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24 February 2023

Companies Announcements Office
Australian Securities Exchange
20 Bridge Street
Sydney NSW 2000

Helia Group Limited (ASX:HLI)
2022 Annual Report

We attach a copy of the Annual Report for Helia Group Limited and its controlled entities for the year ended 31 December 2022.

The release of this announcement was authorised by the Board.

Yours faithfully

Prudence Milne
General Counsel and Company Secretary

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Annual Report 2022

Grow together

Helia

Grow together

Welcome to Helia

With a proud heritage as Australia's first Lenders Mortgage Insurance (LMI) provider, Helia is committed to accelerating financial wellbeing through home ownership.

Helia was originally established by the Federal Government in 1965 as the Housing Loans Insurance Corporation (HLIC) and was acquired in 1997 by US-based General Electric Company (GE). It became Genworth Australia and listed on the ASX in 2014. Following the separation from Genworth Financial, Inc. in 2021, Genworth Australia was renamed Helia Group Limited (ASX: HLI) in November 2022.

The name Helia is inspired by the sun. It reflects who we are and how we use our expertise, experience and understanding to show people possibilities, shine a light on solutions and create brighter outcomes.

Helia Group Limited
ABN 72 154 890 730

Acknowledgement of Country

We respectfully acknowledge the Traditional Owners of the Lands across Australia and pay our respects to their Elders past, present and emerging. Our registered office is located on the Lands of the Cammeraygal Peoples.

FY22 Highlights

Customer

Number of home buyers supported

69,073

Hardship requests provided

8,512

Value of claims paid

$28m

Lender customers

70+

Customer NPS

+77

Contract renewals

4

Operational

New policies written

43,051

DOWN 41% on FY21

New insurance written

$20bn

DOWN 33% on FY21

Delinquency rate

0.47%

Shareholder

Underlying diluted earnings per share

75.4cps

Underlying ROE

18.7%

Total dividends paid per share

36cps

Total dividends declared per share

53cps

Completed on-market buy back

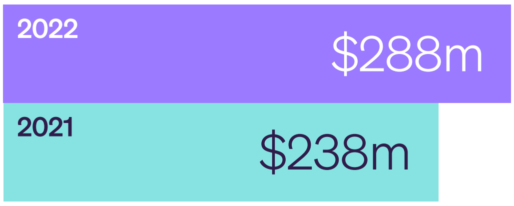
$181m

Market capitalisation

$955m

Financial

Underlying NPAT



UP 21.3% on FY21

Statutory NPAT

DOWN 3.1% on FY21

Gross written premium

$320m

DOWN 41.8% on FY21

Net earned premium

$428m

UP 15.4% on FY21

Underwriting result

$362m

Loss ratio

(8.1)%

Combined ratio

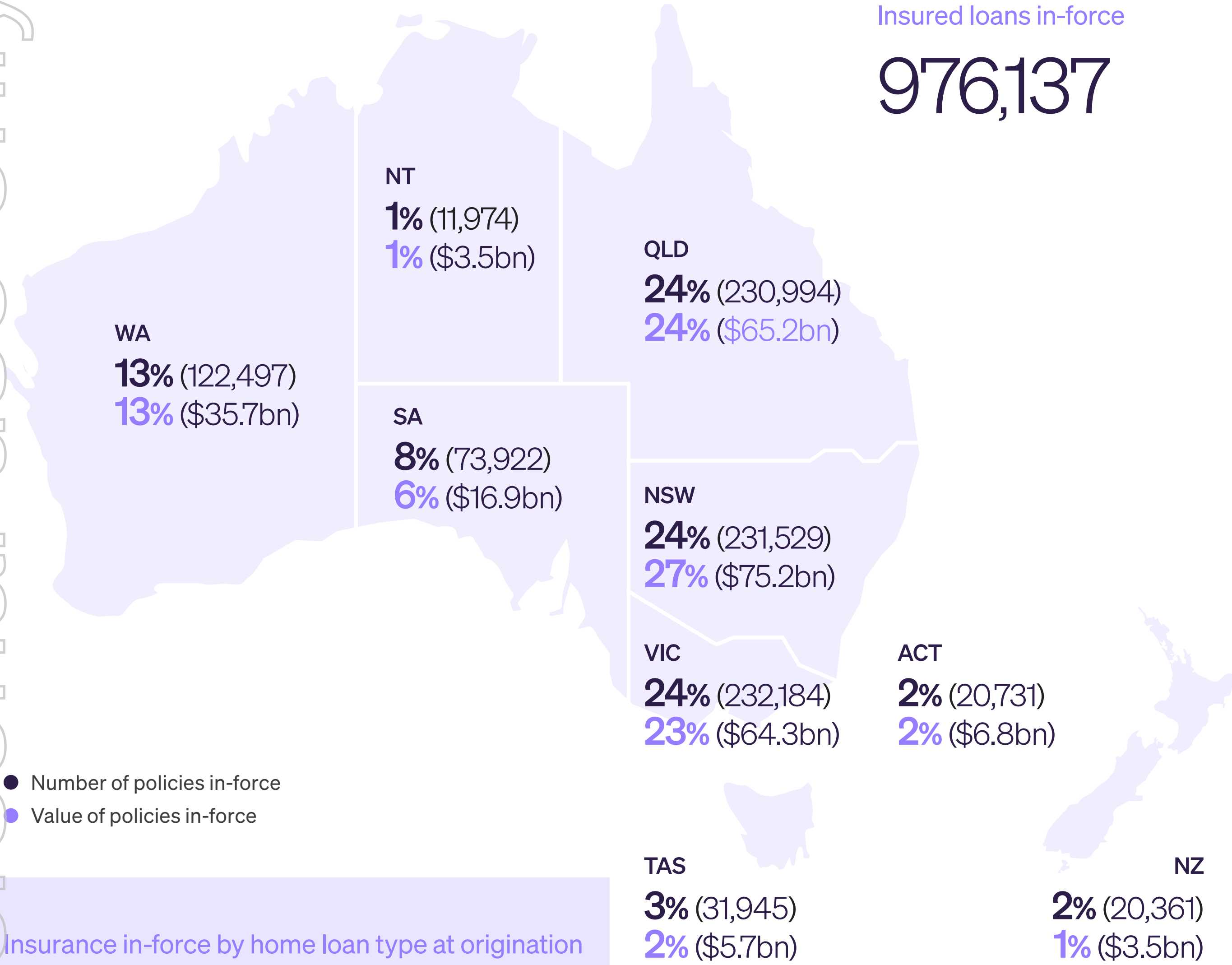
15.3%

Financial strength

Credit ratings	S&P Insurer financial strength A	Fitch Insurer financial strength A	PCA Ratio 2.22x
Claims paying ability	Cash and investments $3,255m	Reinsurance coverage $800m	Amount of claims paid in 2022 $28m

2022 Performance overview

Portfolio of insured home loans



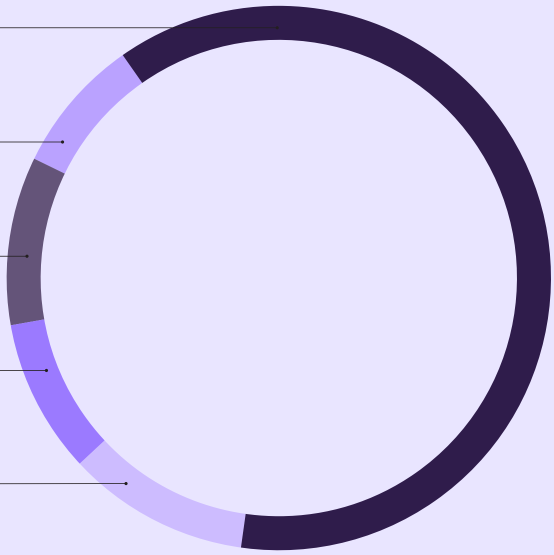
Insured loans in-force

976,137

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

Insurance in-force by home loan type at origination

$276.8bn



- Owner Occupier + Principal & Interest
  $170.9bn (62%)
- Owner Occupier + Interest Only
  $22.5bn (8%)
- Investor + Principal & Interest
  $27.1bn (10%)
- Investor + Interest Only
  $25.3bn (9%)
- Other
  $31.0bn (11%)

Operating result 5-year summary

Income Statement	2022	2021	2020	2019	2018
Gross written premium (GWP) ($m)	**319.9**	549.6	561.7	433.2	460.2
Net earned premium (NEP) ($m)	**427.7**	370.5	312.0	298.2	281.3
Underwriting result ($m)	**362.1**	295.8	(234.0)	42.1	41.0
Insurance profit/(loss) ($m)	**277.5**	261.8	(174.1)	108.0	79.7
Statutory net profit/(loss) after tax (NPAT) ($m)	**186.8**	192.8	(107.6)	120.1	75.7
Underlying net profit/(loss) after tax ($m)	**288.4**	237.8	(104.3)	97.0	93.9

Key financial measures					
New insurance written (NIW) ($b)	**20.0**	30.2	31.6	26.7	22.2
Loss ratio (%)	**(8.1)**	(2.2)	92.9	50.6	51.9
Combined ratio (%)	**15.3**	20.2	175.0	85.9	85.4
Insurance margin (%)	**64.9**	70.7	(55.8)	36.2	28.3
Closing delinquencies (number)	**4,569**	5,826	6,964	7,221	7,145
Delinquency rate (%)	**0.47**	0.52	0.58	0.56	0.54

Balance sheet & regulatory capital					
Total assets	**3,521.1**	3,913.3	3,680.6	3,477.4	3,590.1
Total liabilities	**2,100.0**	2,356.0	2,292.7	1,949.9	1,852.8
Net assets	**1,421.1**	1,557.3	1,387.9	1,527.5	1,737.3
Net Tangible Assets per share ($)	**4.06**	3.75	3.33	3.66	3.94
Underlying return on equity (%)	**18.7**	16.3	(7.3)	6.0	5.2
PCA coverage ratio (times)	**2.22x**	2.03x	1.65x	1.91x	1.94x

Shareholder measures					
Market capitalisation ($)	**955.5**	954.7	985.9	1,505.7	958.1
Share price ($)	**2.75**	2.32	2.39	3.65	2.19
Underlying diluted earnings/(loss) per share (cps)	**75.4**	57.6	(25.2)	23.1	20.4
Ordinary dividend per share (cps)	**24.0**[2]	17.0	–	16.5[2]	17.0[2]
Special dividend per share (cps)	**12.0**[2]	12.0[2]	–	46.1[1]	4.0[2]

1. Unfranked.
2. Fully franked.

Chairman's message

Our purpose as a business is to accelerate financial wellbeing through home ownership, now and for the future. As more Australians look for ways to enter or move within the increasingly challenging property market, we're working with customers to offer more solutions to help people get into homes sooner.

Our team at Helia is responsible for bringing our purpose to life, supporting our customers and each other, innovating for the future and ultimately delivering another year of exceptional service and performance for our business. On behalf of the Board, I would like to thank our people for their continued commitment in 2022.

Supporting home buyers

The very real challenge of home ownership was once again a major theme of 2022. As Australians faced rising interest rates and a moderating but still expensive housing market, the difficulty in purchasing a home continued to impact people seeking to enter or move within the property market.

In the past year, Helia has played a pivotal role in supporting Australians, helping over 69,000 people get into homes. As at December 2022, Helia had over 976,000 policies in-force, with insurance in-force of $276.8 billion.

We take seriously our commitment to financial wellbeing across all stages of the home ownership journey and play an important role in keeping people in their homes through personal difficulties, natural disasters and other challenges. Together with our customers, in 2022 we have helped over 8,000 Australians stay in their homes during times of hardship by supporting loan deferrals and restructures.

The Board has ambitions for Helia to fulfill its purpose by developing a range of new solutions that meet the property needs of Australians now, and for the future.

We have continued to make strategic investments in more solutions and market opportunities, such as deposit gap funding to help people become home owners, and equity release, to ensure that people can more effectively access the great value and wealth stored in home ownership.

Capital management

In 2022 we have actively managed capital by returning $324m of capital to shareholders through the payment of ordinary and special dividends of 36.0c per share. We have also declared a final ordinary dividend and special dividend totaling 41c per share. Additionally, we have bought back $181m of shares through on-market-buy-backs, reducing the total number of shares on issue by 15.6%.

Despite this sizeable return of capital, our strong profitability and high levels of cancellations have contributed to a rise in Prescribed Capital Amount (PCA) multiple to 2.22 times, above the Board target capital operating range of 1.40 to 1.60 times.

We remain committed to ongoing capital management to bring Helia's capital position in line with the Board's target capital range, helping us to deliver attractive returns to our shareholders.

Board changes

On 25 February 2022, David Foster stepped down from the Board after over five years of service. I would like to thank David for his great contribution to Helia over the years.

This year we were pleased to welcome Leona Murphy as non-executive director to our Helia Board, effective 1 November 2022. Leona's appointment complements our current directors with her unique range of experience, perspective and expertise in strategy and transformation.

I would like to thank my fellow directors for their commitment, guidance and support of Helia this year as we continued to drive the high performance of our core LMI business whilst taking steps to evolve our role in the market for long-term growth and success.

A new name

2022 marked an important milestone for our business as we officially adopted Helia Group Limited as our new name, accompanied by a new brand.

Following our separation from Genworth Financial, Inc. (GFI), we were required to cease using the Genworth name and on 15 November 2022 we received shareholder and regulatory approval of the change in company name. We also changed our ASX ticker to HLI.

We approached the process of selecting a new name with great consideration, care and stakeholder consultation. Helia is derived from the word Heliacal, meaning 'of the sun'. It celebrates our rich history and strong foundations, while reflecting the momentum we are building, for an even brighter future.

I am pleased with how our new identity reflects who we are, our strategy and our purpose to accelerate financial wellbeing.

Insurance in-force

$276.8bn

DOWN 9.1% on FY21

A sustainable business

As stakeholder expectations around responsible and sustainable business practice continued to grow in 2022, we have renewed our focus on the risks and opportunities facing Helia, in particular the transitional and physical impact of climate change.

This year we undertook a materiality assessment of the environmental, social and governance (ESG) factors most relevant and critical to our business. This has guided a new sustainability strategy which we will deliver over the coming years.

Helia is focused on financial wellbeing and housing accessibility, enhancing the climate resilience of our business and demonstrating good corporate citizenship. Whilst we know there is much to do in this space, I am encouraged by the foundations we are building today which are critical for the sustainable growth and success of our business.

Thank you

Finally, I would like to once again express my gratitude to our CEO Pauline Blight-Johnston, the Helia executive team, and all of our people whose hard-work, consistent delivery and genuine commitment to achieving excellence has been central to delivering another strong year for our customers and shareholders.

2022 marked an important milestone for our business as we officially adopted Helia Group Limited as our new name, accompanied by a new brand.

Ian MacDonald
Chairman

CEO's message

This year, as we created a new name and identity for our business, I have been delighted by how our people, customers and shareholders have embraced this new chapter and are helping to build strong momentum for the future of Helia.

We're proud of our great heritage, expertise, and success in helping Australians achieve the dream of home ownership for over half a century. Although we have a new name, our purpose has not changed. Accelerating financial wellbeing, now and for the future, remains at the heart of everything we do and has driven another year of strong performance for our business in 2022.

Our customers

Pleasingly, we have achieved another exceptional Net Promoter Score of +77. During the year we have renewed four and won two new exclusive LMI customers (representing 73% of our revenue base in 2022).

Our focus on supporting home buyers is resonating with customers as we continue to co-create and develop solutions to help Australians own property and live better lives as a result. In 2022, Helia was recognised as a winner of Australian Broker Magazine's 5-star Mortgage Innovator award for our Monthly Premium and Family Assistance products.

Our investment in technology and operational enhancements has also resonated with customers as we exceeded expectations in efficiently delivering transition and implementation projects. I am proud of how we have applied our expertise to anticipate and address the evolving needs of homeowners by creating value and growth opportunities for our customers.

Financial performance

Helia delivered a strong financial performance for the full year ended 31 December 2022 (FY22), reporting a Statutory NPAT of $186.8 million and an Underlying NPAT result of $288.4m.

Our FY22 results have been driven by a very strong underwriting result due to high earned premium and negative net claims incurred. Whilst rising bond yields have caused short-term mark-to-market investment losses, increased bond yields are positive for future profitability.

Gross written premium (GWP) decreased 41.8% to $319.9 million, reflecting the subdued LMI market conditions for new lending and in particular high loan-to-value-ration (LVR) lending. Despite the fall in GWP, net earned premiums increased 15.4% to $427.7 million as a result of the strong written premium growth over prior years and the high level of cancellations.

Enhancing our business

To successfully deliver on our promises to customers and ensure we are well-positioned to adapt to the changing needs of home owners, we are investing in our people, technology and building a strong risk culture across our business.

We are helping our people develop new skills to advance their careers, whilst creating a diverse and inclusive environment that promotes flexibility, high performance and growth for individuals and our business.

I am proud that in 2022 we have achieved 50% gender equality for our board and 44% for our senior leadership team, and continued to reduce our gender pay gap. This ensures that we benefit from diverse thinking and perspectives, especially as we focus on creating human-centred solutions.

We have focused on improving the efficiencies of our technology and operational capabilities to create a more agile and streamlined experience for our people and to provide more efficiency and simplicity for customers. We will continue to uplift our talent, digital foundations and risk management to position Helia as a future-fit organisation; adaptable and ready to respond to new ideas, offerings or partnership as we advance our growth strategy.

We are proud of the role we play as a business and the value our LMI solutions provide in accelerating financial wellbeing for Australians.

Strengthening communities

We are proud of the role we play as a business and the value our LMI solutions provide in accelerating financial wellbeing for Australians. We are also mindful of ensuring that beyond our operations, we make a positive impact in the communities we serve.

In 2022 we have continued to support our longstanding charity partners, St Vincent de Paul Society and Youth Off the Streets, who are working to address barriers to home ownership, including homelessness programs, education, and emergency shelter services. This year we were pleased to commence a new partnership with Habitat for Humanity who share a vision to make safe and accessible home options a reality for vulnerable families across Australia.

Over this past year we saw communities across Australia continue to be impacted by floods and other natural disasters, with devastating impact to property and families. We have contributed $150,000 to disaster relief programmes, ensuring we are there in both the good times and when we are needed most.

Community investment will continue to remain a key priority as part of our commitment to sustainability, and good corporate citizenship in the years ahead.

Looking ahead

In 2023, we expect the housing market to remain subdued and we will stay sensitive to the impact of rising interest rates on borrowers. We remain focused on how we can help people manage the challenges they face on their property journey.

As we enter a new chapter for our business as Helia, we are energised by the opportunity we see to help accelerate financial wellbeing for Australians through home ownership.

I would like to thank our Chairman, Ian MacDonald, and my fellow directors for their unwavering support as we drive our growth strategy for the future. And finally, thank you to the committed and talented people from our Helia team who are at the core of how we support customers, the community and our shareholders.

Pauline Blight-Johnston
Chief Executive Officer
and Managing Director

Underlying diluted earnings per share

75.4cps

Underlying return on equity

18.7%

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

Working closely with our customers to help Australians accelerate their financial wellbeing through home ownership requires us to continually create new and innovative ways to deliver LMI and broader home ownership solutions.

For many Australians, 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, investing or managing their retirement by unlocking equity in their home later in life.

With more than 55 years in the Australian market, we are harnessing our experience, networks, and resources to help provide more opportunities across the home ownership ecosystem.

Our strategic priorities

Our business strategy remains focused on enhancing and evolving LMI and extending into complementary offerings to provide new opportunities for home buyers and home owners.

Following work over the past two years to deliver on our strategic priorities, significant momentum is building across the business – reflected in feedback from our people and customers.

Our multi-year strategy provides the framework for us to deliver sustainable growth in a continually evolving environment. In 2022 we made significant progress on our key priorities, enhancing our capabilities, deepening our customer relationships and creating more solutions for home buyers now and for the future.

Enhance

Improve the efficiency and competitiveness of LMI

Evolve

Reimagine LMI for a new generation of home buyers

Extend

Leverage our core capabilities into complementary offerings

Strategic priorities

Enhance	Evolve	Extend
Win new customers Retain our customers and deepen customer relationships.	Bring additional, innovative LMI offerings and approaches to market.	Develop new products and services generating diversified revenue streams to build our future business.

2022 progress

Enhance

- Renewed key customer contracts – including CBA
- Secured two new exclusive customers
- Maintained strong customer engagement and achieved a Net Promoter Score (NPS) of +77
- Modernised our technology environment, enhancing our security posture whilst creating efficiencies to streamline service delivery.

Evolve

- Developed and launched new product features and benefits
- Continued to evolve monthly premium LMI and Family Assistance, expanding use across multiple customers
- Enhanced support for lender customers and home buyers through updated education, fact sheets and resources.

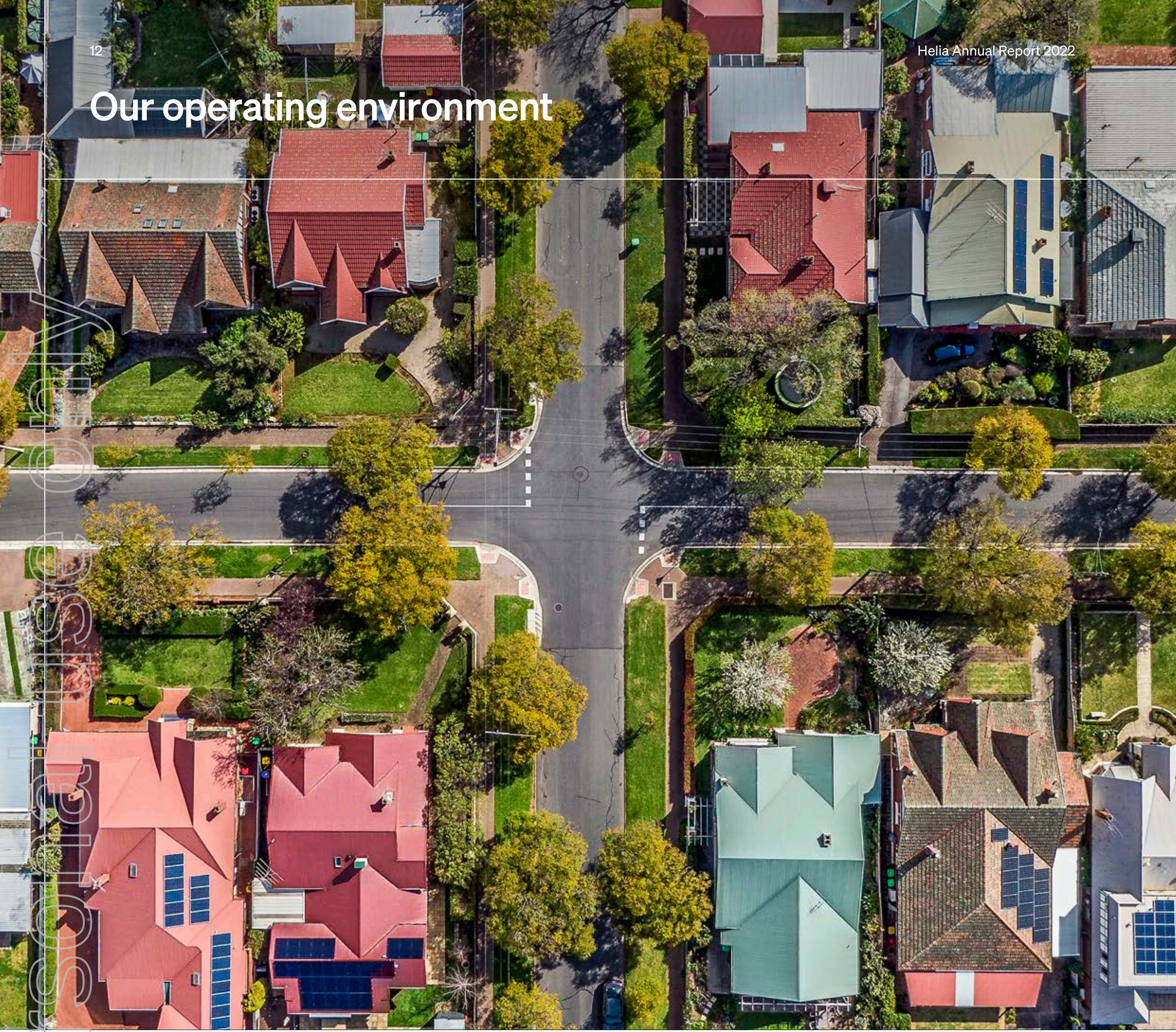
Extend

- Executed a strategic investment in OSQO, a fintech working to bring products to market aimed at solving housing affordability challenges in new ways
- Executed a strategic investment in Household Capital, a reverse mortgage provider aimed at providing financial wellbeing in retirement.

Supported by our key enablers

- People and culture
- Future-fit organisation
- Strong risk culture and risk management
- Sustainable business practices

Our operating environment



After a prolonged period of unprecedented growth, 2022 saw challenges emerge that impacted the Australian housing market and buyer sentiment.

The economy

In response to a significant rise in inflation in 2022, the Reserve Bank of Australia embarked on a tightening of monetary policy, increasing the official cash rate by 300 basis points from May 2022 to 3.10 per cent in December. This led to higher mortgage interest rates and a fall in property prices across most markets. On the positive side, the unemployment rate of 3.5 per cent was at its lowest level since 1974 and the participation rate was strong at 66.7 per cent.

Looking forward to 2023, the economy is expected to slow. Interest rates look set to continue to rise before stabilising and a modest rise in unemployment is predicted.

Housing market

Following the unprecedented growth of the past two years, house prices in Australia began to fall from mid-2022.

Although the downturn was relatively widespread, the rate of decline varied by region. In most markets residential property values are still above pre-COVID levels. However, with inflationary pressures and interest rate rises expected to continue, further declines are predicted in 2023.

After a relatively benign period, we expect to see increasing delinquencies and claims. We remain committed to working with our customers to provide a range of hardship solutions, as needed, to help borrowers navigate the changing home ownership environment.

As we face into this changed environment, Helia's in-force portfolio is well positioned.

Average effective LVR

47.8%

at 31 December 2022[1]

Closing delinquencies of

4,569

are also at their lowest level since 2014

1. Excludes inward reinsurance, excess of loss insurance, NZ and Helia Indemnity Limited. Calculated on an estimated house price adjusted effective LVR, using the CoreLogic Home Price Index and assumes 30-year principal and interest amortising loan, with the mortgage rate remaining unchanged through the period. Effective LVR is not adjusted for prepayments, redraws or non-amortising residential mortgage loans insured.

