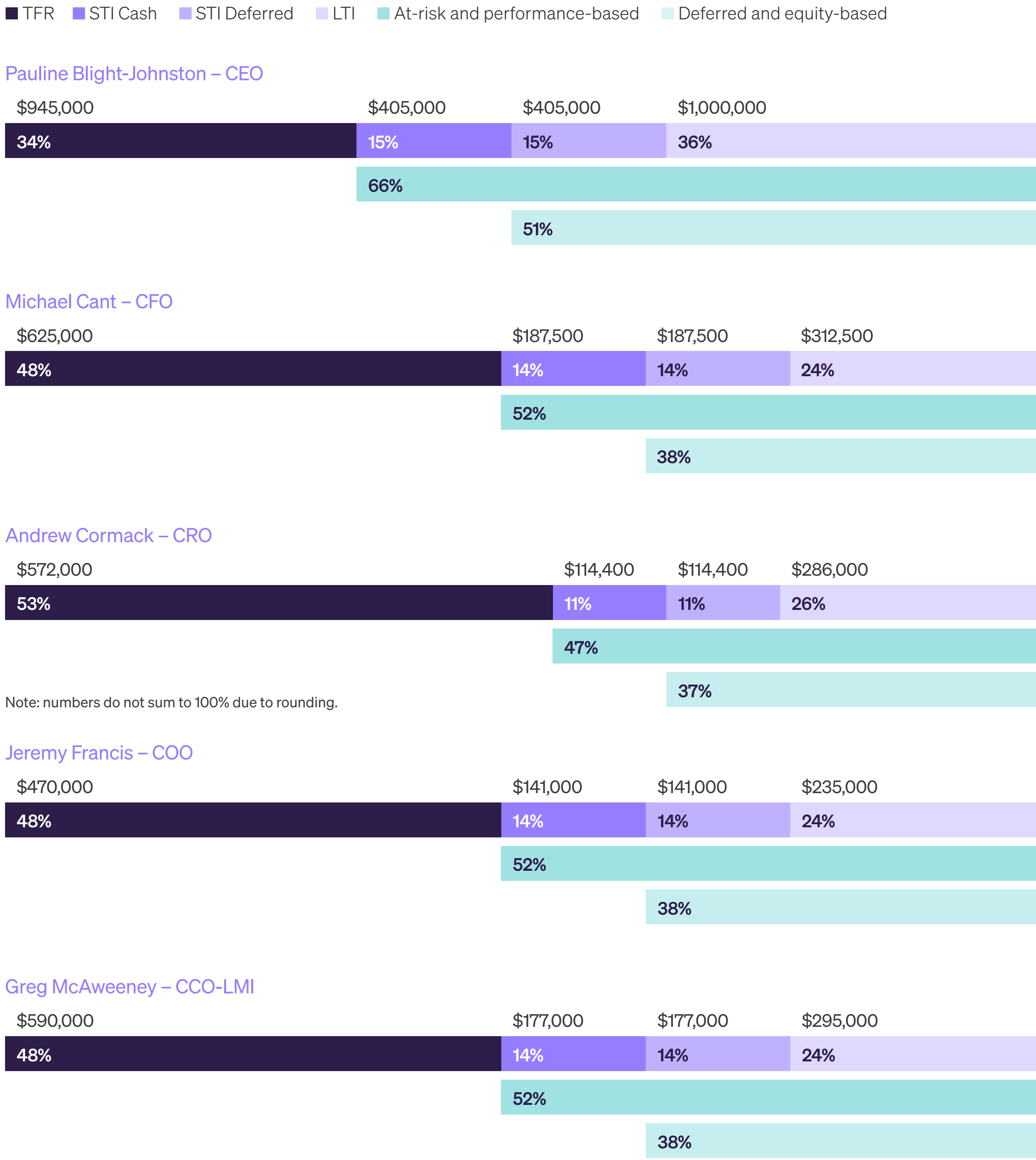
- using appropriate pay mix and delivery vehicles (e.g., cash, equity and non-monetary benefits);
- measuring performance and delivering remuneration outcomes that are aligned over an appropriate time frame, including deferral of a portion of SLT short-term variable remuneration and LTI which focuses effort on long-term Company performance;
- linking fixed remuneration increases to individual performance and market benchmarks (e.g., median of relevant comparator group);
- ensuring variable remuneration outcomes balance prudent financial and non-financial risk taking with achievement of company objectives, and minimise potential adverse stakeholder outcomes; and
- operating within Helia's risk management framework and relevant regulatory requirements (in particular, APRA Prudential Standard CPS 510 Governance and CPS 511 Remuneration).

3.1.1 2023 Remuneration Mix

Helia's total remuneration opportunity is defined as the sum of TFR, target STI opportunity, and maximum LTI opportunity.

The figures below show the total remuneration mix, i.e., the relative weight of each component as a proportion of total remuneration opportunity as at 31 December 2023.

The actual mix of pay delivered in any year is based on an assessment of individual and Company performance, risk assessments, applicable regulations and plan rules and, as such, may differ from the targeted mix of pay.



Note: numbers do not sum to 100% due to rounding.

Remuneration report continued

3.1.2 Executive KMP Take-home Pay

The table below provides a summary of the remuneration received by executive KMP for the year ended 31 December 2023. This table is for general information and is supplementary to the statutory requirements contained in section 5. It is not prepared in accordance with accounting standards, as it includes actual remuneration received over the calendar year and excludes leave accruals, fringe benefit tax attributed to insurances and other non-monetary benefits.

			At risk and performance-based						
Name and position		Actual TFR received	Current year non-deferred STI	Prior year deferred STI vested	LTI vested	Total cash received	Total equity vested	Total remun-eration received	Previous years' awards forfeited
		a	b	c	d	e = a + b	f = c + d	g = e + f	h
Pauline Blight-Johnston	2023	$937,500	$463,320	$667,528	$172,056	$1,400,820	$839,584	$2,240,404	$516,173
CEO	2022	$900,000	$531,887	–	–	$1,431,887	–	$1,431,887	–
Michael Cant	2023	$619,167	$204,750	$52,709	–	$823,917	$52,709	$876,626	–
CFO	2022	$588,348	$242,561	–	–	$830,909	–	$830,909	–
Andrew Cormack	2023	$568,333	$124,925	$143,067	$217,004	$693,258	$360,071	$1,053,330	$218,242
CRO	2022	$544,587	$100,496	–	$315,657	$645,083	$315,657	$960,740	$84,499
Jeremy Francis	2023	$466,667	$161,304	$148,935	–	$627,971	$148,935	$776,906	–
COO	2022	$446,814	$123,336	–	–	$570,150	–	$570,150	–
Greg McAweeney[1]	2023	$588,333	$156,468	–	–	$744,801	–	$744,801	–
CCO-LMI	2022	$220,652	$60,061	–	–	$280,713	–	$280,713	–

1. Mr McAweeney was appointed to the CCO-LMI role on 15 August 2022.

Basis of preparation

Fixed remuneration	(a) Base salary plus superannuation paid and salary sacrifice arrangements. Actual TFR received may be different to contractual TFR due to increases as part of the annual remuneration review effective 1 March.
Cash STI	(b) The non-deferred cash component of STI. For each year, this is 50% of the total STI relating to performance over 12 months to 31 December and paid in March in the following year.
Deferred STI equity vested	(c) The value of deferred STI equity awards that vested during the period as KMP. The value is based on the 10-trading day volume weighted average price (VWAP) to 31 December 2023 of $4.2832 for 2023 and 10-trading day VWAP to 31 December 2022 of $2.7992 for 2022. For 2023, this is the 2021 deferred STI rights which vested on 1 March 2023, plus notional dividends on vested rights. For 2022, this would be the 2020 deferred STI component, however, nil STI was awarded for any KMP in that year.
LTI equity vested	(d) The value of deferred LTI equity awards that vested during the period as KMP. The value is based on the 10-trading day volume weighted average price (VWAP) to 31 December 2023 of $4.2832 for 2023 and 10-trading day VWAP to 31 December 2022 of $2.7992 for 2022. For 2023, this is the 2020 LTI rights which vested on 31 December 2023, plus notional dividends on vested 2019 LTI rights. For 2022, this is the 2019 LTI rights which vested on 31 December 2022, plus notional dividends on vested 2018 LTI rights.
Previous awards forfeited or lapsed	(h) The value of deferred STI and LTI equity awards that lapsed during the period as KMP. The value is based on the 10-trading day volume weighted average price (VWAP) to 31 December 2023 of $4.2832 for 2023 and 10-trading day VWAP to 31 December 2022 of $2.7992 for 2022. For 2023, this is the 2020 LTI rights which lapsed on 31 December 2023. For 2022, this is the 2019 LTI rights which lapsed on 31 December 2022.

4. Executive Remuneration in detail

4.1 TFR

TFR is the sum of base salary and guaranteed employee benefits such as superannuation and car parking.

TFR for executive roles is reviewed annually and approved by the Board with reference to a number of factors including, but not limited to:

- the size and scope of the role;
- the performance of the individual; and
- appropriate benchmark data.

Benchmark data for each executive role is individually sourced from a peer group of equivalent roles in comparable organisations within Financial Services which constitutes a potential pool for executive talent.

The benchmark median TFR is used as the primary reference point for comparative purposes, and median Total Annual Remuneration (TFR plus Target STI) and Total Reward (Total Annual Remuneration plus Maximum LTI opportunity) are used as secondary reference points.

4.2 STI

STIs seek to motivate and retain employees by providing awards that align to Helia's short and medium-term objectives, reflected in a combination of individual and organisation performance.

STI outcomes are funded from an organisation-wide pool, determined by a Board assessment of organisational performance against financial and strategic metrics and any relevant adjustments for risk events or business performance based on the Risk Culture Dashboard and individual performance against risk goals.

In determining individual STI outcomes, the CEO provides recommendations to the Committee in respect of the CEO's direct reports, while the Board Chairman provides recommendations to the Committee in respect of the CEO's STI outcome.

Recommendations take into account:

- the STI pool funding percentage;
- the performance of the executive against individual and business performance goals; and
- the behaviour demonstrated by the executive in their role to ensure consistency with Helia's expected behaviours.

Individual executive goals align to the financial and strategic objectives used to determine STI pool funding.

In 2023, the individual assessment was changed to be measured on both performance and behaviour, i.e., "what" was achieved as well as "how" it was achieved, further integrating risk and conduct into the remuneration framework.

Remuneration report continued

4.2.1 2023 STI key characteristics

Features	Detail
STI (% of TFR) by role	**Executive KMP** / **Target (% of TFR)** / **Maximum (% of TFR)** CEO: 86% / 171% CFO, COO and CCO-LMI: 60% / 120% CRO: 40% / 80%
Performance objectives	**Financial objectives (60%)** Performance NPAT (30%) Capital Management (15%) Gross Written Premium (15%) **Strategic objectives (40%)** Revenue expansion (10%) Revenue diversification and resilience (10%) Future-fit organisation (10%) Future-fit people and culture (10%)
Performance period	1 January 2023 – 31 December 2023.
Outcome determination	Combination of STI pool funding, risk assessment, and individual performance and behaviour. **Target STI opportunity** / **STI outcome** TFR $ X Target STI opportunity % of TFR = Target STI opportunity $ X Company scorecard X Individual performance and behaviour X Risk Modifier = Individual STI outcome 0% to 200% of Target Individual performance and behaviour is assessed on "what" was achieved as well as "how" it was achieved. The risk modifier can be applied on a company-wide, collective or individual basis based on the assessment by the Risk Committee. Outcomes are determined via Board and Committee review, recommendation and approval process. The Board has authority and discretion to adjust STI funding and individual outcomes (including to zero if appropriate).
Payment vehicles and deferral period	50% cash to be paid on or around 15 March 2024. 25% deferred rights vesting March 2025 (12 months from grant date). 25% deferred rights vesting March 2026 (24 months from grant date).
Deferred STI rights grant calculation	The number of Deferred STI rights is determined by dividing the deferred STI dollar value by the 10-trading day Volume Weighted Average Price (VWAP) as at 31 December 2023. **Deferred STI outcome** / **Deferred STI grant** Individual STI outcome $ X Deferred STI proportion 50% = Deferred STI Rights grant $ ÷ 10-trading day VWAP Face value = Deferred STI Rights granted # The Committee believes using a VWAP (instead of the share price at a single point in time or a discounted fair value methodology) reduces the impact daily volatility may have on the number granted and provides greater transparency around the value of share rights granted.
Deferred STI vesting conditions	Continuous active employment for 12 months and 24 months respectively. Board and Committee satisfaction that adverse outcomes have not arisen that were not apparent when performance was assessed, and satisfaction that there was not excessive risk taking in achievement of results.
Dividends	Dividends, or the value of any dividends, are not received on unvested share rights. Notional dividend equivalents are delivered through an adjustment to the number of vested share rights at the end of the deferral period. This is calculated by taking the value of dividends distributed during the deferral period and dividing by the 10-trading day VWAP as at the vesting date, in whole share rights.
Treatment upon vesting	Vested share rights entitle the holder to ordinary shares in the Company for nil consideration. The Company retains discretion to settle vested share rights as cash or via the issuance of new shares or on-market purchase.
Treatment on termination	Eligibility for an STI award is contingent on active, continuous employment throughout the performance and deferral period. In the event of resignation or termination (with the exception of those leaving with good leaver status), the executive is ineligible for an STI award, and unvested share rights lapse. In the event of termination with 'Good Leaver' status (retirement, redundancy, death, permanent disability, mutual separation, or as determined by the Board), deferred STI awards may be retained or converted to cash subject to the original vesting schedule, at the Board and Committee's discretion.
Board discretion, malus and clawback	See section 1.3.2 Board discretion and Remuneration.
Change of control	Board has discretion.

4.2.2 2024 STI performance objectives and weightings

STI performance objective and weighting	Rationale
Performance NPAT (30%)	Performance NPAT is a measure of performance of the in-force portfolio. As the headline figure of the various components that make up overall Company performance, an annual profit measure is a key performance objective.
Capital Management (15%)	Prudent and efficient management of capital. Reflects proactive management of our capital structure to optimise returns for shareholders.
Gross Written Premium (GWP) (15%)	GWP target is intended to incentivise generation of new business within the current performance period and is subject to achievement of new business pricing return in excess of the Weighted Average Cost of Capital (WACC).
Strategic Objectives (40%)	2024 strategic objectives include revenue expansion via market expansion, customer retention and acquisition, embedding system enhancements and efficiencies and continued focus on engagement, culture and risk culture.

4.3 LTI

LTIs seek to motivate and retain executives by providing awards that align to longer-term Company performance and reflect their ability to influence Helia's performance and operate within Helia's risk management framework.

The Board remains committed to ensuring hurdles retain an appropriate level of stretch and that the LTI plan is designed based on the same fundamental principle of motivating and retaining employees by:

- providing awards that align with longer-term organisational performance;
- reflecting the ability of each role to influence Helia's performance; and
- ensuring executives operate within Helia's risk management framework.

For the 2023 LTI grant, the Underlying Return on Equity (ROE) hurdles take into account the broader macroeconomic environment, inclusive of higher interest rates and also incorporate a higher ROE target to reflect a lower equity under AASB 17.

For the 2021 and 2022 LTI grants, Underlying ROE hurdles have been adjusted upwards by 0.5 and 1.125 percentage points respectively, reflecting the lower equity under AASB 17 which will apply for part of the performance period. The updated hurdles are summarised in section 4.3.3 and 4.3.4.

Further details of Helia's 2023 and 2024 LTI plans are provided below.

Remuneration report continued

4.3.1 2023 LTI key characteristics

Features	Detail	
LTI (% of TFR) by role	**Executive KMP**	**Maximum Grant (% of TFR)**
	CEO:	106%
	Other KMP:	50%
Performance metrics	Relative TSR (75%)	Underlying ROE (25%)
	Calculated as the total return to shareholders (share price movement plus value of dividends) over the performance period, expressed as a percentage of the starting share price. Dividends are notionally reinvested on the ex-dividend date closing price and franking credits are excluded.	Calculated as the average of four-year Underlying NPAT divided by four-year average equity (excluding mark-to-market value of investments) measured against regulatory capital (based on the lesser of actual capital or the upper end of the Board's target range being 1.60x Prescribed Capital Amount).
	The comparator group is ASX 200 Financial Services companies excluding Real Estate Investment Trusts (REITs) at the start of the performance period.	Underlying ROE is a strategically important internal measure of financial performance for Helia. It captures the Company's ability to convert equity into returns (profit) and supports a number of Helia's strategic priorities.

Vesting scales

Vesting	0%	50%	60%	70%	80%	90%	100%
Underlying ROE	<11.0%	11.0%	11.7%	12.4%	13.1%	13.8%	14.5%
Relative TSR	<50th	50th	55th	60th	65th	70th	75th

Features	Detail
Vesting summary	Vesting occurs on a straight-line basis between the summary points above.
Performance period	1 January 2023 – 31 December 2026
Payment vehicle and vesting period	Performance rights vest four years after the start of relevant performance period (December 2026) depending on performance. After vesting, there is no further holding lock.
Outcome determination	At the end of the performance period, final vesting percentages are determined via a Board and Committee review, recommendation and approval process. A risk modifier may be applied on a company-wide, collective or individual basis depending on the assessment by the Risk Committee. There is no retesting of grants. The Board and the Committee have authority and discretion to adjust LTI vesting % and individual outcomes (including to 0% of grant if appropriate).
Performance rights grant calculation	The number of LTI performance rights is determined by dividing the LTI grant dollar value by the 10-trading day Volume Weighted Average Price (VWAP) as at 31 December 2022.

Maximum LTI opportunity					LTI grant			
TFR $	X	Maximum LTI opportunity %	=	LTI grant $	÷	10-trading day VWAP Face value	=	LTI Performance Rights granted #

The Committee believes using a VWAP (instead of the share price at a single point in time or a discounted fair value methodology) reduces the impact daily volatility may have on the number granted and provides greater transparency around the value of share rights granted.

Features	Detail
Vesting conditions	Continuous active employment for four years. Board and Committee satisfaction that adverse outcomes have not arisen that were not apparent when performance was assessed, and satisfaction that there was not excessive risk taking in achievement of results.
Dividends	Dividends, or the value of any dividends, are not received on unvested share rights. Notional dividend equivalents are delivered through an adjustment to the number of vested share rights at the end of the deferral period. This is calculated by taking the value of dividends distributed during the deferral period and dividing by the 10-trading day VWAP as at the vesting date, in whole share rights.
Treatment upon vesting	Vested share rights entitle the holder to ordinary shares in the Company for nil consideration. The Company retains discretion to settle vested share rights as cash or via the issuance of new shares or on-market purchase.
Treatment on termination	Eligibility for an LTI award is contingent on active, continuous employment throughout the performance period. In the event of resignation or termination (with the exception of those leaving with good leaver status), the executive is ineligible for an LTI award, and unvested share rights lapse. In the event of termination with 'Good Leaver' status (retirement, redundancy, death, permanent disability, mutual separation, or as determined by the Board), a pro-rated portion of LTI based on performance period elapsed may be retained or converted to cash subject to the original vesting schedule, at the Board and Committee's discretion.
Board discretion, malus and clawback	See section 1.3.2 Board discretion and Remuneration.
Change of control	Board has discretion.

4.3.2 2024 LTI key characteristics

LTI 2024 features	Detail
Performance measures	**Underlying ROE:** 25% of the 2024 LTI grant. Calculated as the average of four-year Underlying NPAT divided by the four-year average equity (excluding mark-to-market value of investments) measured against regulatory capital (based on the lesser of actual capital or the upper end of the Board's targeted range being 1.60x Prescribed Capital Amount). Underlying ROE is a strategically important internal measure of financial performance for Helia. It captures the Company's ability to convert equity into returns (profit) and supports a number of Helia's strategic priorities. **Relative TSR:** 75% of the 2024 LTI grant. Calculated as the total return to shareholders (share price movement plus value of dividends) over the performance period, expressed as a percentage of the starting share price. Dividends are notionally reinvested on the ex-dividend date closing price and franking credits are excluded.
Relative TSR comparator group	ASX 200 Financial Services companies excluding Real Estate Investment Trusts (REITs) at the start of the performance period.

Vesting scale

Vesting	0%	50%	60%	70%	80%	90%	100%
Underlying ROE	<11.0%	11.0%	11.7%	12.4%	13.1%	13.8%	14.5%
Relative TSR	<50th	50th	55th	60th	65th	70th	75th

4.3.3 Updated 2021 LTI vesting scale

Vesting	0%	50%	60%	70%	80%	90%	100%
Underlying ROE (25%)	<7.5%	7.5%	8.2%	8.9%	9.6%	10.3%	11.0%
Relative TSR (75%) vs. ASX 200 Financials excl. REITs	<50th	50th	55th	60th	65th	70th	75th

4.3.4 Updated 2022 LTI vesting scale

Vesting	0%	50%	60%	70%	80%	90%	100%
Underlying ROE (25%)	<8.1%	8.1%	8.8%	9.5%	10.2%	10.9%	11.6%
Relative TSR (75%) vs. ASX 200 Financials excl. REITs	<50th	50th	55th	60th	65th	70th	75th

Remuneration report continued

4.4 Summary of contractual arrangements

Executive KMP	Term of agreement	Notice period	Termination payments	Competition
CEO	Ongoing	Six months' either party. No notice if terminated for cause i.e., serious misconduct.	Six months' notice and six months' fixed remuneration termination payment, plus statutory entitlements. If terminated for cause, no notice period and no termination payment, but statutory entitlements will be owed.	All executive KMP are subject to a non-solicitation undertaking and non-compete restraint for a 12-month period after ceasing employment.
Other executive KMP	Ongoing	Three months' either party. No notice if terminated for cause i.e., serious misconduct.	Three months' notice and six months' fixed remuneration termination payment, plus statutory entitlements. If terminated for cause, no notice period and no termination payment, but statutory entitlements will be owed.	

4.5 2023 Performance

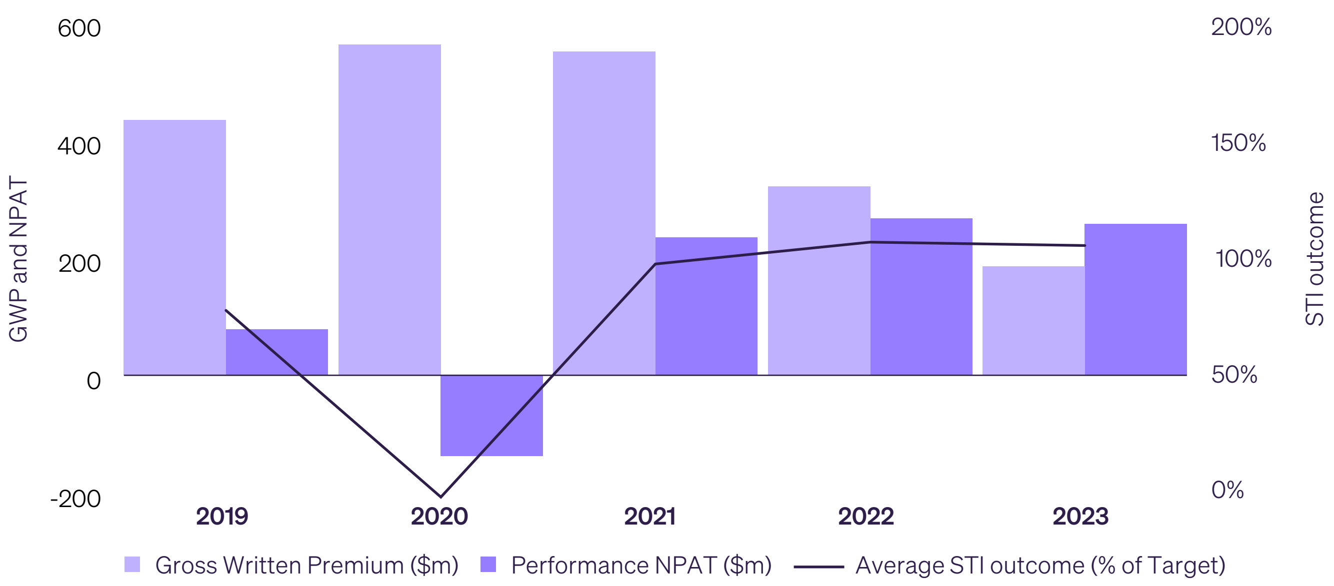
4.5.1 Financial performance and remuneration

In 2023, Helia delivered strong levels of profit and strong returns for shareholders despite a challenging environment. Assessment of Helia's performance in 2023 was considered in line with our key financial measures of success:

- Performance NPAT of $257 million in 2023, exceeding the STI stretch target set.
- proactively managing our capital structure to optimise returns for shareholders, with the successful completion of a $156.2 million share buy-back, and 2023 dividends of $179.6 million.
- Gross Written Premium has been soft through 2023 with a total of $185.2 million in line with market trends, which is below STI threshold.