Mortgage originations

After an abnormally strong period during the COVID-19 pandemic, the series of rate increases by the Reserve Bank led to falling house prices, poor housing market sentiment and lower lending volumes, with a corresponding decline in high loan-to-value lending.

During this subdued period, we continued to expand our customer network and invested in growth opportunities in adjacent markets.

First home buyer environment

The environment for first home buyers (FHBs) altered significantly during the course of the year due to the impact of interest rate rises, higher levels of inflation and the increased cost of living.

With a 20 per cent loan deposit becoming increasingly out of reach for many FHBs, our annual First Home Buyer Report showed more FHBs are now using LMI, and prospective FHBs are increasingly likely to consider alternative pathways to home ownership.

We continue to work with our customers to provide educational opportunities regarding the use of LMI as a strategic tool to help Australians enter the property market sooner and remain committed to developing new solutions and enhancing pathways for the FHB market to meet this growing need.

Government initiatives

We continue to review the impact of federal and state government initiatives to improve housing affordability, such as the Federal Government's Home Guarantee Scheme, to improve housing accessibility.

In October 2022, the Federal Government announced the National Housing Accord. With a social impact focus, the program intends to provide more than one million new well-located homes over the next five years to address the affordable housing shortage.

The Accord recognises that housing supply should come from the market with government playing a key role in enabling investment.

In this evolving environment and with a shared interest in supporting the pursuit of home ownership for Australians, we continue to proactively engage Federal and State governments where appropriate, to inform and provide support.

Adapting for the new environment

As we face into this changed environment, Helia's in-force portfolio is well positioned.

Since 2014, we have been progressively tightening our underwriting settings. The portfolio is well seasoned and there are substantial dwelling value buffers, with only 5.16% per cent of policies estimated to have an effective LVR above 90 percent. Closing delinquencies of 4,569 are at their lowest level since 2014 and new delinquencies are also historically low, benefiting from the very low levels of unemployment. In addition, outstanding claims and premium liability reserves are set on a long-term basis and contain allowances for a potential economic downturn.

Our strategic plan takes account of both the current and anticipated future market and economic environment. We remain highly attuned to the near-term challenges arising from uncertainty in the economy and the flow-on impacts to the housing market and continue to adapt and pivot our strategic responses as appropriate.

The value we create

Our principal activity

The core activity of our business during 2022 was the provision of LMI under authorisation from APRA.

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).

Value of policies in 2022

$20bn

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.

The estimated share of the Australian LMI market by GWP held by Helia for the 12 months ending 30 September 2022 was 36%.[2]

Home loan policies in-force

976,137

Our customers

We have long-standing customer partnerships with major banks, non-major banks, customer-owned banks, and non-bank mortgage originators as the provider of flexible solutions to support home ownership.

Our customer reach continued to expand in 2022, as we signed new commercial partnerships on multi-year arrangements.

Lender partners

70+

Net promoter score

+77

Customer renewals

4

Service levels exceeded

96%

New customers

2

% premium won & renewed

73

2. Based on GWP as reported in the APRA Quarterly general insurance institution-level statistics as at 30 September.

Products

Lenders Mortgage Insurance (LMI)

Helia's LMI protects lenders in the event that a borrower defaults on a home loan and there is a shortfall in the sale proceeds from the secured property. Customers generally purchase LMI for risk transfer and capital management purposes, enabling lenders to provide HLVR loans with interest rates comparable to lower LVR loans.

Customers may purchase LMI:

- 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 premium is paid by family members at time of settlement.[1]

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

Helia has established a Bermudan domiciled and licenced insurance subsidiary that can structure bespoke solutions, access global reinsurance markets and respond to portfolio co-mingling and concentration risk.

Services

Insights

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

Delivery

- **Delegated underwriting** – allowing for in-house processing by lenders and faster speed to yes for their borrowers.
- **Auto decisioning capability** – allowing for auto-approvals within 60 seconds.
- **Digitalisation & integration** – API connectivity and access to our eLMI portal for quotations and hardship and claim submissions.
- **Review & investigation** – identification of potentially fraudulent activities.
- **Streamline claims** – faster claim payments.
- **Industry third-party integrations** – Equifax, CoreLogic, Pexa.
- **Delegated hardships** – faster support for borrowers facing financial difficulty.
- **Valuation options** – acceptance of alternative valuation methods.

Solutions

- **Borrower sale program** – targeted assistance for borrowers not able to rectify their financial situation.
- **Property sale expertise** – real estate and valuer expertise.
- **Future-focused innovation** – research and development of solutions to meet the needs of home buyers.

Innovation

Strategic investments

Over the last two years, we have made strategic minority investments in a reverse mortgage provider and a deposit gap funding start-up and continue to work with these businesses to bring to market innovative solutions for both first home buyers and retirees.

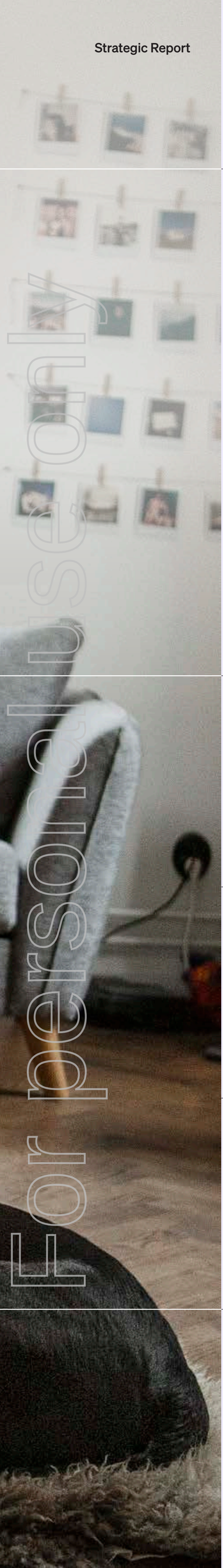
Award-winning products

In 2022 Helia was announced as the winner of Australian Broker Magazine's 5-Star Mortgage Innovator award for our Monthly Premium and Family Assistance products.

1. Family Assistance only applies to traditional LMI product.

Our enablers to success

Strengthening our position as Australia's leading LMI provider



Strengthening our position as Australia's leading LMI provider whilst we continue reimagining the home ownership experience for the benefit of customers and home buyers requires exceptional people, technology, risk management and sustainable business practices. These enablers underpin our strategy and are critical to our success.

People and culture

We continue to build a diverse and inclusive organisation by strengthening our employee value proposition, and developing leadership skills.

Future-fit organisation

We are committed to enhancing our flexible and adaptive technology platform through data and digital platform builds, transitioning to cloud-based services, and maintaining an ongoing focus on cyber security.

Strong risk management culture

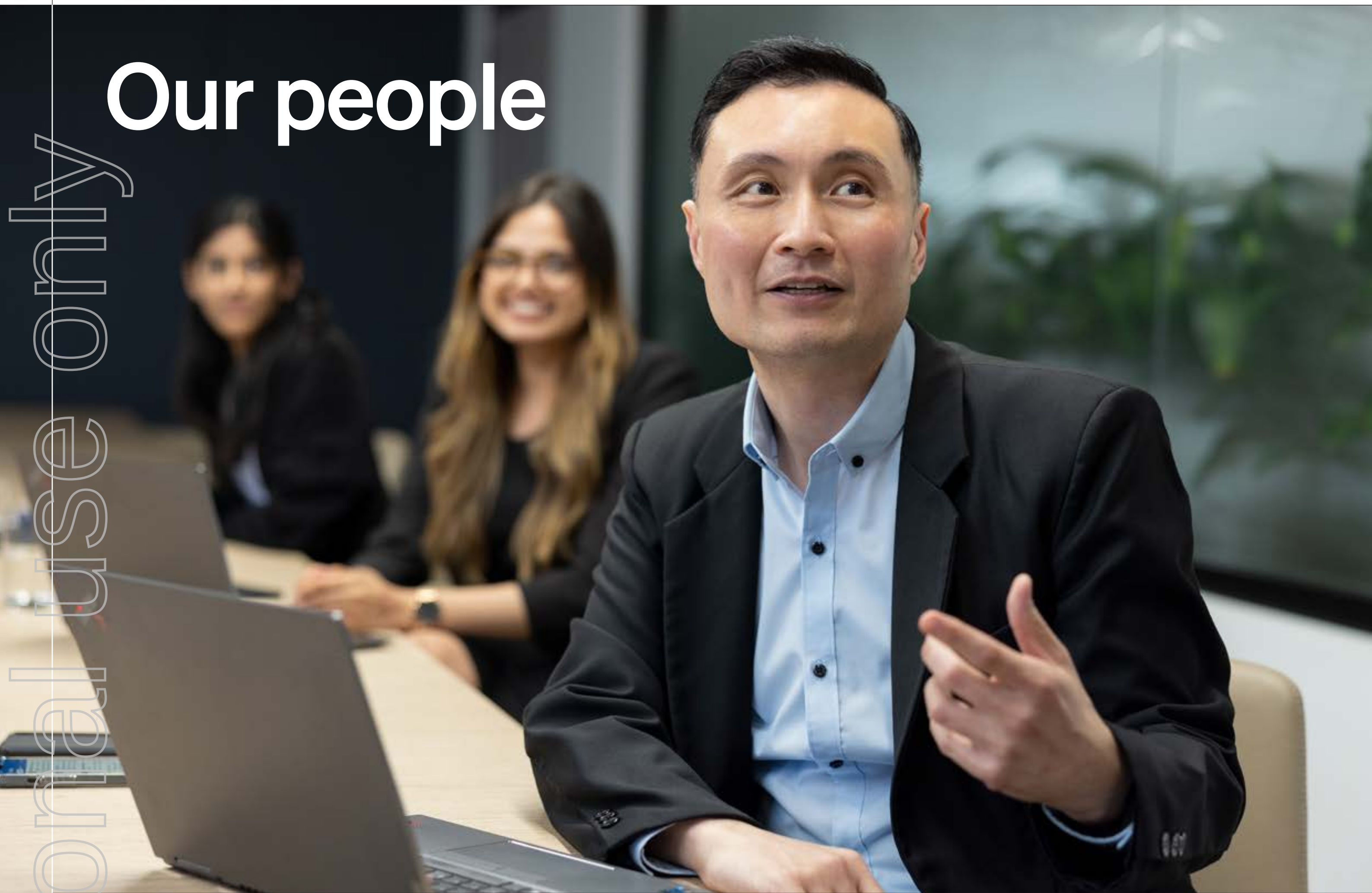
We harness business-wide risk capabilities and embed them into our risk governance models by using tools, training and monitoring.

Sustainable business practices

We are focused on operating as a responsible and ethical business by addressing the current and future environmental, social and governance (ESG) risks and opportunities we are facing.

Our enablers to success continued

Our people



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 in which 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.

A customer-centric approach is central to what we do and how we do it.

Engagement at Helia

Engagement and Culture survey results	June 2022
Engagement	70%, +8
Culture	82%, +3
Risk Culture	75%, +4
Participation	88% +5

as compared to 2021 survey results

To ensure we are responding to the needs of our people, we conduct regular Engagement and Culture survey. Our latest survey (June 2022) received our highest employee participation rate to date at 88% and reported a substantial improvement in engagement and culture scores. We continue to leverage insights from our employee surveys to drive further improvement in line with commitment to providing a safe, diverse and inclusive working environment for our people.

Our behaviours

Rethink the everyday

We put ourselves in the customers' 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

As at 31 December 2022, Helia directly employed 232 people, comprised of permanent employees, fixed term contractors and interns.

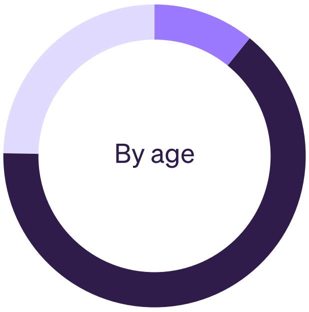
During 2022, we have undertaken a review of our Collective Agreement. Listening to our people, we have modernised our employment terms and conditions to reflect current ways of working and to provide the flexibility to accommodate future potential organisational requirements. 97% of our people who responded to the Collective Agreement survey expressed their support of the changes, the termination of the collective agreement and transition to individual employment contracts.

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

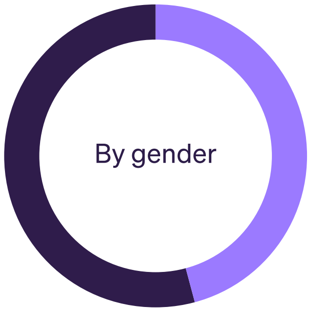
WGEA Gender Equity Employer of Choice award for the seventh year.

WGEA Employer of Choice for Gender Equality

Employees 2022



- < 30 years **27** (12%)
- 30–50 years **142** (61%)
- >50 years **63** (27%)



- Female **107** (46%)
- Male **125** (54%)

Total employees

232

Training and development

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

During 2022 we delivered learning and development opportunities to our team which included eLearning and instructor-led programs focused on gender and diversity, business fundamentals, technical and specialist training, communication and training presentation skills, smart work productivity, wellbeing at work sessions, and leadership upskilling programs.
In addition, we provided higher education study assistance.

Total hours leadership training delivered

113

Average hours of training completed per employee

24

Team member participation in non-mandatory training

89%

Programs delivered

65

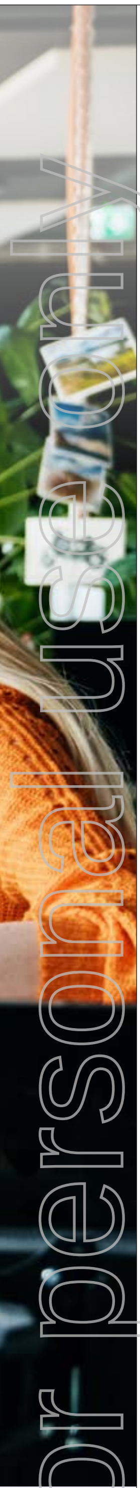
Our enablers to success continued

Our technology

Our technology ambition is to capitalise on leading-edge infrastructure to drive cultural, workforce and operational efficiencies and outcomes for Helia.

"This year we introduced agile ways of working (WoW) to nearly 50 per cent of Helia, providing increased flexibility in how we operate internally and service our customers. Our new WoW is empowering our teams to deliver increased value, operate with greater autonomy, and move at speed to drive innovation across our suite of digital solutions."

Jeremy Francis
Chief Operating Officer



Our approach is based on:

Delivering a seamless digital experience

Providing a safe and secure environment

Utilising flexible technologies

Investment in 2022 centred on improving Helia's digital and technology flexibility, retaining our market competitiveness, and attracting top talent to our team. This ensures we are well positioned to advance our technology and operational effectiveness to meet the evolving needs of our customers, partners, regulators, and our people.

We remain focused on uplifting our operating environment to create a strong and secure digital foundation to support an adaptable, modular architecture that can be extended to new offerings, ventures, or partnerships which underpin our strategic ambitions.

Improving digital experiences

To deliver seamless digital experiences for our customers and people and enable faster response to change, key technology platforms were upgraded across the business. We commenced the re-platforming of our current solutions for underwriting, loss management and claims processing into a unified platform, simplifying our technology architecture to optimise our environment for faster, more secure delivery of new product features and operational enhancements through:

- low-code development to quickly assemble new processes or build applications
- versatile workflows that can support a broader range of capabilities
- digital automation capabilities that significantly reduce manual inputs and processes throughout the LMI life cycle.

Securing our environment

Significant work was conducted to understand and assess our security environment against a changing cyber landscape. The work included internal reviews of information security standards, simulated cyber-attack exercises, and detailed maturity assessments by third parties. We refined our Cyber Security Strategy and roadmap to maintain Helia's cyber posture in line with evolving threats, increasing customer requirements, and our regulatory obligations.

Flexible underlying technology

We have continued to strengthen our technology foundations via an ongoing migration to cloud-based infrastructure. This migration ensures the reliability and resilience of our infrastructure, whilst providing the performance and scalability needed to support our organisational and customer needs.
In December 2022, we successfully transitioned our technical infrastructure to a more commercially competitive solution and managed service.
The transition resulted in:

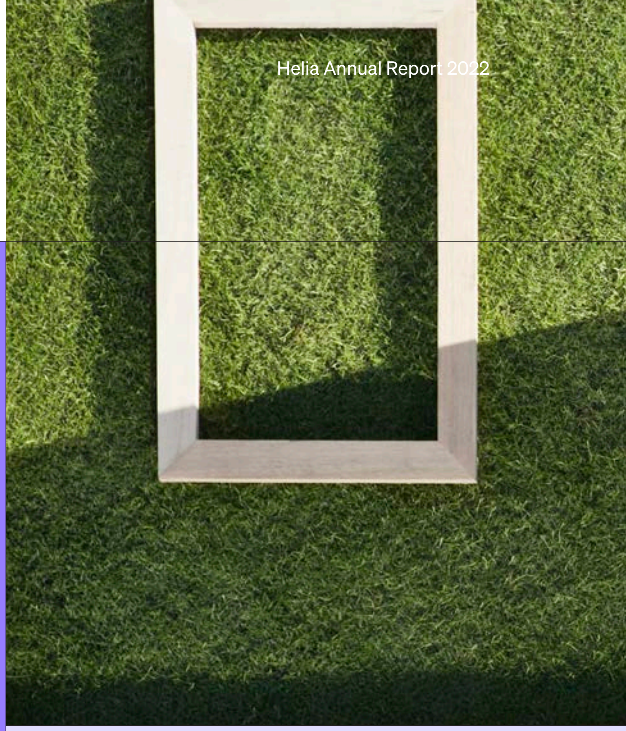
- technology infrastructure and computing services optimised for the cloud
- reduction in ongoing operational costs
- greater technical flexibility to support a broader range of product sets or platforms.

Looking ahead

In 2023, we intend to continue to advance Helia's data environment including our cloud transition program and enhanced data governance for our business, with a view of transforming our data into an organisational asset that can be leveraged for more informed decision making, generating new insights, and enabling new data offerings. A modern data platform also reduces data privacy risks, increases trust in our data, and provides operational cost efficiencies.

We will remain focused on advancing our cyber posture to ensure that Helia can respond effectively to evolving threats and meet increasing customer and regulatory requirements.

Our enablers to success continued



Risk culture

Our approach to risk management lies at the heart of everything we do. As the first Lenders Mortgage Insurance provider in Australia, we've been managing risk for more than 55 years.

Our disciplined risk culture enables the development and implementation of proven strategies and frameworks to manage risk whilst pursuing opportunities to safely grow our business.

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

We are prioritising the following initiatives to support our business strategy:

1 Growing our business responsibly

We remain focused on being a leading provider of LMI and reviewing our underwriting settings in line with the evolving environment.

2 Protecting against cybercrime

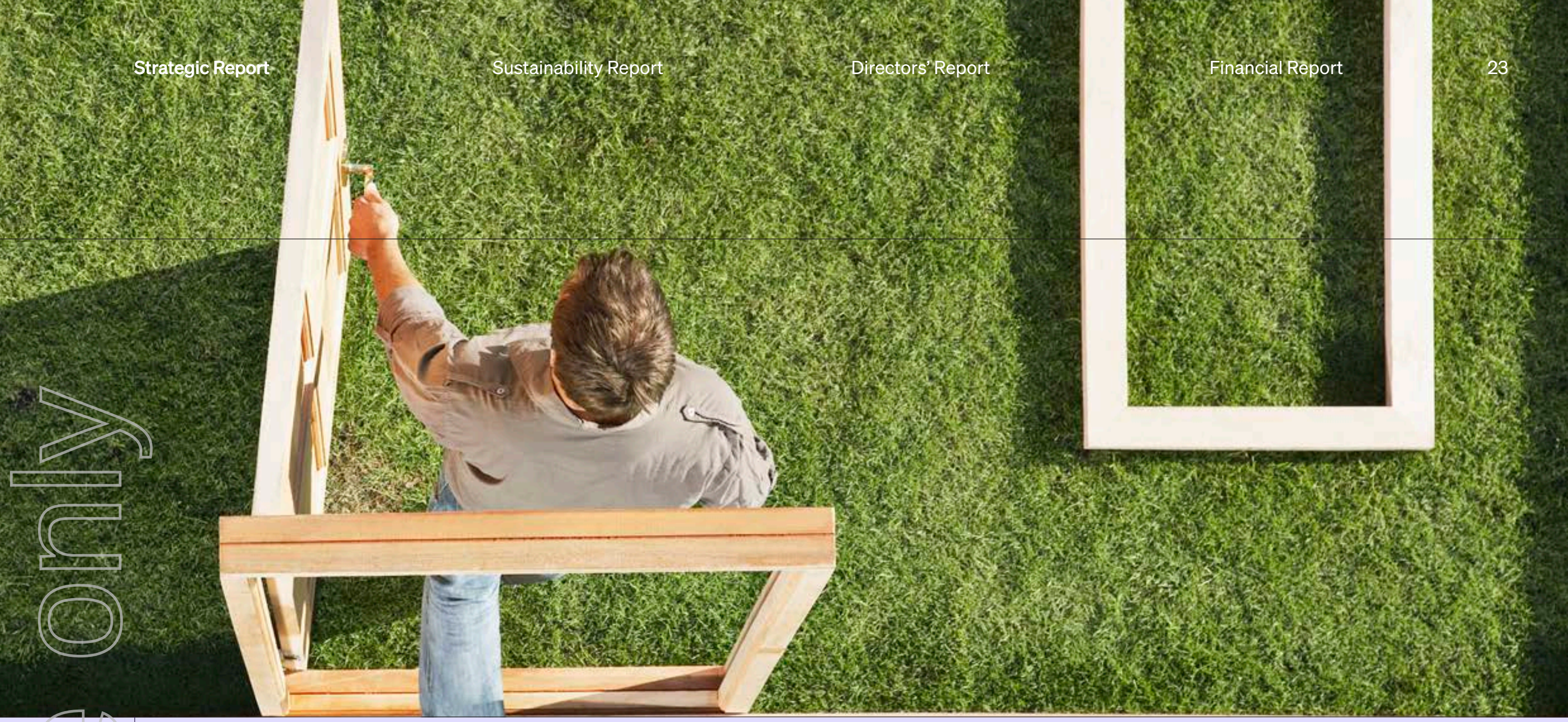
We are evolving our cyber and data risk management capabilities and investing in our organisational agility and responsiveness to change.

3 Enhancing our risk capabilities and culture

We continue enhancing our new Governance, Risk and Compliance (GRC) system to enable our people to be more responsive and effective in managing key risks.

Risk management framework

Helia's risk culture is supported by our Risk Management Framework (RMF), which outlines the process for managing current and emerging risks. Helia adopts the 'Three Lines Model' that drives accountability for risk and compliance management. Through accountability we ensure our business outcomes are aligned to our RMF.



Our strategy for managing material risk

Financial

Economic risk
Forward-looking outlook using modelling and stress testing.

Capital financing risk
Actively managing our capital to support our strategic objectives.

Underwriting risk
Maintaining underwriting discipline. Actively responding to underwriting risks and new opportunities.

Market, credit, and liquidity risk
Proactively managing investment and counterparty risk.

Non-Financial

Operational risk
Uplifting core operating systems and processes using digitisation.

Compliance risk
Embedding our new GRC system through education and engagement.

Cyber risk
Building resilience against cybercrime and a culture of strong cyber security awareness.

Conduct and reputational risk
Strengthening controls and processes that protect our customers and brand.

Technology risk
Investing in flexible technology to support growth and enhance our digital platform.

People risk
Investing in our people by embedding our Employee Value Proposition to attract and retain talent and build capabilities.

Data risk
Delivering improved data quality and governance framework. Implementing a modern data and analytics platform.

Climate risk
Aligning our strategy and framework to effectively manage climate change.

Strategic

Revenue concentration risk
Building new capabilities and more diverse revenue streams.

Product risk
Applying a distribution and product development strategy across the home buying value chain. Maintaining strong government and regulatory relations.

Sustainable business practices

"Whether it's elevating the level of home ownership in Australia, supporting people through hardship or building the climate resilience of our business, we always consider the short and long term impacts of what we do. We are committed to being a responsible and sustainable business, now and for the future."

Pauline Blight-Johnston , Helia CEO

Helia's sustainability strategy is built around our **three pillars** of driving financial wellbeing through home ownership, with climate resilience and good corporate citizenship.

These pillars set the framework for our ESG priorities and ensures that we consider our impacts on people and planet, and strive to deliver social, economic, and environmental value through what we do and how we operate.

Driving financial wellbeing

We are working to elevate the level of home ownership in Australia by helping our customers to support vulnerable borrowers and the broader community.

Enhancing climate resilience

We are building the climate resilience of our business and working to reduce the environmental impact of our operations.

Good corporate citizenship

We are continuing to integrate ESG considerations into our investment approach and championing diversity through driving a supportive and inclusive culture.

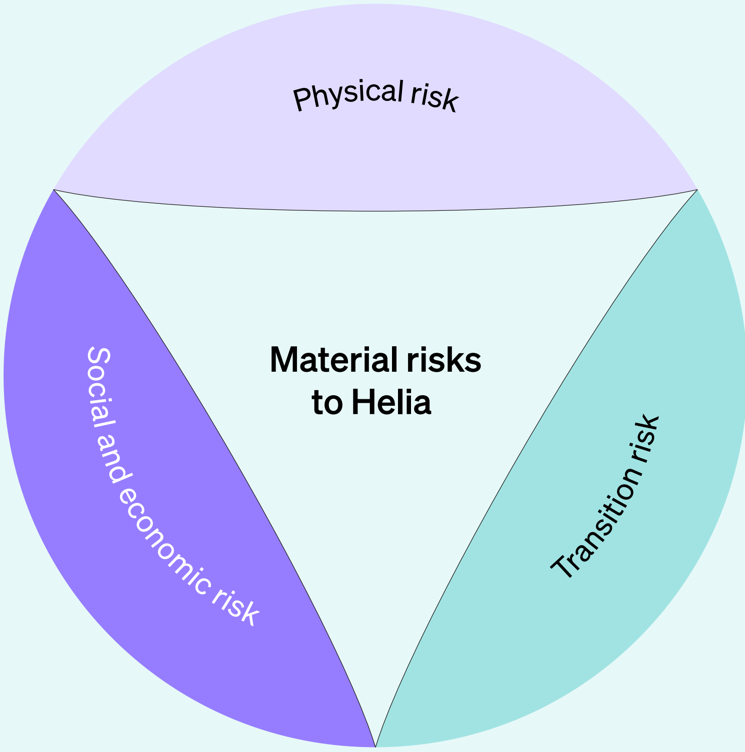
Governance

Our approach to sustainability

In 2022, we revised our sustainability approach to ensure we are responding to the evolving ESG landscape, meeting stakeholder expectations, and are delivering enduring social, environmental and economic value creation.

Core to our approach is an ambition to mature and optimise our current sustainability performance, thereby enhancing Helia's long-term business resilience.

Our sustainability pillars set the framework for our sustainability goals, priorities, and reporting. They capture our commitment to important ESG issues and will guide our business in setting sustainability initiatives and targets for the future. They also respond to the key risks facing our business, identified in the materiality assessment we conducted in March 2022.



Sustainability commitments

Driving Financial Wellbeing & Housing Accessibility

- Elevate the level of home ownership in Australia, through providing new and affordable LMI solutions for borrowers.
- Drive financial wellbeing in communities, by providing home buyers and brokers with tools and education material.
- Support our most vulnerable customers and communities, through financial hardship relief solutions and investing in community programs.

Enhancing Climate Resilience

- Build the climate resilience of our business, by understanding and responding to climate risks.
- Increase climate resilience across the community, by expanding offerings to provide green product alternatives and through knowledge sharing and education programs.
- Minimise the environmental impact of our operations, by reducing emissions and waste.

Demonstrating Good Corporate Citizenship

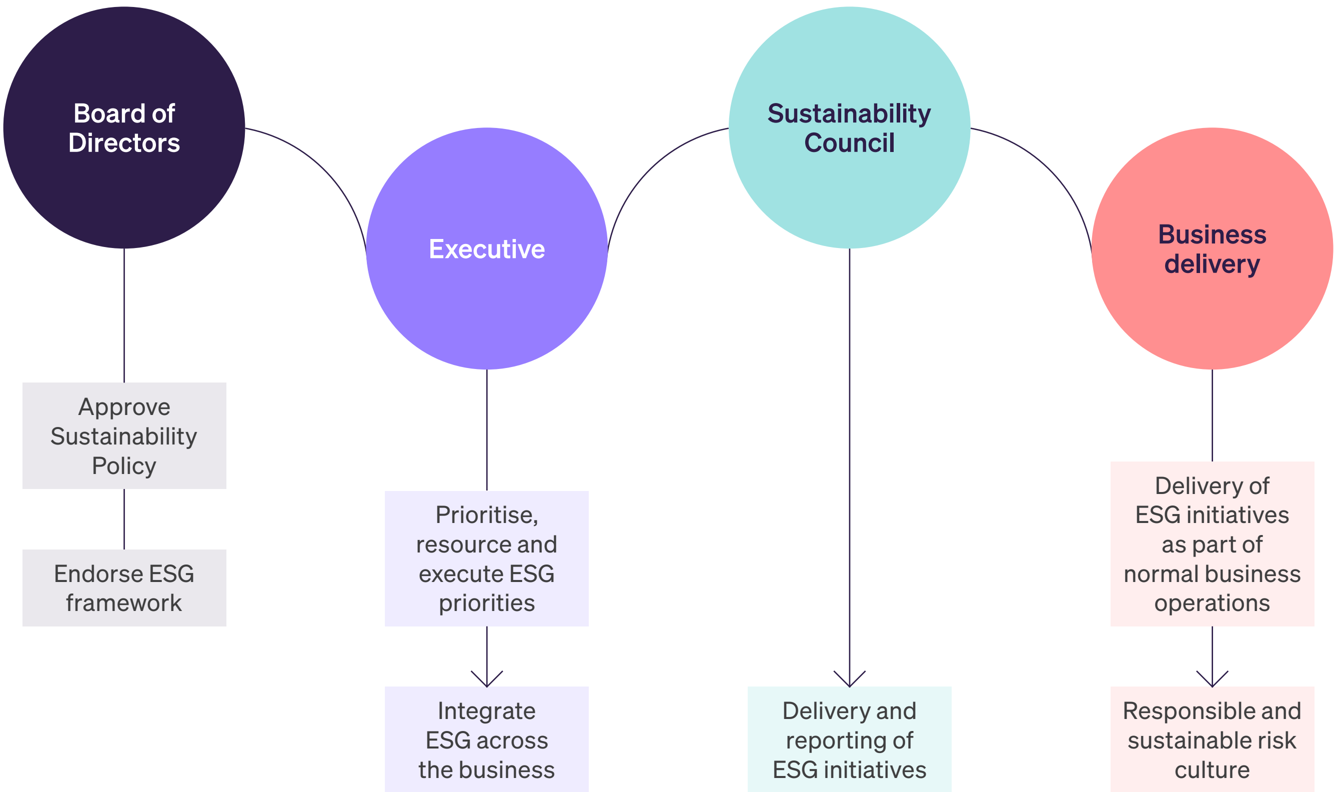
- Continue to integrate ESG considerations into Helia's investment approach, through sustainable investing.
- Increase access to affordable and resilient housing, through advocacy and participation in industry forums and public initiatives.
- Champion diversity through driving a supportive & inclusive culture, and prioritise respectful and appropriate reconciliation with Indigenous cultures.

Responsible business practices

The following policies are available at helia.com.au

- Modern Slavery
- Code of Conduct
- Anti-Corruption
- Supplier Code of Conduct
- Diversity & Inclusion
- Whistleblower

ESG Governance structure



Driving financial wellbeing

Helia is dedicated to helping our customers to support vulnerable borrowers and the broader community through hardship relief solutions, educating home buyers and investing in community programs.

Hardship relief

In 2022, Helia extended delegated hardship authority to more customers, to enable more rapid assistance to be provided to home buyers impacted by financial hardship. In 2022, we supported over 8,000 hardship requests.

As part of our commitment to supporting vulnerable home owners in times of financial difficulty, Helia partners with our customers to forgo debt recovery actions for home buyers under specific hardship circumstances.

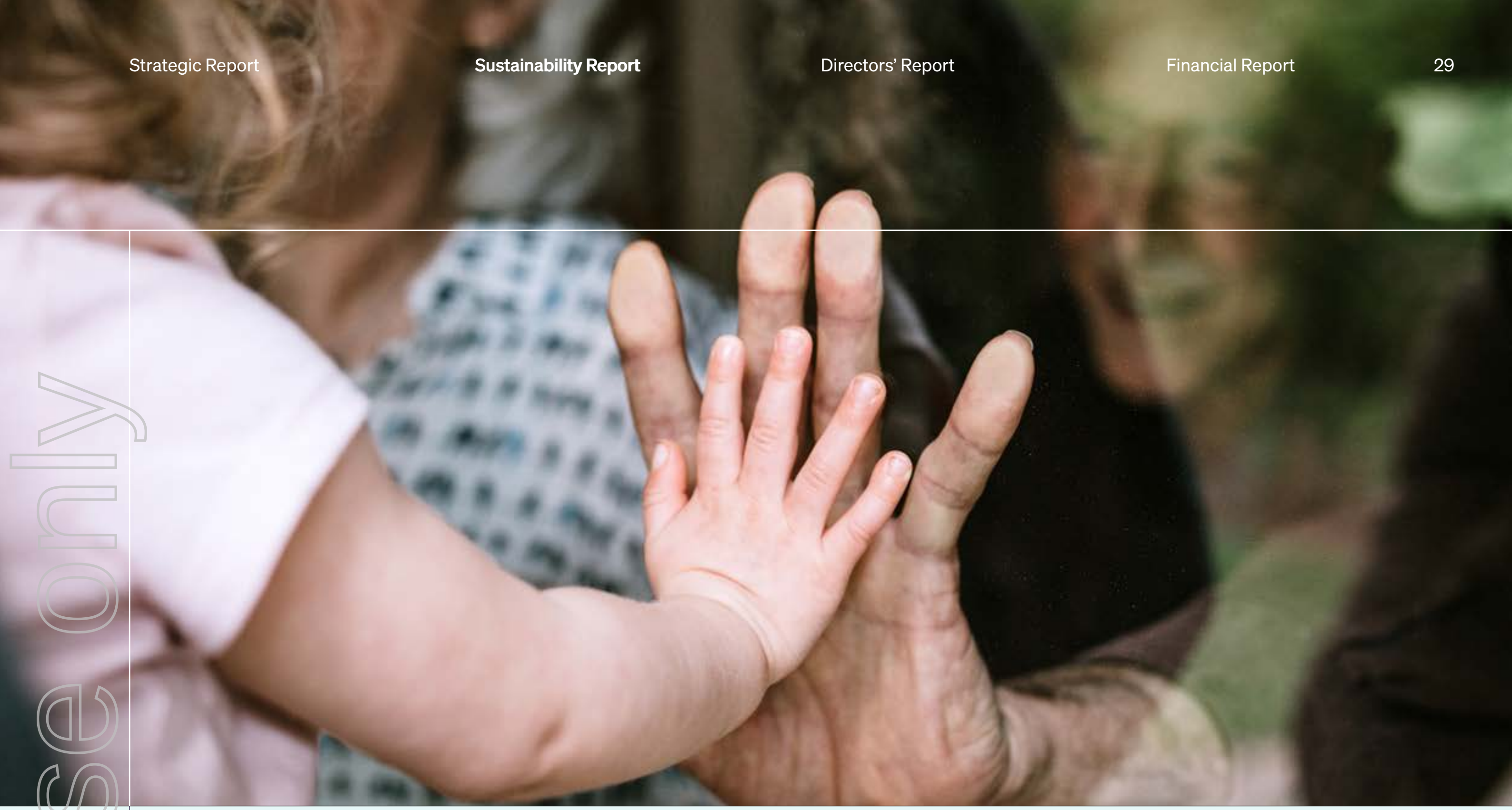
Helia has assisted over 50 vulnerable home owners by forgoing any action as part of the shortfall recovery process totalling almost $5 million.

To elevate the level of home ownership in Australia, we are committed to providing new and affordable LMI solutions to assist borrowers.

Education

We are committed to driving financial wellbeing in communities, by providing home buyer and borrower education tools and materials. Education is key to helping people use LMI effectively as a tool to accelerating home ownership and to overcome the complexity involved in planning and applying for a home loan.

In 2022, Helia conducted a survey of 2,018 prospective first home buyers, and 1,187 recent first home buyers for our annual First Home Buyer Report to understand the trends and needs influencing their home ownership decisions. Helia also released the 2022/2023 edition of the It's My Home Magazine to help engage and educate all home buyers.



Our community partnerships

We are thankful to have continued our charity partnerships with St Vincent de Paul Society and Youth off the Streets, and to have commenced a new partnership with Habitat for Humanity in 2022.

Through these partnerships, we have continued to support the financial wellbeing of communities through funding programs that address the barriers to home ownership. We have achieved this through various education, volunteering, and engagement opportunities for our people.

Local charities supported

75

Donation spend

$471,450

St Vincent de Paul Society

In 2022, Helia continued to support:

- Our Lady of the Way – providing on site and outreach support to women escaping family and domestic violence who, as a result of leaving their situation, have become homeless.
- Sydney Metropolitan Van Services – supporting community members impacted by homelessness, unemployment, domestic and family violence, addiction, mental health issues and social isolation.
- Flood relief support – providing emergency food, accommodation and essential items to support families impacted by flooding across NSW.

Youth off the Streets

In 2022, Helia continued to support:

- Living skills capacity building program – teaching young people life skills to respond to developmental activities of daily living, personal, and emotional stressors.
- Domestic and family violence prevention program – teaching young people with limited exposure to healthy family and intimate relationships, how to identify and stop the cycle of domestic family violence.
- National Scholarship Program – helping our two recipients to complete their HSC and is assisting them in attaining their post-school goals including university.

Habitat for Humanity

This year we announced a partnership with Habitat for Humanity based on our shared purpose to increase housing accessibility for more Australians.

- In 2022, we have contributed to a new domestic shelter which, upon completion, will help women and children escaping domestic violence and people facing homelessness.
- Over the coming years, Helia will provide volunteering, project funding and we will work together to advocate for more solutions to support vulnerable communities.

Enhancing climate resilience

We recognise that climate change has significant implications for our business, community and the environment.

Addressing our climate responsibility

Helia is committed to increasing climate resilience across the community by understanding and responding to climate risks, and by supporting customers, to provide green product alternatives.

We are constantly looking at the trends that could threaten the financial sustainability of our business and we understand that the risks associated with a changing climate are far reaching and may impact on various parts of the economy.

We operate in line with the Task Force on Climate-related Financial Disclosure (TCFD) and the ASX Corporate Governance Principles and Recommendations (Recommendation 7.4) that companies should mobilise to better understand all economic, environmental, and social sustainability risks that may be material to their organisation.

Both physical climate risk and transition risk have the potential to impact Helia's losses and conventional risk classes.

Helia's approach to assessing and managing Climate Risk is aligned to APRA's Prudential Practice Guide CPG 229 Climate Change Financial Risks (November 2021) that provides important guidance and sets regulatory expectations.

Transition risk

The effects of transition risk are already impacting local economies and house and land values.

We have progressed our work on identifying and assessing our exposure to coal mining and coal fired power generation which carry high residual risk given the longer-term movement away from coal. Our progress includes a new coal mining model to help forecast losses in mining towns to prioritise mitigation strategies. We are already working with our customers on location risk responses for these locations and will continue to work with our lenders on underwriting responses.

Our carbon neutral commitment

We understand the importance of developing a net zero plan for future. For now, we are focused on becoming carbon neutral and are looking at how we can reduce scope 1 and 2 emissions in line with global targets of approximately 50% emissions reduction by 2030.

Our climate commitment means we will take action to reduce greenhouse gas emissions with an ambition of becoming carbon neutral by 2050.

Our ambition:

50% reduction in scope 1 & 2 emissions by 2030

Physical climate risk

As frequent severe weather events continued in 2022, so too did their impacts on our lenders, consumers, and communities.

To enhance our understanding of these risks on our portfolio and to support our customers, we have continued to develop methodologies to assess the impact of climate risks.

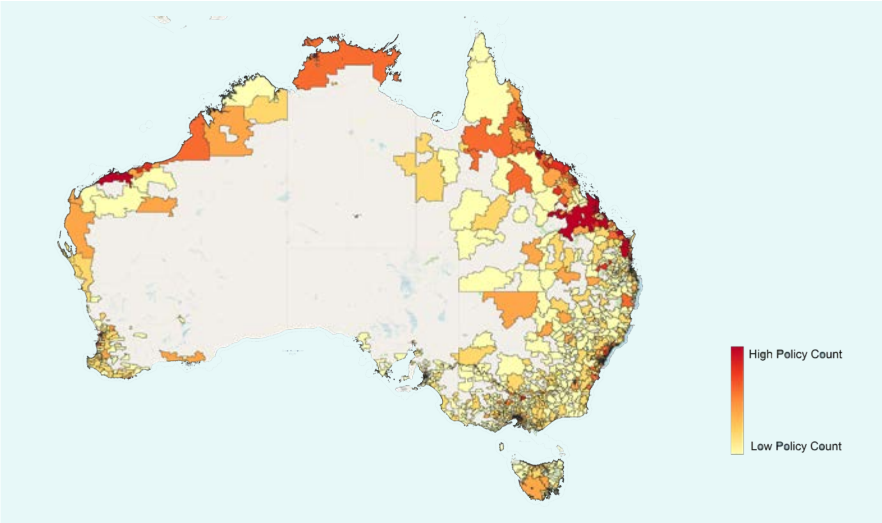
In 2022, we continued our partnership with Munich Re to assess the physical risk which has helped to guide us on setting our risk appetite and underwriting guidelines. We are working to share these understandings with our customers.

We will continue to leverage these insights to manage new business in higher risk areas through active customer participation, education and risk management practices.

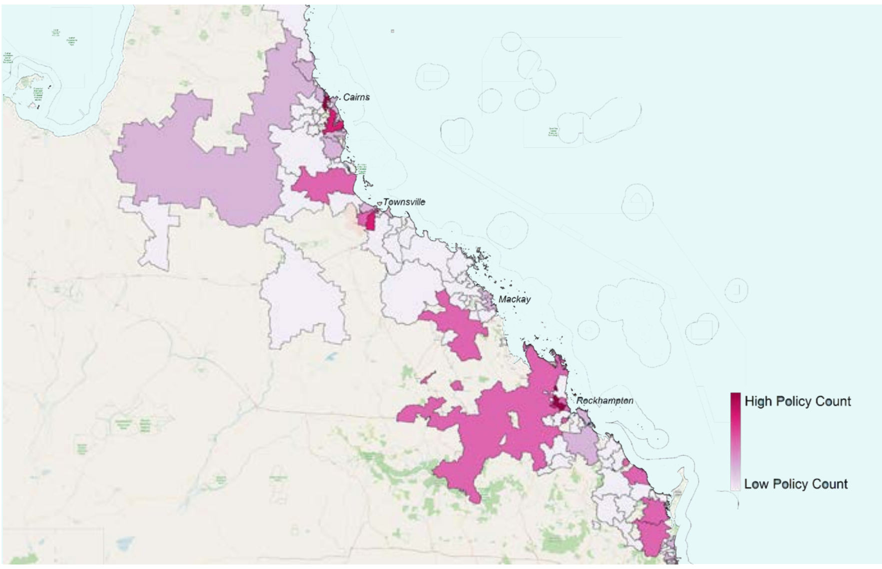
Approximately 90% of our policies in-force are not currently in high risk climate areas. For those that are, we undertake climate risk assessments to understand current and potential risk.

These climate assessment charts illustrate our exposure to physical climate risk across Australia and Northern QLD.

Policies in-force levels in high risk climate regions in Australia



Policies in-force levels in tropical cyclone and flood regions in Northern QLD



Source: MunichRe Climate Assessment undertaken for Helia, 2021.

Enhancing climate resilience continued

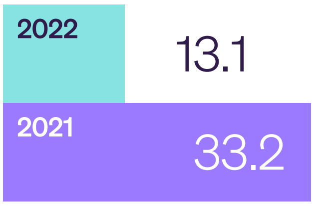
Helia is committed to minimising the environmental impacts of our operations by reducing emissions and waste.

Energy consumption

Our energy consumption is limited to purchased electricity, and like prior years, we have collected data on actual electricity consumption across our three offices. We receive monthly utility bills and consumption reports directly from our utility providers. Our head office continues to sit within a 5 Star Green Star rating and NABERS energy 5 Star rated office building, 101 Miller Street, North Sydney, NSW.

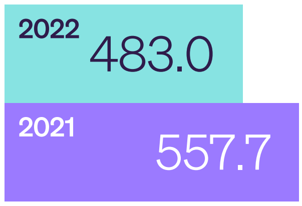
Helia 2022 Energy consumption (GJ)

Direct energy consumption (scope 1)



DOWN 61% on FY21

Indirect energy consumption (scope 2)



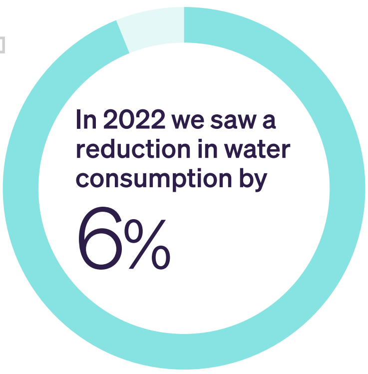
DOWN 13% on FY21

Water consumption

In 2022 we saw a 6% reduction in water consumption, reflecting our ongoing hybrid working arrangements and the closure of our Melbourne office in June 2022.

We are aware of our need to minimise water usage and we frequently work with our landlords to better understand and monitor our consumption.

In 2022 the reliability of our water consumption data increased as we moved from estimate to actual reads being conducted. Our head office has a 4.5 star NABERS water rating.



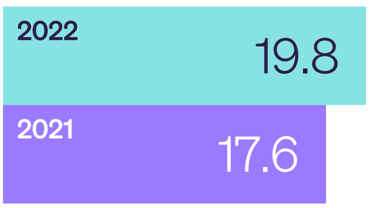
Our waste management

We are committed to reducing our waste generated wherever possible through initiatives and policies to reuse and recycle carefully selected materials and products. We measure these results by calculating waste generation and the volume of recycling in our offices.

During 2022, Helia operated from three offices:

- North Sydney (Head office, as at 31 December 2022)
- Brisbane (closed 31 January 2022)
- Melbourne (closed 30 June 2022)

Total municipal solid waste (tonnes/year)



UP 13% on FY21

Following the closure of our Melbourne office, we have occupied WorkClub serviced office from 14 November to support our Melbourne based employees.

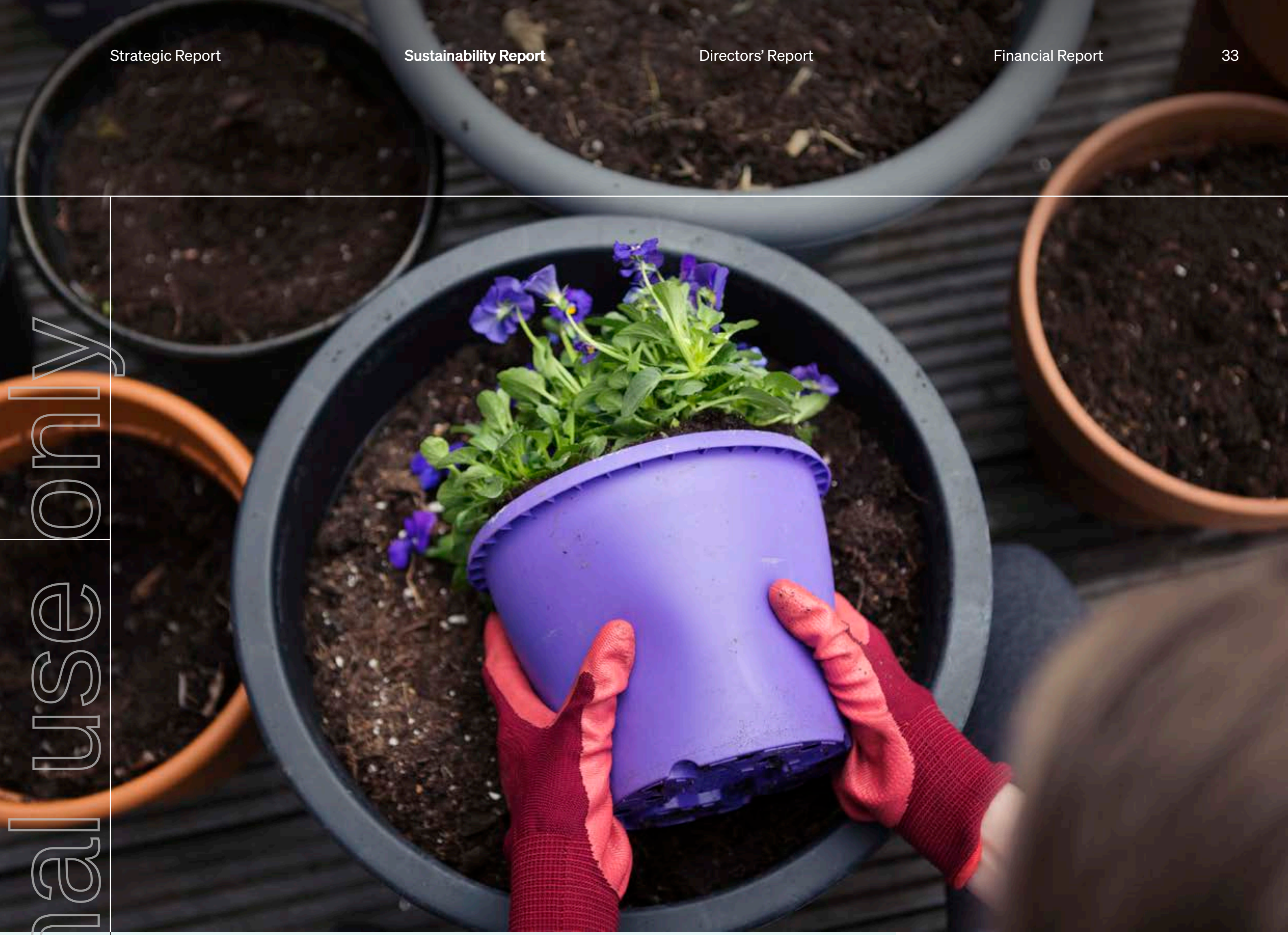
As at 31 December,2022, our employees are 88% Sydney based, 5% Melbourne based and we also have a team of remote workers across Australia, based predominantly in Brisbane (7%).

Waste and recycling data for 2022 was provided by our landlords for both our offices and combined to provide an indicator of our annual waste generated.

Helia continues to work in conjunction with our landlords on waste management initiatives.

In 2022, our North Sydney office building installed an organic waste system that allows waste to be processed into compost and collected by a service provider for distribution.

Our water and waste data for 2022 has been collected for our North Sydney and Melbourne offices only.



GHG emissions

Our GHG emissions are categorise as direct (scope 1), indirect (scope 2), and other indirect (scope 3) emissions.

The total scope 1 and 2 emissions associated with Helia's three offices was found to be 98.9 t CO_2-e which is a 20% reduction from the previous year. The majority of Helia's emissions were scope 2 amounting to 98.2 t CO_2-e in 2022.

The significant reduction in Helia's emissions and energy consumption is due to lease terminations of our Melbourne and Brisbane offices in June 2022 and January 2022, respectively.

Our reported operational indirect emissions (scope 3) predominantly represented by corporate travel and employee office commuting.

In 2022, COVID restrictions eased and normal employee movement resumed. From 2023 we intend to recommence tracking and report these scope 3 emissions.