The STI scorecard includes 60% financial measures (profit, growth and capital management). The Helia LTI plan comprises of 25% Underlying ROE and 75% Relative TSR measures.

The figure below shows our STI outcomes are aligned to financial performance over the last five years.



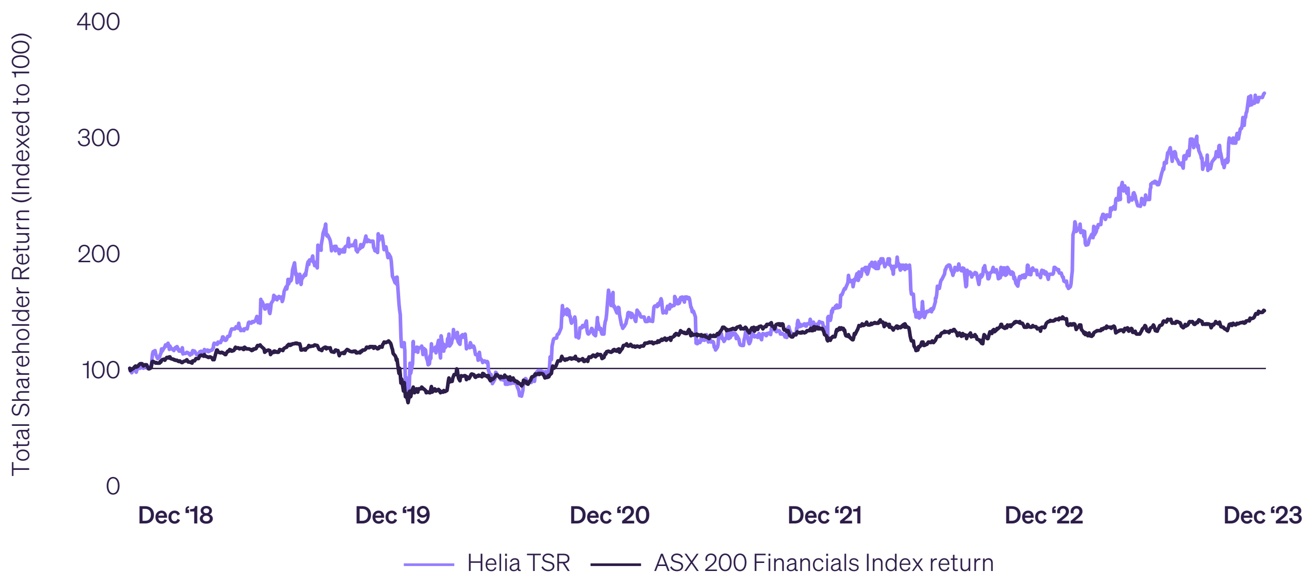
4.5.2 Five-year summary of Helia's financial performance

Financial results	2019	2020	2021	2022[1]	2023
Gross Written Premium ($m)	$433.2	$561.7	$549.6	$319.9	$185.2
Underlying NPAT ($m)	$97.0	($104.3)	$237.8	$232.6	$247.7
Underlying ROE[2]	6.0%	(7.3%)	16.3%	18.4%	21.1%
Dividends paid[3]	$0.626	$0.000	$0.290	$0.530	$0.590
Share price – start	$2.19	$3.65	$2.39	$2.32	$2.75
Share price – end	$3.65	$2.39	$2.32	$2.75	$4.35

1. 2022 figures have been re-stated under AASB 17 for comparative purposes.
2. Underlying ROE is calculated by dividing Underlying NPAT by the average of the opening and closing underlying equity balance for a financial period.
3. Reflects dividends (including special dividends) related to the performance year paid or subsequently declared.

4.5.3 Helia's TSR compared to financial services index

The graph below shows Helia's Total Shareholder Return (TSR) compared with the ASX 200 Financial Services Index return for the period of 1 January 2019 to 31 December 2023.



Remuneration report continued

4.5.4 Strategic performance and Remuneration

Supporting our financial performance, we progressed our multi-year strategy focused on Enhancing, Evolving, and Extending Helia's business. This involves strong customer management and acquisition efforts, a persistent commitment to enhancing the efficiency of our internal operations, nurturing the growth and development of our people, and steadfastly reinforcing our organisational culture.

As the needs of Australian home buyers and owners change, our aim is to continue to adapt and grow our offer and evolve strategically for the future. Helia has leveraged our core capabilities by:

- improving the efficiency and competitiveness of the core LMI offering, having retained all existing exclusive contracts, and obtaining one new exclusive contract;
- evolving LMI to respond to the changing needs of our customers and partners, including the development of an LMI product for Small-to-Medium Enterprise (SME) lending; and
- continuing to develop an organisational culture that is inclusive, supports our strategic objectives and enables Helia to adapt and grow in a changing environment. This is evident in improvements in engagement (+10 points), culture (+3 points), and risk culture (+8 points) scores within our 2023 employee engagement survey results.

The STI scorecard comprises of 40% strategic measures and individual performance is assessed based on "what" was achieved as well as "how" it was achieved.

The table below summarises our key people related strategic results over the last three years.

Strategic results	2021	2022	2023
People engagement score	62%	70%	80%
Culture score	79%	82%	85%
Risk Culture score	71%	75%	83%

4.5.5 Five-year summary of Helia's executive KMP remuneration outcomes

Executive KMP remuneration outcomes	2019	2020	2021	2022	2023
Average TFR increase % for next year	1.9%	0.0%	3.2%	4.2%	4.2%
Average STI outcome in year (% of Target)	78%	0%	99%	108%	107%
LTI performance tested in the year (% of Maximum)	50%	75%	73%	25%	100%

4.6 2023 Remuneration outcomes

4.6.1 Performance and STI outcomes

This section summarises an assessment of Helia's performance in 2023 against the STI scorecard measures, including an assessment of the overall risk performance health of the business to the Risk Committee with any risk modifier considerations within the Consequence Management Framework.

This year, a funding pool of 104% inclusive of the Risk Modifier has been achieved. The Board approved a Risk Modifier upwards adjustment of +10% given the strong uplift in Helia's Risk Culture in 2023. Further detail on the measures and the Board's assessment of Helia's performance is listed below.

4.6.2 2023 STI performance objectives and Board assessment of performance

STI performance objective & weighting	Rationale	Scorecard result: Threshold (50%) Target (100%) Maximum (150%)	Assessment of 2023 performance
Performance NPAT (30%)	As the headline figure of the various components that make up overall Company performance, an annual profit measure is a key performance objective.	Threshold Target Stretch At Stretch	Performance Net Profit After Tax (NPAT) of $257 million, exceeded the stretch hurdle.
Capital Management (15%)	Prudent and efficient management of capital. Reflects proactive management of our capital structure to optimise returns for shareholders.	Threshold Target Stretch Between Target and Stretch	Capital management initiatives resulted in two successful share buy-backs of an aggregate value of $156.2 million over the course of 2023, and total dividends of $179.6 million (interim ordinary dividend of 14 cents per share, final ordinary dividend of 15 cents per share, and a special dividend of 30 cents per share). This represents achievement between target and stretch.
Gross Written Premium (15%)	GWP target is intended to incentivise generation of new business within the current performance period.	Threshold Target Stretch Below Threshold	The Gross Written Premium (GWP) target was $350 million. Actual GWP of $185.2 million was due to lower volumes of industry new lending commitments, particularly in respect of high Loan-to-Value Ratio (LVR) lending. This constitutes achievement below threshold.
Revenue expansion (10%)	Increase revenue streams through increasing exclusive customers and delivering above system growth from customers.	Threshold Target Stretch At Threshold	All exclusive customers were retained in 2023. One new exclusive customer was won. New business market share was below threshold. This resulted in an outcome at threshold.
Revenue diversification and resilience (10%)	Revenue diversification through new products and features and investments which diversify revenue streams.	Threshold Target Stretch Below Threshold	Whilst Helia continues work on revenue diversification, no material new revenue streams were added in the year, resulting in below threshold outcome.
Future-fit organisation (10%)	Implementation of system enhancements and efficiencies.	Threshold Target Stretch Between Threshold and Target	• AASB 17 was implemented with strong positive feedback from the market. • System enhancements ahead of time and under budget. • Good progress on positioning the business to manage risks arising from climate change. Taken in aggregate, this constitutes achievement between threshold and target.
Future-fit people and culture (10%)	Continued improvements in engagement, culture and risk culture.	Threshold Target Stretch At Stretch	• People engagement score of 80% was above target of 75% and up from 70% in 2022. • Culture score of 85% was above target of 83% and up from 82% in 2022. • Risk culture score of 83% was above target of 78% and up from 75% in 2022. Taken in aggregate, this constitutes achievement above stretch.

Remuneration report continued

STI performance objective & weighting	Rationale	Scorecard result	Assessment of 2023 performance
Risk modifier	Risk adjustment based on the organisation's risk mindset.	+10% upwards adjustment (not applied to any employees who did not meet Helia's expected behaviours).	Achievements include: • Strong Risk Culture survey outcomes for 2023 (up 8% from 2022); • Improvement in risk performance noted in the Risk Culture Dashboard for both risk behaviours and advancements in risk architecture, with all measures ranking at least in the "good" category. Strong embedding of new enterprise risk management system; • Favourable outcomes from an independent review of our risk environment and practices, ranking Helia ahead of its peers. Increased focus on strengthening risk management practices, driven by CEO and executive sponsorship. Improvement in risk management practices and disciplined management of incidents, audit and compliance requirements; • A positive external review of our information security resilience demonstrating strong progress on Helia's risk management behaviours and culture in addressing heightened risks from cyber attacks; • Continuing collaborative and positive relationship with regulators; • Strong project governance and implementation of agile working, allowing technology enhancements to be delivered safely at pace; and • Strong implementation and embedding of risk performance in our remuneration framework and policies, delivering key CPS 511 regulatory commitments ahead of effective date, and improving our non-financial risk management practices.
Board discretion		0% adjustment	No further discretion was applied to the STI outcomes.

4.6.3 2023 STI outcomes

	2023 STI opportunity			2023 STI outcome							
Name and position	**Target (% of 2023 TFR)**	**Target $**	**Maximum $**	**Cash awarded $**	**Deferred awarded $**	**Deferred rights[1] # Rights**	**Total awarded $**	**Actual awarded (% of 2023 TFR)**	**Actual awarded (% of Target)**	**Actual awarded (% of Max)**	**Not awarded (% of Max)**
P Blight-Johnston CEO	86%	$810,000	$1,620,000	$463,320	$463,320	108,171	$926,640	98%	114%	57%	43%
M Cant CFO	60%	$375,000	$750,000	$204,750	$204,750	47,803	$409,500	66%	109%	55%	45%
A Cormack CRO	40%	$228,800	$457,600	$124,925	$124,925	29,166	$249,850	44%	109%	55%	45%
J Francis COO	60%	$282,000	$564,000	$161,304	$161,304	37,659	$322,608	69%	114%	57%	43%
G McAweeney CCO-LMI	60%	$354,000	$708,000	$156,468	$156,468	36,530	$312,936	53%	88%	44%	56%

1. Deferred STI share rights have been calculated using the 10-trading day VWAP of $4.2832 as at 31 December 2023.

4.6.4 Performance and LTI outcomes

4.6.4.1 2020 LTI grant vesting 31 December 2023

In December 2023, participants in the 2020 LTI grant received shares in line with performance against Underlying ROE and Relative Total Shareholder Return (TSR), measured over January 2020 to December 2022 and subject to a further one-year deferral period ending December 2023.

Actual Underlying ROE for this plan was 12.56% which was above the maximum hurdle of 12.0%. This resulted in full vesting for the Underlying ROE tranche with 25% weighting. Helia's TSR was at the 29.6th percentile compared to the ASX 200 Financial Services companies excluding Real Estate Investment Trusts (REITs) and was below the threshold of 50th percentile. This resulted in nil vesting for the Relative TSR tranche with 75% weighting. The total vesting outcome was 25% of the overall grant.

Prior to vesting, all outcomes were subject to an assessment by the CRO to determine whether any risk events had materialised over the performance and deferral period and presented to the Risk Committee who recommends to the Board. The Board decided there were no material risk events that required an adjustment and approved final vesting outcomes.

Remuneration report continued

4.6.4.2 2021 LTI grant vesting 31 December 2024

In 2021, executives were provided with a grant of share rights which vest subject to Company performance against Underlying ROE and Relative TSR over the 3-year period from 1 January 2021 to 31 December 2023. A 12-month deferral period applies from the end of the performance period, meaning the Performance Rights will vest on 31 December 2024. Any vesting outcomes undergo a risk assessment prior to release, to determine whether adjustments are required based on material risk events that have materialised from grant date.

Performance testing was carried out at the end of the relevant performance period (31 December 2023). Performance outcomes for this grant are outlined below.

	Scorecard Result		
LTI performance objective & weighting	**Threshold (50%)**	**Maximum (100%)**	**Assessment of performance**
Underlying ROE[1] (25%)	7.5%	11.0% At Stretch	As disclosed to the market on 22 August 2023, Underlying ROE hurdles for the 2021 LTI grant were adjusted upwards by 0.5 percentage points, reflecting the lower equity under AASB 17 which applied for part of the performance period. Helia's 3-year Underlying ROE was 25.0% and above the stretch hurdle. 100% of the Underlying ROE component will vest subject to a further one-year service vesting period.
Relative TSR[2] (75%)	50th Percentile	75th Percentile At Stretch	Helia's 3-year TSR was the highest (100th percentile) amongst ASX 200 Financial Services companies excluding Real Estate Investment Trusts (REITs). 100% of the Relative TSR component will vest subject to a further one-year service vesting period.

1. 3-year average of annual Underlying Net Profit After Tax divided by the 3-year average equity (based on upper end of the Board's targeted range above the Prescribed Capital Amount) calculated quarterly and excluding mark-to-market value of investments; outcomes weighted as follows: 2021–25.0%; 2022–37.5%; 2023–37.5%. Above Board target range of 1.44x PCA.
2. Measured against a comparator group of ASX 200 Financial Services firms, excluding Real Estate Investment Trusts (REITs).

5. Executive KMP Statutory Remuneration Disclosures

5.1 Executive KMP Statutory Remuneration

		Short-term employee benefits			Post-employment benefits	Long-term employee benefits		Share-based Payments		Other		
Name and position		Cash salary[1] $	Other benefits[2] $	Cash STI awarded[3] $	Super benefits $	Annual leave[4] $	Long service leave[4] $	Deferred STI Rights[5] $	LTI Performance Rights[5] $	Termination benefits $	Total $	Performance related[6] %
P Blight-Johnston	2023	$902,132	$17,690	$463,320	$26,346	$14,403	$35,177	$412,186	$998,658	–	$2,869,912	65%
CEO	2022	$866,458	$15,613	$531,887	$24,430	$21,910	$22,159	$359,033	$178,057	–	$2,019,547	53%
M Cant	2023	$586,353	$17,925	$204,750	$26,346	$34,878	$12,426	$175,858	$158,526	–	$1,217,063	44%
CFO	2022	$557,618	$9,973	$242,561	$24,430	$17,051	$5,230	$106,302	$26,461	–	$989,626	38%
A Cormack	2023	$541,988	$5,762	$124,925	$26,346	($5,449)	$17,195	$93,054	$318,966	–	$1,122,785	48%
CRO	2022	$520,157	$3,864	$100,496	$24,430	($6,094)	$1,010	$71,703	$109,306	–	$824,872	34%
J Francis	2023	$433,853	$12,515	$161,304	$26,346	($19,339)	$11,129	$116,293	$182,899	–	$924,999	50%
COO	2022	$421,849	$2,419	$123,336	$24,430	$10,123	$5,710	$81,919	$28,914	–	$698,700	34%
G McAweeney	2023	$557,125	$11,485	$156,468	$26,346	($10,063)	$5,624	$84,157	$47,804	–	$878,946	33%
CCO-LMI	2022	$208,006	$2,381	$60,061	$12,646	$6,108	$513	$23,344	–	–	$313,059	27%

1. Cash salary consists of base salary, leave taken during the year, and cash in lieu of superannuation.
2. Other benefits include reimbursements including annual health reimbursement offered to all employees, insurance premiums, executive health benefits, other non-cash benefits (such as car parking) and related Fringe Benefits Tax (FBT).
3. Cash STI awarded is the actual STI cash payment relating to the respective performance year, inclusive of super, accrued for during the performance year. Actual payment made in March of the following year.
4. Annual leave and long service leave represent the movement in the accrued leave balances for the year, being the current year's leave entitlement of the KMP less leave taken during the year, adjusted for any changes in fixed salary. M Cant's 2022 long service leave expense was corrected.
5. The fair value of equity instruments calculated at the date of grant using the Monte Carlo method and allocated to each reporting period over the period from grant date to vesting date.
6. Performance related remuneration comprises short-term and long-term variable payments presented as a percentage of total remuneration.

5.2 Executive KMP minimum shareholding requirement

To strengthen the alignment between executives and shareholders, executives are required to accumulate and maintain a minimum value of Helia equity instruments.

Features	Detail	
Minimum shareholding (% of TFR) by role	**Executive KMP**	**Minimum shareholding (% of TFR)**
	CEO:	200%
	Other executive KMP:	100%
Definition of TFR	TFR is at the more recent of Helia's listing date or appointment date to the role.	
Time to meet	Executive KMP must meet the minimum shareholding requirement within five years of appointment to their role.	
Testing and compliance	Share ownership requirements are tested each year. Until the ownership requirements are met, 25% of shareholdings that count towards their minimum shareholding requirement must be retained.	
Number of instruments to be held	The number of instruments to be held is calculated using the greater of the 10-trading day Volume Weighted Average Price (VWAP) immediately preceding the relevant testing date, or retail price at listing.	
Eligible instruments	Shares and unvested equity awards with service-based hurdles (e.g., deferred STI rights and LTI rights that are in a holding lock that have passed all performance hurdles) count towards the minimum shareholding requirement. Performance-based equity awards (e.g., LTI rights that are still subject to performance hurdles) do not count.	

Remuneration report continued

5.3 Executive KMP shareholdings

Name and position	Balance at 31 Dec 22[1]	Received via vesting/ exercising[2]	Other changes[3]	Balance at 31 Dec 23[1]
P Blight-Johnston – CEO	–	196,018	(69,600)	126,418
M Cant – CFO	–	12,306	–	12,306
A Cormack – CRO	269,506	84,066	(150,000)	203,572
J Francis – COO	–	34,772	–	34,772
G McAweeney – CCO-LMI	–	–	–	–

1. Held, whether directly, indirectly or beneficially, by each key management person, or by a close member of the family of that person, or an entity over which the person or the family member has, either directly or indirectly, control, joint control or significant influence.
2. Received on exercise of vested deferred STI rights and LTI rights, plus notional dividend equivalents on vested rights.
3. Acquisition or sale of shares on market.

5.4 Executive KMP share right holdings

Name and position	Plan	Grant date[1]	Issue price[2]	Vesting date	Held 31 Dec 22	Granted	Forfeited	Vested	Exercised	Held 31 Dec 23
					Movement during the year					
P Blight-Johnston CEO[3]	Deferred STI '21	19 May '22	$2.37	1 Mar '23	139,387	16,461[4]	–	155,848	155,848	–
	Deferred STI '22	11 May '23	$2.80	1 Mar '24/25	–	190,013	–	–	–	190,013
	LTI '20	7 May '20	$3.73	31 Dec '23	160,681	–	120,511	40,170	40,170	–
	LTI '21	6 May '21	$2.31	31 Dec '24	311,593	–	–	–	–	311,593
	LTI '22	19 May '22	$2.37	31 Dec '25	361,140	–	–	–	–	361,140
	LTI '23	11 May '23	$2.80	31 Dec '26	–	357,244	–	–	–	357,244
M Cant CFO	Deferred STI '21	1 Mar '22	$2.37	1 Mar '23	11,007	1,299[4]	–	12,306	12,306	–
	Deferred STI '22	1 Mar '23	$2.80	1 Mar '24/25	–	86,653	–	–	–	86,653
	LTI '22	1 Mar '22	$2.37	31 Dec '25	122,492	–	–	–	–	122,492
	LTI '23	1 Mar '23	$2.80	31 Dec '26	–	111,639	–	–	–	111,639
A Cormack CRO	Deferred STI '21	1 Mar '22	$2.37	1 Mar '23	29,874	3,528[4]	–	33,402	33,402	–
	Deferred STI '22	1 Mar '23	$2.80	1 Mar '24/25	–	35,901	–	–	–	35,901
	LTI '19	1 Mar '19	$2.17	31 Dec '22	–	33,679[4]	–	33,679	33,679	–
	LTI '20	1 Mar '20	$3.73	31 Dec '23	67,938	–	50,953	16,985	16,985	–
	LTI '21	1 Mar '21	$2.31	31 Dec '24	89,587	–	–	–	–	89,587
	LTI '22	1 Mar '22	$2.37	31 Dec '25	109,297	–	–	–	–	109,297
	LTI '23	1 Mar '23	$2.80	31 Dec '26	–	102,172	–	–	–	102,172
J Francis COO	Deferred STI '21	1 Mar '22	$2.37	1 Mar '23	31,100	3,672[4]	–	34,772	34,772	–
	Deferred STI '22	1 Mar '23	$2.80	1 Mar '24/25	–	44,061	–	–	–	44,061
	LTI '21	1 Mar '21	$2.31	31 Dec '24	63,729	–	–	–	–	63,729
	LTI '22	1 Mar '22	$2.37	31 Dec '25	90,813	–	–	–	–	90,813
	LTI '23	1 Mar '23	$2.80	31 Dec '26	–	83,952	–	–	–	83,952
G McAweeney CCO-LMI	Deferred STI '22	1 Mar '23	$2.80	1 Mar '24/25	–	21,456	–	–	–	21,456
	LTI '23	1 Mar '23	$2.80	31 Dec '26	–	105,387	–	–	–	105,387

1. For Ms Blight-Johnston, grant date represents the date her grants received shareholder approval at the Annual General Meeting.
2. Issue price is 10-trading day VWAP to 31 December immediately prior to grant date.
3. Approval for the issue of Deferred STI '22 and LTI '23 share rights to Ms Blight-Johnston was obtained under ASX Listing Rule 10.14.
4. Notional dividend equivalents on vested share rights delivered through an adjustment to the number of vested share rights.