GHG emissions data (tCO_2-e)

Purchased electricity

2022	98.2
2021	121.5

Natural gas

2022	0.7
2021	1.7

Reduction in emissions on FY21

20%

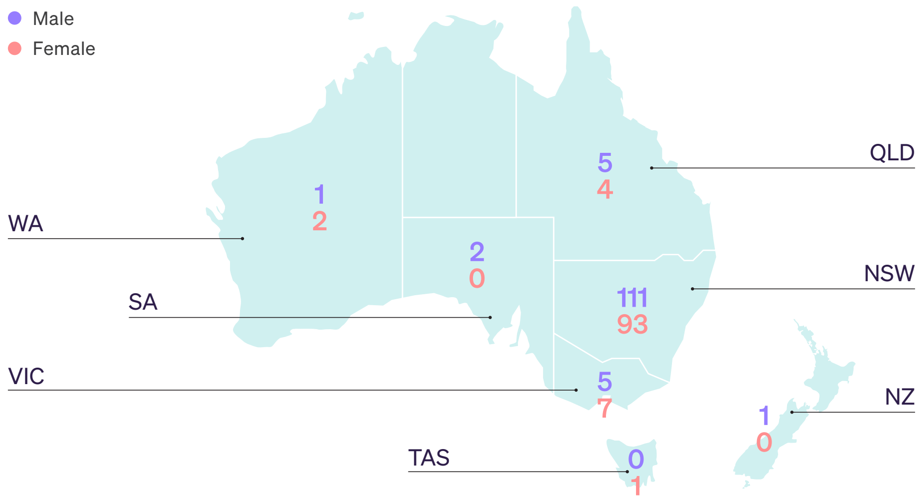
See all our environmental performance data on page 135

(tCO_2-e) – Carbon dioxide equivalent
GJ – Gigajoule

Good corporate citizenship

Total workforce by gender & region

232



Diversity and inclusion

Supporting an inclusive culture

We are committed to championing diversity through cultivating a diverse and inclusive workforce where differences are valued, and where we prioritise respectful and appropriate reconciliation with Indigenous cultures.

Our commitment to diversity and inclusion is focused on:

- gender equity
- inclusive and diverse culture
- indigenous awareness.

Our focused efforts included diversity training programs addressing respect at work, inclusion, cultural awareness, unconscious bias and psychosocial safety for all our people, and the delivery of a suite of leadership programs to provide opportunity for career growth in the workplace.

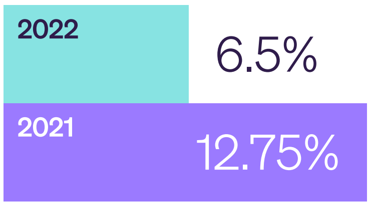
In 2022, Helia also updated its paid parental leave policy to make it available to all care givers with no required waiting periods and had a total of nine people taking parental leave in 2022.

We supported the attraction and retention of women through focused hiring and promotion practices. As a result of these efforts, we exceeded our target of 40% women in management positions which reached 43.48% and reduced our gender pay gap to 6.5% (down from 12.75% in 2021), far exceeding industry benchmarks (29.5%).

"As Chair of the Diversity Council, I am honoured to lead the work as we continue to invest in the diversity and inclusiveness of our workforce, grounded in our values where speaking up is encouraged. This year we lodged our first Reconciliation Action Plan (RAP) to Reconciliation Australia which will help to guide us on the incremental steps we will take over time as we progress our awareness, actions, and approach to Reconciliation."

Greg McAweeney
Chief Commercial Officer, LMI

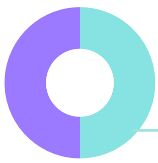
Continuing to close the gender pay gap



Employees returned from parental leave

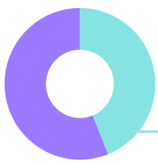
9

Board gender equality



50%

Senior Leadership team gender equality



44%

Female Male

Responsible investing

In 2022, we remained committed to identifying and mitigating climate change related risks in relation to our investment portfolio integration and continue to review our investment policy annually.

We will continue to incorporate ESG considerations in the investment decision process for our investment mandates.

Our Code of Conduct

Our Code of Conduct sets the expected standards of professional behaviour that we all need to follow. It guides us to do the right thing in our behaviours, actions and decisions.

Our actions and decisions need to stay consistent with our behaviours and comply with Helia policies and procedures, and the law.

Access our Code of Conduct at www.helia.com.au

Workplace health and safety

We are committed to providing a safe and healthy workplace with a focus on mental and physical wellbeing, flexible working, work life balance, and supporting our employees who are carers.

Helia has committed to building a work environment that helps employees achieve their maximum potential, both at work and in their personal lives. In 2022 Helia has offered ongoing flexibility to continually support new ways of working arrangements.

Our continued focus on workplace flexibility and inclusion was reflected in high employee engagement survey results for questions relating to workplace flexibility (96%), care and wellbeing (93%) and authentic self (83%), leading to higher overall culture and engagement for our organisation.

Work related ill health and injury

In 2022, we reported zero fatalities, high-consequence injuries, recordable injuries or recordable incidents of ill health.

Our Reconciliation Action Plan

In 2022 Helia continued its Reconciliation Action Plan (RAP) which has continued to help guide us through the incremental steps we are taking to progress our awareness, actions, and approach to Reconciliation in Australia.

Access our RAP at www.helia.com.au

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 2022 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 and a member of the Australian Institute of Company Directors. Ian is also a member of the 30% Club, a group formed by the Australian Institute of Company Directors who are committed to achieving better gender balance on Boards and in organisations.

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 2020 – 31 December 2022):

None.

Pauline Blight-Johnston

Chief Executive Officer and Managing Director

Pauline was appointed as Chief Executive Officer and Managing Director on 2 March 2020.

Qualifications and experience:

Pauline has over 25 years of senior management, financial and strategic experience in wealth management 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 has also served as Chief Financial Officer and Appointed Actuary of Asteron Life. She 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 been a member of and chaired numerous 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 and 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 2020 – 31 December 2022):

None.

Gai McGrath

Director, Independent

Gai was appointed to the Board on 31 August 2016.

Qualifications and experience:

Gai has over 35 years of financial services and Legal 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.

Prior to the Westpac Group, Gai was General Counsel and 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 Chair of BT Funds Management (Trustee of BT Super), a director of Toyota Finance Australia Limited, Steadfast Group Limited and HBF Health Limited. She is also Chair of Humanitix.

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 2020 – 31 December 2022):

Steadfast Group (since 1 June 2018).

Board of Directors continued

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.

Special responsibilities (including Committee memberships):

Audit Committee – Member;
Risk Committee – Member.

Directorships of other ASX listed companies and period of appointment (1 January 2020 – 31 December 2022):

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, and the 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 Limited.

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

Special responsibilities (including Committee memberships):

Audit Committee – Member;
Risk Committee – Member.

Directorships of other ASX listed companies and period of appointment (1 January 2020 – 31 December 2022):

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 programme 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 consulting partner with Kearney, a global consultancy firm based in Sydney, where he advises large organisations in financial services and other sectors on their technology, digital and analytics agendas. 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 Nomination Committee – Member.

Directorships of other ASX listed companies and period of appointment (1 January 2020 – 31 December 2022):

Credit Clear Limited (16 November 2018 – 16 May 2022).

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 and New Zealand and a member and a Graduate and Accredited Facilitator of the Australian Institute of Company Directors.

Andrea is currently a director of each of MyState Limited, Grant Thornton Australia Limited, Bennelong Funds Management Group and 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 2020 – 31 December 2022):

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 35 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.

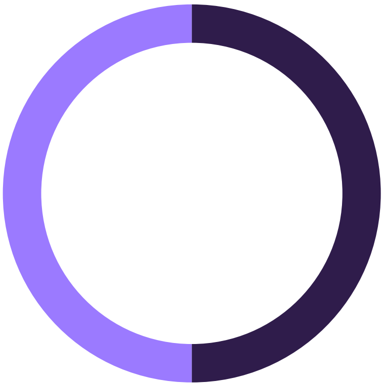
Duncan is a Graduate of the Australian Institute of Company Directors, Fellow of the Chartered Insurance Institute and a Senior Associate of the Australia and New Zealand Institute of Insurance and Finance. He holds a Bachelor of Science (Economics) from the University of Hull, UK.

Special responsibilities (including Committee memberships):

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

Directorships of other ASX listed companies and period of appointment (1 January 2020 – 31 December 2022):

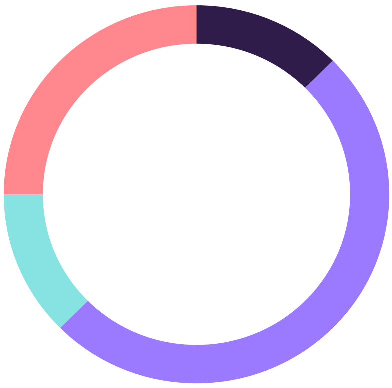
Challenger Limited (since 10 September 2018), Suncorp Group Limited (since 23 September 2021).



Diversity

Male
50%

Female
50%



Tenure

0–1yr
12.5%

>1–3yr
50%

>3–6yr
12.5%

>6yr
25%

Senior leadership team

Pauline Blight-Johnston

Chief Executive Officer and Managing Director

Pauline joined Helia as Chief Executive Officer and Managing Director in March 2020. Pauline has over 25 years of senior management, financial and strategic experience in wealth management 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 has also served as Chief Financial Officer and Appointed Actuary of Asteron Life. She 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 been a member of and chaired numerous 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 and Finance and the Australian Institute of Company Directors. She also holds a Master of Economics degree from Macquarie University.

Michael Cant

Chief Financial Officer

Michael joined Helia as Chief Financial Officer 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 Helia, Michael held a range of senior leadership roles at the Commonwealth Bank of Australia (CBA), including heading the Retail Banking product function, leading CBAs Corporate Banking business, Chief Financial Officer (CFO) for the Wealth Management and Insurance division, and General Manager of distribution for Colonial First State. Michael has also worked at specialist life insurer Australian Casualty & Life, where he held the roles of Managing Director and CFO.

Michael Cant 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 Programme at Harvard University.

Andrew Cormack

Chief Risk Officer

Andy joined Helia as Chief Risk Officer (CRO) in October 2015. Andy brings more than 25 years of experience to his role as CRO having held senior management responsibility for teams in finance, commercial, product development and risk for markets across Europe. He is passionate about delivering market leading risk and compliance practices and developing high achieving teams engaged in delivering the company's key strategic objectives and outcomes.

Before joining Helia, Andy worked with Genworth's Mortgage Insurance business in Europe, where he held the role of CRO with responsibility for the risk and actuarial teams. Prior to this he held various senior management positions including Senior Vice President Risk, SVP Commercial, SVP Product Development and Marketing and Chief Financial Officer.

Earlier in his career, Andy spent three years with JP Morgan where he focused on emerging market fixed income derivatives and prior to this worked at Neville Russell Accountants (now Mazars) as a specialist auditor responsible for Lloyds Insurance Market.

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

Brad Dean

Chief of Staff

Brad joined Helia in August 2002, was appointed to the senior leadership role of Head of Strategy and Innovation in October 2018, and subsequently appointed to the new role of Chief of Staff in December 2020. Brad is a seasoned leader, bringing more than 20 years of experience to his role from across a range of insurance, health care equipment and distribution businesses with responsibility for new business development, mergers and acquisitions, strategic planning, and financial management and controls.

Prior to his current role, Brad held the positions of Head of Product Development and Corporate Development Leader at Helia where he was responsible for formulating and executing product and corporate development strategies, including leading Genworth's IPO project which resulted in Genworth Australia (now Helia Group) being listed on the Australian Securities Exchange in 2014. Between 2002 and 2007, Brad held the position of Chief Financial Officer of Helia Group.

Prior to his roles at Helia, Brad worked at a chartered accounting firm for five years followed by a further five years at GE in multiple finance roles. Brad is a Chartered Accountant and has a Bachelor of Commerce from Wollongong University with a double major of Accounting and Economics.

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 programmes 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 AGSM 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 HR executive with extensive experience delivering significant strategic and operational initiatives to drive transformation and cultural change.

Nicole moved back to Australia from Hong Kong where she led the Human Resources function for the Commonwealth Bank's International Financial Services Business and was Company Director for a number of their offshore entities.

Nicole has a Master of Business (International Human Resources), Graduate Diploma in Education and a Bachelor of Science Degree.

Jeremy Francis

Chief Operating Officer (COO)

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 personal loans businesses. Jeremy has 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 degree from the University of Technology Sydney.

Greg McAweeney

Chief Commercial Officer, LMI

Greg joined Helia as Chief Commercial Officer LMI in August 2022. Greg has over 20 years' experience in digital strategy, customer experience, strategic marketing, brand building and B2C & B2B sales leadership across financial services, telecommunications and insurance.

Prior to joining, Greg held a range of senior leadership roles including Chief Commercial Officer (CCO) at HCF where he was responsible for driving growth through sales and marketing via a multi-channel approach. Greg also 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 has also 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 graduate of the Australian Institute of Company Directors (GAICD).

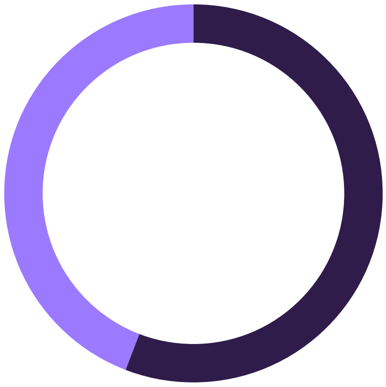
Prudence Milne

General Counsel and Company Secretary

Prue joined Helia as General Counsel in September 2016. Prue brings over 30 years' experience in private practice, in-house corporate counsel and company secretary roles. She is a highly experienced senior lawyer with deep financial services experience.

Before joining Helia, Prue worked in private practice at Ashurst and then held a variety of senior legal and company secretary roles at AMP and AMP Capital Investors. In her nearly 18-year career with AMP, she oversaw and facilitated considerable change and transition in the AMP businesses and had considerable exposure to senior executives and boards.

Prue has a Bachelor of Economics and Laws from Monash University, a Master of Laws from the University of Sydney, a Graduate Diploma in Secretarial Practice Governance Institute of Australia and is a Graduate of the Australian Institute of Company Directors.



Senior leadership team

Male

56%

Female

44%

Operating and financial review

Operating result for the financial year

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

Financial performance measures (A$ million)	FY22	FY21
Gross written premium	319.9	549.6
Gross earned premium	488.3	439.0
Net earned premium	427.7	370.5
Underwriting result	362.1	295.8
NPAT	186.8	192.8
Underlying NPAT	288.4	237.8

Performance metrics	FY22	FY21
Loss ratio (%)	(8.1)	(2.2)
Expense ratio (%)	23.5	22.4
Combined ratio (%)	15.3	20.2
Insurance margin (%)	64.9	70.7
Investment return (%)	(2.4)	(0.3)
ROE (%)	12.5	13.1
Underlying ROE (%)	18.7	16.3

The Underlying NPAT result of $288.4m represented an underlying ROE of 18.7%, and was driven by an exceptionally strong underlying profit due to higher policy cancellations, very light claims, partly offset by negative investment returns.

The performance in 2022 reflects:

a. Gross written premium (GWP) materially decreased by 41.8% reflecting a subdued mortgage origination market driven by poor housing market sentiment and falling house prices. The impact on LMI volumes was exacerbated by a reducing share of high LVR lending and increased places available under Government home ownership assistance schemes. Our GWP was further impacted by key customers growing slower than market, combined with reduced premium rates for CBA from mid year;

b. Net earned premium increased 15.4% mainly driven by strong GWP growth in 2020 and 2021 and borrower refinancing activity resulting in higher policy cancellations;

c. Net claims incurred remained low (a write-back of $34.7 million and a loss ratio of -8.1%) due to low claims paid and low delinquencies which resulted in a release of reserves;

d. The expense ratio increased from 22.4% in FY21 to 23.5% in FY22, reflecting both higher earned premium and expenses, largely due to increasing deferred acquisition costs amortisation and higher underwriting expenses;

e. Investment returns were negative due to unrealised losses on the bond portfolio driven by rising interest rates.

Review of financial condition

Key assets and liabilities (A$ million)	FY22	FY21
Cash and investments	3,254.7	3,703.8
Equity-accounted investees	27.4	–
Deferred acquisition costs	115.3	88.5
Total assets	**3,521.1**	**3,913.3**
Outstanding claims	415.8	480.3
Unearned premium	1,403.5	1,571.8
Interest bearing liabilities	188.7	188.2
Total liabilities	**2,100.0**	**2,356.0**
Net assets	**1,421.1**	**1,557.3**

Total assets as at 31 December 2022 of $3,521.1 million decreased by $392.2 million from 31 December 2021 driven mainly by:

- $449.1 million decrease in cash and investments due to positive operating cash flows, partially offset by funding for the share buy-back and dividends and unrealised mark-to-market losses on the bond portfolio.

The total liabilities as at 31 December 2022 of $2,100.0 million decreased by $256.0 million from 31 December 2021 driven by:

- $168.3 million decrease in unearned premium resulting from high cancellations and lower gross written premium during the year; and
- $64.5 million decrease in outstanding claims reflecting lower levels of delinquencies.

The equity of the Group as at 31 December 2022 of $1,421.1 million decreased by $136.2 million from 31 December 2021. The movement is mainly attributable to $186.8 million in current year profits offset by the payment of the 2021 final dividend of $48.9 million, the 2021 special dividend of $48.9 million, the interim FY22 dividend in August 2022 of $45.3 million and share buy-backs totaling $180.9 million.

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 2022, the Group's capital mix was:

- Net tangible equity (net of goodwill and intangibles) 88.2%;
- Debt 11.8%.

Operating and financial review continued

Capital management

The Group remains strongly capitalised with regulatory capital of $1,895.7 million at 31 December 2022 (2021: $2,054.4 million).

The Group has solvency of 2.22 times (2021: 2.03 times) the APRA prescribed capital amount (PCA) which continues to be above the Board's targeted 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 2022 compared with 31 December 2021.

PCA coverage ratio (level 2)

(A$ million), as at	**31 Dec 22**	**31 Dec 21**
Common Equity Tier 1 Capital (incl. net excess technical provisions)	1,705.7	1,864.4
Tier 2 Capital	190.0	190.0
Regulatory capital base	**1,895.7**	**2,054.4**
Insurance concentration risk charge	442.9	578.7
Asset risk charge	233.7	203.5
Insurance risk charge	236.8	277.6
Operational risk charge	33.7	35.6
Aggregation benefit	(91.5)	(85.7)
Total PCA	**855.5**	**1,009.7**
PCA coverage	**2.22x**	**2.03x**

The increase in PCA coverage in 2022 mainly reflects the:

- decrease in insurance concentration risk charge due to subdued new business volumes, high levels of cancellations and the seasoning of business written in prior years; partially offset by
- reduction in excess technical provisions due to a drop in unearned premium resulting from low new business volumes and high cancellations,
- decrease in accounting equity of $136.2 million due to $143.1 million of dividends paid and $180.9 million related to on-market share buy-backs, partially offset by strong current year earnings of $186.8 million.

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 3.6 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 2022 was $955.5 million based on the closing share price of $2.75 on 30 December 2022.

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 24 February 2023, the Directors declared a 14.0 cent per ordinary share fully franked final dividend and 27.0 cent per ordinary share fully franked special dividend totalling approximately $48.6 million and $93.8 million respectively for the year ended 31 December 2022.

On 24 February 2023, a $100.0 million on-market share buy-back was announced. The Company will not buy back more than 30,008,215 of the Company's ordinary shares without shareholder approval.

There are no other events that have arisen since 31 December 2022 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

The rising cost of living experienced over the year is hurting household budgets as a combination of demand and supply factors which took annual underlying inflation in Australia to 6.9% in December 2022. The Reserve Bank of Australia increased the cash rate by a total of 300bps in the eight months to December 2022 with the potential for more rate increases in the near term. The housing market was weak largely driven by the rate hikes which reduced activity and led to falling prices. Notwithstanding the headwinds of rising inflation and interest rates, household spending has remained high, and the economy has continued to grow by 3% over the year. Household savings have remained robust, with many households maintaining "buffers" against adverse events.

Domestic housing markets finished the year with a national average capital loss of 5.3% with Sydney and Melbourne experiencing the most significant falls of -12.1% and -8.1% respectively. The declining markets have been driven by subdued home buyer sentiment driven by rising interest rates and affordability.

The labour market continues to be a bright spot for the economy with the unemployment rate ending the year at 3.4%. The tight labour market, combined with inflationary pressures, led to wage growth of 3.2% for the year.

Helia's financial results are heavily influenced by economic conditions. Key aspects of the economic outlook for 2023 are set out below:

- Economic growth is expected to slow in 2023;
- Inflation is expected to reduce but remain above the RBA target range of 2-3% p.a.;
- Unemployment rate is expected to remain around 3.5% until mid-2023, before increasing to around 4% by the end of 2023 as economic growth slows;
- The tight labour market is expected to result in stronger wage growth in 2023;
- The RBA cash rate is expected to peak in the first half of the year;
- House price depreciation is expected to continue over the course of the year.

Operating and financial review continued

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:

Current directors

Ian MacDonald, Pauline Blight-Johnston, Gai McGrath, Alistair Muir, Leona Murphy (commenced as a Director on 1 November 2022), Gerd Schenkel, Andrea Waters and Duncan West.

Former directors

David Foster (ceased to be a Director on 31 March 2022).

Company secretary

Prudence Milne

Prudence Milne was appointed General Counsel and Company Secretary on 5 September 2016. Between 1998 and 2015, Prue held Executive Legal Counsel and Company Secretary positions at AMP, with significant exposure across superannuation, life insurance and investment management. Prior to AMP, Prue worked at Ashurst, Hambros Australia and Herbert Smith Freehills. Prue brings to Helia more than 30 years of experience across a range of areas including corporate governance, mergers and acquisitions, litigation, compliance and legal risk management. Prue holds a Bachelor of Economics and a Bachelor of Laws from Monash University, a Master of Laws from the University of Sydney and is a Graduate of the Australian Institute of Company Directors and holds a Graduate Diploma in Company Secretarial Practice from the Governance Institute of Australia.

Assistant company secretary

Brady Weissel

Brady Weissel was appointed Assistant Company Secretary on 10 March 2016. Brady joined Helia as a Corporate Counsel in July 2014. 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.

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	8	8	5	5	–	–	–	–	–	–	–	–
Pauline Blight-Johnston	8	8	5	5	3	3	–	–	–	–	–	–
David Foster[1]	2	2	–	1	–	–	–	–	–	–	2	2
Gai McGrath	8	8	5	5	–	–	6	6	5	5	5	5
Alistair Muir	8	8	3	5	–	–	4	4	5	5	3	3
Leona Murphy[2]	1	1	2	2	–	–	1	1	1	1	–	–
Gerd Schenkel	8	8	5	5	–	–	6	6	4	4	3	3
Andrea Waters	8	8	5	5	3	3	6	6	5	5	5	5
Duncan West	8	8	4	5	–	–	5	6	5	5	5	5

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. Resigned as a director effective 31 March 2022.
2. Appointed as a director effective 1 November 2022.

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 2022 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 2023. 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 did not provide non-audit services during the year (2021: $35,000, excluding GST). The directors are satisfied that the provision of non-audit services during 2021 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 2022, 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 2022.

It has been a memorable year for Helia – we finalised our separation from Genworth Financial, Inc. (GFI) and re-branded under a new name, logo and identity.

At the same time, we continued to execute on our multi-year strategy to:

- ***Enhance*** the efficiency and competitiveness of our core Lenders Mortgage Insurance (LMI) business;
- ***Evolve*** our offering by re-imagining LMI for a new generation of home buyers; and
- ***Extend*** our business by creating complementary and sustainable revenue streams.

We have continued to develop our organisation and our people with a renewed focus on investing in their capabilities, including through a new leadership curriculum, a revitalised Employee Value Proposition and concerted efforts to reduce the gender pay gap and increase women in leadership positions. This was coupled with an ongoing focus on embedding risk management practices and behaviours within the organisation's operational activities and on strengthening the link between sound risk management and remuneration outcomes.

As part of our renewed approach to Sustainability in 2022, we are working to integrate our Sustainability approach across our business, with a specific commitment to demonstrating good corporate citizenship.

While the economic outlook is uncertain, Helia continues to lay the foundation for strong and sustainable outcomes and ensure our enduring ability to accelerate financial wellbeing through home ownership now and for the future.

2022 Performance and remuneration outcomes

Financial performance

The 2022 economic environment was favourable for Helia and helped to maintain strong financial performance, despite increasingly uncertain future economic conditions. Performance Net Profit After Tax (NPAT) was $292 million, a 25% increase from 2021. In line with market trends, Gross Written Premiums (GWP) fell from $550 million to $320 million. Capital management activities continued through 2022 with the successful completion of a share buy-back of $181 million (maximum aggregate value) and the payment of ordinary and special dividends of 36.0c per share. We have also declared a final ordinary dividend and special dividend totaling 41c per share.

Strategic performance

Long-term strategic performance is particularly important to Helia and a strong performance was reflected in:

- 100% success rate on the renewal of exclusive contracts, including our largest customer;
- the acquisition of two new five-year exclusive contracts;
- investment into lending provider, Household Capital, a leading provider of reverse mortgages;
- development of new LMI offerings in new markets; and
- on-going development of a new deposit gap product.

In addition, the success of cultural initiatives was reflected in improved employee engagement and culture survey results with an engagement score increase of 8 points, culture score increase of 3 points and risk culture score increase of 4 points. We also received positive feedback from our people around the quality of new learning opportunities and our on-going emphasis on flexible working. A key strategic goal was achieved by the termination of the fourteen year-old Genworth Financial Mortgage Insurance Employee Collective Agreement in the Fair Work Commission. This has been replaced with individual contracts which are more suitable and flexible for the size and culture of our organisation.

Pleasingly our commitment to executing our Diversity and Inclusion strategy saw Helia exceed our target of 40% women in leadership positions (now at 44%) reduce our gender pay gap further to 6.5% and receive the WGEA Gender Equity Employer of Choice award for the eighth consecutive year. We also launched the first phase of Helia's Reconciliation Action Plan – Reflect, through which we have begun to develop relationships with First Nations communities.

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 and for our people, shareholders and the community.

Underpinning our strong strategic performance was Helia's strong risk management practices, which we continue to build on. In 2022, we:

- refined our approaches to key risks including underwriting and cyber;
- decreased our exposure to technology failure by successfully implementing key enhancements to our core systems;
- developed our approach to incident management, including through the implementation of a new risk incident system; and
- strengthened the alignment between risk and remuneration outcomes for executives through the implementation of specific risk Key Performance Indicators, supported by a risk modifier for in-year adjustments.

2022 Remuneration outcomes

Considered along-side Helia's business performance, financial and non-financial risk outcomes and the prevailing employment environment, the Board has approved:

- average fixed remuneration outcomes for executive KMP of 4.2%.
- group short-term incentive (STI) funding pool of 114.2%; and
- short-term incentive outcomes for executive KMP ranging between 91% and 137% of target.