6. Non-Executive Director Remuneration

6.1 NED Remuneration structure

Non-Executive Directors (NEDs) are entitled to such remuneration as determined by the Board, provided the aggregate maximum annual amount (referred to as the aggregate fee cap) approved by shareholders is not exceeded.

As the focus of NEDs is principally the stewardship, strategic direction and medium to long-term performance of Helia, remuneration plans for NEDs are neither performance based or at risk.

NED fees are reviewed annually and may be adjusted in line with market standards within the aggregate fee cap.

In 2022, the Board determined an increase (effective 1 January 2023) in the base Board fee and Committee fees (except Risk Committee Chair fee) was appropriate given:

- There have been no changes made to any Board or Committee fees since 2016 other than one increase in the Risk Committee Chair fee resulting from the amalgamation of the business of each of the Risk, Capital and Investment and Technology Committees into one Committee in October 2019.
- The base Board fee and Committee Chair and Member fees, except for the Risk Committee Chair fees, were all below market levels via an independent and thorough review of market competitiveness conducted at the end of 2022.
- The increasing regulatory focus resulting in greater scope and workload for the Board and Committees.

The changes to NED fees effective from 1 January 2023 are:

- The base Board NED fee was increased by 5%.
- Increase in the Chair fee for the Audit Committee and Remuneration and Nominations Committees to match the Risk Committee.
- Committee member fees equal one-half of the Chair fee.

The Board Chairman fee was maintained and not increased. The aggregate fee cap remained unchanged at $1.75 million.

The table below sets out the policy NED fees for 2022 and 2023.

	2022		2023	
	Chair	Member	Chair	Member
Board	$265,000[1]	$115,000	$265,000[1]	$120,750
Audit Committee	$24,000	$12,000	$30,000	$15,000
Remuneration and Nominations Committee	$24,000	$12,000	$30,000	$15,000
Risk Committee	$30,000	$12,000	$30,000	$15,000

1. The Board Chairman does not receive any Committee fees.

6.2 NED committee memberships

Non-Executive Directors	Board	Board Committees: Audit	Remuneration and Nominations	Risk
I MacDonald[1]	Chair			
G McGrath	Member		Member	Chair
A Muir	Member	Member		Member
L Murphy	Member	Member	Chair[2]	Member
G Schenkel	Member	Member	Member	
A Waters	Member	Chair	Member	
D West[2]	Member			Member

1. As announced to the market on 31 January 2024, I MacDonald will retire from the Board at the conclusion of the AGM on 9 May 2024.
2. L Murphy was appointed Chair of the Remuneration and Nominations Committee after D West stepped down on 1 October 2023.

Remuneration report continued

6.3 NED Statutory Remuneration

Non-Executive Director	Year	Fees	Other short-term benefits	Non-monetary benefits	Superannuation benefits	Total
I MacDonald	2023	$239,279	–	–	$25,721	$265,000
Chairman	2022	$240,626	–	–	$24,375	$265,001
G McGrath	2023	$149,662	–	–	$16,088	$165,750
Director	2022	$153,289	–	–	$15,711	$169,000
A Muir	2023	$150,750	–	–	–	$150,750
Director	2022	$131,508	–	–	$13,492	$145,000
L Murphy[1]	2023	$142,875	–	–	$15,375	$158,250
Director	2022	$20,965	–	–	$2,201	$23,166
G Schenkel[2]	2023	$150,750	–	–	–	$150,750
Director	2022	$144,996	–	–	–	$144,996
A Waters	2023	$165,750	–	–	–	$165,750
Director	2022	$159,128	–	–	$3,872	$163,000
D West[2]	2023	$158,250	–	–	–	$158,250
Director	2022	$160,000	–	–	–	$160,000
Total[2]	**2023**	**$1,157,316**	**–**	**–**	**$57,184**	**$1,214,500**
	2022	**$1,010,512**	**–**	**–**	**$59,651**	**$1,070,163**

1. L Murphy was appointed as a director on 1 November 2022.
2. G Schenkel's and D West's 2022 fees were corrected.

6.4 NED minimum shareholding requirement

To strengthen the alignment between NEDs and shareholders, independent NEDs are required to accumulate and maintain a minimum value of Helia shares equal to one times their annual base fees, excluding Committee fees.

The value of shares held is determined by the share price on the date of the acquisition.

NEDs must meet the share ownership requirements within five years of appointment to their role.

6.5 NED shareholdings

Name and position	Balance at 31 Dec 22[1]	Received via vesting/ exercising	Other changes[2]	Balance at 31 Dec 23[1]
I MacDonald – Chairman	131,823	–	–	131,823
G McGrath – Director	71,150	–	–	71,150
A Muir – Director	–	–	–	–
L Murphy – Director	–	–	22,140	22,140
G Schenkel – Director	6,300	–	–	6,300
A Waters – Director	60,000	–	–	60,000
D West – Director	60,318	–	–	60,318

1. Held, whether directly, indirectly or beneficially, by each key management person, or by a close member of the family of that person, or an entity over which the person or the family member has, either directly or indirectly, control, joint control or significant influence.
2. Acquisition or sale of shares on market.

Directors' report continued

The lead auditor's independence declaration is set out on the following page and forms part of the Directors' Report. Signed in accordance with a resolution of the directors:

Ian MacDonald
Chairman

Dated: 27 February 2024

Lead auditor's independence declaration

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Helia Group Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Helia Group Limited for the financial year ended 31 December 2023 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Julia Gunn

Julia Gunn

Partner

Sydney

27 February 2024

Financial statements

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Consolidated statement of comprehensive income

for the year ended 31 December 2023

	Note	2023 $'000	2022 Restated[1] $'000
Insurance revenue	3.1	427,253	467,661
Insurance service expense	3.2	(27,545)	(106,370)
Net expense from reinsurance contracts		(41,318)	(60,483)
Insurance service result		**358,390**	**300,808**
Investment revenue/(loss)	3.3(a)	173,445	(81,628)
Investment expense		(2,661)	(2,871)
Net finance (expense)/income from insurance contracts	3.3(b)	(89,902)	102,070
Net finance income from reinsurance contracts		639	349
Net financial result		**81,521**	**17,920**
Other operating expenses	2.4	(18,953)	(20,437)
Financing costs		(17,583)	(12,583)
Share of loss of equity-accounted investees, net of tax	7.6	(4,894)	(1,080)
Impairment loss on equity-accounted investees	7.6	(3,594)	–
Profit before income tax		**394,887**	**284,628**
Income tax expense	2.5(a)	(119,823)	(83,448)
Profit for the year		**275,064**	**201,180**
Total comprehensive income for the year		**275,064**	**201,180**
Earnings per share			
Basic earnings per share (cents per share)	2.2	85.0	52.6
Diluted earnings per share (cents per share)	2.2	84.7	52.6

The consolidated statement of comprehensive income is to be read in conjunction with notes to the financial statements.

1. See Note 1.2 (c).

Consolidated statement of financial position

As at 31 December 2023

	Note	2023 $'000	2022 Restated[1] $'000	1 January 2022 Restated[1] $'000
Assets				
Cash and cash equivalents	6.1	57,049	23,841	76,724
Accrued investment income		26,704	21,783	16,837
Financial instruments	4.2(d)	2,897,188	3,230,853	3,627,122
Derivative financial instruments	4.2(e)	10,458	9,124	–
Trade and other receivables	6.2	18,175	2,144	4,067
Prepayments		4,800	4,716	4,203
Equity-accounted investees	7.6	18,961	27,449	–
Plant and equipment		2,708	3,195	3,448
Lease assets	6.3	8,052	1,133	3,618
Deferred tax assets	2.5(b)	148,541	124,696	139,494
Intangibles	6.4	1,452	2,952	4,643
Goodwill	6.5	9,123	9,123	9,123
Total assets		**3,203,211**	**3,461,009**	**3,889,279**
Liabilities				
Derivative financial instruments	4.2(e)	1,821	–	10,260
Trade payables and other liabilities	6.6	37,365	32,214	35,496
Current tax liabilities	6.6	75,754	38,388	30,365
Lease liabilities	6.3	8,089	2,360	7,663
Insurance contract liabilities	3.4	1,731,805	1,975,608	2,267,518
Reinsurance contract liabilities	3.4	10,269	10,964	14,969
Employee benefits provision	6.7	7,557	7,058	7,282
Interest bearing financial liabilities	5.2	189,200	188,701	188,229
Total liabilities		**2,061,860**	**2,255,293**	**2,561,782**
Net assets		**1,141,351**	**1,205,716**	**1,327,497**
Equity				
Share capital	5.3(a)	750,718	906,892	1,087,762
Share-based payment reserve	5.3(b)	5,178	1,838	806
Other reserves	5.5	(476,559)	(476,559)	(476,559)
Retained earnings		862,014	773,545	715,488
Total equity		**1,141,351**	**1,205,716**	**1,327,497**

The consolidated statement of financial position is to be read in conjunction with notes to the financial statements.

1. See Note 1.2 (c).

Consolidated statement of changes in equity

for the year ended 31 December 2023

	Share capital $'000	Other reserves $'000	Retained earnings $'000	Share-based payment reserve $'000	Total $'000
Balance at 1 January 2022, as previously reported	1,087,762	(476,559)	945,320	806	1,557,329
Adjustment on initial application of AASB 17, net of tax	–	–	(229,832)	–	(229,832)
Restated balance at 1 January 2022[1]	**1,087,762**	**(476,559)**	**715,488**	**806**	**1,327,497**
Restated profit after taxation[1]	–	–	201,180	–	201,180
Dividend declared and paid	–	–	(143,123)	–	(143,123)
Buy-back of shares, including transaction costs	(180,870)	–	–	–	(180,870)
Share-based payment expense recognised	–	–	–	2,097	2,097
Share-based payment settled	–	–	–	(1,065)	(1,065)
Restated Balance at 31 December 2022[1]	**906,892**	**(476,559)**	**773,545**	**1,838**	**1,205,716**
Opening balance at 1 January 2023	**906,892**	**(476,559)**	**773,545**	**1,838**	**1,205,716**
Profit after taxation	–	–	275,064	–	275,064
Dividend declared and paid	–	–	(186,687)	–	(186,687)
Buy-back of shares, including transaction costs	(156,174)	–	–	–	(156,174)
Share-based payment expense recognised	–	–	–	4,833	4,833
Share-based payment settled	–	–	92	(1,493)	(1,401)
Balance at 31 December 2023	**750,718**	**(476,559)**	**862,014**	**5,178**	**1,141,351**

The consolidated statement of changes in equity is to be read in conjunction with notes to the financial statements.

1. See Note 1.2 (c).

Consolidated statement of cash flows

for the year ended 31 December 2023

	Note	2023 $'000	2022 Restated[1] $'000
Cash flows from operating activities			
Premiums received		206,702	350,401
Interest and other income		96,170	56,432
Claims paid		(25,667)	(31,040)
Outwards reinsurance premium expense paid		(41,373)	(64,139)
Interest paid		(17,331)	(14,584)
Cash payments in the course of operations		(130,230)	(160,336)
Income tax paid		(106,301)	(60,629)
Net cash (used in)/provided by operating activities	2.3	**(18,030)**	**76,105**
Cash flows from investing activities			
Payment for plant and equipment and intangibles		(243)	(599)
Payments for the purchase of investments		(1,706,385)	(1,760,474)
Payments for Investment in equity-accounted investees		–	(28,529)
Proceeds from sale of investments		2,102,507	1,987,700
Proceeds from sub-lease of property		1,217	1,788
Net cash generated by investing activities		**397,096**	**199,886**
Cash flows from financing activities			
Dividends paid		(186,687)	(143,123)
Payments for the on-market buy-back of shares		(156,174)	(180,870)
Payment of lease liabilities		(3,040)	(4,963)
Net cash used in financing activities		**(345,901)**	**(328,956)**
Net increase/(decrease) in cash and cash equivalents held		**33,165**	**(52,965)**
Effects of exchange rate changes on balances of cash and cash equivalents held in foreign currencies		43	82
Cash and cash equivalents at the beginning of the financial year		**23,841**	**76,724**
Cash and cash equivalents at the end of the financial year	6.1	**57,049**	**23,841**

The consolidated statement of cash flows is to be read in conjunction with notes to the financial statements.

1. See Note 1.2 (c).

Notes to the financial statements

1 Basis of preparation

1.1 Reporting entity

This general purpose consolidated financial report is for the year ended 31 December 2023 and comprises the consolidated financial statements of Helia Group Limited (the Company) and its controlled entities (together referred to as the Group). The Company is a for-profit entity domiciled in Australia and its shares are publicly traded on the Australian Securities Exchange (ASX). The Group operates in one business and operating segment consisting of a lenders mortgage insurance business in Australia, therefore no segment information is presented.

The annual financial report was authorised for issue by the Board of Directors on 27 February 2024.

This financial report is the Group's first annual financial report since adoption of AASB 17 *Insurance Contracts* and AASB 9 *Financial Instruments*. As required by AASB 17 comparative information has also been restated. Refer to note 1.2c (i) for more details.

1.2 Material accounting policies

(a) Statement of compliance

This report has been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards adopted by the Australian Accounting Standards Board (AASB) and the ASX listing rules. International Financial Reporting Standards (IFRS) form the basis of Australian Accounting Standards adopted by the AASB, being Australian equivalents to IFRS. The financial report also complies with IFRS, and interpretations adopted by the International Accounting Standards Board (IASB).

Selected explanatory notes are included to explain events and transactions that are material to an understanding of the changes in financial position and performance of the Group.

(b) Basis of preparation of the financial report

The consolidated financial report is presented in Australian dollars.

The consolidated statement of financial position has been prepared using the liquidity format of presentation, in which the assets and liabilities are presented broadly in order of liquidity.

The assets and liabilities comprise both current amounts (expected to be recovered or settled within 12 months after the reporting date) and non-current amounts (expected to be recovered or settled more than 12 months after the reporting date). For those assets and liabilities that comprise both current and non-current amounts, information regarding the respective current and non-current amounts is disclosed in the relevant notes to the financial statements.

The consolidated financial report is prepared on historical cost basis except for investments and derivatives being stated at fair value, and insurance and reinsurance contracts in line with AASB 17.

(c) Accounting policies adopted

The accounting policies adopted in the preparation of this financial report have been applied consistently by the Group and are the same as those applied for the previous reporting year, unless otherwise stated. The material accounting policies adopted in the preparation of this financial report are set out within the relevant notes to the financial statements.

In addition, the Group adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments did not result in any changes to the accounting policies.

(i) New and amended standards adopted by the Group

There are additional new accounting standards and interpretations, effective on or after 1 January 2023 (refer to the table below) which were adopted by the Group.

	New standards, amendments and interpretations	Operative date
AASB 17	Insurance Contracts	1 January 2023
AASB 9	Financial Instruments	1 January 2023
AASB 2021-2	Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates	1 January 2023
AASB 2021-5	Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

Only the adoption of AASB 17 *Insurance Contracts* had a material effect on the Group's financial statements. The nature and effects of the key changes to the Group's accounting policies resulting from its adoption of AASB 17 are summarised below:

Recognition, measurement and presentation of insurance contracts

AASB 17, the new accounting standard for insurance contracts, was adopted by the AASB in July 2020. The first applicable financial reporting period for the Group is the year ended 31 December 2023, with the restated comparative period ended 31 December 2022. Refer to note 3 for accounting policy information.

Measurement

AASB 17 introduces a new general measurement model for accounting of insurance contracts based on fulfilment cashflows (discounted future cash flows risk adjusted for non-financial risk) and contractual service margin (CSM).

Treatment of accounting estimates

The Group has made an accounting policy choice to allow the reassessment of accounting estimates made in half-year financial statements when applying AASB 17 in the annual financial statements. This accounting policy is applied to all groups of insurance contracts it issues and groups of reinsurance contracts it holds.

Presentation and disclosures

AASB 17 has introduced substantial changes to the presentation and disclosures of the financial statements. The disclosures are more extensive, granular and analytical of movements.

Transition

The Group has used the full retrospective approach for certain aspects of the measurement of the groups of contracts formed pre-transition, and the modified retrospective approach for other aspects. The Group has taken into account all available experience up to the transition date.

This was deemed appropriate on the basis that the cost and effort required in preparing historic estimates was prohibitive and where it was impracticable to apply the full retrospective approach, for example, where historic information was not readily available for those products, or where the liability for remaining coverage is not material.

For the main product:

- The Group has modelled claims using historic valuations of claims liabilities, modified to reflect changes in the actuarial reserving approach brought in on 31 December 2020 in relation to the liability for re-delinquency of previously cured arrears as prior to that date re-delinquency data was not collected in the same manner as for the current year valuation.
- Refunds and premium credits are modelled using historic information but drawing from the current data warehouse to take advantage of material improvements in data capture over time because current data allows for improved estimation precision and was not available to the same extent for all historic years.
- The Group has used expenses cash flows known to have occurred between inception of the insurance contracts and the transition date as the historic attributable expense data is not required to be tracked at the level of granularity required under the new standard.
- Risk adjustment has been measured based on historic and forecast volatility of the modelled cash flows because, as the transition risk adjustment measures historical non-financial risk using estimates that may not have existed at the time, applying historical estimates without hindsight is not practical.

The tax impact of AASB 17 is discussed in note 2.5.

Notes to the financial statements continued

The effects of adopting AASB 17 on the consolidated financial statements as at 1 January 2022 are presented below:

Balance Sheet under AASB 1023[1] 1 January 2022		Reversals	AASB 17 re-measure-ment	Balance Sheet under AASB 17 1 January 2022	
	$'000	$'000	$'000	$'000	
Assets					Assets
Other assets	3,745,718	–	–	3,745,718	Other assets
Trade and other receivables[4]	7,821	(3,754)	–	4,067	Trade and other receivables
Recoveries receivable[2]	21,604	(21,604)	–	–	
Deferred acquisition costs[2]	88,510	(88,510)	–	–	
Deferred reinsurance expense[3]	8,665	(8,665)	–	–	
Deferred tax assets	40,994	–	98,500	139,494	Deferred tax assets
Total Assets	**3,913,312**	**(122,533)**	**98,500**	**3,889,279**	**Total Assets**
Liabilities					Liabilities
Other liabilities	213,434	–	–	213,434	Other liabilities
Trade payables and other liabilities[5]	69,100	(3,239)	–	65,861	Trade payables and other liabilities
Outstanding claims[2]	480,256	(480,256)	437,196	437,196	Liability for incurred claims
Unearned premium[2]	1,571,834	(1,571,834)	1,830,322	1,830,322	Liability for remaining coverage
Reinsurance payable[3]	21,359	(21,359)	14,969	14,969	Reinsurance contract liabilities
Total liabilities	**2,355,983**	**(2,076,688)**	**2,282,487**	**2,561,782**	**Total liabilities**
Net assets	**1,557,329**	**1,954,155**	**(2,183,987)**	**1,327,497**	**Net assets**
Equity					Equity
Share capital	1,087,762	–		1,087,762	Share capital
Share based payment reserve	806	–		806	Share based payment reserve
Other reserves	(476,559)	–		(476,559)	Other reserves
Retained earnings	945,320	(229,832)		715,488	Retained earnings
Total equity	**1,557,329**	**(229,832)**		**1,327,497**	**Total equity**

1. AASB 1023, *General Insurance Contracts.*
2. Deferred acquisition costs, recoveries receivable, unearned premium and outstanding claims are derecognised and are replaced by insurance contract liabilities, measured in accordance with AASB 17 requirements and methodologies.
3. Deferred reinsurance expense and reinsurance payable are derecognised and are replaced by reinsurance contract liabilities, measured in accordance with AASB 17 requirements and methodologies.
4. The reversals of trade and other receivables relate to monthly premium balances, now a part of insurance contract liabilities, measured in accordance with AASB 17 requirements and methodologies.
5. The reversals of trade payables and other liabilities relate to monthly premium balances and reinsurance liabilities, now a part of insurance contract liabilities and reinsurance contract liabilities, respectively, remeasured in accordance with AASB 17 requirements and methodologies.

The Group has also adopted AASB 9 *Financial Instruments* at the same time as AASB 17.

AASB 9 introduces changes to the classification and measurements of financial instruments, replaces the 'incurred losses' impairment model with a new 'expected loss' model when recognising expected credit losses on financial assets, and includes new general hedge accounting requirements.

Prior to the adoption of AASB 9, the Group's financial investments were designated at fair value through profit or loss on initial recognition and were subsequently remeasured to fair value at each reporting date, reflecting the business model applied by the Group to manage and evaluate its investment portfolio on a fair value basis. Under the Group's current business model, after the adoption of AASB 9, all investment portfolios continue to be measured and designated at fair value through profit or loss. Hence, there are no material changes to the carrying value of financial instruments upon the adoption of AASB 9.

(ii) New accounting standards and amendments issued but not yet effective

There are various new accounting standards, amendments and interpretations noted below which are effective for annual periods beginning on or after 1 January 2024 and have not been applied in preparing these consolidated financial statements. An initial assessment of the financial impact of these standards and amendments has been undertaken and they are not expected to have a material impact on the Group's financial statements.

	New standards, amendments and interpretations	Operative date
AASB 2020-1	Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current	1 January 2024
AASB 2022-5	Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback	1 January 2024
AASB 2023-1	Amendments to Australian Accounting Standards – Supplier Finance Arrangements	1 January 2024
AASB 2014-10/ AASB 2021-7c	Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2025

(d) Rounding off

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016 and, in accordance with that instrument, amounts in the consolidated financial statements and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

(e) Critical accounting estimates and judgements

The preparation of a financial report requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable in the circumstances, the results of which form the basis of making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources.

These estimates and underlying assumptions are reviewed on an ongoing basis and actual results may vary from estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgement made by management in the application of Australian Accounting Standards that have a significant effect on the financial report and estimates with a significant risk of material adjustment are discussed below and for the valuation of the liability for remaining coverage and liability for incurred claims, further discussed in note 3.10.

The approach to key estimates and judgements for this reporting period is consistent with the requirements of AASB 17.

To the extent estimation uncertainty exists, the Group has considered the forecasts of economic conditions which will reflect the expectations and assumptions as at 31 December 2023 about future events that the Directors believe are reasonable in the circumstances. There is a considerable degree of judgement involved in preparing these forecasts. The underlying assumptions are also subject to uncertainties which are often outside the control of the Group. Accordingly, actual economic conditions may be different from those forecasts since anticipated events may not occur as expected, and the effect of those differences may significantly impact accounting estimates included in these financial statements.

The significant accounting estimates particularly impacted by these associated uncertainties are predominantly related to the valuation of the liability for remaining coverage and liability for incurred claims, recoverable amount assessments of non-financial assets e.g. goodwill and intangible assets, and fair value measurement of investments.

The Group relies upon the policy data provided from our lender customers. In particular, we rely on lenders to advise us when a policy is cancelled or has made a top up, and when a policy is delinquent. Controls exist over this data, however there is the risk that we have not been provided with all the correct data. Judgements are applied in consideration of potential data issues.

Notes to the financial statements continued

(i) Deferred tax assets

Draft amendments to the *Income Tax Assessment Act 1997* were released on 12 September 2023 with the purpose of aligning the tax and accounting treatment under AASB 17, but have not yet been legislated. Consistent with industry approach, until such time this legislation is passed, or considered substantively enacted Helia will continue to calculate its taxes in line with the current legislation.

The Group reflected the timing difference between accounting and taxation treatment as a deferred tax asset, consistent with industry practice. As a result, the deferred tax asset has increased from $41.0 million to $139.5 million (an additional deferred tax asset of $98.5 million) at 1 January 2022. There is an expectation that the legislation will be finalised in the first half of 2024, at which time the Group will adopt the amendment as required.

(ii) Goodwill and intangible assets impairment

The assumptions underpinning the value-in-use calculations used to evaluate the recoverability of goodwill and intangible assets reflect the risks associated with the estimated cash flows. Whilst there is no impairment in relation to the cash-generating unit at 31 December 2023, there is a level of uncertainty around key assumptions.

(iii) Fair value measurement of investments

The Group's investments are designated at fair value through profit or loss and for the majority of the investments, the fair value is determined based on observable market data. The investments which are subject to valuation using unobservable inputs are disclosed in the Group's fair value hierarchy. Refer to note 4.2 for further details on investments.

(f) Principles of consolidation

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group considers the purpose and design of each entity in order to identify the relevant activities, how decisions about the relevant activities are made, who has the ability to direct those activities and who receives the returns from those activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The Group incorporates the assets and liabilities of the Company and all subsidiaries as at the reporting date and the results for the financial year then ended.

(i) Transactions eliminated on consolidation

Unrealised gains and losses and inter-entity balances resulting from transactions with or between controlled entities are eliminated in full on consolidation.

2 Results for the year

2.1 Dividends

Accounting policy

A provision for dividends is made in respect of ordinary shares when dividends have been declared and approved on or before the reporting date but have not yet been distributed at that date.

(a) Restrictions that may limit the payment of dividends

There are currently no restrictions on the payment of dividends by the Company other than:

- the provisions of Section 254T of the *Corporations Act 2001* and the Company's constitution.
- the payment of dividends is generally limited to profits subject to ongoing solvency and other regulatory obligations noting that, under the APRA Level 2 Group supervision requirements, the Company is required to obtain approval from APRA before payment of dividends on ordinary shares that exceeds the Group's after-tax earnings as defined by APRA.

	2023		2022	
	Cents per share	$'000	Cents per share	$'000
2022 (2021) final dividend paid on 24 March 2023 (25 March 2022) fully franked	14.0	48,643	12.0	48,915
2022 (2021) special dividend paid on 24 March 2023 (25 March 2022) fully franked	27.0	93,811	12.0	48,915
2023 (2022) interim dividend paid on 20 September 2023 (31 August 2022) fully franked	14.0	44,233	12.0	45,293
Total	55.0	186,687	36.0	143,123

(b) Dividends not recognised at reporting date

In addition to the above dividends, the Board determined to pay the following dividend after the reporting date but before the finalisation of the relevant financial report and therefore it has not been recognised in the financial report.

	2023		2022	
	Cents per share	$'000	Cents per share	$'000
2023 (2022) final dividend to be paid on 22 March 2024 (24 March 2023) fully franked	15.0	45,121	14.0	48,643
2023 (2022) special dividend to be paid on 22 March 2024 unfranked (24 March 2023 fully franked)	30.0	90,241	27.0	93,811
Total	45.0	135,362	41.0	142,454

(c) Dividend franking account

The balance of the franking account arises from:

- franked dividends received at the reporting date.
- income tax paid, or received.
- franking debits from payment of dividends paid at the reporting date.

	2023 $'000	2022 $'000
Franking account surplus balance – tax paid basis	64,677	36,767

In accordance with the tax consolidation legislation, the Company as the head entity in the tax consolidated group has assumed the benefit of available franking credits. The Company actively manages the franking account to ensure the balance remains positive at each reporting date, in accordance with the tax legislation.

Notes to the financial statements continued

2.2 Earnings per share

Accounting policies

Basic earnings per share is calculated by dividing the profit after tax by the weighted average number of shares on issue during the reporting period.

Diluted earnings per share is calculated by dividing the profit after tax adjusted for any costs associated with dilutive potential ordinary shares by the weighted average number of ordinary shares and dilutive potential ordinary shares.

Basic and diluted earnings per share have been calculated using the weighted average and dilutive number of shares outstanding during the year of 323,680,000 (2022: 382,251,000) and 324,670,000 (2022: 382,637,000) respectively. The difference between basic and diluted earnings per share is caused by the granting of potentially dilutive securities such as share rights.

	2023	2022 Restated[1]
Basic earnings per share (cents per share)	85.0	52.6
Diluted earnings per share (cents per share)	84.7	52.6

(a) Reconciliation of earnings used in calculating earnings per share

	2023 $'000	2022 Restated[1] $'000
Net profit used in calculating basic and diluted earnings per share	275,064	201,180

(b) Reconciliation of weighted average number of ordinary shares used in calculating earnings per share

	2023 $'000	2022 $'000
Weighted average number of shares used in the calculation of basic earnings per share	323,680	382,251
Weighted average number of dilutive potential ordinary shares		
Bonus element of shares	990	386
Weighted average number of shares used in the calculation of diluted earnings per share	324,670	382,637

1. See Note 1.2 (c).

2.3 Net cash provided by operating activities

This note reconciles the operating profit to the cash provided by operating activities per the consolidated statement of cash flows.

	2023 $'000	2022 Restated[1] $'000
Profit after income tax	275,064	201,180
Less items classified as investing/financing activities:		
– (Gain)/loss on sale of investments including derivatives	(9,949)	51,420
– Loss on equity accounted investments	4,894	1,080
– Impairment loss on equity-accounted investees	3,594	–
– Unrealised (gain)/loss on investments including derivatives	(59,744)	94,456
Add non-cash items:		
– Share-based payment reserve movements	3,431	1,032
– Depreciation and amortisation	4,010	4,731
– Interest income from leases	(14)	(89)
Net cash provided by operating activities before change in assets and liabilities	**221,286**	**353,810**
Change in assets and liabilities during the financial year:		
Increase in receivables	(20,733)	(5,235)
Decrease in insurance and reinsurance contracts	(244,498)	(295,915)
Increase in payables and borrowings	49,259	8,871
Increase/(decrease) in provision for employee entitlements	500	(224)
(Increase)/decrease in deferred tax asset balances	(23,844)	14,798
Net cash (used in)/provided by operating activities	**(18,030)**	**76,105**

2.4 Expenses

	Note	2023 $'000	2022 $'000
Claims and benefits paid[2]		18,224	23,330
Reversals of onerous insurance contracts		(16,319)	(4,324)
Changes to liabilities for incurred claims		(92,381)	(32,138)
		(90,476)	**(13,132)**
Employee expenses		57,786	47,931
Depreciation expense		735	851
IT expenses		11,994	9,069
Other expenses		55,658	75,019
		126,173	**132,870**
Amounts attributed to insurance acquisition cash flows incurred during the year		(51,076)	(59,987)
Amortisation of insurance acquisition cash flows		61,877	67,056
		46,498	**126,807**
Represented by:			
Insurance service expenses	3.2	27,545	106,370
Other operating expenses		18,953	20,437
		46,498	**126,807**

2. Claims handling expenses of $6.96 million are included in Employee expenses, IT expenses and other administrative expenses.

1. See Note 1.2 (c).

Notes to the financial statements continued

2.5 Income taxes

Accounting policies

Income tax for the year ended 31 December 2023 comprises both current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the statement of financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Group's subsidiaries constitute a tax consolidated group of which the Company is the head entity. Under the tax consolidation system, the head entity is liable for the current income tax liabilities of that group. Entities are jointly and severally liable for the current income tax liabilities of the Group where the head entity defaults, subject to the terms of a valid tax sharing agreement between the entities in the Group. Assets and liabilities arising from the Company under the tax funding arrangement are recognised as amounts receivable from or payable to other entities in the Group.

Tax Legislation (AASB 17)

Amendments to the *Income Tax Act 1997* were released on 12 September 2023 with the purpose of aligning the tax and accounting treatment under AASB 17. As of 31 December 2023, the amendments have not passed through Parliament, nor can they be described as substantively enacted. As such, the tax balances as at 31 December 2023 have been prepared in accordance with Subdivision 321 of the Income Tax Assessment Act 1997.

Even though the proposed amendments are not effective for this period, the Group has proactively undertaken an analysis of the impact and has chosen to adopt the default method for transitioning the tax book. Under this method, the most significant effect of the transition will be a one-off reduction of the Group's current tax liability with a corresponding offset in deferred tax asset.

(a) Income tax expense

	2023 $'000	2022 Restated[1] $'000
Current tax	143,540	67,624
Deferred tax	(23,808)	16,976
Under/(over) provision in prior year		
Current tax	127	1,026
Deferred tax	(36)	(2,178)
Income tax expense	**119,823**	**83,448**

Note: 'Income tax expense' excludes the Group's share of the tax expense/(benefit) of equity accounted investees, which has been included in 'Share of loss of equity-accounted investees, net of tax' of $4,894,400 (2022: $1,080,000).

(i) Reconciliation of income tax expense to prima facie tax payable

	2023 $'000	2022 Restated[1] $'000
Profit before tax	394,887	284,628
Prima facie income tax expense calculated at 30% of profit	118,466	85,388
Increase/(decrease) in income tax expense due to:		
Under/(over) provision in prior year	91	(1,152)
Non-deductible items	2,677	535
Franking tax credit	(1,411)	(1,323)
Income tax expense	**119,823**	**83,448**

1. See Note 1.2 (c).

(ii) Current tax liabilities

The Company is liable for the current income tax liabilities of the tax consolidated group. Refer to note 6.6 for further details.

The Group's liability includes the income tax payable by all members of the tax consolidated group.

(b) Deferred tax assets

	2023 $'000	2022 Restated[1] $'000
Deferred tax asset balance comprises temporary differences attributable to:		
Leases	11	7
Employee benefits	4,383	4,686
Share-based payments and accrued expenses	1,067	1,144
Deferred acquisition costs (amortisation[2])	11,391	18,064
Provision for claims handling costs	6,813	6,405
AASB 17 liabilities	121,153	92,323
Other	3,723	2,067
Net deferred tax asset	**148,541**	**124,696**
Balance as at 1 January	124,696	139,494
Credited/(debited) to the statement of comprehensive income	23,809	(16,976)
Over provision of prior year tax	36	2,178
Balance as at 31 December	**148,541**	**124,696**

2. Represents amortisation of the remaining amount from write-down of deferred acquisition costs in March 2020 of $181.8 million (initial DTA of $54.5 million).

1. See Note 1.2 (c).

Notes to the financial statements continued

3 Insurance contracts

AASB 17 introduced a methodology that measures groups of insurance contracts based on the Group's estimates of the present value of future cash flows that are expected to arise as the Group fulfils the contracts, an explicit risk adjustment for non-financial risk and a contractual service margin (CSM).

For the Group's direct insurance business, the insurance contract is at the borrower level (as opposed to the lender policyholder) as the Group has the ability to accept or reject policy applications. For the Group's inwards reinsurance business, the insurance contract is at the lender policyholder level. The Group is including direct contracts issued and inward reinsurance contracts issued in different groups.

Level of aggregation

The Group's single portfolio of insurance contracts is disaggregated by underwriting years and in some instances by state, with a further breakdown for contracts considered onerous (unprofitable).

Fulfilment cash flows

All future fulfilment cash flows relating to in-force insurance contracts are estimated and recognised within the liability for incurred claims and the liability for remaining coverage.

CSM

For each group of insurance contracts, a component of the expected future profit, CSM, is included within the liability for remaining coverage. The CSM is released to insurance revenue over the coverage period as the insurance service is provided by the Group. The provision of insurance service (coverage units), which underpins the recognition of the CSM, is based on several factors including the expected insurance in force and estimated average claim severity. This is estimated by adjusting the outstanding loan balance for in-force policies by claim severity factors, informed by past experience. These assumptions will be reviewed on a regular basis. CSM is discounted using the discount factors prevailing at the time the group of contracts is incepted.

Risk adjustment

The insurance liability also includes a risk adjustment for non-financial risk under AASB 17 to reflect the compensation that the entity requires for bearing uncertainty about the amount and timing of the cash flows. The risk adjustment is determined using a confidence level approach.

Discounting

The fulfilment cash flows within the insurance contract liability are discounted using discount rates that are based on market rates and illiquidity premium policies at the valuation date. The Group recognises the insurance finance expense (effect of unwinding the discounting impact and the changes in discount rates) fully in profit or loss, as opposed to disaggregating it between profit or loss and other comprehensive income. This ensures the most effective matching with the investment portfolio which is measured at fair value through profit or loss in accordance with AASB 9.

3.1 Insurance revenue

Accounting Policy

Insurance revenue is recognised as performance obligations for the group of insurance contracts are satisfied. The insurance revenue relating to services provided for the year represents the total of the changes in the liability for remaining coverage that relates to services for which consideration is expected to be received.

	2023 $'000	2022 $'000
Amounts relating to changes in liabilities for remaining coverage:		
Expected insurance service expenses incurred in the period	164,067	172,736
Risk adjustment recognised in revenue for non-financial risk	49,064	51,510
Premium experience variations	13,399	12,007
Amount of CSM recognised in profit or loss	138,846	164,352
Allocation of the portion of premiums that relate to the recovery of insurance acquisition cash flows	61,877	67,056
Total insurance revenue	**427,253**	**467,661**

3.2 Insurance service expense

Accounting Policy

Insurance service expenses arising from insurance contracts are recognised in profit or loss as they are incurred.

	2023 $'000	2022 $'000
Incurred claims from current period	64,625	60,662
Decrease to liabilities for incurred claims from prior periods	(131,826)	(62,379)
Insurance expenses	49,188	45,355
Amortisation of insurance acquisition cash flows	61,877	67,056
Losses on onerous contracts and (reversals) of those losses	(16,319)	(4,324)
Insurance service expense	**27,545**	**106,370**

3.3 Net financial result

(a) Investment revenue/(loss)

Accounting Policy

Interest revenue

Interest revenue is recognised as it accrues, taking into account the coupon rate on investments, and interest rates on cash.

Dividend/distribution revenue

Dividends are recognised on the date the dividends/distributions are declared, which for equity securities is deemed to be the ex-dividend date. Dividend revenue is recognised net of franking credits and gross of withholding tax.

Refer to note 4.2(d) accounting policies for further details.

	2023 $'000	2022 $'000
Interest revenue	89,725	55,899
Dividend/distribution revenue	14,027	8,349
Unrealised gains/(losses) (including derivatives) measured at FVTPL	59,744	(94,456)
Realised gains/(losses) (including derivatives) measured at FVTPL	9,949	(51,420)
Total investment revenue/(loss)	**173,445**	**(81,628)**

Notes to the financial statements continued

(b) Net finance (expense)/income from insurance contracts

Accounting Policy

Insurance finance income and expenses comprise changes in the carrying amounts of groups of insurance contracts arising from the effects of the time value of money, financial risk and changes in assumptions.

	2023 $'000	2022 $'000
Interest accreted to insurance contracts using current financial assumptions at start of period	(48,683)	(4,452)
Interest accreted to insurance contracts using locked-in rate	(12,559)	(13,108)
Impact of changes in interest rates and other financial assumptions	(28,660)	119,630
Total insurance finance (expense)/income from insurance contracts	**(89,902)**	**102,070**

3.4 Insurance and reinsurance contracts

	2023 $'000	2022 $'000
Insurance contract liabilities:		
• Liability for remaining coverage (LRC)		
– PV future cashflows	608,713	755,273
– Risk adjustment	153,039	178,358
– CSM	669,240	665,897
Sub-total	**1,430,992**	**1,599,528**
• Liability for incurred claims (LIC)		
– PV future cashflows	264,940	330,636
– Risk adjustment	42,923	56,036
Sub-total	**307,863**	**386,672**
Total of LRC and LIC	**1,738,855**	**1,986,200**
• Assets for insurance acquisition cash flows	(7,050)	(10,592)
	1,731,805	**1,975,608**
Reinsurance contract liabilities:		
• Liability for remaining coverage (LRC)	**10,269**	**10,964**

3.5 Assets for insurance acquisition cash flows

Assets for insurance acquisition cash flows (AIACF) relate to upfront payments to lenders in respect of future mortgage insurance contracts. This asset is reduced as the related future contracts are incepted and the related cash flows allocated to those insurance contracts are then included within the contract boundary as insurance acquisition cash flows. The value of AIACF is $7,050,000 (2022:$10,592,000).

3.6 Movement in insurance and reinsurance contract balances

The following reconciliations show how the net carrying amounts of insurance contracts changed during the period as a result of cash flows and amounts recognised in the statement of comprehensive income.

The Group presents a table that separately analyses movements in the liabilities for remaining coverage and movements in the liabilities for incurred claims and reconciles these movements to the line items in the statement of comprehensive income.

A second reconciliation analyses changes in the estimates of the present value of future cash flows, the risk adjustment for non-financial risk and the CSM.

(a) Analysis by remaining coverage and incurred claims (insurance contracts)

		2023			
		Liability for remaining coverage			
	Note	Excluding loss component $'000	Loss Component $'000	Liability for Incurred claims $'000	Total $'000
Opening balance at 1 January 2023		**1,570,264**	**29,264**	**386,672**	**1,986,200**
Changes in the statement of comprehensive income					
Insurance revenue	3.1	**(427,253)**	**–**	**–**	**(427,253)**
Insurance service expenses	3.2				
– Incurred claims from current period		–	–	64,625	64,625
– Decrease in liability for incurred claims from prior periods		–	–	(131,826)	(131,826)
– Insurance expenses		–	–	49,188	49,188
– Amortisation of insurance acquisition cash flows		61,877	–	–	61,877
– Losses on onerous contracts and (reversals) of those losses		–	(16,319)	–	(16,319)
Insurance service result		**(365,376)**	**(16,319)**	**(18,013)**	**(399,708)**
Net finance expense from insurance contracts	3.3	74,730	1,599	13,573	89,902
Total changes in statement of comprehensive income		**(290,646)**	**(14,720)**	**(4,440)**	**(309,806)**
Insurance cash flows (net of GST)					
Premiums received		222,565	–	–	222,565
Net premium credits		(29,479)	–	–	(29,479)
Refunds		(5,180)	–	–	(5,180)
Claims paid[1]		–	–	(25,181)	(25,181)
Insurance expenses (non-acquisition)		–	–	(49,188)	(49,188)
Insurance acquisition expenses		(51,076)	–	–	(51,076)
Total insurance cash flows		**136,830**	**–**	**(74,369)**	**62,461**
Closing balance at 31 December 2023		**1,416,448**	**14,544**	**307,863**	**1,738,855**

1. Claims handling expenses of $6.96 million are included in claims paid.

Notes to the financial statements continued

	Note	2022 Liability for remaining coverage Excluding loss component $'000	Loss Component $'000	Liability for Incurred claims $'000	Total $'000
Opening balance at 1 January 2022		1,798,586	31,736	437,196	2,267,518
Changes in the statement of comprehensive income					
Insurance revenue	3.1	(467,661)	–	–	(467,661)
Insurance service expenses	3.2				
– Incurred claims from current period		–	–	60,662	60,662
– Decrease in liability for incurred claims from prior periods		–	–	(62,379)	(62,379)
– Insurance expenses		–	–	45,355	45,355
– Amortisation of insurance acquisition cash flows		67,056	–	–	67,056
– Losses on onerous contracts and (reversals) of those losses		–	(4,324)	–	(4,324)
Insurance service result		(400,605)	(4,324)	43,638	(361,291)
Net finance (income)/expenses from insurance contracts	3.3	(85,535)	1,852	(18,387)	(102,070)
Total changes in statement of comprehensive income		(486,140)	(2,472)	25,251	(463,361)
Insurance cash flows (net of GST)					
Premiums received		398,691	–	–	398,691
Net premium credits		(64,003)	–	–	(64,003)
Refunds		(16,882)	–	–	(16,882)
Claims paid		–	–	(30,421)	(30,421)
Insurance expenses (non-acquisition)		–	–	(45,354)	(45,354)
Insurance acquisition expenses		(59,988)	–	–	(59,988)
Total insurance cash flows		257,818	–	(75,775)	182,043
Closing balance at 31 December 2022		1,570,264	29,264	386,672	1,986,200

(b) Analysis by remaining coverage and incurred claims (reinsurance contracts)

	2023 Liability for remaining coverage Excluding loss recovery component $'000	Loss Recovery Component $'000	Liability for Incurred claims $'000	Total $'000
Opening balance at 1 January 2023	10,964	–	–	10,964
Changes in the statement of comprehensive income				
Allocation of reinsurance premiums	41,317	–	–	41,317
Net finance income from reinsurance contracts	(639)	–	–	(639)
Total changes in statement of comprehensive income	40,678	–	–	40,678
Insurance cash flows (net of GST)				
Reinsurance premiums paid	(41,373)	–	–	(41,373)
Closing balance at 31 December 2023	10,269	–	–	10,269

	2022 Liability for remaining coverage Excluding loss recovery component $'000	Loss Recovery Component $'000	Liability for Incurred claims $'000	Total $'000
Opening balance at 1 January 2022	14,969	–	–	14,969
Changes in the statement of comprehensive income				
Allocation of reinsurance premiums	60,483	–	–	60,483
Net finance income from reinsurance contracts	(349)	–	–	(349)
Total changes in statement of comprehensive income	60,134	–	–	60,134
Insurance cash flows (net of GST)				
Reinsurance premiums paid	(64,139)	–	–	(64,139)
Closing balance at 31 December 2022	10,964	–	–	10,964

Notes to the financial statements continued

(c) Analysis by measurement component (insurance contracts)

	Note	2023 Estimates for present value of future cash flows $'000	Risk adjustment for non-financial risk $'000	Contractual Service Margin (CSM) $'000	Total $'000
Opening balance at 1 January 2023		1,085,909	234,394	665,897	1,986,200
Changes in the statement of comprehensive income					
Changes that relate to current services:					
– CSM recognised for services provided		–	–	(138,846)	(138,846)
– Change in risk adjustment for risk expired		–	(44,641)	–	(44,641)
– Experience variations		(86,207)	–	–	(86,207)
Changes that relate to future services:					
– Contracts initially recognised in the period		(55,917)	24,243	31,674	–
– Changes in estimates that adjust the CSM		(91,979)	(5,976)	97,955	–
– Changes in estimates that result in losses and reversal of onerous contracts		1,707	106	–	1,813
Changes that relate to past services:					
– Adjustments to liability for incurred claims		(108,157)	(23,670)	–	(131,827)
Insurance service result		**(340,553)**	**(49,938)**	**(9,217)**	**(399,708)**
Net finance expense from insurance contracts	3.3	65,836	11,506	12,560	89,902
Total change in statement of comprehensive income		**(274,717)**	**(38,432)**	**3,343**	**(309,806)**
Total insurance cash flows	3.6 (a)	62,461	–	–	62,461
Closing balance at 31 December 2023		**873,653**	**195,962**	**669,240**	**1,738,855**