A performance test of the 2020 Long-term Incentive (LTI) grant indicates the relative TSR (rTSR) component achieved an outcome of below threshold against the peer comparator group, balanced by overperformance on the underlying return on equity (ROE) component being above target. This resulted in a vesting outcome of 25%. The grant remains subject to an additional one-year deferral period. More details on these outcomes are outlined in section 2.2.

2023 Approach to remuneration

A robust remuneration framework plays an important role in positioning Helia as the leading choice for flexible home ownership solutions by attracting, motivating, and retaining high calibre talent. This requires continuous review to align with better practice and our strategic, shareholder and regulatory expectations.

Following a review of the executive performance framework in 2021, 2022 saw the implementation of these changes, namely:

- increased STI targets for the CEO, CFO and COO by 10%;
- increased deferred STI quantum and duration, to now defer 50% to vest in two equal tranches over two years;
- extension of the LTI performance period from three to four years;
- increased LTI grant for our CEO;
- introduction of a formalised risk modifier for executive STI outcomes;
- introduction of individual risk measures for each executive; and
- an updated Remuneration Policy, to reflect better practice.

In 2023, Helia will further enhance the framework with a focus on its alignment to prudent risk management, in anticipation of APRA's Prudential Standard CPS 511 Remuneration (CPS 511) which will be effective 1 January 2024, and the proposed Financial Accountability Regime (FAR). Specifically, we will:

- embed our refreshed Remuneration Policy, with a focus on remuneration governance structures and practices to more clearly articulate how risk outcomes are reflected within remuneration outcomes;
- identify further opportunities to strengthen the link between remuneration and risk; and
- review the pay mix to ensure there is an appropriate focus on longer-term performance. For example, increasing the LTI target for the CEO to 106% of Total Fixed Remuneration (TFR), to reflect this longer-term focus.

In addition, Helia will adjust the measures for the 2023 LTI grant, in light of the Australian Accounting Standards Board's new standard AASB 17 Insurance Contracts (AASB 17), which will have a determinative effect on underlying ROE. The Board remains committed to ensuring hurdles retain an appropriate level of stretch and that the 2023 LTI plan will be designed based on the same fundamental principle of motivating and retaining employees by:

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

Once the full impacts of AASB 17 are known, we will release supplementary commentary outlining further details on 2023 LTI plan, if considered appropriate.

To reflect their increasing scope and workload, the Board reviewed Director fees and has resolved to increase them with effect from 1 January 2023, with actual spend being $1.215 million, taking the utilisation of the current aggregate fee cap to 69%. This increase has been made to reflect the addition of one new Director, Leona Murphy, who was appointed 1 November 2022, and in conjunction with a re-balancing of Committees and reduction in Committee membership. The increases are also the first since 2016, with the exception of the Risk Committee Chair who received an increase 1 October 2021.

Finally, as announced in the 2021 Remuneration Report, Helia successfully completed its first issue under the Employee Share Scheme (ESS) in 2022, with 151 employees participating. 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 Boards' strong desire for equity ownership amongst Helia employees. The ESS will be offered again in 2023.

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

Duncan West

Duncan West
Chairman – Remuneration and Nominations Committee

Remuneration report continued

1. Remuneration framework

1.1. Our remuneration principles

Helia's remuneration strategy is built upon principles that facilitate our purpose to accelerate financial wellbeing through home ownership, now and for the future, by:

1. Driving alignment between the Company's management and its shareholders;
2. Providing a clear link between sustainable Company and individual performance and remuneration outcomes, ensuring alignment with Helia's short and long-term objectives;
3. Encouraging behaviour that aligns with Helia's values, performance and risk management framework (both financial and non-financial risk, including conduct risk);
4. Ensuring competitive remuneration pitched at the median of the market to attract and retain quality talent, with flexibility to target at the upper quartile of the range; and
5. Meeting regulatory changes and requirements, supporting strong governance and accountability across Helia.

1.2. Our remuneration governance framework

Board:

The Board retains ultimate responsibility for managing Helia's remuneration practices in a sound and prudent manner, to align organisational and shareholder objectives and ensure sustainable outcomes. This includes approving the Remuneration Policy, executive remuneration outcomes and monitoring the effectiveness of remuneration practices.

Remuneration and Nominations Committee (the Committee):

Interacts with the Risk Committee and relevant Risk and Financial Control Personnel to assist the Board in fulfilling its responsibilities to shareholders and regulators in relation to:

- remuneration policy, strategy and outcomes (including CEO outcomes);
- board effectiveness and renewal; and
- diversity and inclusion, talent and succession planning.

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 broader community.

Independent risk assessment:

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

- An overall assessment of organisational risk culture.
- An individual assessment of performance against specific risk measures for each executive.
- A recommendation on whether and how the risk modifier should be applied at an organisation or individual level.

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 Advisors:

Independent advisors are engaged to assist the Committee in providing external benchmarking for executive remuneration. No remuneration recommendations were sought or received from external advisors during 2022.

Other stakeholders:

Feedback from shareholder interest groups is considered in determining remuneration outcomes.

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 governance framework and incentive structures.

Both the Board and the Remuneration and Nominations Committee have accountability for developing and promoting strong risk management practices. This is articulated through:

- remuneration frameworks, policies and practices that are designed to support Helia's desired risk culture, with respect to financial and non-financial risk, and align to our Risk Management Framework and Risk Appetite Statement;
- maintaining an understanding of significant risks through unfettered access to the Risk Committee and CRO;
- remuneration outcomes including a strong voice of Risk through:
  - All employee performance goals including a risk measure, reflective of their specific risk accountabilities;
  - Performance assessments considering performance against their risk measure and how outcomes have been achieved in line with desired risk behaviours;
  - An independent CRO assessment of executive risk performance and overall risk culture;
  - Reporting which assists the Board and Remuneration and Nominations Committee in understanding remuneration outcomes for executives and Risk and Financial Control Personnel[1]; and
  - Board discretion to adjust outcomes based on adverse risk events or exemplary risk behaviour, through application of in-year modifier, malus or clawback.

2022 saw Helia's approach to integrating risk into remuneration evolve in a number of ways, including:

- a refreshed Remuneration Policy to help employees unpack the rationale behind each component of their remuneration, its alignment to Helia's strategy and risk management framework and how risk is considered in determining outcomes;
- greater formal access to and interaction with key risk data and personnel through regular CRO 'Risk Culture Dashboard' updates to the Risk Committee, which provides insights on the organisation's risk mindset, such as creating a strong 'speak up' culture and approach to management of risk incidents;
- development and deployment of a risk modifier for positive or negative adjustments (with a potential to reduce outcomes to zero) in the executive remuneration framework;
- development and deployment of a detailed independent CRO assessment of individual executive risk performance and overall contribution to organisational risk culture.

Work continues in 2023 to align with CPS 511, effective 1 January 2024. The proposed introduction of the FAR, which currently remains a live issue, will also be a priority for 2023 to ensure internal mechanisms are in place to support compliance with the legislation once finalised.

1 As per paragraph 18(r) of CPS 511, Risk and Financial Control Personnel constitute those whose primary role is in risk management, compliance, internal audit, financial control or actuarial control. Helia's Senior Leadership Team constitute Senior Managers for the purposes of paragraph 18(s) of CPS 511. There are no employees who satisfy the requirements of Material Risk Takers or Highly Paid Material Risk Takers, as defined under paragraphs 18(f) and 18(j) CPS 511.

Remuneration report continued

2. Executive Key Management Personnel (KMP) remuneration

2.1. Overview of Helia's KMP in 2022

Throughout this report, KMP refers to those responsible for planning, directing and controlling the activities of the Company, made up of independent Non-Executive Directors (NEDs), the CEO and nominated executives. Please refer to Section 7 for details relating to independent NEDs.

Name	Position	Term as KMP
Non-executive directors		
Ian MacDonald	Chairman	Full Period
Gai McGrath	Independent Director	Full Period
Alistair Muir	Independent Director	Full Period
Leona Murphy	Independent Director	1 November – 31 December 2022
Gerd Schenkel	Independent Director	Full Period
Andrea Waters	Independent Director	Full Period
Duncan West	Independent Director	Full Period
Former Non-Executive Directors		
David Foster	Independent Director	1 January – 31 March 2022
Executive KMP		
Pauline Blight-Johnston	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)	15 August – 31 December 2022

2.2. Executive KMP remuneration summary

Helia's executive KMP 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 STI 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 customer outcomes; and
- operating within Helia's risk management framework and relevant regulatory requirements (in particular, APRA Prudential Standard CPS 510 Governance and CPS511).

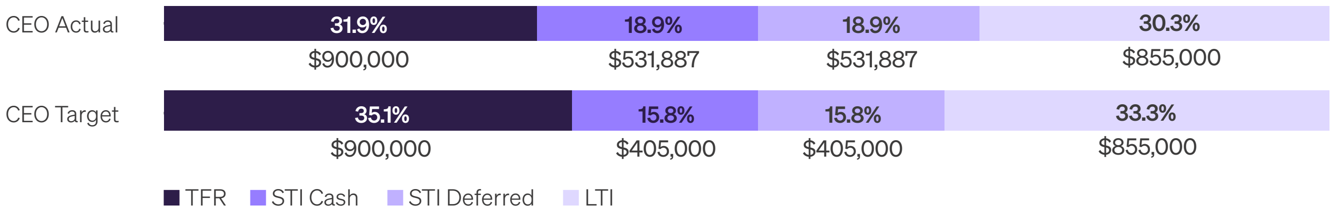
These objectives are reflected in the graphs below, demonstrating executive KMP remuneration delivery and pay mix in 2022.

Fixed Remuneration Pitched at the median of the market range	Inclusive of base, superannuation and other benefits			
STI Performance against financial and strategic metrics	50% cash			
	25% grant of share rights deferred for 12 months			
	25% grant of share rights deferred for 24 months			
LTI Awards that align to longer-term Company performance (rTSR and ROE)	Performance rights settled in shares, subject to four-year performance period			
	Year 1	Year 2	Year 3	Year 4

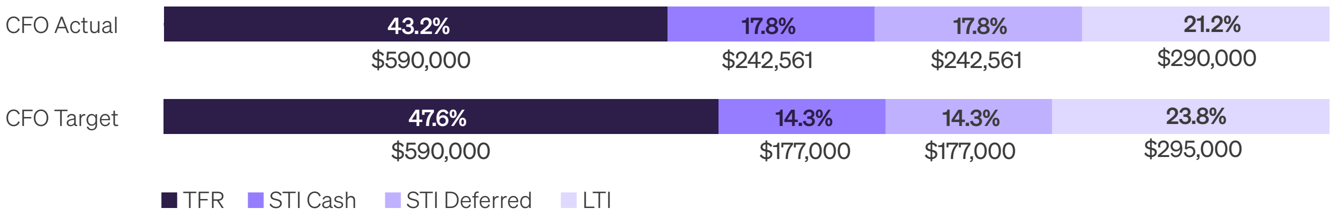
2022 target and actual mix of pay

(relative weight of each component as a proportion of total remuneration as at 31 December 2022)

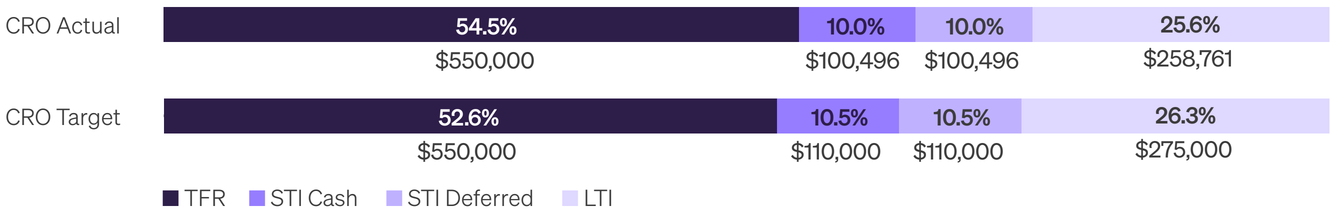
Pauline Blight Johnston – CEO



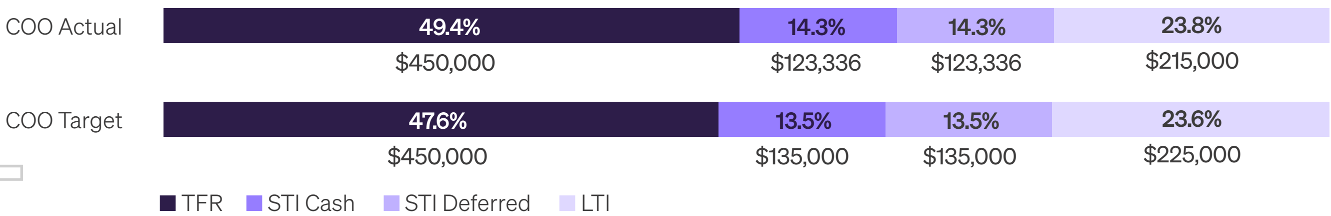
Michael Cant – CFO



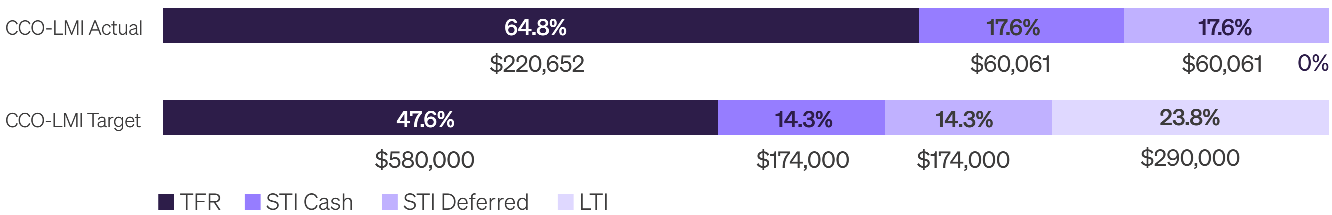
Andrew Cormack – CRO



Jeremy Francis – COO



Greg McAweeney[1] – CCO



1. Mr McAweeney's target values are not pro-rationed to reflect his start date of 15 August 2022.

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

Remuneration report continued

The table below provides a summary of the remuneration received by executive KMP for the year ended 2022. This table is for general information and is supplementary to the statutory requirements contained in sections 6 and 7. It is not prepared in accordance with accounting standards, as it includes both contracted and actual remuneration received over the calendar year and excludes leave accruals, fringe benefit tax attributed to insurances and other non-monetary benefits.

2022 Take-home pay summary (unaudited) as at 31 December 2022

				AT-RISK/PERFORMANCE REMUNERATION				
		FIXED REMUNERATION		SHORT-TERM INCENTIVE (STI)			LONG-TERM INCENTIVE (LTI)	
Name and position		Contract TFR[1]	Actual TFR received[2]	STI target[3]	Current year STI non-deferred component[4]	Prior year STI deferred component[4]	LTI Grant[5]	LTI vested[6]
Executive KMP								
Pauline Blight-Johnston	2022	$900,000	$900,000	$810,000	$531,887	$330,000	$855,000	–
Chief Executive Officer (CEO)	2021	$900,000	$900,074	$720,000	$660,000	–	$720,000	–
Michael Cant[7]	2022	$590,000	$588,348	$354,000	$242,561	$26,060	$290,000	–
Chief Financial Officer (CFO)	2021	$580,000	$160,194	$76,274	$52,121	–	–	–
Andrew Cormack	2022	$550,000	$544,587	$220,000	$100,496	$70,728	$258,761	$232,982
Chief Risk Officer (CRO)	2021	$517,523	$517,523	$207,009	$141,456	–	$207,009	$256,791
Jeremy Francis[8]	2022	$450,000	$446,814	$270,000	$123,336	$73,630	$215,000	–
Chief Operating Officer (COO)	2021	$430,000	$295,413	$147,260	$147,260	–	$147,260	–
Greg McAweeney[9]	2022	$580,000	$220,652	$131,483	$60,061	–	–	–
Chief Commercial Officer – LMI (CCO-LMI)	2021	–	–	–	–	–	–	–

1. Contract total fixed remuneration shows the fixed remuneration an individual is entitled to receive for a full year of service under their employment contract as at the end of the reporting period.
2. Actual TFR received shows the fixed remuneration earned throughout each disclosed year as a KMP and may be different to contract TFR due to increases as part of the annual remuneration review effective 1 March and partial years served.
3. STI target is pro-rated for partial years served where applicable.
4. Current year STI non-deferred component represents the actual STI to be paid in March 2023 being 50% of the 2022 STI award. The remaining 50% of the 2022 STI award is deferred in two tranches, 25% of the 2022 STI for one year and the remaining 25% for two years and will be paid in March 2024 and March 2025 respectively. The prior year STI deferred component represents 33% of the 2021 STI award. Refer sections 3 and 5 for more details.
5. The LTI grant reflects the face value of the LTI grant awarded during the respective year.
6. Represents the dollar value of vested awards as at the date of vesting under the Helia LTI plan that vested during FY2022. For 2022, this includes the 2019 LTI plan. Refer to sections 3 and 5 of this report for more detail.
7. The lower 2021 target incentive value for Mr Cant reflect pro-ration for his commencement part-way through 2021, being on 27 September 2021.
8. The lower 2021 target incentive value for Mr Francis reflect pro-ration for his commencement part-way through 2021, being on 26 April 2021.
9. The lower 2022 target incentive value for Mr McAweeney reflect pro-ration for his commencement part way through 2022, being on 15 August 2022.

3. Executive remuneration in detail

3.1. Total fixed remuneration

Total Fixed Remuneration is the sum of base salary and the value of guaranteed employee benefits such as superannuation and car parking.

TFR for executive KMP 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 KMP 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 median TFR figure from the benchmark data is used as the primary reference point for comparative purposes, and Total Reward (TFR plus target STI and LTI maximum opportunity) is used as a secondary reference point.

3.2. Short term incentives

Short term incentives 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, at the discretion of the Board.

In determining individual STI awards, 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. Recommendations take into account the STI pool funding percentage and the performance of the Executive KMP against individual and business performance goals, as well as the behaviour demonstrated by the Executive KMP in their role to ensure consistency with Helia's values. Individual Executive KMP goals align to the financial and operational objectives used to determine STI pool funding.

In 2022, the proportion and length of STI deferral for executive KMP was changed to align to better remuneration governance and market practice, such that:

- the proportion of STI to be deferred increased from 33.3% to 50.0%;
- the deferral timeframe was extended from one year to vesting in equal tranches after one year and after two years respectively; and
- the deferred STI component remains as share rights. Associated notional dividend equivalents are granted after vesting as additional share rights that vest immediately.

To account for the changes to STI deferral, the Board considered that executives should receive comparable value, and accordingly increased STI targets by 10% of TFR for the 2022 Plan. This change also better aligns to the benchmark comparator market and provides additional incentivisation for executives to execute the new Helia strategy. Note, the CRO's TFR was increased, rather than his target STI, so as not to increase the CRO's direct exposure to short term financial results, in line with market and regulatory best practice.

Further details of Helia's 2022 and 2023 STI plan and 2022 STI outcomes are listed below.

Remuneration report continued

2022 STI key characteristics

2022 STI features	Detail		
STI (% of TFR) by role	**Executive KMP**	**Target % (of TFR)**	**Maximum % (of TFR)**
	CEO:	90%	180%
	CFO, COO and CCO-LMI:	60%	120%
	CRO:	40%	80%
Performance objectives	**Financial objectives**	**Strategic objectives**	
	Performance NPAT (30%)	Execute key strategic priorities (40%)	
	Capital Management (15%)		
	Gross Written Premium (15%)		
Aggregate objective weighting	**Financial objectives**	**Strategic objectives**	
	60%	40%	
Performance period	1 January 2022 – 31 December 2022.		
Performance assessment	Helia's performance against each objective is evaluated to determine the STI pool funding percentage.		
Award determination	Combination of STI pool funding and individual performance. Awards are determined via Board and Committee review, recommendation and approval process. The Board and Committee have authority and discretion to adjust STI funding and individual awards (including to zero if appropriate).		
Payment date	On or around 15 March 2023.		
Payment method	STI – 50% of the award paid in cash (inclusive of superannuation). – 50% of the dollar value of award converted to a grant of share rights (subject to vesting conditions) and deferral periods.		
Deferral period	50% of the Deferred STI component deferred for 12 months from 1 March 2023 with the remaining 50% deferred for 24 months from 1 March 2023.		
Deferred STI vesting conditions	Continuous active employment for 12 months and 24 months respectively, from grant date. 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.		
Share rights grant calculation	The number of share rights is determined by dividing the deferred STI dollar value by a 10-day Volume Weighted Average Price (VWAP) as at 31 December 2022. 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.		
Treatment of dividends calculation	Dividends, or the value of any dividends, are not received on unvested share rights. Notional dividend equivalents accrue during the deferral period and 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 a 10-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 satisfy vested share rights delivered through the STI plan via the issuance of new shares or via an on-market purchase.		

Treatment of terminated Executive KMP	Eligibility for an STI 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 KMP are ineligible for an STI award, and unvested share rights lapse. In the event of termination with 'Good Leaver' status (retirement, redundancy, death or permanent disability or as determined by the Board) – a pro-rated portion of STI may be awarded at the Board and Committee's discretion. Treatment of unvested STI deferred share rights is at the Board and Committee's discretion and may be pro-rated, remain subject to the original vesting schedule, or converted to cash.
Change of control	Board has discretion.

2023 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%)	2023 strategic objectives include revenue expansion via customer retention and acquisition, revenue diversification, implementation of system enhancements and efficiencies and continued improvements in engagement, culture and risk culture.

2022 STI outcomes

	Target STI (% of TFR)	Target STI ($)	Max STI ($)	Cash STI awarded[1]	Deferred STI awarded	Deferred STI share rights[4]	Total STI awarded ($)	Actual STI awarded (% of TFR)	Actual STI awarded (% of max)	STI not awarded (% of max)
Executive KMP										
M Blight-Johnston[2] CFO	90%	$810,000	$1,620,000	$531,887	$531,887	190,013	$1,063,773	118%	66%	34%
M Cant CFO	60%	$354,000	$708,000	$242,561	$242,561	86,653	$485,122	82%	69%	31%
A Cormack CRO	40%	$220,000	$440,000	$100,496	$100,496	35,901	$200,992	37%	46%	54%
J Francis[2] COO	60%	$270,000	$540,000	$123,336	$123,336	44,061	$246,672	55%	46%	54%
G McAweeney[3] CCO-LMI	60%	$131,483	$262,965	$60,061	$60,061	21,456	$120,122	21%	46%	54%

1. Cash STI awarded figure is inclusive of superannuation.
2. Ms Blight-Johnston and Mr Francis' respective Total STI awarded figures have been rounded to the nearest whole dollar.
3. Mr McAweeney's 2022 amounts have been pro-rated for his start date of 15 August 2022.
4. Deferred STI share rights have been calculated using a VWAP as at 31 December 2022.

Remuneration report continued

3.3. Long-term incentives

Long-term Incentives seek to motivate and retain Executive KMP 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. Grants are made through performance-based share rights, which vest upon company achievement against underlying ROE and rTSR hurdles measured across a four-year performance period. This has changed from a three-year performance period plus one year deferral of LTI plan of prior years, to better align to market practice and incoming regulatory change.

Consideration is being given to the impact of AASB 17 on underlying ROE, as it impacts active grants made in 2021 and 2022 and the new 2023 LTI grant. The Board remains committed to ensuring LTI targets retain a consistent level of stretch and will disclose further details on the 2023 LTI grant later in 2023 if required.

Further details of Helia's 2022 and 2023 LTI plan is provided below.

<table>
<tr><th>LTI 2022 features</th><th>Detail</th></tr>
<tr><td>LTI % by Executive KMP role</td><td><table><tr><th>Executive KMP</th><th>Grant % (of TFR)</th></tr><tr><td>CEO</td><td>95%</td></tr><tr><td>Other KMP</td><td>50%</td></tr></table></td></tr>
<tr><td>Performance metrics</td><td>Underlying ROE:
25% of the 2022 LTI grant. 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 upper end of the Board's target range above the 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 strategic priorities.
Relative TSR:
75% of the 2022 LTI grant. Calculated as the total return to shareholders (share price movement including 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.</td></tr>
<tr><td>Relative TSR comparator group</td><td>ASX top 200 financial services companies excluding Real Estate Investment Trusts (REITs).</td></tr>
<tr><td>Vesting scales summary</td><td><table><tr><th>Vesting %</th><th>0%</th><th>50%</th><th>60%</th><th>70%</th><th>80%</th><th>90%</th><th>100%</th></tr><tr><td>Underlying ROE</td><td><7.0%</td><td>7.0%</td><td>7.7%</td><td>8.4%</td><td>9.1%</td><td>9.8%</td><td>10.5%</td></tr><tr><td>Relative TSR</td><td><50th</td><td>50th</td><td>55th</td><td>60th</td><td>65th</td><td>70th</td><td>75th</td></tr></table></td></tr>
<tr><td>Vesting summary</td><td>Vesting occurs on a straight-line basis between the summary points above and each performance metric is measured and vests (as applicable) independently of the other.</td></tr>
<tr><td>Performance period</td><td>1 January 2022 – 31 December 2025. The 2022 performance period was increased from a three-year period to a four year period.</td></tr>
<tr><td>Performance assessment</td><td>Performance to be assessed in 1Q26. There is no retesting of grants.</td></tr>
<tr><td>Deferral period</td><td>No further holding lock.</td></tr>
<tr><td>Vesting period</td><td>Four years from the start of relevant performance period.</td></tr>
</table>

LTI 2022 features	Detail
Award determination	At the end of the performance period, final vesting percentages are determined via a Board and Committee review, recommendation and approval process. The Board and the Committee have authority and discretion to adjust LTI vesting % and individual awards (including to 0% of grant if appropriate).
Payment method	Grant of share rights. Vested share rights entitle the holder to ordinary shares in the Company for nil consideration. The Company retains discretion to satisfy vested share rights delivered through the LTI plan via the issuance of new shares or via an on-market purchase.
Vesting conditions	Continuous active employment for four years from grant date. 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.
Share rights grant calculation	The number of share rights was determined by dividing the grant value by a 10-day VWAP as at 31 December 2021. 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.
Treatment of dividends	Dividends, or the value of any dividends, are not received on unvested share rights. Notional dividend equivalents are only provided following the completion of the four-year vesting period and only on share rights that vest based on the satisfaction of performance hurdles. This is calculated by taking the value of dividends distributed during the vesting period, applying the final vesting percentage and dividing by a 10-day VWAP as at the vesting date, in whole share rights.
Treatment of terminated Executive KMPs	Eligibility for an LTI grant or award is contingent on active, continuous employment throughout the vesting period. In the event of resignation/termination, unvested share rights lapse except as provided at the discretion of the Board for a 'Good Leaver'.
Change of control	Board has discretion.