	Note	2022 Estimates for present value of future cash flows $'000	Risk adjustment for non-financial risk $'000	Contractual Service Margin (CSM) $'000	Total $'000
Opening balance at 1 January 2022		1,225,600	258,664	783,254	2,267,518
Changes in the statement of comprehensive income					
Changes that relate to current services:					
– CSM recognised for services provided		–	–	(164,352)	(164,352)
– Change in risk adjustment for risk expired		–	(46,323)	–	(46,323)
– Experience variations		(99,561)	–	–	(99,561)
Changes that relate to future services:					
– Contracts initially recognised in the period		(144,273)	39,085	105,188	–
– Changes in estimates that adjust the CSM		54,163	17,138	(71,301)	–
– Changes in estimates that result in losses and reversal of onerous contracts		8,594	2,729	–	11,323
Changes that relate to past services:					
– Adjustments to liability for incurred claims		(48,986)	(13,392)	–	(62,378)
Insurance service result		**(230,063)**	**(763)**	**(130,465)**	**(361,291)**
Net finance income from insurance contracts	3.3	(91,671)	(23,507)	13,108	(102,070)
Total change in statement of comprehensive income		**(321,734)**	**(24,270)**	**(117,357)**	**(463,361)**
Total insurance cash flows	3.6 (a)	182,043	–	–	182,043
Closing balance at 31 December 2022		**1,085,909**	**234,394**	**665,897**	**1,986,200**

(d) Analysis by measurement component (reinsurance contracts)

	Note	2023 Estimates for present value of future cash flows $'000	Risk adjustment for non-financial risk $'000	Contractual Service Margin (CSM) $'000	Total $'000
Opening balance at 1 January 2023		10,964	–	–	10,964
Changes in the statement of comprehensive income					
Changes that relate to current services:					
CSM recognised for services received		–	–	41,317	41,317
Changes that relate to future services:					
Contracts initially recognised in the period		47,996	–	(47,996)	–
Insurance service expense		**47,996**	**–**	**(6,679)**	**41,317**
Net finance income from reinsurance contracts		1,142	–	(1,781)	(639)
Total change in statement of comprehensive income		**49,138**	**–**	**(8,460)**	**40,678**
Cash flows	3.6 (b)	(41,373)	–	–	(41,373)
Closing balance at 31 December 2023		**18,729**	**–**	**(8,460)**	**10,269**

Notes to the financial statements continued

		2022			
	Note	Estimates for present value of future cash flows $'000	Risk adjustment for non-financial risk $'000	Contractual Service Margin (CSM) $'000	Total $'000
Opening balance at 1 January 2022		23,153	–	(8,184)	14,969
Changes in the statement of comprehensive income					
Changes that relate to current services:					
CSM recognised for services received		–	–	60,483	60,483
Changes that relate to future services:					
Contracts initially recognised in the period		51,917	–	(51,917)	–
Insurance service expense		**51,917**	**–**	**8,566**	**60,483**
Net finance income from reinsurance contracts		33	–	(382)	(349)
Total change in statement of comprehensive income		**51,950**	**–**	**8,184**	**60,134**
Cash flows	3.6 (b)	(64,139)	–	–	(64,139)
Closing balance at 31 December 2022		**10,964**	**–**	**–**	**10,964**

3.7 Contracts initially recognised

(a) Effects of insurance contracts initially recognised in the period

	2023 $'000	2022 $'000
Claims and other insurance service expenses payable	(112,734)	(196,883)
Insurance acquisition cash flows	(50,284)	(59,951)
Estimates of present value of cash outflows	**(163,018)**	**(256,834)**
Estimates of present value of cash inflows	218,935	401,107
Risk adjustment for non-financial risk	(24,243)	(39,085)
CSM	(31,674)	(105,188)
Losses recognised on initial recognition	**–**	**–**

(b) Effects of reinsurance contracts initially recognised in the period

	2023 $'000	2022 $'000
Claims and other insurance service expenses payable	(47,996)	(51,917)
Estimates of present value of cash outflows	**(47,996)**	**(51,917)**
CSM	47,996	51,917
Losses recognised on initial recognition	**–**	**–**

3.8 Contractual service margin (CSM)

The following table sets out when the Group expects to recognise the remaining CSM of insurance contracts in profit or loss after the reporting date.

	2023 $'000	2022 $'000
Less than one year	132,989	137,967
One to two years	123,716	121,329
Two to three years	108,313	102,733
Three to four years	88,587	83,173
Four to five years	68,411	64,973
More than five years	147,224	155,722
Total	**669,240**	**665,897**

The following table sets out when the Group expects to recognise the remaining CSM of reinsurance contracts in profit or loss after the reporting date.

	2023 $'000	2022 $'000
Less than one year	(2,539)	–
One to two years	(2,305)	–
Two to three years	(1,724)	–
Three to four years	(1,388)	–
Four to five years	(504)	–
More than five years	–	–
Total	**(8,460)**	**–**

3.9 Claims development

The table below illustrates how estimates of cumulative claims for the Group have developed over time on a net of non-reinsurance recoveries basis and reconciles the cumulative claims to the amount included in the statement of financial position. Balances have been translated at the exchange rates prevailing at the reporting date.

Accident years	Prior years	2014 $'000	2015 $'000	2016 $'000	2017 $'000	2018 $'000	2019 $'000	2020 $'000	2021 $'000	2022 $'000	2023 $'000	Total $'000
Estimate of Net Undiscounted Cumulative Claims												
At end of year of accident		97,291	115,666	157,084	148,567	142,254	172,999	138,808	92,803	81,686	70,182	
One year later		133,005	167,074	201,820	194,181	169,317	150,029	109,030	59,364	36,944		
Two years later		107,049	132,451	171,721	160,172	166,876	129,810	99,723	29,512			
Three years later		96,121	125,164	160,302	174,609	149,678	119,364	75,859				
Four years later		92,726	121,854	195,763	164,329	139,929	114,780					
Five years later		92,453	155,202	186,551	154,628	137,370						
Six years later		112,834	148,134	179,206	156,193							
Seven years later		109,874	146,141	178,969								
Eight years later		108,782	141,632									
Nine years later		105,837										
Cumulative net claims paid		**95,952**	**126,850**	**157,477**	**131,759**	**107,897**	**81,202**	**25,073**	**8,315**	**6,663**	**851**	**742,039**
Net liabilities	39,238	9,885	14,782	21,492	24,433	29,473	33,578	50,786	21,196	30,281	69,331	344,475
Effect of discounting												(36,612)
Net liabilities for incurred claims included in the statement of financial position												307,863

Notes to the financial statements continued

3.10 Actuarial assumptions and methods

The Group makes judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The areas where critical accounting estimates and judgements are applied are noted below.

(a) Liability for incurred claims (LIC)

A liability for incurred claims is recognised for the estimated claim cost of delinquencies at the reporting date, including the cost of delinquencies incurred but not yet reported to the Group. The estimated liability includes expenses to be incurred in settling claims gross of expected third party recoveries and is calculated net of any recoveries from lenders, borrowers and property valuers.

The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposure. However, given the uncertainty in establishing a liability for incurred claims, it is likely that the final outcome will prove to be different from the original liability established.

Actuarial valuation approach

The Group internally values the liability for incurred claims at the reporting date. The valuation approach is consistent with that recommended by the Appointed Actuary.

The valuation methods used are based on the underlying attributes of the delinquency portfolio. The Group establishes provisions for LIC for the following components:

- Delinquent policies advised to the Group by some lenders as being greater than 1 month delinquent at the valuation date;
- Policies in force at the balance sheet date which were previously reported by lenders as being greater than 1 month delinquent, but are not reported as such at 31 December 2023 (re-delinquency reserve); and
- Incurred but not reported (IBNR), being the liability for future claims from policies which are 1 month delinquent and are not currently reported by lenders as being such.

For all components apart from IBNR the estimate is calculated as a "statistical case estimate" based on past delinquency progression to claim given the reported characteristics of the loan, security, and delinquency, including months in arrears, reported loan and arrears amount, estimated value of the property held as security and geographic area. This estimate is augmented by higher-level adjustments relating to future expected economic trends and the operational environment, which are used to adjust the statistical estimates for expected future conditions.

Re-delinquency

The propensity for previously reported delinquencies to re-report depends on many explanatory factors (incorporated in the Appointed Actuary's statistical case estimates) including the time since the previous delinquency episode completed (cured). A previously delinquent policy is more likely to become delinquent again than a policy that has never been delinquent. Typically, the frequency varies by LVR (loan to value ratio) band, the number of payments in arrears, and time since cure. Unlike the other components of the LIC, it is more long-term in nature and therefore more sensitive to economic uncertainties.

Liability for incurred claims not yet reported

The liability for incurred claims not yet reported is estimated by analysing the historical pattern of reported delinquencies for policies reported by lenders as being between 1 month (or equivalent) and 3 months delinquent. Analysis is conducted based on the date a policy is estimated to have first become 1 month (or equivalent) in arrears. Past history is accumulated by month of first missed payment and developed to ultimate expected reported number. Frequency and severity factors are applied to expected future reported delinquencies.

Claims handling expenses

Claims handling expenses are estimated after considering historical actual expenses and management's projected costs of handling claims over the expected period of run-off of the LIC losses.

(b) Liability for remaining coverage (LRC)

A liability for remaining coverage is recognised for the estimated cost of provision of insurance service for policies which remain in-force at the balance date. These comprise policies which are in-force but have not been previously reported as 1 month or more delinquent by lenders, or which are not estimated as being 1 month or more delinquent at the balance date (IBNR). The estimated liability includes future claims, expenses, refunds and premium credits associated with top-up of existing policies.

Claims

Claims arising from future coverage relate to future claims from policies that have never previously been reported by lenders as 1 month (or equivalent) delinquent. Liability for remaining coverage is calculated net of any recoveries from lenders, borrowers and property valuers.

The Group internally values the liability for remaining coverage at the reporting date. The valuation approach is consistent with that recommended by the Appointed Actuary and includes an estimation of future expected claim incidence.

The Group takes all reasonable steps to ensure that it has appropriate information regarding its policy exposure. However, it is dependent on data provided by our lender customers.

Given the uncertainty in future policy exposure, delinquency and claim progression, it is likely that the final outcome will prove to be different from the original liability established. In addition, as these policies can remain in force for many years, the liability for remaining coverage is long-term and particularly uncertain. It is sensitive to future economic progression, in particular to employment trends, interest rates and house prices, but also to wage progression and inflation in household consumption.

Expenses

The liability for remaining coverage includes allowances for expenses directly attributable to providing the insurance service over the period of coverage associated with each group of insurance contracts. These expenses include:

- Policy administration expense (PAE): costs associated with administering or operating the policy over the remaining coverage period, including direct and indirect costs, the latter, including a component for central overhead and system expenses.
- Ongoing Maintenance Expense (OME): Expenses which are directly attributable to providing the insurance service, principally relating to the operational costs of centralised functions of the business.
- Claims handling expense (CHE): costs associated with managing current or future delinquent policies, settling claims and loss recoveries, including both direct and indirect costs, including a component for central overhead and system expenses.

Helia allocates expenses to these categories and further to individual groups of insurance contracts, as required by the standard, according to an annual expense study. These allocations require some judgment to be applied, particularly for centralised overhead expenses, in relation to the category of expense and its allocation to groups of insurance contracts.

Refunds

Refunds are provided where the contractual arrangements for lender policyholders provides for refunds (typically for cancellations within two years of origination), and for other refunds agreed with policyholders in special circumstances – for example, where a policy is taken out in error. The liability for remaining coverage for future policy refunds is estimated by reference to past rates of policy refund by lender policyholder.

Premium Credits

When a loan is topped up, the policy is subject to re-underwriting and pricing is based on the new characteristics of the loan. An additional premium is charged, being the difference between the premium on the amended policy and any premium previously collected, subject to a minimum amount. In essence, the policyholder receives a credit for any premium previously paid.

Helia includes in the LRC a provision for the premium credits expected to be incurred in relation to future top ups.

The Appointed Actuary calculates this provision by estimating the future incidence of topped-up policies and the present value of the premium credits provided.

The incidence of top-ups varies according to market conditions and rates of loan re-finance, and the liability established is therefore uncertain.

The liability for remaining coverage for premium credits recognises the internal transfer from one group of insurance contracts to a newer group of insurance contracts. Cash flows associated with the policy are de-recognised from the original group of contracts. The premium credit (plus the additional premium) is then treated as new business in the year the top up occurs, and this amount will be recognised in the new contract group as the insurance services are provided for that contract group.

(c) Risk adjustment

A risk adjustment for non-financial risks is added to the present value of the fulfilment cash flows relating to the insurance services for each group of insurance contracts. The risk adjustment for insurance contracts is to cover the uncertainty relating to the timing and amount of the cashflows that arises from non-financial risk in fulfilling insurance contracts for both the LIC and LRC.

The Group uses confidence level techniques to estimate the underlying distribution of outcomes for the relevant cash flows and to derive a risk adjustment, which is consistent with approach used to establish APRA risk margins for our regulatory returns. The risk adjustment is estimated based on the advice of the Appointed Actuary and adopted by the Group, considering the uncertainty in the Group insurance cash flows, industry trends and the Group's risk appetite and the confidence level corresponding with that appetite.

The Appointed Actuary reviews the factors impacting the portfolio to establish a recommended risk adjustment at the confidence level required by the Group. Factors considered include:

- Variability of claims and other experience of the portfolio;
- Quality of historical data;
- Uncertainty due to future economic conditions;
- Diversification within the portfolio and between liability types; and
- Any change in uncertainty due to the external environment, e.g. future legislative changes.

The risk adjustment differs by type of cash flow but overall for LIC is 16% (2022: 17%) of net central estimate and for LRC is 25% (2022: 23%) of the present value of net cash flows and is estimated to provide a confidence level of approximately 76% probability of adequacy.

Notes to the financial statements continued

(d) Discounting

Liabilities are calculated after adjusting future undiscounted cash flows for the time value of money and the liquidity characteristics related to the underlying insurance contracts. The discount rates adopted reflect the characteristics in terms of timing, liquidity, and currency of the insurance and reinsurance contracts. Discount rates are consistent with observable market prices for financial instruments with cash flows whose characteristics are consistent with those of the insurance contracts. The CSM is discounted using the discount factors prevailing at the time the group of contracts incepted.

Helia adopts the "bottom up" approach to determine discount rates to be applied. Discount rates are forward rates consistent with those underlying the market price of Commonwealth Government Securities at the balance date, adjusted for the liquidity characteristics of the lenders mortgage insurance product by the addition of an illiquidity premium. This is calculated by reference to the average historic differential between spread to swap and the spread to Commonwealth Government Securities for non-financial corporate A-rated bonds.

The table below sets out the yield rates used to discount cash flows of insurance contracts:

Discount rate at tenor	2023	2022
Six months	4.7%	3.4%
One year	4.5%	3.5%
Three years	4.2%	3.7%
Five years	4.2%	4.0%
Ten years	4.5%	4.3%
Fifteen years	4.6%	4.5%

These rates include an illiquidity premium of 55 basis points (2022: 20 basis points).

(e) Significant assumptions requiring judgement

The valuation of future claims liabilities for both past and future insurance services incorporate a range of factors that involve interactions with economic indicators, statistical modelling and observed historical claims development. Certain variables are expected to impact these liabilities more than others and consequently a greater degree of sensitivity to these variables is expected. Future economic conditions and, in particular, house prices, interest rates and unemployment impact delinquency and re-delinquency rates, claim frequency and, to a lesser extent, severity.

Liabilities for expenses and refunds are less uncertain than claims. Future premium credits depend on future volumes of loan origination which depend on supply and demand factors within the housing sector including availability of finance and the economic wellbeing of households.

(f) Sensitivity analysis

The valuation of liabilities for incurred claims and the liability for remaining coverage incorporates a range of interactions with economic indicators, statistical modelling and observed historical claims development, as well as future assumptions. Certain factors and assumptions are expected to impact liabilities more than others and consequently a greater degree of sensitivity to these variables is expected.

LIC is also impacted by shorter-term volatility, for example by changes in delinquency reporting and in arrears progression. These affect the carrying value of liability for prior years and for new incurred liabilities for the current year.

LIC and LRC are discounted to present values and are therefore also impacted by changes in expectations of future interest rates (i.e. by movements in Commonwealth Government bond yields and the illiquidity premium).

Changes in LIC, and changes in LRC for groups of contracts that are estimated to be onerous, are reflected in the insurance service result (where changes relate to fulfilment cash flows) or the insurance finance expense (where changes relate to discount rates or the impact of discounting). For groups of contracts that are not considered to be onerous, changes in estimates of cash flows for remaining coverage adjust the balance of CSM and do not affect the total LRC including CSM. However, the CSM recognised in current and future accounting periods will be correspondingly changed, impacting current and future insurance revenue.

The impact on the profit or loss before income tax to changes in key actuarial assumptions is set out in the table below. We show the sensitivity separately for liability for incurred claims and liability for remaining coverage.

	2023			
	Change in LIC	Change in LRC		
Sensitivity Change $M		Excluding CSM	CSM	Total (incl. CSM)
Insurance contract liabilities	307.9	761.8	669.2	1,431.0
Upside sensitivity				
Unemployment Rate -1%	(6.6)	(21.3)	20.6	(0.6)
House Prices +5%	(13.6)	(17.8)	17.3	(0.5)
Mortgage Rate -1%	(9.1)	(11.3)	11.0	(0.3)
Downside sensitivity				
Unemployment Rate +1%	7.4	33.9	(33.2)	0.8
House Prices -5%	15.5	20.6	(19.9)	0.7
Mortgage Rate +1%	9.4	14.9	(14.3)	0.7

The LRC excluding CSM comprises the PPV of expected cash flows plus the risk adjustment.

The impact of applying the sensitivities is moderately asymmetric around the central estimate due to the assumed asymmetry of the distribution of outcomes of the net liabilities. Scenarios involving a combination of factors, or levels of sensitivity which are multiples of those shown, are broadly multiplicative in nature.

3.11 Capital adequacy

APRA's Prudential Standard GPS 110 *Capital Adequacy* requires additional disclosure in the annual financial statements to improve policyholder and market understanding of the capital adequacy of the companies in the Group. Refer to note 5 for further details.

The following companies comprise the APRA Level 2 Group as at 31 December 2023:

- Helia Group Limited;
- Helia Insurance Pty Limited;
- Helia Indemnity Limited; and
- Balmoral Insurance Company Limited.

The calculation of the Prescribed Capital Amount (PCA) provided below is based on the APRA Level 2 Group requirements.

	2023 $'000	2022 Restated[1] $'000
Net assets	1,141,351	1,205,717
Regulatory adjustments	(22,494)	(17,224)
Net surplus relating to insurance liabilities	472,599	509,878
Common Equity Tier 1 capital	1,591,456	1,698,371
Tier 2 capital	190,000	190,000
Regulatory capital base	**1,781,456**	**1,888,371**
Probable maximum loss	1,206,727	1,485,079
Net premium liability deduction	(269,439)	(312,527)
Capital credit for reinsurance	(330,666)	(729,630)
Insurance concentration risk charge	606,622	442,922
Asset risk charge	208,548	233,692
Insurance risk charge	202,246	236,757
Operational risk charge	28,014	33,711
Aggregation benefit	(86,584)	(91,537)
Total PCA	**958,846**	**855,545**
PCA coverage	**1.86x**	**2.21x**

1. Restated for AASB 17, see note 1.2(c), and revised APRA prudential and reporting standards, effective 1 July 2023.

Notes to the financial statements continued

4 Risk management

This note presents information about the Group's objectives, policies and processes for measuring and managing risk.

4.1 Risk management framework

The Board has overall responsibility for the establishment and oversight of the risk management framework. The Board has established a Risk Committee and an Audit Committee.

The Risk Committee is responsible for overseeing and monitoring the Group's risk management policies and reports regularly to the Board on its activities. Furthermore, the Risk Committee assists the Board in providing an objective non-executive review and oversight of the implementation and ongoing operation of the Group's risk management framework. The Risk Committee works closely with other Board committees that have oversight of some material risks to ensure that all risks are identified and adequately managed.

The Audit Committee assists the Board in providing an objective non-executive review of the effectiveness of the risk management framework, in relation to the management of material financial risks.

As part of the Group's approach to risk management, these risks are evaluated, monitored and actively managed. Risk is managed primarily through appropriate pricing, product design, risk selection, investment strategies, financial strength ratings and reinsurance.

The Group has exposure to risk from insurance contracts, which is impacted by economic risk, underwriting risk and expense risk. The Group is also exposed to operational risk from its own loss management process and those of its lender customers and has financial risk arising from its investment portfolio, discussed in note 4.2, Financial risk management.

The Group has mature risk management policies to identify and assess the risks faced, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed to reflect changes in market conditions and the Group's activities. The Group, through its management policies and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Key elements of the risk management policies are monitoring of economic and loss experience trends, actuarial and risk modelling including stress-testing, risk tolerances and limits on insurance exposure, and capital and reinsurance management controls.

Insurance risk

For most of the Group's contracts, exposure continues for the effective life of the loan, until cancellation or claim occurrence. The Group incurs liability for claims arising from shortfalls in security sale proceeds to meet outstanding loan commitments, interest, and allowable expenses. This is subject to unexpected development due to economic factors influencing borrowers' ability to meet home loan commitments and the value of the underlying security. These risks are greater for contracts with longer effective life.

In addition to economic factors, there are other insurance risks which influence borrowers' ability or willingness to repay. These include accidental injury, death, divorce, changing preferences in dwelling types or geographic areas etc. and do not tend to be very material in aggregate. There is also material geo-location risk associated with underperformance of regional economies and/or concentration risk associated with single-industry locations. Reinsurance is used to help mitigate the risk of a large volume of claims arising from major economic events.

4.2 Financial risk management

The Group has exposure to market, credit and liquidity risks relating to its use of financial instruments.

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and equity price risk.

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to currency risk on its investments in debt securities, in receivables and payables denominated in a currency other than Australian dollars and the net investment in foreign operations. The currencies giving rise to the risk are New Zealand dollars, United States dollars and Euro (2022: United States dollars and New Zealand dollars).

The Group uses forward foreign exchange contracts to mitigate currency risk arising from interest bearing securities denominated in currencies other than Australian dollars. The risk management processes require both Board and regulatory approvals. Transactions are subject to close senior management scrutiny in addition to the regular risk management and monitoring processes. Derivatives are used only for approved purposes and are subject to delegated authority levels provided to management. The level of derivative exposure is reviewed on an ongoing basis. Appropriate segregation of duties exists with respect to derivative use and compliance with policy, limits and other requirements are closely monitored.

The potential impact on the Group's profit or loss (before tax) resulting from 10% depreciation or appreciation of the Australian dollar (AUD) compared with selected currencies, net of related derivatives at the reporting date, assuming all other variables remain constant, is shown below:

	2023		2022	
	+10% $'000	-10% $'000	+10% $'000	-10% $'000
New Zealand dollar	(16)	16	(14)	14
United States dollar	(100)	100	(159)	159
Euro	41	(41)	–	–

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group is exposed to interest rate risk primarily arising from interest bearing assets and bond futures. Assets with floating interest rates expose the Group to cash flow interest rate risk. Fixed interest rate assets expose the Group to fair value interest rate risk.

The Group's strategy is to invest predominantly in high quality, liquid debt securities and cash and to actively manage the duration, taking into account the duration of the expected liabilities.

The investment portfolios are actively managed to achieve a balance between cash flow interest rate risk and fair value interest rate risk bearing in mind the need to meet the liquidity requirements of the insurance business and taking into account the duration of the expected liabilities.

The Group also has exposure to interest rate risk on its term subordinated notes. The interest rate on these notes is reset quarterly.

The potential impact of movements in interest rates on the Group's profit or loss (before tax) resulting from 100 basis points (2022: 100 basis points) increase or decrease in interest rates at the reporting date on interest bearing assets and bond futures, assuming all other variables remain constant, is shown below:

	2023		2022	
	+100bps $'000	-100bps $'000	+100bps $'000	-100bps $'000
Interest bearing assets	(76,568)	76,568	(52,378)	52,378
Insurance contract liabilities	46,304	(44,012)	51,406	(48,968)

(iii) Equity price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). These price movements may be caused by factors specific to the individual financial asset or its issuer, or factors affecting all similar financial assets traded on the market. The Group has exposure to equity price risk through investments in equity and infrastructure unit trusts, and unlisted equities.

The potential impact of movements in price risk on the Group's profit or loss (before tax) resulting from a 10% increase or decrease in the value of equity securities at the reporting date are shown below:

	2023		2022	
	+10% $'000	-10% $'000	+10% $'000	-10% $'000
Financial assets – unlisted unit trusts – equities	17,928	(17,928)	20,045	(20,045)
Financial assets – unlisted unit trusts – infrastructure	19,705	(19,705)	19,137	(19,137)
Financial assets – unlisted unit trusts – other	54	(54)	–	–
Financial assets – unlisted equities	767	(767)	767	(767)

Notes to the financial statements continued

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group's credit risk arises predominantly from investment activities and the amounts are as indicated by the carrying amounts of the financial assets.

The Group does not expect any financial asset counterparties to fail to meet their obligations given their strong credit ratings.

The credit quality of financial assets that are neither past due nor impaired is assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. As at balance date there were no assets past due.

The ratings in the following table are the lower equivalent ratings of either Standard & Poor's or Moody's using the methodology set out in APRA's prudential standard GPS 001.

	2023 $'000	2022 Restated[1] $'000
Cash at bank		
AA	56,671	20,297
A	378	3,544
	57,049	**23,841**
Financial instruments (excluding equity securities)		
AAA	573,220	770,878
AA	675,168	970,090
A	630,245	707,263
BBB	627,355	383,126
BB	6,648	–
	2,512,636	**2,831,357**
Derivative financial instruments		
AA	10,458	9,124
Accrued investment income (excluding equity securities)		
AAA	2,990	4,069
AA	5,665	7,971
A	3,912	3,739
BBB	5,635	2,315
BB	74	–
	18,276	**18,094**
Trade and other receivables		
Margin accounts		
AAA	1,480	–
AA	26	–
Outstanding investment settlements (excluding equity securities)		
AAA	15,456	–
AA	287	–
BBB	40	–
Not rated	55	112
Other receivables		
Not rated	567	1,767
	17,911	**1,879**

1. See Note 1.2 (c).

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Management of liquidity risk includes asset and liability management strategies. The assets held to back insurance liabilities consist predominantly of highly rated fixed income securities which can generally be readily sold or exchanged for cash. The assets are managed to approximately match the coupon and maturity profile to the expected pattern of claims payments.

2023 Financial liabilities	Less than 1 year $'000	1 – 5 years $'000	Total $'000
Trade and other payables	37,365	–	37,365
Current tax liabilities	75,754	–	75,754
Derivative financial instruments	1,821	–	1,821
Lease liabilities	1,423	6,666	8,089
	116,363	**6,666**	**123,029**

2022 Financial liabilities	Less than 1 year $'000	1 – 5 years $'000	Total Restated[1] $'000
Trade and other payables	32,214	–	32,214
Current tax liabilities	38,388	–	38,388
Lease liabilities	2,360	–	2,360
	72,962	**–**	**72,962**

Interest bearing liabilities which are classified as financial liabilities are separately disclosed in note 5.2.

(d) Fair value measurements

The Group's investments are designated at fair value through profit or loss and for the majority of the investments, the fair value is determined based on observable market data. The investments which are subject to valuation using unobservable inputs are disclosed in the Group's fair value hierarchy.

Financial assets

Under AASB 9, on initial recognition, financial assets need to be classified into one of the three measurement categories:

(a) amortised cost;

(b) fair value through other comprehensive income (FVOCI); or

(c) fair value through profit or loss (FVTPL).

This classification depends on the following elements:

- Contractual cash flow characteristics test (at instrument level); and
- Business model assessment in which investment assets are managed.

1. See Note 1.2 (c).

Notes to the financial statements continued

Financial assets – FVTPL

AASB 9 requires investment assets to be measured at FVTPL if they are not held within either a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

This applies to Helia's business model where the investment assets are all managed on a fair value basis. The investment portfolios are managed with the objective of realising cash flows through the sale of the assets. Decisions are made based on the assets' fair values and the assets are managed to realise those fair values, resulting in active buying and selling.

Equity securities and unit trusts – FVTPL

Equity securities are measured at Fair Value through Profit or loss (FVTPL) as required under AASB9.

The following table presents investments that are measured and recognised at fair value:

Investments	2023 $'000	2022 $'000
Fixed interest rate		
Short-term deposits	80,177	135,235
Australian government and state-government bonds	765,211	912,169
Corporate bonds and others	1,237,795	801,073
	2,083,183	**1,848,477**
Floating interest rate[1]		
Corporate bonds and others	429,453	982,880
	429,453	**982,880**
Equity securities		
Unlisted unit trusts – equities	179,285	200,449
Unlisted unit trusts – infrastructure	197,051	191,373
Unlisted unit trusts – other	542	–
Unlisted equities	7,674	7,674
	384,552	**399,496**
Derivatives	10,458	9,124
Total investments	**2,907,646**	**3,239,977**
Comprising:		
Current	549,092	530,295
Non-current	1,974,002	2,310,186
Equity securities	384,552	399,496
	2,907,646	**3,239,977**

1. Whilst the following instruments are held at a floating rate, we hold bond futures that result in this having a fixed interest rate.

Fair value hierarchy

The Group's investments carried at fair value have been classified under the three levels of the AASB 13 *Fair Value Measurement* as follows:

- **Level 1** – Fair value investments which are quoted in active and known markets. The quoted prices are those at which transactions have regularly and recently taken place within such markets. Short-term deposits are carried at face value of the amounts deposited or drawn.
- **Level 2** – Fair value investments using inputs other than quoted prices within Level 1 that are observable either directly or indirectly. Australian government and state-government bonds, and corporate bonds and others, are all valued based on the quoted prices provided from external data provider. The unlisted units are valued based on the Group's share of the net asset value of the unlisted trusts, as advised by the external investment manager, using valuation techniques where significant inputs are based on observable market data adjusted for illiquidity factors.
- **Level 3** – Fair value investments using valuation techniques that include inputs that are not based on observable market data. The unlisted units are valued based on the Group's share of the net asset value of the unlisted trusts, as advised by the external investment manager, using valuation techniques where significant inputs are based on unobservable market data. The unlisted equities are valued based on the most recent capital raising price of the investment.

2023	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets mandatorily measured at FVTPL				
Short-term deposits	80,177	–	–	80,177
Australian government and state-government bonds	–	765,211	–	765,211
Corporate bonds and others	–	1,667,248	–	1,667,248
Derivative financial instruments	–	10,458	–	10,458
Financial assets elected measurement at FVTPL				
Unlisted unit trusts – equities	–	179,285	–	179,285
Unlisted unit trusts – infrastructure	–	–	197,051	197,051
Unlisted unit trusts – other	–	–	542	542
Unlisted equities	–	–	7,674	7,674
Total	**80,177**	**2,622,202**	**205,267**	**2,907,646**

2022	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets mandatorily measured at FVTPL				
Short-term deposits	135,235	–	–	135,235
Australian government and state-government bonds	–	912,169	–	912,169
Corporate bonds and others	–	1,783,953	–	1,783,953
Derivative financial instruments	–	9,124	–	9,124
Financial assets elected measurement at FVTPL				
Unlisted unit trusts – equities	–	200,449	–	200,449
Unlisted unit trusts – infrastructure	–	–	191,373	191,373
Unlisted equities	–	–	7,674	7,674
Total	**135,235**	**2,905,695**	**199,047**	**3,239,977**

There have not been any transfers between levels during the current and prior years.

Notes to the financial statements continued

The reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy is set out in the table below:

	Balance at 1 January 2023 $'000	Purchases $'000	Disposals $'000	Movement in fair value $'000	Balance at 31 December 2023 $'000
Financial assets					
Unlisted unit trusts – infrastructure	191,373	–	–	5,678	197,051
Unlisted unit trusts – other	–	542	–	–	542
Unlisted equities	7,674	–	–	–	7,674
Total	199,047	542	–	5,678	205,267

	Balance at 1 January 2022 $'000	Purchases $'000	Disposals $'000	Movement in fair value $'000	Balance at 31 December 2022 $'000
Financial instruments					
Unlisted unit trusts – infrastructure	–	180,000	–	11,373	191,373
Unlisted equities	7,674	–	–	–	7,674
Total	7,674	180,000	–	11,373	199,047

(e) Derivative financial instruments

The Group uses forward foreign exchange contracts to hedge currency exposures arising from interest bearing securities denominated in currencies other than Australian dollars, with both the foreign exchange and derivatives impact reported through profit or loss.

The Group uses bond futures to alter the risk profile of the investment portfolio. Any impact from the derivatives is reported through profit or loss.

Derivatives are used to manage risk exposure and to alter the risk profile of the investment portfolio. Derivatives are used only for approved purposes and are subject to Board-approved risk appetites and delegated authority levels provided to management. The level of derivative exposure is reviewed on an ongoing basis. Appropriate segregation of duties exists with respect to derivative use, and compliance with policy, limits and other requirements is closely monitored.

Derivatives are initially recognised at trade date at fair value and attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value through profit or loss. For futures traded in an active market, the fair value is determined by reference to quoted market prices. For other derivatives the fair values are determined using observable inputs (level 2 in the fair value hierarchy).

The notional amount and fair value of derivative financial instruments at balance date is set out in the table below:

	2023				2022			
	Notional $'000	Exposure $'000	Fair value asset $'000	Fair value liability $'000	Notional $'000	Exposure $'000	Fair value asset $'000	Fair value liability $'000
Forward foreign exchange contracts	414,276	414,276	10,458	1,821	324,456	324,456	9,124	–
Short bond futures	72,639	82,707	–	2,080	–	–	–	–
Long bond futures	719,858	771,995	7,716	–	–	–	–	–

All derivative contracts are expected to be settled within 12 months. Bond futures are presented in note 6.2.

The Group may also have exposure to derivatives through investments in unit trusts. Those derivative exposures are not included in the table above.

4.3 Offsetting financial assets and liabilities

The Group has $5.6 million (31 December 2022: nil) bond futures receivable from and payable to various counterparties which are fully set off in the balance sheet within trade and other receivables (note 6.2) in accordance with Australian Accounting Standards, on the basis that the Group intends to settle these on a net basis with each counterparty and has a legally enforceable right to do so. Forward foreign exchange contracts are not offset and are presented separately.

Notes to the financial statements continued

5 Capital management and financing

5.1 Capital management

The capital management strategy plays a central role in managing risk to create shareholder value, whilst meeting the crucial and equally important objective of providing an appropriate level of capital to protect policyholders' interests and satisfy regulatory requirements. Capital finances growth and capital also provides support in the face of adverse outcomes from insurance and other activities and investment performance.

The determination of the capital amount and mix is built around two core considerations:

(a) Regulatory capital

The regulated controlled entities incorporated in Australia are subject to APRA's prudential standards, which set out the basis for calculating the Prudential Capital Requirements (PCR), the minimum level of capital that the regulator deems must be held to meet policyholders' obligations. The capital base is expected to be adequate for the size, business mix, complexity and risk profile of the business and, as such, the PCR utilises a risk-based approach to capital adequacy. The PCR is the sum of the capital charges for insurance, investments and other assets, investment concentration, operational and catastrophe concentration risk plus any supervisory adjustment imposed by APRA.

It is the Group's policy to hold regulatory capital levels in excess of the PCR. The Group maintains sufficient capital to support the PCR, which is APRA's derivation of the required capital to meet a 1 in 200 year risk of absolute ruin event and has at all times during the current and prior financial year complied with the externally imposed capital requirements to which it is subject.

Capital calculations for regulatory purposes are based on a premium liabilities model which is different from the deferral and matching model which underpins the measurement of assets and liabilities in the financial statements. The premium liabilities model estimates future expected claim payments arising from future events insured under existing policies. This differs from the measurement of the liabilities for incurred claims on the statement of financial position, which considers claims relating to events that have occurred up to and including the reporting date.

(b) Ratings capital

The main operating entity, Helia Insurance Pty Limited maintains capital strength by reference to a targeted financial strength rating from two independent rating agencies. The ratings help reflect the financial strength of the entity and demonstrate to stakeholders its ability to pay claims.

In May 2023, Fitch affirmed the insurer financial strength (IFS) rating of Helia Insurance Pty Limited as 'A' (Strong) with the outlook 'stable'. In June 2023, Standard & Poor's affirmed the IFS rating as 'A', with the outlook 'stable'. Both agencies acknowledged the capital strength and strong competitive position of Helia Insurance Pty Limited.

Internal capital adequacy assessment process (ICAAP) management

The Company has implemented an ICAAP as part of its compliance with the APRA prudential standards. The purpose of the ICAAP is to assist the Company in making a proactive internal assessment of its capital requirements considering the current strategy, business plan and associated risks inherent in that business plan. The ICAAP recognises the capital required for regulatory and ratings agency purposes and identifies planned and potential sources of capital required to meet these objectives. The ICAAP is also designed to further augment the current corporate governance practices undertaken by the Board of Directors in respect of the ongoing assessment of the Company's risk profile, risk appetite, strategic plan and capital adequacy.

The ICAAP summary statement is designed to summarise the major components of the ICAAP, which are:

(i) Risk Management Framework

(ii) Risk Management Strategy

(iii) Risk Appetite Statement

(iv) Capital Management and Planning
- The identification of the amount of capital required to be held against the risks of the business;
- The strategy for ensuring adequate capital is maintained over time, including the identification of specific capital targets; and
- The plans for how target levels of capital are to be met and the means available for sourcing additional capital if and when required.

(v) Capital Monitoring
- The actions and procedures for monitoring the Company's compliance with its regulatory capital requirements and capital targets including the triggers to alert management to, and specified actions to avert and rectify, potential breaches of these requirements; and
- The processes for reporting on the ICAAP and its outcomes to the Board and senior management.

(vi) Stress Testing and scenario analysis relating to potential risk exposures and available capital resources.

(vii) ICAAP integration – ensuring that the ICAAP is taken into account in making business decisions.

5.2 Interest bearing financial liabilities

Accounting policies

Interest bearing financial liabilities are initially recognised at fair value less transaction costs that are directly attributable to the transaction. After initial recognition, the financial liabilities are carried at amortised cost using the effective interest rate method.

Finance related costs include interest, which is accrued at the contracted rate and included in payables, and amortisation of transaction costs which are capitalised, presented together with borrowings, and amortised over the life of the borrowings.

	2023 $'000	2022 $'000
Subordinated notes	190,000	190,000
Less: capitalised transaction costs	(800)	(1,299)
	189,200	188,701

Key terms and conditions are:

- Interest is payable quarterly in arrears, with the rate each calendar quarter being the average of the 90-day bank bill swap rate at the end of the prior quarter plus a margin equivalent to 5.0% per annum.
- The notes mature on 3 July 2030 (non-callable for the first five years) with the issuer having the option to redeem at par from 3 July 2025. Redemption at maturity, or any earlier date provided for in the terms and conditions of issue, is subject to prior approval by APRA.

5.3 Equity

(a) Share capital

	2023 Number of shares '000	2023 $'000	2022 Number of shares '000	2022 $'000
Issued fully paid capital				
Balance as at 1 January	347,447	906,892	411,492	1,087,762
Buy-back of shares, including transaction costs	(46,642)	(156,174)	(64,045)	(180,870)
Closing balance	**300,805**	**750,718**	**347,447**	**906,892**

The Company's issued shares do not have a par value. All ordinary shares are fully paid. Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

On-market buy-back

On 23 November 2021, the Company announced its intention to commence, with effect from 8 December 2021, an on-market share buy-back program for shares up to a maximum value of $100.0 million. The Company completed this buy-back on 24 June 2022, the Company had acquired 35.1 million shares for a total consideration of $100.0 million ($97.6 million in 2022).

On 3 August 2022, the Company announced its intention to commence, with effect from 19 August 2022, a second on-market share buy-back program for further shares up to a maximum value of $100.0 million. The Company ceased this buy-back on 23 December 2022, the Company had acquired 30.0 million shares for a total consideration of $83.3 million.

On 24 February 2023, the Company announced its intention to commence, with effect from 14 March 2023, an on-market share buy-back program for shares up to a maximum value of $100.0 million. The Company completed this buy-back on 26 June 2023. The total number of shares purchased in the period were 31.5 million for a consideration of $100.0 million.

On 22 August 2023, the Company announced its intention to commence, with effect from 8 September 2023, a second on-market share buy-back program for further shares up to a maximum value of $100.0 million. As at 31 December 2023, the Company has acquired 15.2 million shares for a total consideration of $56.2 million.

The shares acquired by the Company as part of the on-market share buy-back programs have been cancelled and removed from the share register.

Notes to the financial statements continued

(b) Share-based payment reserve

	2023 $'000	2022 $'000
Balance as at 1 January	1,838	806
Share-based payment expense	4,833	2,097
Share-based payment settled	(1,493)	(1,065)
Balance as at 31 December	**5,178**	**1,838**

Refer to note 7.7.

5.4 Capital commitments and contingencies

Capital commitments

There were no capital commitments as at 31 December 2023 (31 December 2022: nil).

Contingencies

There were no contingent liabilities as at 31 December 2023 (31 December 2022: nil).

5.5 Other reserves

	2023 $'000	2022 $'000
Other reserves	(476,559)	(476,559)

The balance in the other reserves resulted from a corporate reorganisation which occurred in 2014 which was undertaken to reorganise the intragroup debt and equity funding arrangements and to facilitate the repayment of funding arrangements within the Helia Group. As this was a combination of entities under common control, this is not required to be accounted as a business combination under AASB 3 *Business Combinations*. The standard allows for any difference in these transactions to be recognised directly in equity as other reserves until the control is lost.

6 Operating assets and liabilities

6.1 Cash and cash equivalents

Accounting policies

Cash and cash equivalents include cash on hand and deposits held at call with financial institutions and other short-term and highly liquid investments with maturity from date of acquisitions of three months or less that are readily convertible to known amount of cash, that are subject to an insignificant risk of changes in value and which are used to meet short-term cash commitments. Cash and cash equivalents are measured at fair value, being the principal amount.

Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2023 $'000	2022 $'000
Cash and cash equivalents at bank	57,049	23,841

6.2 Trade and other receivables

Accounting policies

The collectability of receivables is assessed at balance date and an impairment loss is made for any doubtful accounts. The amounts are discounted where the time value of money effect is material.

	2023 $'000	2022 Restated[1] $'000
Sub-lease receivable	–	1,204
Margin Accounts	1,506	–
Outstanding investment settlements	16,102	377
Other receivables	567	563
	18,175	**2,144**
Comprising:		
Current	18,175	1,829
Non-current	–	315
	18,175	**2,144**

Carrying amounts of receivables reasonably approximate fair value at the reporting date. None of the receivables are impaired or past due at 31 December 2023 and 31 December 2022.

1. See Note 1.2 (c).

Notes to the financial statements continued

6.3 Leases

The Group leases property for its office space in North Sydney. On 1 August 2023, a new lease agreement was signed for these premises. This agreement became effective from 1 August 2023, creating a right-of-use asset and a lease liability estimated at $8.8 million.

The lease has a term of five years at inception, escalation clauses and renewal rights.

The Group also leased equipment for its office. These leases have varying terms, from one year to three years. The equipment assets leased are of low value.

Accounting policies

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset, less any lease incentives received.

The right-of-use-asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset and the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate or if the Group changes its assessment of whether it will exercise extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low value assets, including office equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Lease assets (right-of-use assets)

	2023 $'000	2022 $'000
Balance as at 1 January	1,133	3,618
Additions	8,784	–
Disposals	–	(211)
Depreciation charge for the year	(1,780)	(2,189)
Modification of leases	(85)	(85)
Balance as at 31 December	**8,052**	**1,133**

Lease liabilities

	2023 $'000	2022 $'000
Balance as at 1 January	**2,360**	**7,663**
Additions	8,784	–
Payments made	(3,285)	(5,197)
Disposals	–	(340)
Interest expense	230	234
Balance as at 31 December	**8,089**	**2,360**
Comprising:		
Current	1,423	2,360
Non-current	6,666	–
	8,089	**2,360**

Maturity analysis – contractual undiscounted cash flows

	2023 $'000	2022 $'000
Future payments to be made arising from lease contracts:		
Within one year	1,423	2,424
One year or later and no later than five years	6,811	–
Total undiscounted lease liabilities as at 31 December	**8,234**	**2,424**

Amounts recognised in profit or loss

	2023 $'000	2022 $'000
Depreciation charge for the period	(1,780)	(2,189)
Interest expense on lease liabilities	(230)	(234)
Income from subleasing right-of-use assets	14	89
Loss on disposal of assets	–	(182)

The interest expense on lease liabilities and the income from subleasing the right-of-use assets are presented as financing costs in the statement of comprehensive income.

Notes to the financial statements continued

6.4 Intangibles

The intangibles balance represents software development expenditure.

Accounting policies

Internally developed capitalised software

Software development expenditure that meets the criteria for recognition as an intangible asset is capitalised in the statement of financial position and amortised over its expected useful life, subject to impairment testing. Costs incurred in researching and evaluating a project up to the point of formal commitment to a project are expensed as incurred. Only software development projects with total budgeted expenditure of more than $250,000 are considered for capitalisation. Smaller projects and other costs are treated as maintenance costs, being an ongoing part of maintaining effective technology, and are expensed as incurred.

All capitalised costs are deemed to have an expected useful life of five years unless it can be clearly demonstrated for a specific project that the majority of the net benefits are to be generated over a longer or shorter period. The capitalised costs are amortised on a straight-line basis over the period following completion of a project or implementation of part of a project.

There were no additions to internally developed software intangibles in 2023 (2022: nil).

Impairment assessment

The recoverability of the carrying amount of those assets is reviewed at each reporting date by determining whether there is an indication that the carrying value may be impaired. If such indication exists, the item is tested for impairment by comparing the recoverable amount, or value-in-use, of the asset to its carrying value. An impairment charge is recognised in the statement of comprehensive income when the carrying value exceeds the calculated recoverable amount. The impairment charges can be reversed if there has been a change in the estimate used to determine the recoverable amount.

There was no impairment charge recognised during the year (2022: nil).

Reconciliations

Reconciliations of the carrying amounts for intangibles are set out below:

	2023 $'000	2022 $'000
Cost		
Balance as at 1 January	32,861	32,861
Balance as at 31 December	**32,861**	**32,861**
Accumulated amortisation and impairment losses		
Balance as at 1 January	(29,909)	(28,218)
Amortisation	(1,500)	(1,691)
Balance as at 31 December	**(31,409)**	**(29,909)**
Total net intangibles	**1,452**	**2,952**

6.5 Goodwill

Accounting policies

Business combinations are accounted for by applying the purchase method. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

Goodwill has an indefinite useful life and is therefore not subject to amortisation, but is tested for impairment annually, or more often if there is an indication of impairment. Goodwill is stated at deemed cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to cash-generating units (CGU). At 31 December 2023, the Group comprises a single CGU (Mortgage Insurance Australia), which reflects the level at which goodwill is monitored for impairment by management.

The impairment test involves the use of accounting estimates and assumptions. The recoverable amount of the CGU is determined on the basis of value-in-use calculation which is performed on a pre-tax basis. The present value of future cash flow projections is based on the most recent management approved budgets.