2023 LTI key characteristics

LTI 2023 features	Detail
Performance measures	**Underlying ROE:** 25% of the 2023 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 above the Prescribed Capital Amount of 1.60x). 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 2023 LTI grant. Calculated as the total return to shareholders (share price movement including 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	Top ASX 200 financial services companies excluding REITs.

Remuneration report continued

3.4. Contractual arrangements

Summary of contract details

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, any unused annual and long-service leave owing only.	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, any unused annual and long-service leave owing only.	

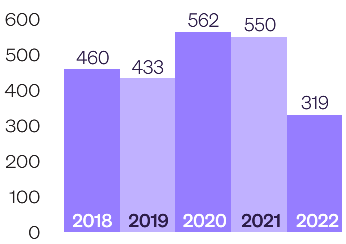
4. 2022 Performance

4.1. Key measures of success

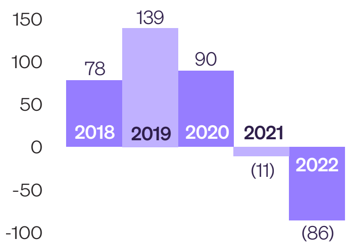
Assessment of Helia's performance in 2022 was considered in line with our key measures of success:

- enhancing profitability and growing new business within risk-adjusted return parameters by delivering against Performance NPAT and Gross Written Premium targets, achieving $292 million and $319.9 million, respectively, in 2022.
- proactively managing our capital structure to optimise returns for shareholders, with the successful completion of a $181 million (maximum aggregate value) share buy-back.
- leveraging our enhanced core capabilities by:
  - improving the efficiency and competitiveness of the core LMI offering, having retained existing exclusive contracts, and obtaining two new exclusive contracts;
  - evolving LMI to respond to the changing needs of our customers and partners including lenders, brokers and borrowers, through the introduction of a new LMI product in the Self-Managed Superannuation Fund (SMSF) market and development continuing in the National Disability Insurance Scheme (NDIS) and Small-to-Medium Enterprise (SME) markets; and
  - pursuing revenue diversification opportunities that leverage Helia's core capabilities where we have or can build competitive advantage, with investment into lender Household Capital and development of a product with deposit gap lending provider OSQO, nearing entry to market.
- continuing to develop an organisational culture that is inclusive, supports our strategic objectives and enables Helia to adapt and grow in a changing environment, evident in improvements in culture (3%), engagement (8%) and risk culture (4%) scores within our 2022 employee engagement survey results.

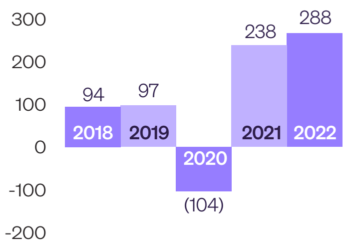
Gross Written Premium ($m)



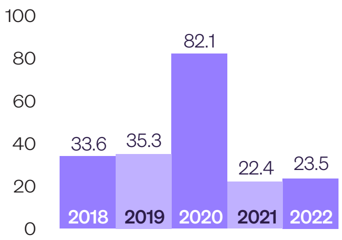
Net Investment Income ($m)



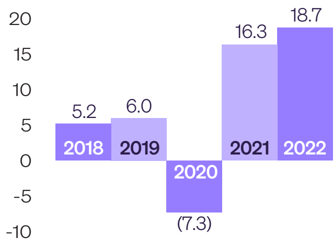
Underlying NPAT ($m)



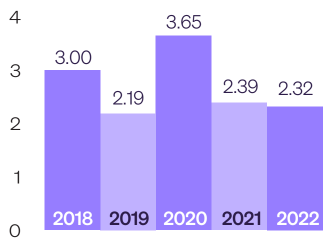
Expense Ratio (%)



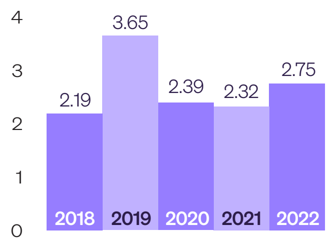
Underlying ROE(%)



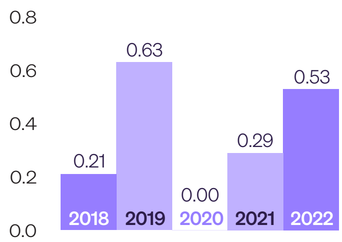
Share price at start of reporting period ($)



Share price at end of reporting period ($)



Dividends paid ($)



4.2. Financial performance

Despite the increasingly subdued economic conditions impacting growth, Helia has continued to maintain strong profitability and capital returns in 2022 through our focus on leveraging our core capabilities for existing clients and expanding into new areas.

Summary of Helia's performance (2018–2022)

Financial results	2018	2019	2020	2021	2022
Gross Written Premium ($m)	$460.2	$433.2	$561.7	$549.6	$319.9
Net Investment Income ($m)	$77.9	$139.1	$89.9	($10.6)	($85.6)
Underlying NPAT ($m)	$93.9	$97.0	($104.3)	$237.8	$288.4
Expense Ratio	33.6%	35.3%	82.1%	22.4%	23.5%
Underlying ROE[1]	5.2%	6.0%	(7.3%)	16.3%	18.7%
Dividends paid[2]	$0.210	$0.626	$0.000	$0.290	$0.53
Share price at start of reporting period	$3.00	$2.19	$3.65	$2.39	$2.32
Share price at end of reporting period	$2.19	$3.65	$2.39	$2.32	$2.75

1. Underlying ROE is calculated by dividing underlying NPAT by the average of the opening and closing underlying equity balance for a financial period.
2. Reflects dividends related to the performance year paid or subsequently declared.

4.3. Strategic performance

Underpinning our financial performance, progress continues in implementing our multi-year strategy to *Enhance, Evolve and Extend* through strong client management and acquisition, a continued focus on improving the efficiency of our internal operations, the growth and development of our people and continuing to strengthen our organisational culture, with a view to adapt and evolve for the future.

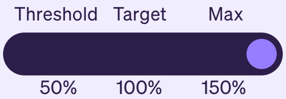
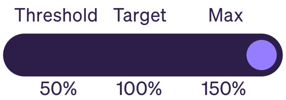
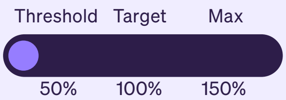
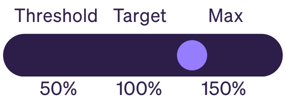
Remuneration report continued

5. 2022 Remuneration outcomes

5.1. Performance and STI outcomes

Assessment of Helia's performance in 2022 against the STI scorecard measures, including an independent assessment by the CRO which concluded no risk events materialised during the year, resulted in a funding pool of 114.2%. Further detail on the measures and the Board's assessment of Helia's performance is listed below.

2022 STI performance objectives and Board assessment of performance

STI performance objective & weighting	Rationale	Scorecard result	Assessment of 2022 performance
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.		Performance Net Profit After Tax (NPAT) of $292 million, a 25% increase from $233.8 million in 2021 reflecting Helia's continued strong positioning within the market and proactive engagement with lenders. This constitutes achievement above the stretch target.
Capital Management (15%)	Prudent and efficient management of capital. Reflects proactive management of our capital structure to optimise returns for shareholders.		Capital management initiatives resulted in a successful share buy-back of an aggregate value of $181 million over the course of 2022 and the payment of ordinary and special dividends of 36.0c per share. We have also declared a final ordinary dividend and special dividend totaling 41c per share. This represents achievement above the stretch target.
Gross Written Premium (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).		Gross Written Premiums (GWP) of $319.9 million, were down by 42% from 2021, largely due to reduced new business commitments, particularly in respect of high Loan-to-Value Ratio (LVR) lending. This constitutes achievement below threshold target.
Strategic Priorities (40%)	2022 strategic objectives include revenue expansion via customer retention and acquisition, revenue diversification, implementation of system enhancements and efficiencies and continued improvements in engagement, culture and risk culture.		• Retained all exclusive customers and secured two new exclusive five-year contracts; • Launched a number of new LMI offerings to cater to borrower needs, including SMSF LMI and CBA shortfall waiver with development well underway for CBA Green Loans, NDIS LMI and SME LMI; • Continued product development to diversify revenue streams; • Investment into Household Capital; • Embedding of cultural frameworks and initiatives reflected in improved risk culture, culture and engagement survey outcomes, up by 8%, 3% and 5%, respectively; • Successfully managed GFI separation activities, on time and under budget; and • Successfully identified and executed opportunities to streamline internal business processes, including re-platforming and IT efficiency and modernisation work. Taken in aggregate, this constitutes achievement above target.

5.2. Performance and LTI outcomes

2019 LTI grant

In December 2022, participants in the 2019 LTI grant received shares in line with performance against underlying ROE and relative TSR, measured over the period January 2019 to January 2021 and subject to a further one-year deferral period. Prior to vesting, all outcomes were subject to an independent assessment by the CRO to determine whether adjustments were required in light of any material risk events. The assessment deemed there were no material risk events requiring adjustment to final vesting outcomes.

2020 LTI grant

In January 2020, participants in the 2020 LTI grant 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 2020 to 31 December 2022. A 12-month deferral period applies from the end of the relevant performance period (31 December 2022), meaning the Performance Rights will vest in 1Q24. 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. The vesting outcomes for this grant are outlined below.

LTI performance objective & weighting	Scorecard Result	Drivers of performance
Underlying ROE (25%)		100% of the underlying ROE component will vest, representing 25% of the overall grant. This is due to the strong NPAT results delivered over the period.
Relative TSR (75%)		The TSR outcome for Helia across the measurement period was achievement at the 29th percentile (i.e. between the lower quartile and median). Accordingly, 0% of the relative TSR component will vest, representing 0% of the overall grant.

Remuneration report continued

6. KMP statutory remuneration disclosures

Statutory remuneration table – 1 January to 31 December 2022

		Short-term employee benefits				Post-employment benefits	Long-term employee benefits			Other		
KMP		Cash salary[1] $	Other benefits[2] $	Cash STI awarded[3] $	Share-based payments: Deferred STI[4] $	Super benefits $	Annual leave[5] $	Long service leave[5] $	Share-based payments: RSUs[6] $	Termination benefits $	Total $	Performance related remuneration[7] %
Executive KMP												
P Blight-Johnston	2022	$866,458	$15,613	$531,887	$359,033	$24,430	$21,910	$22,159	$178,057	–	$2,019,547	53%
CEO	2021	$871,355	$11,964	$660,000	$152,308	$22,631	$1,804	$13,242	$165,566	–	$1,898,870	51%
M Cant	2022	$557,618	$9,973	$242,561	$106,302	$24,430	$17,051	$4,107	$26,461	–	$988,503	38%
CFO	2021	$147,555	$1,414	$52,121	$12,028	$11,693	$18,021	$2,122	–	–	$244,954	26%
A Cormack	2022	$520,157	$3,864	$100,496	$71,703	$24,430	-$6,094	$1,010	$109,306	–	$824,872	34%
CRO	2021	$494,892	$2,665	$141,456	$32,644	$22,631	-$10,550	$13,666	$197,226	–	$894,630	42%
J Francis	2022	$421,849	$2,419	$123,336	$81,919	$24,430	$10,123	$5,710	$28,914	–	$698,700	34%
COO	2021	$276,883	$2,529	$147,260	$33,983	$17,208	$21,951	$1,100	$13,517	–	$514,431	38%
G McAweeney[8]	2022	$208,006	$2,381	$60,061	$23,344	$12,646	$6,108	$513	–	–	$313,059	27%
CCO-LMI	2021	–	–	–	–	–	–	–	–	–	–	–

1. Cash salary consists of base salary and any salary sacrifice arrangements.
2. Other benefits include 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. 2022 deferred STI Award represents a 12-month portion of 33% of the 2021 STI, deferred for one year, plus a 12-month portion of 25% of the 2022 STI, deferred for one year, and a 12-month portion of 25% of the 2022 STI, deferred for two years. The value disclosed is the value of the equity instruments recognised as an expense in this reporting period. 2021 figures have been restated recognising a change in the expense accounting treatment. The STI deferral portion was expensed over the performance period rather than performance and deferral period.
5. Annual leave and long service leave represent the movement in the accrued leave balances for the year. As Annual leave amounts for the prior period were not disclosed, these amounts have been restated.
6. 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 for the 2020, 2021 and 2022 LTI grants and vested 2019 LTI awards. Prior year amounts for Ms Blight-Johnston, Mr Cormack and Mr Francis have been re-stated to reflect changes to the expense accounting treatment and remove the impacts of market conditions post the initial grant date.
7. Performance related remuneration comprises short-term and long-term variable payments presented as a percentage of total remuneration. 2021 figures have been restated to incorporate share-based payments (RSU's) previously excluded from this calculation.
8. Mr McAweeney's amounts are pro-rationed to reflect his appointment on 15 August 2022.

Share right holdings for the reporting period ended 31 December 2022

						MOVEMENT DURING THE YEAR				
Name and position	Grant detail	Grant date[1]	Issue price[2]	Vesting date	# Held 31/12/21	Number granted	Forfeited	Vested	Exercised	# Held 31/12/22
Executive KMP										
P Blight-Johnston CEO	Deferred STI '20	6 May '21	$2.31	1 Mar '22	–	–	–	–	–	–
	Deferred STI '21	19 May '22	$2.37	1 Mar '23	–	139,387	–	–	–	139,387
	LTI '20	7 May '20	$3.73	31 Dec '23	160,681	–	–	–	–	160,681
	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
M Cant CFO	Deferred STI '21	1 Mar '22	$2.37	1 Mar '23	–	11,007	–	–	–	11,007
	LTI '21	1 Jan '21	$2.31	1 Mar '22	–	–	–	–	–	–
	LTI '22	1 Jan '22	$2.37	31 Dec '25	–	122,492	–	–	–	122,492
A Cormack CRO	Deferred STI '20	1 Mar '21	$2.31	1 Mar '22	–	–	–	–	–	–
	Deferred STI '21	1 Mar '22	$2.37	1 Mar '23	–	29,874	–	–	–	29,874
	LTI '18	1 Jan '18	$2.66	31 Dec '21	–	29,041	–	29,041	29,041	–
	LTI '19	1 Jan '19	$2.17	31 Dec '22	113,913	–	30,187	83,726	83,726	–
	LTI '20	1 Jan '20	$3.73	31 Dec '23	67,938	–	–	–	–	67,938
	LTI '21	1 Jan '21	$2.31	31 Dec '24	89,587	–	–	–	–	89,587
	LTI '22	1 Jan '22	$2.37	31 Dec '25	–	109,297	–	–	–	109,297
J Francis COO	Deferred STI '21	1 Mar '22	$2.37	1 Mar '23	–	31,100	–	–	–	31,100
	LTI '21	1 Jan '21	$2.31	31 Dec '24	63,729	–	–	–	–	63,729
	LTI '22	1 Jan '22	$2.37	31 Dec '25	–	90,813	–	–	–	90,813
G McAweeney[3] CCO-LMI	LTI '22	1 Jan '22	$2.37	–	–	–	–	–	–	–

1. Grant date represents the commencement of the performance period. For Ms Blight-Johnston, grant date represents the date her grants received shareholder approval at the Annual General Meeting.
2. Issue price is 10-day VWAP as at the relevant grant date.
3. Mr McAweeney's values reflect that he was appointed following the grant date.

Remuneration report continued

Executive KMP shareholdings for the reporting period ended 31 December 2022

	Balance at 31 Dec 21	Received via vesting/ exercising	Other changes[1]	Balance at 31 Dec 22
Executive KMP				
P Blight-Johnston – CEO	–	–	–	–
M Cant – CFO	–	–	–	–
A Cormack – CRO	226,739	112,767	-70,000	269,506
J Francis – COO	–	–	–	–
G McAweeney – CCO-LMI[2]	N/A	–	–	–

1. Acquisition or sale of shares on market.
2. Mr McAweeney was not yet appointed as a KMP in Helia at 1 January 2022 and his opening shareholding balance is therefore recorded as N/A.

Minimum shareholding requirement

To strengthen the alignment between executive KMP and shareholders, executive KMP are required to accumulate and maintain a minimum value of shares in Helia. The CEO is required to hold two times, and other executive KMP one times, TFR (the measurement date for TFR is as at listing or appointment date, as applicable). The value of shares is calculated by using the greater of the preceding 12-month average price or retail price at listing.

Executive KMP must meet the share ownership requirements within five years of appointment to their role. Share ownership requirements are tested each year. Until the ownership requirements are met, 25% of shares vested via equity plans (deferred STI component and LTI) must be retained.

7. Non-Executive Director remuneration

Remuneration structure

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. Director fees are reviewed annually and may be adjusted in line with market standards within the aggregate fee cap. As the focus of NEDs is principally the stewardship, strategic direction and medium to long-term performance of Helia, remuneration programs for NEDs are neither performance based or at risk.

Board base and committee fees remained unchanged in 2022. The aggregate fee cap also remained unchanged at $1.75 million. After GFI sold its majority shareholding in Genworth Australia (now Helia), David Foster's GFI designate status ceased to apply. David Foster ceased his role as a NED 31 March 2022.

2022 Non-Executive Director fees

		Board Committee Fees					
Board fees		Audit		Remuneration and nominations		Risk	
Chair $	Director $	Chair $	Member $	Chair $	Member $	Chair $	Member $
$265,000	$115,000	$24,000	$12,000	$24,000	$12,000	$30,000	$12,000

Statutory remuneration table – 1 January to 31 December 2022

KMP	Year	Fees	Other short-term benefits	Non-monetary benefits	Superannuation benefits	Total
Non-Executive Directors						
I MacDonald	2022	$240,626	–	–	$24,375	$265,001
Chairman	2021	$242,369	–	–	$22,631	$265,000
G McGrath[1]	2022	$153,289	–	–	$15,711	$169,000
Director	2021	$153,711	–	–	$14,980	$168,691
A Muir[2]	2022	$131,508	–	–	$13,492	$145,000
Director	2021	$9,621	–	–	$962	$10,583
L Murphy[3]	2022	$20,965	–	–	$2,201	$23,166
Director	2021	–	–	–	–	$0
G Schenkel[4]	2022	$139,422	–	–	–	$139,422
Director	2021	$10,583	–	–	–	$10,583
A Waters[5]	2022	$159,128	–	–	$3,872	$163,000
Director	2021	$167,190	–	–	–	$167,190
D West[6]	2022	$147,217	–	–	–	$147,217
Director	2021	$159,381	–	–	–	$159,381
Former Non-Executive Directors						
D Foster[7]	2022	$34,318	–	–	$3,432	$37,750
Director	2021	$145,240	–	–	$14,141	$159,381

1. Ms McGrath is Chair of the Risk Committee and a member of the Audit Committee, and Remuneration & Nominations Committee.
2. Mr Muir is a member of the Audit Committee, Risk Committee, and Remuneration & Nominations Committee.
3. Ms Murphy was appointed as a director on 1 November 2022. She is a member of the Audit Committee and Risk Committee.
4. Mr Schenkel is a member of the Audit Committee, Risk Committee, and Remuneration & Nominations Committee.
5. Ms Waters is Chairman of the Audit Committee and a member of the Risk Committee, and Remuneration & Nominations Committee.
6. Mr West is Chairman of the Remuneration & Nominations Committee and a member of the Audit Committee, and Risk Committee.
7. Mr Foster ceased to be a director on 31 March 2022.

Remuneration report continued

Non-Executive Director minimum shareholding requirement

The mandatory minimum share ownership requirement for independent NEDs is one times their annual base fees in Helia shares. The current independent Directors support this approach and will achieve this requirement within five years of the 2020 approval of the mandatory minimum shareholding guidelines or appointment date to the Board, whichever is later. All Directors are in compliance with or are still within the required time period to meet the share ownership requirement as at the reporting date.

Non-executive directors share holdings for the reporting period ended 31 December 2022

	Balance at 31 Dec 21	Received via vesting/ exercising	Other changes[1]	Balance at 31 Dec 22
Non-Executive Directors				
I MacDonald – Chairman	131,823	–	–	131,823
G McGrath – Director	71,150	–	–	71,150
A Muir – Director	–	–	–	–
L Murphy[2] – Director	N/A	–	–	–
G Schenkel – Director	–	–	6,300	6,300
A Waters – Director	60,000	–	–	60,000
D West – Director	60,318	–	–	60,318
Former Non-Executive Directors				
D Foster – Director	27,208	–	-27,208	N/A

1. Acquisition or sale of shares on market.
2. Ms Murphy was not yet appointed as a director in Helia at 1 January 2022 and her opening shareholding balance is therefore recorded as N/A.

Relevant interest of each director in Helia and its related bodies corporate (unaudited)

		Helia balance held directly or indirectly at 31 Dec 2022
Directors		
I MacDonald	Shares:	131,823
P Blight-Johnston	Shares:	–
	Share rights:	972,801
G McGrath	Shares:	71,150
A Muir	Shares:	–
L Murphy	Shares:	–
G Schenkel	Shares:	6,300
A Waters	Shares:	60,000
D West	Shares:	60,318
Former Non-Executive Directors		
D Foster	Shares:	N/A

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 24 February 2023

Lead auditor's independence declaration

KPMG

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

To the Directors of Helia Group Limited (previously Genworth Mortgage Insurance Australia Limited)

I declare that, to the best of my knowledge and belief, in relation to the audit of Helia Group Limited (previously Genworth Mortgage Insurance Australia Limited) for the financial year ended 31 December 2022 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

Julia Gunn
Partner

Sydney
24 February 2023

Financial statements

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Notes to the financial statements

Consolidated statement of comprehensive income

for the year ended 31 December 2022

	Note	2022 $'000	2021 $'000
Gross written premium	3.1	319,935	549,587
Movement in unearned premium		168,350	(110,586)
Outward reinsurance premium expense		(60,631)	(68,493)
Net earned premium		427,654	370,508
Net claims written back	4.1	34,722	8,266
Acquisition costs		(24,791)	(10,799)
Other underwriting expenses	3.3	(76,427)	(73,389)
Other underwriting revenue		898	1,197
Underwriting result		362,056	295,783
Investment loss on assets backing insurance liabilities	3.2	(84,594)	(33,978)
Insurance profit		277,462	261,805
Investment income on equity holders' funds	3.2	2,966	27,450
Investment expense		(2,871)	(4,029)
Financing costs		(12,435)	(10,291)
Share of loss of equity-accounted investees, net of tax	7.6	(1,080)	–
Profit before income tax		264,042	274,935
Income tax expense	3.5(a)	(77,272)	(82,114)
Profit for the year		186,770	192,821
Total comprehensive income for the year		**186,770**	**192,821**
Earnings per share			
Basic earnings per share (cents per share)	3.7	48.9	46.7
Diluted earnings per share (cents per share)	3.7	48.9	46.7

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

Consolidated statement of financial position

as at 31 December 2022

	Note	2022 $'000	2021 $'000
Assets			
Cash	6.1	23,841	76,724
Accrued investment income		21,783	16,837
Investments	2.2(d)	3,230,853	3,627,122
Derivative financial instruments	2.2(e)	9,124	–
Trade and other receivables	6.2	8,356	7,821
Prepayments		15,308	4,203
Deferred reinsurance expense	4.2	–	8,665
Recoveries receivable	4.5	20,263	21,604
Deferred acquisition costs	4.3	115,330	88,510
Equity-accounted investees	7.6	27,449	–
Plant and equipment		3,195	3,448
Lease assets	6.3	1,133	3,618
Deferred tax assets	3.5(b)	32,373	40,994
Intangibles	6.4	2,952	4,643
Goodwill	6.5	9,123	9,123
Total assets		**3,521,083**	**3,913,312**
Liabilities			
Derivative financial instruments	2.2(e)	–	10,260
Trade payables and other liabilities	6.6	73,170	69,100
Lease liabilities	6.3	2,360	7,663
Reinsurance payable		9,336	21,359
Outstanding claims	4.4	415,836	480,256
Unearned premium	4.6	1,403,484	1,571,834
Employee benefits provision	6.7	7,058	7,282
Interest bearing liabilities	5.2	188,701	188,229
Total liabilities		**2,099,945**	**2,355,983**
Net assets		**1,421,138**	**1,557,329**
Equity			
Share capital	5.3(a)	906,892	1,087,762
Share-based payment reserve	5.3(b)	1,838	806
Other reserves	5.5	(476,559)	(476,559)
Retained earnings		988,967	945,320
Total equity		**1,421,138**	**1,557,329**

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

Consolidated statement of changes in equity

for the year ended 31 December 2022

	Share capital $'000	Other reserves $'000	Retained earnings $'000	Share-based payment reserve $'000	Total $'000
Balance at 1 January 2021	1,090,180	(476,559)	773,125	1,174	1,387,920
Profit after taxation	–	–	192,821	–	192,821
Buy-back of shares, including transaction costs	(2,418)	–	–	–	(2,418)
Dividend declared and paid	–	–	(20,626)	–	(20,626)
Share-based payment expense recognised	–	–	–	555	555
Share-based payment settled	–	–	–	(923)	(923)
Balance at 31 December 2021	**1,087,762**	**(476,559)**	**945,320**	**806**	**1,557,329**
Balance at 1 January 2022	1,087,762	(476,559)	945,320	806	1,557,329
Profit after taxation	–	–	186,770	–	186,770
Buy-back of shares, including transaction costs	(180,870)	–	–	–	(180,870)
Dividend declared and paid	–	–	(143,123)	–	(143,123)
Share-based payment expense recognised	–	–	–	2,097	2,097
Share-based payment settled	–	–	–	(1,065)	(1,065)
Balance at 31 December 2022	**906,892**	**(476,559)**	**988,967**	**1,838**	**1,421,138**

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

Consolidated statement of cash flows

for the year ended 31 December 2022

	Note	2022 $'000	2021 $'000
Cash flows from operating activities			
Premiums received		350,010	619,358
Interest and other income		56,432	42,981
Claims paid		(28,976)	(41,141)
Outwards reinsurance premium expense paid		(63,989)	(68,031)
Interest paid		(14,437)	(12,268)
Cash payments in the course of operations		(162,306)	(187,352)
Income tax paid		(60,629)	(8,881)
Net cash provided by operating activities	3.4	**76,105**	**344,666**
Cash flows from investing activities			
Payments for plant, equipment and intangibles		(599)	–
Payments for purchase of investments		(1,760,474)	(2,534,579)
Payments for investment in associates	7.6	(28,529)	–
Proceeds from sale of investments		1,987,700	2,188,541
Proceeds from sub-lease of property		1,788	1,774
Net cash provided/(used) in investing activities		**199,886**	**(344,264)**
Cash flows from financing activities			
Payments for the on-market buy-back of shares	5.3	(180,870)	(2,418)
Payment of lease liabilities		(4,963)	(4,649)
Dividends paid		(143,123)	(20,626)
Net cash used in financing activities		**(328,956)**	**(27,693)**
Net decrease in cash held		**(52,965)**	(27,291)
Effects of exchange rate changes on balances of cash held in foreign currencies		82	(542)
Cash at the beginning of the financial year		76,724	104,557
Cash at the end of the financial year	6.1	**23,841**	**76,724**

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

Notes to the financial statements

Section 1 Basis of preparation

1.1 Reporting entity

This general purpose consolidated financial report is for the year ended 31 December 2022 and comprises the consolidated financial statements for Helia Group Limited (formerly Genworth Mortgage Insurance Australia 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 lender's 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 24 February 2023.