	2023 $'000	2022 $'000
Goodwill – at deemed cost	9,123	9,123

The following describes the key assumptions on which management based its cash flow projections when conducting the impairment testing:

- Cash flow forecast is based on the latest five-year business plan approved by management. This business plan is based on a combination of historical performance and management's expectations of future performance based on prevailing and anticipated market factors;
- Terminal value is calculated using a perpetuity growth formula applied to the cash flows projected for the last year of the forecast period. The terminal growth rate used by management for its impairment assessment as at 31 December 2023 is 2.94% (2022: 1.6%);
- Discount rate reflects a weighted average cost of capital for Helia's capital mix. The pre-tax discount rate used at 31 December 2023 is 14.4% (2022: 14.7%); and
- Valuation is based on a cash flow forecast that is pre-tax, and accordingly uses a pre-tax discount rate.

Management believes that any reasonably possible change in the key assumptions on which the value-in-use of the Group's CGU is based would not cause the Group's goodwill to be impaired. This is demonstrated in the sensitivity analysis below.

Sensitivity analysis

Under each of the stressed assumption scenarios used below (all other assumptions remaining constant), the Group's goodwill is not impaired:

- Reduction of the net cash flow projection by 15%;
- Terminal growth rate of 0%; and
- Increase of the discount rate by 200 basis points.

Notes to the financial statements continued

6.6 Trade payables and other liabilities

Accounting policies

Liabilities are recognised for amounts to be paid in the future for goods or services received. Trade accounts payable are normally settled within 30–60 days. The carrying amount of accounts payable approximates fair value.

All payables set out in the table below are due within the current year.

	2023 $'000	2022 Restated[1] $'000
Accrued expenses	16,205	17,477
Outstanding investments settlements	11,043	603
Trade creditors and other payables	3,200	5,376
Provision for premium credit refunds[2]	6,917	8,758
	37,365	**32,314**
Current tax liabilities[3]	75,754	38,388
	113,119	**70,602**

1. See Note 1.2 (c).
2. Provision for estimated premium credit refunds due to lender customers, where lender customers did not identify top-up loan applications back to the relevant original loan accounts.
3. The current tax liabilities are based on the current tax legislation, which aligns with AASB 1023, as amendments to the tax legislation allowing the use of AASB 17 profit were not passed by Parliament as at 31 December 2023. Refer to note 2.5 for further details. If the proposed new legislation is passed we anticipate there will be a significant reduction in tax payable for FY23.

6.7 Employee benefits provision

Accounting policies

The carrying amount of provisions for employee entitlements approximates fair value.

Wages, salaries and annual leave

The accruals for employee entitlements to wages, salaries and annual leave represent present obligations resulting from employees' services provided up to the statement of financial position date, calculated at undiscounted amounts based on wage and salary rates that the entity expects to pay as at reporting date including related on-costs.

Long service leave

The Group's net obligation in respect of long-term benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods. A liability for long service leave is recognised as the present value of estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The estimated future cash outflows are discounted using corporate bond yields which have terms to maturity that match, as closely as possible, the estimated future cash outflows. Factors which affect the estimated future cash outflows such as expected future salary increases including related on-costs and expected settlement dates are incorporated in the measurement.

Superannuation commitments

Contributions to superannuation funds are in accordance with Australian superannuation guarantee legislation and are recognised as an expense in the statement of comprehensive income as they are incurred. The Group does not hold or pay into any defined benefit superannuation schemes on behalf of employees.

	2023 $'000	2022 $'000
Annual leave	2,550	2,482
Long service leave	5,007	4,576
	7,557	**7,058**
Comprising:		
Current	6,503	6,160
Non-current	1,054	898
	7,557	**7,058**

As at the balance date there were 233 employees (2022: 232).

Notes to the financial statements continued

7 Other disclosures

7.1 Parent entity disclosures

	2023 $'000	2022 $'000
Results of the parent entity		
Profit for the year	27,123	391,751
Total comprehensive income for the year	27,123	391,751
Financial position of parent entity		
Current assets	60,418	88,692
Total assets	1,591,444	1,903,718
Total liabilities	–	–
Net assets	**1,591,444**	**1,903,718**
Total equity of the parent entity comprising of:		
Share capital	750,718	906,892
Retained earnings	400,835	560,397
Share-based payments	5,216	1,754
Other reserves	434,675	434,675
Total equity	**1,591,444**	**1,903,718**

The accounting policies of the parent entity are consistent to the Group's policies.

In the parent entity an impairment of $284.0 million was recognised in the carrying value of Helia Insurance Pty Limited on 31 December 2023. The reduction in the calculation of value in use of the main operating entity leading to this impairment is largely as a result of the large dividends and capital returns in excess of net profit after tax in recent years.

7.2 Remuneration of auditors

	2023	2022
Audit and review of financial statements[1]	1,513,551	927,949
Regulatory audit services	98,949	95,603
Audit related services[2]	–	393,051
Other assurance services	149,435	–
	1,761,935	**1,416,603**

1. Includes Audit and review of financial statements for the Group of $406,200 (2022: $441,571) and controlled entities of $1,107,351 (2022: $486,378).
2. Includes review of AASB 17 opening positions.

7.3 Key management personnel disclosures

The following were key management personnel of the Group at any time during the reporting period, and unless otherwise indicated, were key management personnel for the entire period.

Directors of the Company	Executive KMP
Ian MacDonald (Chairman)	Pauline Blight-Johnston
Gai McGrath	Michael Cant
Alistair Muir	Andrew Cormack
Leona Murphy	Jeremy Francis
Gerd Schenkel	Greg McAweeney
Andrea Waters	
Duncan West	

The key management personnel compensation is:

	2023 $'000	2022 $'000
Short-term employee benefits	5,422	4,743
Termination and post-employment benefits	270	207
Equity compensation benefits	2,588	985
	8,280	**5,935**

7.4 Controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities.

			Equity holding (%)	
Name of entity	Country of incorporation	Class of shares	2023	2022
Helia Insurance Pty Limited	Australia	Ordinary	100	100
Helia Indemnity Limited	Australia	Ordinary	100	100
Balmoral Insurance Company Limited	Bermuda	Ordinary	100	100

Balmoral Insurance Company Limited was placed into liquidation on 31 January 2024.

Notes to the financial statements continued

7.5 Related party disclosure

Transactions with related parties are undertaken on normal commercial terms and conditions.

7.6 Equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates. Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies.

Accounting policies

The interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, until the date on which significant influence ceases. They are continually assessed for objective evidence of impairment throughout the year. This may be as a result of one or more events that occurred after the initial recognition of the net investment (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated.

During the year there were loss events and OSQO has entered administration. As a result, the Company impaired the entire value of its investment in OSQO to nil. The Company retains its ownership interest of 25.1% in OSQO.

The equity interests in associates stands at:

	2023	2022
Percentage ownership interest – OSQO	25.1%	25.1%
Percentage ownership interest – HHC	26.1%	26.2%

The following table analyses, in aggregate, the carrying amount and share of profit/(loss) of the associate investments:

	2023 $'000	2022 $'000
Opening	27,499	–
Additions	–	28,529
Share of loss from continuing operations	(4,894)	(1,080)
Impairment loss on equity-accounted investees	(3,594)	–
Carrying amount of interests in associates	18,961	27,449

7.7 Share-based payments

Accounting policies

Share-based remuneration is provided in various forms to eligible employees and executive directors of the Group in compensation for services provided to the Group.

The fair value at the grant date, being the date, both the employee and the employer agree to the arrangement, is determined using a valuation model based on the share price at grant date and the vesting conditions. The fair value used for the valuation does not change over the life of the instrument. At each reporting period during the vesting period and upon final vesting or expiry of the equity instruments, the total accumulated expense is revised based on the likelihood of meeting performance hurdles on the ROE component, and the latest estimate of the number of equity instruments that are expected to vest based on the vesting conditions and taking into account the expired portion of the vesting period. Where a market condition for a share-based payment is not met and the plan does not ultimately vest, expenses are not reversed.

To satisfy obligations under the various share-based remuneration plans, shares are generally expected to be equity settled.

(a) Deferred short-term incentive

Plan	Eligibility	Nature of award	Vesting conditions
Short-Term Incentive (STI) Deferral Plan	Executives and any employee with an annual STI award >$50,000	**2023 and 2022 Plan:** • For Executives: Half of the dollar value of the annual STI is converted to a grant of deferred share rights, with half of the deferred share rights to vest after 12 months and the remaining after 24 months. To ensure nominal award amounts are not subject to deferral, a minimum $10,000 balance is required prior to deferral being applied to the incentive award; • For non-executive employees: For any annual STI payment greater than $50,000, one-third of the amount greater than $50,000 is converted to a grant of deferred share rights and delivered 12 months following the payment of the original award amount. To ensure nominal award amounts are not subject to deferral, a minimum $10,000 balance is required prior to deferral being applied to the incentive award; • For eligible participants: Notional dividend equivalents accrue during the vesting period and are delivered through an adjustment to the number of vested share rights at the end of the deferral period.	• For Executives: Continuous active employment for 12 months from grant date for the first tranche and for 24 months for the second tranche; • For non-executive employees: Continuous active employment for 12 months from grant date; • For eligible participants: Board and Committee satisfaction that adverse outcomes have not arisen that were not apparent when performance was assessed, and satisfaction that there was not excessive risk taking in achievement of results.

Details of the number of employee share rights granted, exercised and forfeited or cancelled for the short-term incentive during the year were as follows:

2023

Grant date	Balance at 1 January 2023 Number	Granted in the year Number	Exercised in the year Number	Cancelled/ forfeited in the year Number	Balance at 31 December 2023 Number	Vested and exercisable at end of the year Number
1 March 2022[1]	428,847	50,642	(479,489)	–	–	–
1 March 2023[2]	–	631,737	–	(30,884)	600,853	–
Total	**428,847**	**682,379**	**(479,489)**	**(30,884)**	**600,853**	**–**

1. The number of share rights granted in the period representing the deferred short-term incentive component under the 2021 remuneration program.
2. The number of share rights granted in the period representing the deferred short-term incentive component under the 2022 remuneration program.

2022

Grant date	Balance at 1 January 2022 Number	Granted in the year Number	Exercised in the year Number	Cancelled/ forfeited in the year Number	Balance at 31 December 2022 Number	Vested and exercisable at end of the year Number
1 March 2021[1]	20,802	341	(21,143)	–	–	–
1 March 2022[2]	–	428,847	–	–	428,847	–
Total	**20,802**	**429,188**	**(21,143)**	**–**	**428,847**	**–**

1. The number of share rights granted in the period representing the deferred short-term incentive component under the 2020 remuneration program.
2. The number of share rights granted in the period representing the deferred short-term incentive component under the 2021 remuneration program.

Notes to the financial statements continued

(b) Long-term incentive plan

The Group implemented a long-term incentive (LTI) plan for executive KMP which is performance oriented and reflects local market practice.

The vesting conditions for each of the LTI plan granted include:

- Continuous active employment for four years until 31 December 2027; and
- Performance conditions.

Vesting of awards is subject to Board and Committee satisfaction that adverse outcomes have not arisen that were not apparent when performance was assessed, and satisfaction that there was not excessive risk taking in achievement of results.

On 1 March 2023, under the 2023 LTI plan, share rights were granted to the senior management team.

Key terms and conditions for the 2023 LTI

- The rights are granted for nil consideration;
- Holders are entitled to receive notional dividend equivalents during the vesting period but do not have voting rights;
- Each allocation is split into two portions which are subject to different performance hurdles. The first vesting condition is not market related and requires continuous active employment for four years until 31 December 2027. The second set of vesting conditions are as follows:
  - 25% is subject to underlying return on equity (ROE) performance condition. The average of the Group's annual underlying ROE measured against regulatory capital (based on the upper end of the Board's target range above the prescribed capital amount) is tested against target underlying ROEs over a four-year period, calculated on a quarterly basis and equally weighted for each year during the performance period.
  - 75% is subject to relative total shareholder return (TSR) performance condition. The Group's TSR is tested against comparator group, the ASX 200 financial services excluding Real Estate Investment Trusts (REITs) over a four-year period.
- The number of share rights offered is determined by dividing the grant value of the 2023 long-term incentive plan by $2.7992, being the 10-day volume weighted average price (VWAP) of the Company share price as at 31 December 2022, rounded down to the nearest whole share right. Each share right is a right granted to acquire a fully paid ordinary share of the Company;
- Notional dividend equivalents accrue during the vesting period and are delivered through an adjustment to the number of vested share rights at the end of the deferral period; and
- The fair value for ROE is the share price as at the grant date. Fair value for the TSR hurdle is estimated through a Monte Carlo simulation-based valuation methodology as at the grant date.

The fair value of the share rights for LTI linked to relative TSR performance hurdles is calculated as at the grant date using Monte Carlo simulation. The factors and assumptions used for the valuation are summarised in the below table:

	2023	2022	2021	2020
Grant date	1 March 2023	1 March 2022	1 March 2021	1 March 2020
Share price on grant date ($)	$3.42	$3.11	$2.42	$3.22
Dividend yield (%)	0%[1]	0%[1]	0%[1]	0%[1]
Volatility (%)	51.53%	50.66%	48.23%	31.94%
Correlation	A correlation matrix for the ASX 200 financial services (excluding REITs) has been used	A correlation matrix for the ASX 200 financial services (excluding REITs) has been used	A correlation matrix for the ASX 200 financial services (excluding REITs) has been used	A correlation matrix for the ASX 200 financial services (excluding REITs) has been used
Risk free rate (%)	3.55%	1.67%	0.40%	0.54%
Vesting date	31 December 2026	31 December 2025	31 December 2024	31 December 2023

1. Consistent with the requirements set out in AASB 2 *Share-based Payment*, given participants in the LTI plan are entitled to dividend equivalents on the underlying shares, the input for expected dividend yield has been set to zero. For the purposes of relative TSR fair value calculations, the expected dividend yield of the comparator group has also been set to zero.

Details of the number of employee share rights granted, exercised and forfeited or cancelled for the long-term incentive plan during the year were as follows:

2023

Grant date	Balance at 1 January 2023 Number	Granted in the period Number	Exercised in the period Number	Cancelled/ forfeited in the period Number	Balance at 31 December 2023 Number	Vested and exercisable at end of the period Number
1 March 2019[1]	–	128,879	(128,879)	–	–	–
1 March 2020	323,808	–	(80,051)	(243,757)	–	–
1 March 2021	808,622	–	–	(20,253)	788,369	–
1 March 2022	995,605	–	–	(33,720)	961,885	–
1 March 2023	–	1,039,079	–	(42,294)	996,785	–
Total	**2,128,035**	**1,167,958**	**(208,930)**	**(340,024)**	**2,747,039**	**–**

1. Represents notional dividends awarded as share rights associated with 2019 LTI plan share rights that had previously vested/been exercised on/by 31 December 2022.

2022

Grant date	Balance at 1 January 2022 Number	Granted in the period Number	Exercised in the period Number	Cancelled/ forfeited in the period Number	Balance at 31 December 2022 Number	Vested and exercisable at end of the period Number
1 March 2018[1]	–	52,662	(52,662)	–	–	–
1 March 2019	437,970		(320,404)	(117,566)	–	–
1 March 2020	323,808		–	–	323,808	–
1 March 2021	808,622		–	–	808,622	–
1 March 2022	–	995,605	–	–	995,605	–
Total	**1,570,400**	**1,048,267**	**(373,066)**	**(117,566)**	**2,128,035**	**–**

1. Represents notional dividends awarded as share rights associated with 2018 LTI plan share rights that had previously vested/been exercised on/by 31 December 2021.

(c) Omnibus incentive plan

Genworth Financial Inc (GFI) (former majority shareholder and ultimate parent entity) issued stock options, stock appreciation rights, restricted stock, restricted stock units, other stock-based awards and dividend equivalent awards with respect to its common stock to employees of its affiliates throughout the world, under its 2004 Omnibus Incentive Plan and its 2012 Omnibus Incentive Plan (Omnibus Incentive Plans). At this time Helia Insurance Pty Limited was an affiliate of GFI and these were offered to certain employees.

The Group has reserved for such costs and the amount of the reserve is marked to market to reflect the Group's exposure to those costs having regard to the price of GFI shares.

There have been no grants to employees of Helia Insurance Pty Limited under the Omnibus Incentive Plans since 2014, and the Group will continue to satisfy all remaining obligations under this plan notwithstanding GFI is no longer the major shareholder or ultimate parent entity.

Notes to the financial statements continued

Details of the number of employee options granted, exercised and forfeited or cancelled during the year were as follows:

2023

Grant date	Expiry date	Exercise price[1] ($)	Balance at 1 January 2023 Number	Granted in the year Number	Exercised in the year Number	Cancelled/ forfeited in the year Number	Balance at 31 December 2023 Number	Vested and exercisable at end of the year Number
15/02/2013	15/02/2023	13.37	13,500	–	–	(13,500)	–	–
20/02/2014	20/02/2024	22.48	14,000	–	–	–	14,000	14,000
Total			**27,500**	**–**	**–**	**(13,500)**	**14,000**	**14,000**
Weighted average exercise price ($)			17.76	–	–	13.25	17.76	17.76

2022

Grant date	Expiry date	Exercise price[1] ($)	Balance at 1 January 2022 Number	Granted in the year Number	Exercised in the year Number	Cancelled/ forfeited in the year Number	Balance at 31 December 2022 Number	Vested and exercisable at end of the year Number
14/02/2012	14/02/2022	13.11	11,700	–	–	(11,700)	–	–
15/02/2013	15/02/2023	13.37	13,500	–	–	–	13,500	13,500
20/02/2014	20/02/2024	22.48	14,000	–	–	–	14,000	14,000
Total			**39,200**	**–**	**–**	**(11,700)**	**27,500**	**27,500**
Weighted average exercise price ($)			16.32	–	–	13.11	17.93	17.93

(d) Employee Share Scheme

The Group implemented a new Employee Share Scheme (ESS) in 2022, with 169 participating employees in 2023 (2022: 157). All permanent eligible employees with at least six months of tenure were invited to receive a grant of $1,000 of Helia shares at no cost to employees, subject to a three-year disposal restriction period. The ESS will be offered to eligible employees again in 2024 subject to Board approval.

7.8 Events subsequent to reporting date

On 29 January 2024, the Company announced a change to the buy-back end date to 30 April 2024. The Company may continue to buy shares until the earlier of 30 April 2024 or acquisition up to the value of $100.0 million.

On 31 January 2024, the Group placed Balmoral Insurance Company Limited into liquidation.

On 27 February 2024, the Directors declared a 15 cent per ordinary share fully franked final dividend and 30 cent per ordinary share unfranked special dividend totalling approximately $45.1 million and $90.2 million respectively for the year ended 31 December 2023.

There are no other events that have arisen since 31 December 2023 to the date of this report that, in the opinion of the Directors, have significantly affected or may significantly affect the operations of the Group or the state of affairs of the Group in future years.

1. The exercise price is the AUD equivalent of the USD exercise price at 31 December 2023.

Directors' declaration

In the opinion of the Directors of Helia Group Limited (the Company):

a) the consolidated financial statements and notes set out on pages 73 to 126 are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance, as represented by the results of its operations and its cash flows for the year ended on that date; and

(ii) complying with Australian Accounting Standards in Australia and the *Corporations Regulations 2001*; and

b) the Directors draw attention to Note 1 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards; and

c) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

The Directors have been provided with the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the year ended 31 December 2023.

Signed in accordance with a resolution of the Directors.

Ian MacDonald
Chairman

Dated: 27 February 2024

Independent auditor's report

Independent Auditor's Report

To the shareholders of Helia Group Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Helia Group Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group***'s financial position as at 31 December 2023 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises the:

- Consolidated statement of financial position as at 31 December 2023;
- Consolidated statement of comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Notes including material accounting policies; and
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key Audit Matters

The ***Key Audit Matters*** we identified are:

- Initial adoption of AASB 17 *Insurance contracts*
- Valuation of the Liability for Incurred Claims (LIC)
- Valuation of the Liability for Remaining Coverage (LfRC)

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Initial adoption of AASB 17 *Insurance contracts*

Refer to Note 1.2 (c)(i) New and amended standards adopted by the Group

The key audit matter	How the matter was addressed in our audit
The initial adoption of AASB 17 *Insurance Contracts* ("AASB 17") is a key audit matter due to the inherent complexity of adopting this standard for the first time. The standard introduces a new approach for the accounting for insurance and reinsurance contracts, increasing the need for interpretation, judgement and audit effort. We focused on: • the Group's new accounting processes and controls in response to the AASB 17 requirements; • the Group's transition approach applied retrospectively to the insurance and reinsurance contracts as at 1 January 2022; • changes made to the measurement of liabilities and the impact on revenue recognition and overall financial statement presentation; • the judgement used for relevant assumptions used in the measurement of insurance contract liabilities; and • the adequacy and completeness of disclosures related to the adoption of AASB 17. We involved our senior audit team members in assessing this key audit matter, along with actuarial specialists.	Our procedures included: • obtaining an understanding of the Group's new processes used to measure the insurance contract liabilities and retained earnings adjustment; • testing the key controls designed and operated by the Group over the transition; • consideration of the Group's new accounting policies against the requirements of the accounting standard and our understanding of the business and industry practice; • assessing the transition approach and checking the transition adjustments and restatements are accurately reflected in the financial statements; • working together with our actuarial specialist, we evaluated the Group's measurement of the Liability for Remaining Coverage (LfRC) and Liability for Incurred Claims (LIC) as at the transition date by checking if the present value for future cashflows, risk adjustment, contractual service margin (CSM) and loss component have been measured in compliance with the requirements of AASB 17 (refer to the following Key Audit Matters); and • assessing the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standard.

Independent auditor's report continued

Valuation of the Liability for Incurred Claims (A$307.9m)

Refer to Note 3.4 Insurance and reinsurance contracts and Note 3.10 Actuarial assumptions and methods

The key audit matter

The valuation of the Liability for Incurred Claims is a key audit matter as it is highly judgemental and requires assumptions to be made with inherent estimation uncertainty. These assumptions can have significant impacts on the valuation. This complexity requires us to exercise judgement when evaluating the methodology and assumptions adopted by the Group.

The Group's insurance policies are similar in nature. As a result, our audit focused on the Group's consistent identification and application of common characteristics to segment the stages of claim emergence when applying frequency and severity (size) factors to determine the Liability for Incurred Claims. These common characteristics include region, loan originator, outstanding loan size, and loan-to-value ratio. As a result of these factors, the estimation of the liability is highly dependent on the integrity of the underlying data.

The Liability for Incurred Claims reflects the Groups' internal actuarial experts' assessment of future expected outcomes.

These outcomes are influenced by a number of factors, including macroeconomic assumptions, which are subject to a wide range of views and interpretations. The valuation methodology requires the Group to make assumptions in respect of these factors including:

- the uncertainty in the timing of claim payments and recoveries;
- the frequency at which claims emerge, and the subsequent severity of those claims. Frequency and severity are likely to be influenced by changes in macroeconomic factors such as interest rates, inflation, unemployment, property prices, and performance of industry and geographic segments;
- the timing of receipt of information from lenders indicating a delinquency or claim has occurred;
- past claims experience being an appropriate predictor of future experience; and
- uncertainty relating to the timing and amount of the cashflows that arises from non-financial risk in fulfilling insurance contracts (risk adjustment).

The assumptions adopted have a significant impact on the financial performance of the Group, and therefore, are a focus of our audit attention. As a result, we involved senior audit team members, including specialists, who collectively understand the valuation methodology, the Group's business, its industry and the economic and regulatory environment it operates in.

How the matter was addressed in our audit

We tested the key controls designed and operated by the Group over the valuation of the Liability for Incurred Claims.

Along with our IT specialists, we assessed the key controls for significant data inputs used by the Group to determine the Liability for Incurred Claims. Our assessment included testing specific reconciliation controls and interfaces from key IT systems that provide data used in the actuarial valuation processes underlying the Liability for Incurred Claims.

We focused on the assumptions and valuation methodology used by the Group in estimating the Liability for Incurred Claims. In so doing we challenged the methodology and the assumptions used in the valuation, including the Group's approach to segmenting the portfolio using common characteristics, against the criteria of the accounting standards. We were assisted by our actuarial specialists in this and in our consideration of the work and findings of the Group's internal actuarial experts, including assessment of their competency, objectivity, and scope of work.

We considered the Group's valuation methodology and assumptions for consistency between reporting periods, as well as for indicators of possible bias.

Our challenge focused on the assumptions applied to delinquencies and claims data. We did this by:

- evaluating underlying documentation. For example, we considered actual versus expected claims experience in relation to the number of delinquencies and the severity assumptions, together with the timing of claims payments and recoveries using historical data.
- considering external information available (e.g. macroeconomic assumptions such as forecast interest rates, inflation rates, unemployment, property prices) and investigating significant variances. Specifically, we have considered the impact of recent trends in property prices and the impacts of the recent rise in interest and inflation rates on the claims experience and the selected assumptions.
- identifying and analysing key changes in frequency and severity assumptions by comparing selected assumptions to experience exhibited to date.
- assessing the consistency of information, such as claims experience and trends across the Group's operations.
- developing an independent expectation of the claim costs for comparison to the Group's estimate.
- benchmarking the risk adjustment adopted by Helia with that of peers and consistency with the risk adjustment adopted at the previous year-end.

Valuation of Liability for Remaining Coverage (A$1,431.0m)

Refer to Note 3.4 Insurance and reinsurance contracts and Note 3.10 Actuarial assumptions and methods

The key audit matter

AASB 17 *Insurance Contracts* requires that a Liability for Remaining Coverage is recognised for the estimated cost of provision of insurance service for policies which remain in-force.

The Valuation of the Liability for Remaining Coverage is a key audit matter due to the complexity of the actuarial methodology and assumptions used to model separate components of the liability, which result in inherent estimation uncertainty.

These factors necessitate a significant level of judgement applied by us in assessing the methods and assumptions. The valuation methodology requires the Group to make assumptions in respect of these factors including:

- expected claims incurred arising from future coverage;
- allowance for expenses directly attributable to providing the insurance service over the period of coverage;
- expected refunds to provide under the contractual arrangements;
- policy top ups expected to be incurred in the future;
- Illiquidity premium representing the liquidity characteristics of cash flows;
- a coverage unit pattern reflecting the provision of insurance service; and

How the matter was addressed in our audit

We tested the key controls designed and operated by the Group for the Liability for Remaining Coverage.

Along with our IT specialists, we assessed the key controls for significant data inputs. This included testing specific reconciliation controls, including those over the reliability of data used in the actuarial modelling processes and interfaces from key IT systems used in the valuation of the Liability for Remaining Coverage.

With the assistance of our Actuarial specialists, we focused on the assumptions and valuation methodology used by the Group in estimating the Liability for Remaining Coverage. In so doing we challenged the methodology and the assumptions used in the valuation, including the Group's approach to segmenting the portfolio using common characteristics, against the criteria of the accounting standards. We were assisted by our actuarial specialists in this and in our consideration of the work and findings of the Group's internal actuarial experts, including their competency, objectivity, and scope of work.

We considered the Group's valuation methodology and assumptions for consistency between reporting periods, as well as for indicators of possible bias.

We checked the integrity of the valuation model

Independent auditor's report continued

• uncertainty relating to the timing and amount of the cashflows that arises from non-financial risk in fulfilling insurance contracts (risk adjustment). The assumptions adopted have a significant impact on the financial performance of the Group. As a result, we involved senior audit team members, including specialists, who collectively understand the valuation methodology, the Group's business and the economic and regulatory environment it operates in.	including formulas and links embedded within the model. Our challenge focused on the assumptions applied to future cashflows and included: • assessing of the coverage unit pattern adopted to compare to the pattern of the provision of insurance service, measured by adjusting the outstanding loan balance for in-force policies by claim severity factors; • consideration of the impact of more recent experience on expected cashflows, including impacts from the current economic environment such as increasing interest rates and inflation; • developing an independent expectation of the claim costs for comparison to the Group's estimate. • benchmarking the risk adjustment adopted by Helia with that of peers and consistency with the risk adjustment adopted at the previous year-end.

Other Information

Other Information is financial and non-financial information in Helia Group Limited's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinions.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001;*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Helia Group Limited for the year ended 31 December 2023, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 48 to 70 of the Directors' report for the year ended 31 December 2023.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

Julia Gunn

Julia Gunn

Partner

Sydney

27 February 2024

Shareholder information

Unless otherwise stated, the information in this section is current as at 16 January 2024.

Annual general meeting

The 2024 Annual General Meeting (AGM) of Helia Group Limited will be held on Thursday, 9 May 2024.

The AGM will be webcast live on the internet at investor.helia.com.au and an archive version will be placed on the website to enable the AGM to be viewed at a later time. Further details will be set out in the Notice of 2024 AGM to be released on ASX in due course.

Helia Group Limited is listed on ASX and its ordinary shares are quoted under the ASX code "HLI".

Annual report

The default option for receiving annual reports is in electronic format via Helia's website at helia.com.au. To request a copy of the Annual Report, please contact the Share Registry. Share Registry contact information can be found in the Corporate Directory of this report.

Online voting

Shareholders can lodge voting instructions electronically either as a direct vote or by appointing a proxy for the 2024 AGM at investorcentre.linkmarketservices.com.au. The information required to log on and use online voting is shown on the voting form distributed to shareholders with the Notice of AGM.

Voting rights

At a general meeting, a shareholder present in person or by proxy, attorney or representative has one vote on a show of hands and on a poll has one vote for each fully paid share held. A person who holds a share which is not fully paid is entitled, on a poll, to a fraction of a vote equal to the proportion which the amount paid bears to the total issue price of the share.

Voting at any meeting of shareholders is by a show of hands unless a poll is demanded in the manner described in the Company's Constitution. If there are two or more joint holders of a share and more than one of them is present at a general meeting, in person or by proxy, attorney or representative, and tenders a vote in respect of the share, the Company will count only the vote cast by, or on behalf of, the shareholder by the joint holder whose name appears first in the Company's register of shareholders.

The quorum required for a meeting of members is two shareholders. If the votes are equal on a proposed resolution, the matter is decided in the negative.

Shareholder questions

Shareholders can submit a written question to the Company or the Company's auditor in relation to the AGM or any of the proposed resolutions to be considered at the AGM, using the form supplied with the Notice of AGM distributed to shareholders.

Shareholders may submit questions after completing online voting instructions online at investorcentre.linkmarketservices.com.au.

Questions can also be submitted by completing the form supplied with the Notice of AGM and returning it to the Company's Share Registry in the pre-addressed envelope provided or by fax to +61 2 9287 0309.

Questions for the Company's auditor must be received by 5pm on Thursday, 2 May 2024. Members will also be given a reasonable opportunity to ask questions of the Company and the auditor at the AGM.

Manage your holding

Questions regarding shareholdings can be directed to the Company's Share Registry. Your Securityholder Reference Number (SRN) or Holder Identification Number (HIN) will be required to verify your identity.

Shareholders that are broker (CHESS) sponsored should direct queries relating to incorrect registrations, name changes and address changes to their broker.

Information about Helia

Information about Helia Group Limited, including company announcements, presentations and reports can be accessed at investor.helia.com.au.

Shareholders can register to receive an email alert advising of new media releases, financial announcements or presentations. Registration for email alerts is available on Helia's website at investor.helia.com.au under the Investor Services section.

If information is not directly available on Helia's website, shareholders may contact the Company directly at investorrelations@helia.com.au.

Important dates[1]

Company financial year end 31 December 2023

Full year results announced 27 February 2024

Annual Report and Notice of AGM mail out to commence around 27 March 2024

AGM 9 May 2024

1. Some dates may be subject to change.

Ordinary shares and share rights

As at 16 January 2024, the Company had on issue the following equity securities:

- 300,804,685 Shares
- 3,391,086 Share Rights

Ordinary share information

Substantial holders of ordinary shares

Name	Number of shares	Voting power (%)	Date of notice
National Nominees Ltd ACF Australian Ethical Investment Limited	23,299,788	6.29	7 October 2022
Mitsubishi UFJ Financial Group, Inc and its related bodies corporate	23,171,440	6.67	10 March 2023
First Sentier Investors Holdings Pty Limited and its related bodies corporate	23,171,440	6.67	9 March 2023
Dimensional Fund Advisors LP and its related entities	22,898,240	7.089	8 June 2023
The Vanguard Group Inc and its controlled entities	19,584,191	5.02	1 June 2022
State Street Corporation and its subsidiaries	16,722,867	5.63	20 December 2023

Note: substantial holder details are as disclosed in substantial holding notices given to the Company.

Shareholder information continued

Twenty largest holders of ordinary shares

Rank	Name	Number of shares	% of shares
1	HSBC Custody Nominees (Australia) Limited	109,186,612	36.30
2	Citicorp Nominees Pty Limited	48,942,279	16.27
3	J P Morgan Nominees Australia Pty Limited	45,716,657	15.20
4	National Nominees Limited	20,010,302	6.65
5	Brazil Farming Pty Ltd	5,501,631	1.83
6	BNP Paribas Noms Pty Ltd	3,498,791	1.16
7	Argo Investments Limited	3,107,676	1.03
8	Solium Nominees (Australia) Pty Ltd <VSA A/C>	1,317,678	0.44
9	Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	1,298,642	0.43
10	BNP Paribas Nominees Pty Ltd <Agency Lending A/C>	1,252,110	0.42
11	Mr Stephen Craig Jermyn <Jermyn Family S/Fund A/C>	1,000,000	0.33
11	National Exchange Pty Ltd	1,000,000	0.33
11	Prudential Nominees Pty Ltd	1,000,000	0.33
14	Vu Father & Sons Enterprises Pty Ltd <Vu Father & Sons S/Fund A/C>	928,000	0.31
15	Mr Hieu Vu Van & Mrs Chau Hue On < Vu Father & Sons Family A/C>	908,039	0.30
16	HSBC Custody Nominees (Australia) Limited-Gsco Eca	901,360	0.30
17	Girt by Sea Investments P/L <Mort Bay S/F A/C>	850,076	0.28
18	Mr Guthrie John Williamson	825,555	0.27
19	BNP Paribas Noms Pty Ltd <Global Markets>	753,643	0.25
20	Amity Management Pty Ltd	710,851	0.24
Total for Top 20		**248,709,902**	**82.68**

Note: Totals may not sum due to rounding.

Distribution schedule of holders of ordinary shares

Range	Number of holders	Number of shares	% of issued shares
1 – 1,000	1,729	742,967	0.25
1,001 – 5,000	1,763	4,885,604	1.62
5,001 – 10,000	819	6,364,184	2.12
10,001 – 100,000	876	22,882,181	7.61
100,001 and over	87	265,929,749	88.41
Total	**5,274**	**300,804,685**	**100.00**

Note: Totals may not sum due to rounding.
Note: The number of security investors holding less than a marketable parcel of 113 securities ($4.44 on 16 January 2024) is 259 and they hold 2,579 securities. The ASX Listing Rules define an 'unmarketable parcel' as one with a market value of less than $500.

Dividend details

Share class	Dividend	Franking	Amount per share	Payment date
Ordinary shares	Final (FY22)	Fully franked	14.0 cents	24 March 2023
Ordinary shares	Special	Fully franked	27.0 cents	24 March 2023
Ordinary shares	Interim	Fully franked	14.0 cents	20 September 2023
Ordinary shares	Final (FY23)	Fully franked	15.0 cents	22 March 2024[1]
Ordinary shares	Special	Unfranked	30.0 cents	22 March 2024[1]

1. Dividend declared 27 February 2024.

Share rights information

Distribution schedule of holders of share rights

Range	Number of holders	Number of share rights	% of total share rights
1 – 1,000	0	0	0.0
1,001 – 5,000	0	0	0.0
5,001 – 10,000	3	22,999	0.7
10,001 – 100,000	4	74,455	2.2
100,001 and over	9	3,293,632	97.1
Total	**16**	**3,391,086**	**100.0**

Voting rights

Share Rights do not carry any voting rights. Ordinary shares issued or transferred to participants on the vesting of Share Rights carry the same rights and entitlements as other issued shares.

Shares purchased on-market for the purposes of the Rights Plan

688,419 shares were purchased on-market for the purposes of the Rights Plan during the period from 1 January 2023 to 31 December 2023 at an average price of $2.92 per share.

On-market share buy-back

There is a current on-market share buy-back. For further details, see Appendix 3C lodged with ASX on 29 January 2024.

Glossary

AASB	Australian Accounting Standards Board.
AASB 17	A new accounting standard that establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts.
APRA	Australian Prudential Regulation Authority.
ASX	Australian Securities Exchange.
ASX 200	A Standard & Poor's index that measures the performance of the 200 largest and most liquid stocks listed on the ASX by float-adjusted market capitalisation.
Cancellations	The termination of policies before their expiration, typically by the insured.
Carbon neutral	Making or resulting in no net release of carbon dioxide into the atmosphere, including as a result of carbon offsetting.
Central estimate	The value of insurance liabilities which represents the average (i.e. statistical mean) of the estimated distribution of outcomes.
Common equity Tier 1 or CET1	As defined by APRA GPS 112, Tier 1 Capital comprises the highest quality components of capital that fully satisfy all of the following essential characteristics: (a) Provide a permanent and unrestricted commitment of funds; (b) Are freely available to absorb losses; (c) Do not impose any unavoidable servicing charge against earnings; and (d) Rank behind claims of policyholders and creditors in the event of winding up.
Company	Helia Group Limited ABN 72 154 890 730.
CPS	Cents per share.
CSM (Contractual Service Margin)	The contractual service margin at the end of the reporting period represents the profit in the group of insurance contracts that has not yet been recognised in profit or loss because it relates to the future service to be provided under the contracts in the group.
Delinquency	Any insured loan which is reported as one or more months of repayments in arrears.
Delinquency rate	The delinquency rate is calculated by dividing the number of reported delinquent loans insured by the number of in-force policies (excluding excess of loss insurance).
DTA (deferred tax assets)	A DTA is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.
EPS	Earnings per share.
ESG	Environmental, social and governance.
Excess of loss	A type of insurance in which the insurer indemnifies the insured for losses that exceed a specified limit.
Expected insurance service expenses incurred	The insurer's prospective view of the cost of claims and expenses that are expect to be incurred in the reporting period.
Expense ratio	Insurance expenses plus amortisation of insurance acquisition cash flows/insurance revenue.
Experience variations	The difference between expected premium credits/refunds/claims/expenses to be incurred and actual premium credits/refunds/claims/expenses incurred.
Fitch	Fitch Ratings.
Flow	Policies written by Helia on a loan-by-loan basis at the time of origination by the lender.
Gender pay equity	Defined by the Workplace Gender Equality Agency (WGEA) as a gender pay gap between -5% and +5%. The pay gap is calculated by dividing the female remuneration by male remuneration.
GHG emissions	Covers the accounting and reporting of the six greenhouse gases (GHGs) covered by the UNFCCC/ Kyoto Protocol – currently carbon dioxide, hexafluoride, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.
GWP	Gross written premium, representing total expected premium to be received from contracts issued in the period, before deducting ceded insurance premiums.
HLVR	High loan-to-value ratio. Generally, a residential mortgage loan with an LVR in excess of 80% is referred to as an HLVR loan.
High Climate Risk Location	Refers to property uninsurable (based on a building's Technical Insurance Premium (TIP) Value at Risk (VaR)>1%); or is predicted to become uninsurable by 2050; or resides in a single-industry coal mining town.
HPA/HPD/HPI	House price appreciation/depreciation/index.
IBNR	Incurred but not reported – delinquent loans that have been incurred but not reported.
IFRS	International Financial Reporting Standards.

ISSB	International Sustainability Standards Board.
Insurance in-force	The original principal balance of all mortgage loans currently insured (excludes excess of loss insurance).
Insurance contract liabilities	The sum of the LRC and LIC.
Insurance revenue	The amount of revenue depicted in profit or loss to reflect the provision of coverage and other services arising from a group of insurance contracts that reflects the consideration to which the entity expects to be entitled in exchange for those services.
Insurance service expense	Claims and expenses (including amortisation of insurance acquisition cash flows) incurred in the period as well as losses and reversals of losses on onerous contracts.
Insurance service result	Insurance revenue less insurance service expense less net expenses from reinsurance contracts.
Insured loans in-force	The number of policies currently insured (excludes excess of loss insurance).
KMP	Key Management Personnel, as the term is defined in the *Corporations Act 2001* (Cth).
Lenders	Those with whom Helia has a direct relationship, such as traditional lenders and funding programmes. Excludes mortgage managers and originators who generate loans though a funding programme.
Level 2 and Level 2 Group	Level 2 insurance group as defined by APRA under Prudential Standard GPS 001, referring to a consolidated insurance group.
LIC	Liabilities for incurred claims – Insurer's obligation to pay amounts related to services provided.
LRC	Liabilities for remaining coverage – Insurer's obligation to provide insurance contract services after the reporting date and includes CSM.
LMI	Lenders Mortgage Insurance.
LMI market	The market for LMI provided by external LMI Providers and LMI subsidiaries but excluding the retention of risk by lenders and other forms of risk mitigation or risk transfer by lenders in relation to the credit risk of residential mortgage loans.
LMI provider	A provider of LMI, excluding LMI subsidiaries.
LTI	Long-term incentive.
LVR	Loan-to-value ratio. This percentage is calculated by dividing the gross amount of a loan (excluding capitalisation of LMI premium) by the value of the property securing the loan. The value is based on the lower of the valuation of the underlying property accepted or externally obtained by the lender at origination or the price paid.
Mark-to-market	Unrealised gains/losses (exclusive of foreign exchange).
NABERS	National Australian Built Environment Rating System.
Net investment return	Net investment revenue divided by the average balance of the opening and closing cash and financial asset balance for the period, annualised.
NPS	**Net promoter score.** The likelihood the respondent will recommend Helia to others using a scale from 0–10 (where 0 is 'Not at all likely' and 10 is 'Extremely likely). NPS is calculated by subtracting the percentage of Detractors (scores 0–6) from the percentage of Promoters (scores 9–10).
Net zero	A state in which the greenhouse gases going into the atmosphere are balanced by removal out of the atmosphere.
NIW	New insurance written reflects the total loan amount that is insured in the relevant period. NIW for Helia reporting purposes excludes excess of loss business written.
NPAT or Statutory NPAT	Net profit/loss after tax.
Omnibus incentive plans	The Genworth Financial 2004 Omnibus Incentive Plan and 2012 Omnibus Incentive Plan.
Onerous contracts	If a group of contracts has exhausted its CSM (because movements in the value of future claims, expenses and risk adjustment exceeds the remaining CSM), that group becomes onerous and the shortfall (or reversal of any previous shortfall) is immediately recognised in the Income Statement.
PCA	Prescribed capital amount is an APRA formula (set out in Prudential Standard GPS 110) designed to ensure an insurer has adequate capital against risk.
PCA coverage	Calculated by dividing the regulatory capital base by the APRA prescribed capital amount.
Pcp	Prior corresponding period.
PCR	The Prudential Capital Requirement, being PCA plus any supervisory adjustment determined by APRA.

Glossary continued

Performance NPAT	Performance NPAT excludes the after-tax impact of realised mark-to-market gains/(losses) on the investment portfolio, and the impact of foreign exchange rates on Helia's investment portfolio. The bulk of these foreign exchange exposures are hedged.
PIF	Policies in-force. Policies written and recorded by an insurance company which are unexpired at a given date.
PML	Probable maximum loss. The largest cumulative loss due to a concentration of policies, determined by applying a formula specified by APRA for LMI with specific factors for probability of default and loss given default and other components.
Present value	Present value of future cashflows, discounted in accordance with the standard.
Regulatory capital base	The sum of Tier 1 Capital and Tier 2 Capital.
RMBS	Residential mortgage-backed security. Debt-based assets backed by the interest paid on residential loans.
Risk adjustment	The compensation an entity requires for bearing the uncertainty about the amount and timing of future cash flows arising from non-financial risk as the entity fulfils insurance contracts.
Risk adjustment recognition proportion	Risk adjustment recognised as revenue/average LRC risk adjustment balance, annualised.
ROE	Return on equity. Calculated by dividing NPAT by the average of the opening and closing equity balance for a financial period.
Rights Plan	Helia Share Rights Plan.
RSU	Restricted Share Units.
SA2s	Statistical Areas Level 2 are medium-sized general purpose areas representing a community that interacts together socially and economically.
Scope 1 emissions	Emissions released to the atmosphere from operations that are owned or controlled by an organisation.
Scope 2 emissions	Emissions released to the atmosphere from the indirect consumption of an energy commodity by an organisation.
Scope 3 emissions	Indirect emissions other than scope 2 emissions that are generated in the value chain of an organisation.
Single-industry coal mining town	Definition applies when the proportion of SA2 population employed in the mining sector is >18% and the Australian Bureau of Statistic remoteness score >=2 (see ABS Remoteness Areas for further information).
S&P	Standard & Poor's Ratings Services.
SLT	Senior Leadership Team.
STI	Short-term incentive.
TCFD	Task Force on Climate-Related Financial Disclosures.
TFR	Total fixed remuneration.
Tier 2 Capital	Defined by APRA GPS 112, Tier 2 Capital comprises components of capital that fall short of the quality of Tier 1 Capital but nonetheless contribute to the overall strength of a regulated institution and its capacity to absorb losses.
TSR	Total shareholder return. Calculated as the total return to shareholders (share price movement plus value of dividends) over the performance period, expressed as a percentage of the starting share price.
Underlying diluted earnings per share	Underlying NPAT divided by the weighted average number of shares outstanding for the period, adjusted for the effects of all dilutive potential ordinary shares.
Underlying equity	Underlying equity is defined as total equity excluding the after-tax impact of mark-to-market gains/(losses) on the investment portfolio, and the impact of unhedged movements in foreign exchange rates on Helia's non-AUD exposures.
Underlying NPAT	Underlying NPAT excludes the after-tax impacts of Genworth Financial Inc. (GFI) separation costs in FY22, impairments of equity-accounted investees, unrealised gains/(losses) on shareholder funds, and foreign exchange rates on Helia's investment portfolio. The bulk of these foreign exchange exposures are hedged.
Underlying ROE	The Underlying ROE is calculated by dividing Underlying NPAT by the average of the opening and closing Underlying Equity balance for a financial period, annualised.
VWAP	Volume weighted average price.
WACC	Weighted average cost of capital.
Women in management	The percentage of roles with direct reports filled by women.

Corporate directory

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Australian Securities Exchange

Helia Group Limited is listed under the ASX code "HLI".

Annual Report

To request a copy of the Annual Report, please contact the Share Registry.

Electronic versions of the Annual Report are available at investor.helia.com.au.

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