1.2 Significant 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).

The current IFRS standard for insurance contracts does not include a comprehensive set of recognition and measurement criteria (refer to note 1.2(c)(iii)). The IASB has issued a new standard (IFRS 17 *Insurance Contracts* – adopted as AASB 17 *Insurance Contracts* in an Australian context) that does include such criteria, with an effective date of 1 January 2023. At the time of implementation of AASB 17, AASB 9 *Financial Instruments* will be implemented as well given the Group meets the requirements for deferral under AASB 4 *Insurance Contracts*. Until this standard takes effect, the financial reports of insurers in different countries that comply with IFRS may not be comparable in terms of the recognition and measurement of insurance contracts.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the 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 the historical cost basis except for investments and derivatives being stated at fair value and outstanding claims and the related reinsurance recoveries on unpaid claims being reported at present value.

(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 significant accounting policies adopted in the preparation of this financial report are set out within the relevant notes to the financial statements.

(i) New and amended standards adopted by the Group

There are additional new accounting standards and interpretations, effective on or after 1 January 2022 (refer to the table below) which were adopted by the Group. The adoption of these standards did not have a material effect on the Group's financial statements.

	New standards, amendments and interpretations	Operative date
AASB 2017-5	Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections	1 January 2022
AASB 2020-3	Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments	1 January 2022

(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 2023 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, except for AASB 17.

	New standards, amendments and interpretations	Operative date
AASB 17	Insurance Contracts	1 January 2023
AASB 9	Financial Instruments	1 January 2023 (subject to exemption)
AASB 2022-1	Amendments to Australian Accounting Standards – Initial Application of AASB 17 and AASB 9 – Comparative Information	1 January 2023
AASB 2020-1	Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current	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
AASB 2021-6	Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Accounting Standards	1 January 2023
AASB 2022-5	Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback	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

(iii) AASB 17 Insurance Contracts

AASB 17, the new accounting standard for insurance contracts, was adopted by the Australian Accounting Standards Board in July 2020. The first applicable annual reporting period for the Group will be for the year ending 31 December 2023, with the comparative period for the year ended 31 December 2022 and the Statement of Financial Position at 1 January 2022.

The Group continues to progress its AASB 17 implementation program including the detailed impact assessment of the new standard and the requirements to implement and modify systems and processes for adoption on 1 January 2023.

As at the date of this report, key aspects considered under the Group's detailed impact assessment of the new standard include:

Insurance contracts – the Group currently comprises a single portfolio, of insurance contracts with similar risks which are managed together. The Group expects that all its contracts considered to be insurance contracts under AASB 1023 will continue to be accounted for as insurance contracts under AASB 17.

Under AASB 17, the insurance contract portfolio is required to be disaggregated to a more granular level into underwriting years and levels of profitability at inception.

For the Group's direct insurance business, the insurance contract is expected to be deemed at the borrower level (as opposed to the lender policyholder) as the Group has the ability to accept or reject individual applications. For the Group's reinsurance business, the insurance contract is expected to be at the lender policyholder level. The Group is expecting to include direct contracts issued and reinsurance contracts issued in different groups.

Level of aggregation – the Group's single portfolio of insurance contracts needs to be disaggregated by underwriting years, with a further breakdown for contracts considered onerous (unprofitable).

Transition – the Group is expecting to use the modified retrospective approach for the majority of the groups of contracts while maximising the use of information available without undue cost or effort that would have been used to apply a full retrospective approach. This is due to the changes in measurement and modelling in claims and expenses which were not available at inception for most of the groups of insurance contracts.

Notes to the financial statements continued

Measurement overview – AASB 17 also 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). The application of a simplified approach is permitted in certain circumstances, although the vast majority of insurance contracts underwritten by the Group are not expected to meet the requirements of the simplified approach due to their long-term coverage period.

Fulfillment cash flows – all future fulfilment cash flows relating to in-force insurance contracts need to be estimated and recognised within the insurance contract liabilities.

CSM – for each group of insurance contracts, the expected future profit is included within the insurance contract liability and represents the CSM. 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 expected to be based on several factors including the estimated negative equity within the portfolio (shortfall of the property value compared to the outstanding loan balance). This is expected to be estimated by adjusting the outstanding loan balance by severity factors, informed by past experience. These assumptions will be reviewed on a regular basis.

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 expected to be determined using a confidence level.

Discounting – the fulfilment cash flows within the insurance contract liability are expected to be discounted using discount rates that are based on market rates at the valuation date. The Group expects to recognise 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 would ensure the most effective matching with the investment portfolio which is expected to be measured at fair value through profit or loss upon adoption of AASB 9 as disclosed in note 1.2(c)(iv); and

Presentation and disclosures – AASB 17 introduces substantial changes to the presentation and disclosures of the financial statements. The disclosures are expected to be more extensive, requiring increased granularity and analysis of movements.

The requirements of AASB 17 are complex and the Group's expectations noted above are subject to change as it continues to assess the impact of the standard and interpretation developments. Regulators are considering their response to the new standard which has resulted in changes to the prudential and reporting standards and may result in modifications to the *Income Tax Assessment Act 1997*. The Group continues to closely monitor all these developments and to assess the financial impacts of the standard on the Group.

The Group expects the timing of recognition of profit will change under AASB 17 due to the different valuation method used to determine the insurance liability. This could lead to a significant change in the net asset position on transition at 1 January 2022. The anticipated reduction in net assets at 31 December 2022 is between $210m to $270m subject to the finalisation of the Group's AASB 17 accounting policies.

The Group expects to provide (publish) pro forma AASB 17 historical financials (for analysts and investors) in advance of the 1H23 financial result.

(iv) AASB 9 Financial Instruments

AASB 9 applies to annual reporting periods beginning on or after 1 January 2018. The Group is allowed to apply the temporary exemption from AASB 9 as it has not previously adopted any version of AASB 9 and its activities are predominantly connected with insurance, as prescribed by AASB 4 *Insurance Contracts* (i.e. at 31 December 2015, the carrying amount of the Group's insurance liabilities, including insurance debt instruments, was significant compared to the total carrying amount of all its liabilities and the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities was greater than 90%).

The AASB (in line with the IASB) extended the temporary exemption from the adoption of AASB 9 to reporting periods beginning 1 January 2023, for companies meeting these criteria. The Group, having met those criteria, has deferred the adoption of AASB 9 and will adopt AASB 9 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.

The Group's investments are currently designated at fair value through profit or loss on initial recognition and are 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, it is expected the adoption of AASB 9 is likely to result in the investment portfolio continuing to be measured at fair value through profit or loss. Hence, the Group does not expect any material changes to the carrying value of its financial instruments upon the adoption of AASB 9.

(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 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.

Judgements 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 in note 4.8.

(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. 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.

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.

(g) Comparative figures

Comparative figures have been reclassified, where necessary, to conform to the basis of presentation and the classification used in the current year.

Notes to the financial statements continued

Section 2 Risk management

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

2.1 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 developing 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.

The Group's risk management policies are established to identify and assess the risks faced by the Group, 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.

Risk is managed primarily through appropriate pricing, product design, risk selection, investment strategies, financial strength ratings and reinsurance. It is vital that the Group closely monitors and responds to any changes in the general economic and commercial environment in which it operates.

2.2 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 United States dollars and New Zealand dollars (2021: United States dollars and New Zealand dollars).

The Group used forward foreign exchange contracts to mitigate currency risk arising from interest bearing securities denominated in currencies other than Australian dollars. The risk management processes required 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:

	2022		2021	
	+10% $'000	-10% $'000	+10% $'000	-10% $'000
New Zealand dollar	(14)	14	(160)	160
United States dollar	(159)	159	(158)	158

(ii) Cash flow and fair value 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. 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.

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.

The Group 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 (2021: 50 basis points) increase or decrease in interest rates on interest bearing assets, assuming all other variables remain constant, is shown below:

	2022		2021	
	+100bps $'000	-100bps $'000	+50bps $'000	-50bps $'000
Interest bearing assets	(52,378)	52,378	(33,027)	33,027

(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:

	2022		2021	
	+10% $'000	-10% $'000	+10% $'000	-10% $'000
Investments – unlisted unit trusts – equities	20,045	(20,045)	19,364	(19,364)
Investments – unlisted unit trusts – infrastructure	19,137	(19,137)	–	–
Investments – unlisted equities	767	(767)	767	(767)

(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's investment portfolio comprises 76% (2021: 84%) of total securities and cash with counterparties having a rating of A- or better.

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

Notes to the financial statements continued

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.

	2022 $'000	2021 $'000
Cash at bank		
AA	20,297	73,087
A	3,544	3,637
	23,841	**76,724**
Investments (excluding equity securities)		
AAA	770,878	875,721
AA	970,090	1,107,357
A	707,263	1,042,950
BBB	383,126	399,780
	2,831,357	**3,425,808**
Derivative Asset		
AA	9,124	–
Accrued investment income		
AAA	4,069	2,679
AA	7,971	7,362
A	3,739	3,428
BBB	2,315	1,766
Not rated	3,689	1,602
	21,783	**16,837**
Trade and other receivables		
Premium receivables		
AA	–	22
Not rated	6,349	3,808
Other receivables		
Not rated	2,007	3,991
	8,356	**7,821**

(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.

2022 Financial liabilities	Less than 1 year $'000	1 – 5 years $'000	Total $'000
Trade and other payables	72,486	684	73,170
Derivative liability	–	–	–
Reinsurance payable	9,336	–	9,336
Lease liabilities	2,360	–	2,360
	84,182	**684**	**84,886**

2021 Financial liabilities	Less than 1 year $'000	1 – 5 years $'000	Total $'000
Trade and other payables	67,675	1,425	69,100
Derivative liability	10,260	–	10,260
Reinsurance payable	21,359	–	21,359
Lease liabilities	4,922	2,741	7,663
	104,216	**4,166**	**108,382**

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

(d) Fair value measurements

Accounting policies

The valuation methodologies of assets valued at fair value are summarised below:

- *Cash assets, term deposits and bank overdrafts* are carried at face value of the amounts deposited or drawn.
- *Interest bearing instruments, derivatives and unlisted equities* are initially recognised at fair value, determined as the quoted cost at date of acquisition. They are subsequently remeasured to fair value at each reporting date. For securities traded in an active market, fair value is determined by reference to published bid price quotations. For securities not traded and securities traded in a market that is not active, fair value is determined using valuation techniques with the most common technique being reference to observable market data using the fair values of recent arm's length transactions involving the same or similar instruments. In the absence of observable market information, unobservable inputs which reflect management's view of market assumption are used. Valuation techniques maximise the use of observable inputs and minimise the use of unobservable inputs.
- *Unlisted unit trusts securities* are valued using quoted current unit prices as advised by the responsible entity, trustee or equivalent of the investment vehicle.

Notes to the financial statements continued

Financial assets backing general insurance liabilities

The assets backing general insurance liabilities are assets required to cover the technical insurance liabilities (outstanding claims and premium liabilities) including risk margins.

In accordance with the Group's investment strategy, the Group actively monitors the average duration of the notional assets allocated to insurance activities to ensure sufficient funds are available for claim payment obligations.

The Group accounts for financial assets and all assets backing insurance activities at fair value through profit or loss, with any unrealised gains and losses recognised in the statement of comprehensive income.

Financial assets not backing general insurance liabilities

Investments not backing insurance liabilities are designated as financial assets at fair value through profit or loss on the same basis as those backing insurance liabilities.

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

Investments	**2022 $'000**	**2021 $'000**
Fixed interest rate		
Short-term deposits	135,235	289,489
Australian government and state-government bonds	912,169	1,063,850
Corporate bonds and others	801,073	790,286
	1,848,477	**2,143,625**
Floating interest rate		
Corporate bonds and others	982,880	1,282,183
	982,880	**1,282,183**
Equity securities		
Unlisted unit trusts – equities	200,449	193,640
Unlisted unit trusts – infrastructure	191,373	–
Unlisted equities	7,674	7,674
	399,496	**201,314**
Total investments	**3,230,853**	**3,627,122**
Comprising:		
Current	521,171	875,259
Non-current	2,310,186	2,550,549
Equity securities	399,496	201,314
	3,230,853	**3,627,122**

There were nil undrawn commitments at 31 December 2022 (2021: $180 million) towards an externally managed unlisted infrastructure unit trust.

Fair value hierarchy

The Group's investments carried at fair value have been classified under the three levels of the AASB 13 fair value hierarchy 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.
- Level 2 – Fair value investments using inputs other than quoted prices within Level 1 that are observable either directly or indirectly.
- Level 3 – Fair value investments using valuation techniques that include inputs that are not based on observable market data. The fair value of investments in infrastructure assets (held via unlisted trusts) are determined based on the Group's share of the net asset value of the unlisted trusts, as advised by the external investment manager.

2022	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial instruments				
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
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**	**2,896,571**	**199,047**	**3,230,853**

2021	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial instruments				
Short-term deposits	289,489	–	–	289,489
Australian government and state-government bonds	–	1,063,850	–	1,063,850
Corporate bonds and others	–	2,072,469	–	2,072,469
Unlisted unit trusts – equities	–	193,640	–	193,640
Unlisted equities	–	–	7,674	7,674
Total	**289,489**	**3,329,959**	**7,674**	**3,627,122**

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 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**

	Balance at 1 January 2021 $'000	Purchases $'000	Disposals $'000	Movement in fair value $'000	Balance at 31 December 2021 $'000
Financial instruments					
Unlisted equities	9,666	–	–	(1,992)	7,674
Total	**9,666**	**–**	**–**	**(1,992)**	**7,674**

(e) Derivative financial instruments

The Group used 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. Derivatives are used solely to manage risk exposure and are not used for trading or speculation.

Derivatives are initially recognised at trade date at fair value, 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. The fair values of forward foreign exchange contracts 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 are set out in the table below:

	2022			2021		
	Exposure $'000	Fair value asset $'000	Fair value liability $'000	Exposure $'000	Fair value asset $'000	Fair value liability $'000
Forward foreign exchange contracts	324,465	9,124	–	339,120	–	10,260
	342,465	**9,124**	**–**	**339,120**	**–**	**10,260**

All derivative contracts are expected to be settled within 12 months.

Section 3 Results for the year

3.1 Gross written premium

Accounting policies

Gross written premium comprises amounts charged to policyholders (direct premium) or other insurers (inward reinsurance premium) for insurance contracts. Premium charged to policyholders excludes stamp duties and goods and services tax (GST) collected on behalf of third parties.

	2022 $'000	2021 $'000
Direct premium	319,184	547,724
Inward reinsurance premium	751	1,863
	319,935	**549,587**

The gross written premium (GWP) for the Group's two largest customers is included in the table below:

Lender customer	2022 GWP	2021 GWP
Largest customer	61.6%	64.6%
Second largest customer	8.9%	9.0%

3.2 Investment loss

Accounting policies

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 2.2(d) Fair value measurements accounting policies for further details.

	2022 $'000	2021 $'000
Interest revenue	55,899	36,516
Dividend/distribution revenue	8,349	6,839
Unrealised losses including derivatives	(94,456)	(10,946)
Realised losses including derivatives	(51,420)	(39,725)
Other income gains	–	788
Total investment loss	**(81,628)**	**(6,528)**
Represented by:		
Investment loss on assets backing insurance liabilities	(84,594)	(33,978)
Investment income on equity holders' funds	2,966	27,450
	(81,628)	**(6,528)**

Notes to the financial statements continued

3.3 Other underwriting expenses

	2022 $'000	2021 $'000
Depreciation and amortisation expense	4,731	5,036
Employee expenses:		
– Salaries and wages	33,499	29,823
– Superannuation contributions	1,821	1,950
– Employee benefits	907	(203)
Administrative expenses	35,538	36,783
	76,496	**73,389**

3.4 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.

	2022 $'000	2021 $'000
Profit after income tax	186,770	192,821
Less items classified as investing/financing activities:		
– Loss on sale of investments including derivatives	51,420	39,725
– Loss on equity accounted investments	1,080	–
– Unrealised losses on investments including derivatives	94,456	10,946
Add non-cash items:		
– Share-based payment reserve movements	1,032	(368)
– Depreciation and amortisation	4,731	5,036
– Interest income from leases	(89)	(164)
Net cash provided by operating activities before change in assets and liabilities	**339,400**	**247,996**
Change in assets and liabilities during the financial year:		
(Increase)/decrease in receivables	(8,279)	42,893
(Decrease) in outstanding claims liability	(64,420)	(60,097)
(Decrease)/increase in payables and borrowings	(3,823)	35,911
(Increase) in deferred acquisition costs	(26,820)	(46,906)
(Decrease) in provision for employee entitlements	(224)	(363)
(Decrease)/increase in unearned premiums	(168,350)	110,602
Decrease in deferred tax asset balances	8,621	14,630
Net cash provided by operating activities	**76,105**	**344,666**

3.5 Income taxes

Accounting policies

Income tax on the profit or loss for the year comprises 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 following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. 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.

(a) Income tax expense

	2022 $'000	2021 $'000
Current tax	67,624	67,484
Deferred tax	10,800	14,630
Under/(over) provision in prior year		
Current tax	1,026	–
Deferred tax	(2,178)	–
Income tax expense	**77,272**	**82,114**

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 ($1,080,000) (2021: nil).

Notes to the financial statements continued

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

	2022 $'000	2021 $'000
Prima facie income tax expense calculated at 30% of profit	79,212	82,480
Decrease/(increase) in income tax expense/(benefit) due to:		
Over provision in prior year	(1,152)	–
Non-deductible items	535	138
Franking tax credit	(1,323)	(504)
Income tax expense	**77,272**	**82,114**

(ii) Current tax liabilities

The Company is liable for the current income tax liabilities of the tax consolidated group.

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

(b) Deferred tax assets

	2022 $'000	2021 $'000
Deferred tax asset balance comprises temporary differences attributable to:		
Leases	7	345
Employee benefits	4,686	4,691
Share-based payments and accrued expenses	1,144	848
Deferred acquisition costs (amortisation)	18,064	29,330
Provision for claims handling costs	6,405	5,463
Other	2,067	317
Net deferred tax	**32,373**	**40,994**
Balance as at 1 January	40,994	55,624
Debited to the statement of comprehensive income	(10,799)	(14,630)
Over provision of prior year tax	2,178	–
Balance as at 31 December	**32,373**	**40,994**

3.6 Dividends

Accounting policy

A provision for dividends is made in respect of ordinary shares when dividends have been declared 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 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.

	2022		2021	
	Cents per share	$'000	Cents per share	$'000
2021 final dividend paid on 25 March 2022 fully franked at 30%[1]	12.0	48,915	–	–
2021 special dividend paid on 25 March 2022 fully franked at 30%[1]	12.0	48,915	–	–
2022 interim dividend paid on 31 August 2022 fully franked at 30% (2021 interim dividend paid on 31 August 2021 unfranked)	12.0	45,293	5.0	20,626
	36.0	**143,123**	**5.0**	**20,626**

1. The 2021 final and special dividend paid differs from the 2021 proposed dividend (per below table) as the number of shares on issue were reduced at payment date due to share buy-back.

(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 this financial report and therefore has not been recognised in this financial report.

	2022		2021	
	Cents per share	$'000	Cents per share	$'000
2022 final dividend fully franked to be paid on 24 March 2023 (2021 final dividend fully franked at 30%)	14.0	48,643	12.0	49,379
2022 special dividend fully franked to be paid on 24 March 2023 (2021 special dividend fully franked at 30%)	27.0	93,811	12.0	49,379
Total	**41.0**	**142,454**	**24.0**	**98,758**

Notes to the financial statements continued

(c) Dividend franking account

The balance of the franking account arises from:

- franked dividends received or recognised as a receivable at the reporting date.
- income tax paid, after adjusting for any franking credits which will arise from the settlement of income tax provided for in the financial statements.
- franking debits from payment of dividends paid and payable after the reporting date.

	2022 $'000	2021 $'000
Franking account surplus balance – tax paid basis	36,767	34,973

After taking into consideration the impact of franking credits and debits relating to the income tax payable and receivable for the 2022 year the franking account balance would have a surplus of $75,160,000 (2021: $65,338,000 surplus).

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.

3.7 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 382,251,000 (2021: 412,469,000) and 382,637,000 (2021: 412,785,000) respectively. The difference between basic and diluted earnings per share is caused by the granting of potentially dilutive securities such as share rights, options and restricted share units (RSUs).

	2022	2021
Basic earnings per share (cents per share)	48.9	46.7
Diluted earnings per share (cents per share)	48.9	46.7

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

	2022 $'000	2021 $'000
Net profit after tax	186,770	192,821
Net profit used in calculating basic and diluted earnings per share	186,770	192,821

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

	2022 Number '000	2021 Number '000
Weighted average number of ordinary shares on issue	382,251	412,469
Weighted average number of shares used in the calculation of basic earnings per share	382,251	412,469
Weighted average number of dilutive potential ordinary shares		
Bonus element of shares	386	316
Weighted average number of shares used in the calculation of diluted earnings per share	382,637	412,785

Section 4 Insurance contracts

Accounting policies

Classification of insurance contracts

Contracts under which an entity accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiary are classified as insurance contracts. Insurance risk is risk other than financial risk.

4.1 Net claims written back

(a) Claims analysis

	2022 $'000	2021 $'000
Gross claims written back	(32,681)	(4,733)
Reinsurance and other recoveries revenue	(2,041)	(3,533)
Net claims written back	**(34,722)**	**(8,266)**

(b) Claims development

	2022			2021		
	Current year $'000	Prior years $'000	Total $'000	Current Year $'000	Prior Years $'000	Total $'000
Gross claims expense						
Direct	73,859	(104,637)	(30,778)	90,482	(86,570)	3,912
Inwards reinsurance	1,497	(3,400)	(1,903)	2,584	(11,229)	(8,645)
Gross claims incurred/ (written back)[1]	75,356	(108,037)	(32,681)	93,066	(97,799)	(4,733)
Reinsurance and other recoveries revenue	(147)	(1,894)	(2,041)	(263)	(3,270)	(3,533)
Net claims incurred/ (written back)	**75,209**	**(109,931)**	**(34,722)**	**92,803**	**(101,069)**	**(8,266)**

1. Including reinsurance and other recoveries provision movement.

Net claims written back in FY22 was supported by continued favourable claims experience and low numbers of mortgages in possession, new delinquencies and paid claims.

4.2 Deferred reinsurance expense

Accounting policies

Reinsurance expense

Premium ceded to reinsurers is recognised as an expense in accordance with the pattern of reinsurance coverage received. Accordingly, a portion of outwards reinsurance premium is treated at the balance date as a deferred reinsurance expense.

	2022 $'000	2021 $'000
Balance as at 1 January	8,665	20,218
Amortisation of reinsurance premium previously deferred	(8,665)	(11,553)
Balance as at 31 December	**–**	**8,665**
Comprising:		
Current	–	8,665
Non-current	–	–
	–	**8,665**

Notes to the financial statements continued

4.3 Deferred acquisition costs

Accounting policies

Costs associated with obtaining and recording mortgage insurance contracts are referred to as acquisition costs and are capitalised when they relate to the acquisition of new business or the renewal of existing business. These are presented as deferred acquisition costs (DAC) and amortised using the same basis as the earning pattern of premium over the period of the related insurance contracts. The balance at the reporting date represents the capitalised acquisition costs relating to unearned premium and is stated at cost subject to a liability adequacy test (refer to note 4.7).

Refer to note 4.8 Accounting estimates and judgements (including Actuarial assumptions and methods) for further detailed information.

	2022 $'000	2021 $'000
Balance as at 1 January	88,510	41,604
Acquisition costs incurred during the year	51,611	57,705
Amortisation charge	(24,791)	(10,799)
Balance as at 31 December	**115,330**	**88,510**
Comprising:		
Current	15,535	10,779
Non-current	99,795	77,731
	115,330	**88,510**

4.4 Outstanding claims

Accounting policies

Claims expense and a liability for outstanding claims are recognised in respect of direct and inward reinsurance business. The liability covers claims reported and outstanding, incurred but not reported (IBNR) and the expected direct and indirect costs of settling those claims. Outstanding claims are assessed by estimating the ultimate cost of settling delinquencies, which includes IBNR and settlement costs, using statistics based on past experience and trends. Changes in outstanding claims are recognised in profit or loss in the reporting period in which the estimates are changed.

The provision for outstanding claims contains a risk margin to reflect the inherent uncertainty in the central estimate, the central estimate being the expected value of outstanding claims.

Refer to note 4.8 Accounting estimates and judgements (including Actuarial assumptions and methods) for further detailed information.

	2022 $'000	2021 $'000
Central estimate	355,418	410,219
Risk margin	60,418	70,037
Gross outstanding claims	**415,836**	**480,256**

(a) Reconciliation of changes in outstanding claims

	2022 $'000	2021 $'000
Balance as at 1 January	480,256	540,353
Current period net claims written back	(34,722)	(8,266)
Movement in non-reinsurance and borrower recoveries	(1,341)	(11,682)
Claims paid	(28,357)	(40,149)
Balance as at 31 December	**415,836**	**480,256**
Comprising:		
Current	73,322	95,869
Non-current	342,514	384,387
	415,836	**480,256**

(b) Claims development

Underwriting years	Prior years $'000	2013 $'000	2014 $'000	2015 $'000	2016 $'000	2017 $'000	2018 $'000	2019 $'000	2020 $'000	2021 $'000	2022 $'000	Total $'000
At end of year of underwriting		1,021	777	1,424	860	1,162	1,019	632	2,231	1,354	1,505	
One year later		6,825	12,917	6,803	8,620	6,716	11,193	13,399	7,299	6,813		
Two years later		20,870	20,319	16,711	8,680	8,885	18,599	5,720	4,147			
Three years later		29,722	21,130	13,560	8,238	18,443	1,010	(4,916)				
Four years later		28,494	20,825	14,601	17,099	(516)	(11,131)					
Five years later		30,254	31,018	31,787	1,533	(4,059)						
Six years later		18,955	38,764	(7,958)	2,557							
Seven years later		31,205	(13,098)	9,366								
Eight years later		(5,143)	(865)									
Nine years later		(1,308)										
Net incurred to date		160,895	131,787	86,294	47,587	30,631	20,690	14,835	13,677	8,167	1,505	
Net paid to date		125,326	86,373	37,911	10,907	6,323	1,931	182	143	105	62	
Net outstanding claims provision at 31 December 2022	148,768	35,569	45,414	48,383	36,680	24,308	18,759	14,653	13,534	8,062	1,443	395,573
Non-reinsurance recoveries at 31 December 2022												20,263
Gross outstanding claims provision at 31 December 2022												415,836

4.5 Recoveries receivable

Accounting policies

Reinsurance and non-reinsurance recoveries receivable on paid claims, reported claims not yet paid and IBNR claims are recognised as revenue. Recoveries receivable are presented net of any provision for impairment based on objective evidence for individual receivables. Recoveries receivable are assessed in a manner similar to the assessment of outstanding claims.

Reinsurance does not relieve the Group of its liabilities to policyholders and reinsurance recoveries are, if applicable, presented as an asset within the Recoveries receivable balance.

The following table presents non-reinsurance recoveries:

	2022 $'000	2021 $'000
Balance as at 1 January	21,604	33,286
Movement of non-reinsurance recoveries	(1,341)	(11,682)
Balance as at 31 December	**20,263**	**21,604**

There were no reinsurance recoveries at 31 December 2022 (2021: nil).

Notes to the financial statements continued

4.6 Unearned premium

Accounting policies

Earned and unearned premium revenue

Premiums have been brought to account as income from the date of attachment of risk over periods up to 12 years based on an actuarial assessment of the pattern and period of risk. The earned portion of premium received is recognised as revenue. The balance of premium received or receivable is recorded as unearned premium.

When a policy is cancelled by an insurer (typically due to repayment of the loan) any remaining unearned premium on that policy is recognised immediately as income. From time to time, policies are reported as cancelled in error. The unearned premium liability includes an estimate of the unearned premium on policies to be reinstated.

Refer to note 4.8 Accounting estimates and judgements (including Actuarial assumptions and methods) for further detailed information.

	2022 $'000	2021 $'000
Balance as at 1 January	1,571,834	1,461,232
Premiums incepted during the year	319,935	549,587
Premiums earned during the year	(488,285)	(438,985)
Balance as at 31 December	**1,403,484**	**1,571,834**
Comprising:		
Current	246,354	272,951
Non-current	1,157,130	1,298,883
	1,403,484	**1,571,834**

4.7 Liability adequacy test

Accounting policies

The liability adequacy test (LAT) is an assessment of the carrying amount of the unearned premium liability and is conducted at each reporting date. It comprises current estimates of the present value of the expected cash flows relating to future claims plus an additional risk margin to reflect the inherent uncertainty in the central estimate. If the future claim costs exceed the unearned premium liability less related deferred reinsurance expense and deferred acquisition costs, then the unearned premium liability is deemed to be deficient. The test is performed at the portfolio level of contracts that are subject to broadly similar risks and that are managed together as a single portfolio. Any deficiency is recognised in the statement of comprehensive income, with a corresponding impact in the statement of financial position, recognised first through the write-down of related deferred acquisition costs and any remaining balance being recognised as an unexpired risk liability.

The probability of adequacy (PoA) adopted for LAT is set at 70% and differs from the 75% probability of adequacy adopted in determining the outstanding claims liabilities (refer to note 4.8(a)). The reason for this difference is that the former is in effect an impairment test used only to test the sufficiency of net premium liabilities whereas the latter is a measurement accounting policy used in determining the carrying value of the outstanding claims liabilities.

The process used to determine the risk margin is discussed in note 4.8(a).

As at 31 December 2022 and 31 December 2021, the LAT resulted in surpluses for the LMI portfolio:

	2022 $'000	2021 $'000
Net central estimate of present value of expected cash flows associated with future claims	674,184	805,171
Risk margin of the present value of expected cash flows on future claims	103,613	111,337
Net premium liabilities	**777,797**	**916,508**
Risk margin percentage	17%	17%
Probability of adequacy	70%	70%

At 31 December 2022, under the Group's central scenario estimate, expected future claims (including an appropriate risk margin) do not exceed the net unearned premium (unearned premium less deferred acquisition costs and deferred reinsurance expense), creating a LAT surplus of $510.4 million (2021: $558.2 million).

4.8 Accounting estimates and judgements (including Actuarial assumptions and methods)

Critical accounting estimates and judgements

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) Outstanding claims

Estimation of outstanding claims liabilities (note 4.4)

Provision is made 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 cost of claims includes expenses to be incurred in settling claims gross of expected third party recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposure. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

A risk margin is added to the central estimate as an additional allowance for uncertainty in the ultimate cost of claims over and above the central estimate. The overall margin adopted by the Group is determined after considering the uncertainty in the portfolio, industry trends, the Group's risk appetite and the margin corresponding with that appetite.

Provisions are calculated gross of any recoveries. A separate estimate is made of the amounts that will be recoverable from lenders under specified arrangements. Estimates are also made for amounts recoverable from borrowers and property valuers, based upon the gross provisions.

Favourable claims experience in 2022 has resulted from an economic background of full employment, continued buoyancy in household finances and strong property price growth in prior years, and low interest rates which increased steeply in H2 2022 in response to rising inflation. Market economists are forecasting a more challenged economic environment in 2023 , including slowing economic growth, higher interest rates, inflation continuing above RBA target levels, and further declines in house prices. Liabilities for outstanding claims are established based on assumptions reflecting this subdued economic environment.

Actuarial valuation approach

The Group internally values the outstanding claims liabilities 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 outstanding claims in two parts:

- Delinquent policies advised to the Group by lenders as being 90 days delinquent at the valuation date;
- IBNR, being the liability for future claims from policies which have missed at least 1 monthly repayment (or equivalent) and are not currently reported by lenders as being 3 months or more in delinquency. This includes policies that were reported delinquent in past periods and may re-report as delinquent in future periods.

For loans where the mortgagee is in possession (MIP) and a claim has been submitted, the claimed amount adjusted for amounts not eligible to be claimed is provided. For loans where there is a MIP but a claim has not yet been submitted, a case estimate based approach is used utilising the current outstanding loan balance including accumulated arrears adjusted for selling costs, the most recent property valuation, or an estimate thereof, and any amounts not eligible to be claimed.

The provision in respect of delinquent loans not in possession by the mortgagee is determined according to the following formula:

- Outstanding loan amount multiplied by frequency factor multiplied by severity factor.

In applying this formula:

- The outstanding loan amount insured is the total outstanding amount on those loans advised to the Group;
- The frequency and severity factors are based on a review of historical claims and delinquency experience performed by the Appointed Actuary and adopted by the Group.

Notes to the financial statements continued

Frequency

While the propensity for a delinquent loan to become a claim varies for many explanatory factors (as determined by the Appointed Actuary's analyses), the frequency basis is summarised on any given balance date and expressed so that it varies by LVR band, house price appreciation (HPA) band and number of payments in arrears taking into account the average mix of effects of the other explanatory factors at the balance date. Additional loadings may be placed on these factors according to the geographic location, loan balance, external dispute resolution (those borrowers accessing ombudsman services or seeking legal representation) and the lender, to adjust for shorter-term expectations of frequency.

Severity

Claim severity varies according to the geographic region of the properties secured by the mortgages and mortgagor groups. Claim severity is expressed as a percentage of the outstanding loan amount at the arrears date.

The following average frequency and severity factors were used in the measurement of outstanding claims for policies being greater than 90 days delinquent at the valuation date:

- Average frequency factor is 33% (2021: 33%)
- Average severity factor is 27% (2021: 27%)

IBNR

The IBNR provision is estimated by analysing the historical pattern of reported delinquencies, separated into:

- Policies reported by lenders as being between 30 and 90 days delinquent at the valuation date (not all lenders provide such reporting);
- Policies estimated as being at least 30 days delinquent at the valuation date but not reported by lenders; and
- Policies which were reported as being at least 30 days delinquent in past periods and may re-report as delinquent in future periods.

Risk margin

The risk margin is a specific allowance for uncertainty in the ultimate cost of claims over and above the central estimate determined on the bases set out above. The overall margin adopted by the Group is determined after considering the uncertainty in the portfolio, industry trends, the Group's risk appetite and the margin corresponding with that appetite.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Group, where more information about the claim event is generally available. IBNR claims may not often be apparent to the insured until sometime after the events giving rise to the claims have happened.

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

- Variability of claims experience of the portfolio;
- Quality of historical data;
- Uncertainty due to future economic conditions;
- Diversification within the portfolio; and
- Increased uncertainty due to future legislative changes.

A risk margin for outstanding claims of 18% (2021: 18%) of net central estimate has been assumed and is intended to achieve a 75% PoA.

Discounting

As at 31 December 2022, the outstanding claims liability is discounted at risk-free rates to reflect the effect of the time value of money. Given the nature of Lenders Mortgage Insurance, interest rates also impact the level of delinquencies and future claims. Helia includes an additional liability equal to the time value of money to allow for potential future deterioration of delinquency experience due to recent (and potential future) rises in mortgage rates.

As at 31 December 2021, no discounting was applied on the basis that the effect was immaterial.

The weighted average term to settlement is estimated to be 30 months (2021: 31 months).

Sensitivity analysis

The valuation of outstanding claims incorporates a range of factors that involve interactions with economic indicators, statistical modelling and observed historical claims development. Certain variables are expected to impact outstanding claims liabilities more than others and consequently a greater degree of sensitivity to these variables is expected.

Future economic conditions, in particular, house prices, interest rates and unemployment impact frequency and severity. In addition, there is a change in expectation of future reported delinquencies, which affects the IBNR reserve (part of the outstanding claims liability) and the reserve for future incurred losses (the premiums liability). The latter sensitivity affects the Liability Adequacy Test but does not normally flow through to balance sheet liabilities – however it affects expected incurred losses in future years and hence profitability.

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 outstanding claims and premiums liability.

	2022				2021[4]			
Sensitivity Change	**Net Outstanding Claims Liability**		**Net Premium Liability**		**Net Outstanding Claims Liability**		**Net Premium Liability**	
	$M	**%**	**$M**	**%**	**$M**	**%**	**$M**	**%**
Base[1]	335		674		389		805	
Upside economic sensitivities[2]								
Unemployment down 1%	(9)	(3)	(26)	(4)	(11)	(3)	(27)	(3)
Interest Rate down 1%[3]	(16)	(5)	27	4	–	–	–	–
National House Price change +5%	(9)	(3)	(27)	(4)	(8)	(2)	(36)	(4)
Downside Economic Sensitivities[2]								
Unemployment up 1%	11	3	49	7	10	3	44	6
Interest Rate up 1%[3]	8	3	(21)	(3)	10	3	(26)	(3)
National House Price change -5%	8	2	51	8	8	2	38	5

1. Net liability is at central estimate, less non-reinsurance recoveries, i.e., risk margin is excluded.
2. Sensitivities are applied into the models as a change in the relevant economic driver at the balance date, with a consequent response over the remainder of the forecast period. Generally, the change persists for an average of about 3 years before recovering to long-term levels.
3. Interest rate sensitivity includes impact on delinquency and claim progression of higher mortgage interest rates, less offsetting impact of change in discount rates. No "1% down" scenario available for 2021 as cash rate was only 0.1%.
4. 2021 sensitivities have been re-expressed from the format adopted in the 2021 accounting note to be consistent with the format adopted for 2022.

The impact of applying the sensitivities is 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.

Claims handling expenses

Claims handling expenses are estimated after considering historical actual expenses and management's projected costs of handling claims over the weighted average term to settlement.

Notes to the financial statements continued

(b) Unearned premium

Estimation of premium revenue/unearned premium/deferred acquisition costs (note 3.1, note 4.6 and note 4.3)

The principle underlying the earning recognition is to derive a premium earnings curve which recognises the premium in accordance with the incidence of claims risk.

The premium earnings curve is based on analysis of a number of factors including the historical pattern of claims incurred, the pattern of policy cancellations, economic outlook and policyholder risk profile. No changes have been recommended by the Appointed Actuary since there is no material change in the pattern of emergence of risk since the review conducted in 2021.

Deferred Acquisition Costs are amortised under the same premium earnings curve as the related insurance contracts.

The adopted earnings curve recognises premium written over a period of 12 years post-underwriting. The impact of shortening (or lengthening) the total duration over which premium is recognised by six months would increase (or decrease) the current unearned premium by less than $10.0 million (2021: $10.0 million), with an equal and opposite impact in non-current unearned premium, as at 31 December 2022.

4.9 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.

The following companies comprise the APRA Level 2 Group as at 31 December 2022:

- 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.

	2022 $'000	**2021 $'000**
Tier 1 capital		
Paid-up ordinary shares	906,892	1,087,762
Reserves	(474,721)	(475,753)
Retained earnings	988,967	945,320
Less: Deductions	(13,374)	(15,538)
Net surplus relating to insurance liabilities	297,887	322,567
Common equity Tier 1 capital	**1,705,651**	**1,864,358**
Tier 2 capital	**190,000**	**190,000**
Total capital base	**1,895,651**	**2,054,358**
Insurance risk charge	236,757	277,573
Insurance concentration risk charge	442,922	578,708
Asset risk charge	233,692	203,482
Operational risk charge	33,711	35,637
Aggregation benefit	(91,537)	(85,669)
Total PCA	**855,545**	**1,009,731**
PCA coverage	**2.22x**	**2.03x**

Section 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 outstanding claims liabilities 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 (formerly Genworth Financial Mortgage 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 April 2022, Fitch affirmed the insurer financial strength (IFS) rating of Helia Insurance Pty Limited as 'A' (Strong) with the outlook 'stable'. In February 2022, Standard & Poor's affirmed the IFS rating as 'A', with the outlook revised from 'negative' to '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 Life And General Insurance Capital 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.

Notes to the financial statements continued

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 liabilities

Accounting policies

Interest bearing liabilities are initially recognised at fair value less transaction costs that are directly attributable to the transaction. After initial recognition, the 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. This cost also includes the write-off of capitalised transaction costs and premium paid on the early redemption of borrowings.

	2022 $'000	2021 $'000
Subordinated notes	190,000	190,000
Less: capitalised transaction costs	(1,299)	(1,771)
	188,701	**188,229**

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

	2022 Number of shares '000	2022 $'000	2021 Number of shares '000	2021 $'000
Issued fully paid capital				
Balance as at 1 January	411,492	1,087,762	412,514	1,090,180
Buy-back shares, including transaction costs	(64,045)	(180,870)	(1,022)	(2,418)
Balance as at 31 December	**347,447**	**906,892**	**411,492**	**1,087,762**

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. ($2.4 million in FY21 and $97.6 million in FY22).

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 shares up to a maximum value of $100.0 million. As at 31 December 2022, the Company has acquired 29,991,785 shares for a total consideration of $83.3 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.

(b) Share-based payment reserve

	2022 $'000	2021 $'000
Balance as at 1 January	806	1,174
Share-based payment expense	2,097	555
Share-based payment settled	(1,065)	(923)
Balance as at 31 December	**1,838**	**806**

Refer to note 7.7 Share-based payments for further detailed information.

5.4 Capital commitments and contingencies

Capital commitments

There were no capital commitments as at 31 December 2022 (31 December 2021: nil).

Contingencies

There were no contingent liabilities as at 31 December 2022 (31 December 2021: nil).

5.5 Other reserves

	2022 $'000	2021 $'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 with Helia Group (formerly known as Genworth 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.

Notes to the financial statements continued

Section 6 Operating assets and liabilities

6.1 Cash

Accounting policies

Cash includes cash on hand and deposits held at call with financial institutions. Cash is measured at fair value, being the principal amount.

Cash 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:

	2022 $'000	2021 $'000
Cash at bank	23,841	76,724

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.

	2022 $'000	2021 $'000
Premium receivable	6,349	3,830
Sub-lease receivable	1,203	2,903
Trade and other receivables	804	1,088
	8,356	**7,821**
Comprising:		
Current	3,644	3,397
Non-current	4,712	4,424
	8,356	**7,821**

Carrying amounts of receivables reasonably approximate fair value at the reporting date. None of the receivables are impaired or past due at 31 December 2022 and 31 December 2021.

6.3 Leases

The Group leases property for its office space in North Sydney. The lease has a term of five years at inception, escalation clauses and renewal rights. On renewal, the terms of the lease are usually renegotiated. The optional term is usually the same length as the initial term.

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.

As an intermediate lessor

The Group classifies a sub-lease as finance or an operating lease by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset (i.e. the item of property being leased).

The Group accounts for its interests in the head lease and the sub-lease separately. At the commencement date of a sub-lease, the Group assesses whether the sub-lease transfers substantially all the risks and rewards incidental to ownership of the right-of-use asset arising from the head lease. If this is the case, then the sub-lease is a finance lease; if not, then it is an operating lease.

At inception of a finance sub-lease, the Group derecognises the right-of-use asset that arises from the head lease and recognises its net investment in the sub-lease as a receivable, measured as the present value of the future payments to be received from the tenant, using the same discount rate used for the head lease.

The Group subsequently measures the net investment in a sub-lease using the effective interest rate method.

Lease assets (right-of-use assets)

	2022 $'000	2021 $'000
Balance as at 1 January	3,618	5,955
Disposals	(211)	–
Depreciation charge for the year	(2,189)	(2,330)
Modification of leases	(85)	(7)
Balance as at 31 December	**1,133**	**3,618**

Lease liabilities

	2022 $'000	2021 $'000
Balance as at 1 January	7,663	12,324
Payments made	(5,197)	(5,098)
Disposals	(340)	(12)
Interest expense	234	445
Modification of leases	–	4
Balance as at 31 December	**2,360**	**7,663**
Comprising:		
Current	2,360	4,922
Non-current	–	2,741
	2,360	**7,663**

Notes to the financial statements continued

Maturity analysis – contractual undiscounted cash flows

	2022 $'000	2021 $'000
Future payments to be made arising from lease contracts:		
Within one year	2,424	5,263
One year or later and no later than five years	–	2,678
Total undiscounted lease liabilities as at 31 December	**2,424**	**7,941**

Amounts recognised in profit or loss

	2022 $'000	2021 $'000
Depreciation charge for the period	(2,189)	(2,330)
Interest expense on lease liabilities	(234)	(445)
Income from subleasing right-of-use assets	89	164
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.

6.4 Intangibles

The intangibles balance represents software development expenditure.

Accounting policies

Acquired software

Acquired intangible assets are initially recorded at their cost at the date of acquisition, being the fair value of the consideration provided and, for assets acquired separately, incidental costs directly attributable to the acquisition. All intangible assets acquired have a finite useful life and are amortised on a straight-line basis over the estimated useful life of the assets, being the period in which the related benefits are expected to be realised (shorter of legal benefit and expected economic life).

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 2022 (2021: 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 (2021: nil).

Reconciliations

Reconciliations of the carrying amounts for intangibles are set out below:

	2022 $'000	2021 $'000
Cost		
Balance as at 1 January	32,861	32,861
Additions	–	–
Balance as at 31 December	**32,861**	**32,861**
Accumulated amortisation and impairment losses		
Balance as at 1 January	(28,218)	(26,371)
Amortisation	(1,691)	(1,847)
Balance as at 31 December	**(29,909)**	**(28,218)**
Total net intangibles	**2,952**	**4,643**

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 2022, the Group comprises of 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.

	2022 $'000	2021 $'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 2022 is 1.6% (2021: 1.3%);
- Discount rate reflects a beta and equity risk premium applicable to the Group. The pre-tax discount rate used at 31 December 2022 is 14.7% (2021: 12.9%); and
- Valuation is based on a cash flow forecast that is pre-tax, and accordingly uses a pre-tax discount rate.

Notes to the financial statements continued

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.

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.

	2022 $'000	2021 $'000
Accrued expenses	19,134	22,427
Trade creditors and other payables	6,890	16,308
Provision for premium credit refunds[1]	8,758	–
Income tax payable	38,388	30,365
	73,170	**69,100**
Comprising:		
Current	72,486	67,675
Non-current	684	1,425
	73,170	**69,100**

1. 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.

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.

	2022 $'000	2021 $'000
Annual leave	2,482	2,667
Long service leave	4,576	4,615
	7,058	**7,282**
Comprising:		
Current	6,160	6,250
Non-current	898	1,032
	7,058	**7,282**

As at the balance date there were 232 employees (2021: 209).

Notes to the financial statements continued

Section 7 Other disclosures

7.1 Parent entity disclosures

	2022 $'000	2021 $'000
Results of the parent entity		
Profit for the year	391,751	39,268
Total comprehensive income for the year	391,751	39,268
Financial position of parent entity		
Current assets	88,692	19,885
Total assets	1,903,718	1,834,911
Total liabilities	–	–
Net assets	**1,903,718**	**1,834,911**
Total equity of the parent entity comprising of:		
Share capital	906,892	1,087,762
Retained earnings	560,397	311,769
Share-based payments	1,754	705
Other reserves	434,675	434,675
Total equity	**1,903,718**	**1,834,911**

7.2 Remuneration of auditors

	2022 $	2021 $
Audit and review of financial statements[1]	927,949	911,569
Regulatory audit services	95,603	91,275
Audit related services[2]	393,051	10,085
Other assurance services	–	35,000
	1,416,603	**1,047,929**

1. Includes Audit and review of financial statements for the Group of $441,571 (2021: $447,629) and controlled entities of $486,378 (2021: $463,940).
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
Pauline Blight-Johnston	Andrew Cormack
Ian MacDonald (Chairman)	Jeremy Francis
Gai McGrath	Michael Cant
Andrea Waters	Greg McAweeney (appointed 15 August 2022)
Duncan West	
Alistair Muir	
Gerd Schenkel	
Leona Murphy (appointed on 1 November 2022)	
Former Directors	**Former Executive KMP**
David Foster (resigned on 31 March 2022)	–

The key management personnel compensation is:

	2022 $'000	2021 $'000
Short-term employee benefits	4,743	5,029
Termination and post-employment benefits	207	992
Equity compensation benefits	985	536
	5,935	**6,557**

7.4 Related party disclosures

Transactions with related parties are undertaken on normal commercial terms and conditions.

Major shareholder and its ultimate parent entity

For the year ended 31 December 2021 the Group incurred net charges of $698,317 from Genworth Financial Inc (GFI) in relation to the period when it was the majority shareholder of the Group. GFI sold its entire holding of shares on 3 March 2021 and is no longer a related party of the Group.

There is no payable balance to GFI as at 31 December 2022 (2021: nil).

Notes to the financial statements continued

7.5 Controlled entities

Accounting policies

Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed, 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 Company 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 controlled entities are included from the date control commences until the date control ceases.

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities.

Name of entity	Country of incorporation	Class of shares	Equity holding (%) 2022	Equity holding (%) 2021
Helia Insurance Pty Limited	Australia	Ordinary	100	100
Helia Indemnity Limited	Australia	Ordinary	100	100
Balmoral Insurance Company Limited	Bermuda	Ordinary	100	100

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. 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.

On 25 February 2022, Helia Insurance Pty Limited purchased 25.1% of OSQO Enterprise Pty Limited (OSQO), principal place of business – Level 17, 321 Queen Street, Melbourne, VIC 3000. Helia and OSQO will work together on a new deposit gap funding solution for home buyers.

On 12 October 2022, Helia Insurance Pty Limited purchased 22.3% of Household Capital Pty Ltd (HHC), principal place of business – Level 12, 1 Nicholson Street, East Melbourne, VIC, 3002, and on the 23 November 2022 an additional 3.9%. HHC is a leading Australian provider of home equity retirement funding. This investment aims to diversify the Helia business and extend the company's offering of home ownership solutions by investing in the equity release market.

The equity interests in associates stands at:

	2022	2021
Percentage ownership interest – OSQO	25.1%	–
Percentage ownership interest – HHC	26.2%	–

The following table analyses, in aggregate, the carrying amount and share of profit/(loss) of the associate investments:

	2022 $'000	2021 $'000
Carrying amount of interests in associates	27,449	–
Share of loss from continuing operations	(1,080)	–

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 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.

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	**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; • 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; • 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.
		2021 Plan: • For Executives: One-third of the dollar value of the annual STI is converted to a grant of deferred share rights, to vest after 12 months; • For non-executive employees: same as noted above for the 2022 plan; • Notional dividend: same as noted above for the 2022 plan.	• Continuous active employment for 12 months from grant date; • 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.

Notes to the financial statements continued

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:

2022

Grant date	Balance at 1 January 2022	Granted in the year	Exercised in the year	Cancelled/ forfeited in the year	Balance at 31 December 2022	Vested and exercisable at end of the year
	Number	Number	Number	Number	Number	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.

2021

Grant date	Balance at 1 January 2021	Granted in the year	Exercised in the year	Cancelled/ forfeited in the year	Balance at 31 December 2021	Vested and exercisable at end of the year
	Number	Number	Number	Number	Number	Number
1 March 2017[1]	40,177	–	(40,177)	–	–	–
1 March 2020	117,533	3,237[3]	(120,770)	–	–	–
1 March 2021[2]	–	20,802	–	–	20,802	–
Total	**157,710**	**24,039**	**(160,947)**	**–**	**20,802**	**–**

1. The share rights balance in the period originally granted on 1 March 2017 represents the outstanding awards from the 2017 Equity Plan. All remaining share rights under this plan have now vested and been fully expensed.
2. The number of share rights granted in the period representing the deferred short-term incentive component under the 2020 remuneration program.
3. The number of notional dividends issued in relation to vested awards from the 2019 STI deferral plan.

(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 from grant date; and
- Performance conditions.

On 1 March 2022, under the 2022 LTI plan, share rights were granted to the senior management team.

Key terms and conditions for the 2022 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 with a twelve-month deferral period after the performance period ends. The first vesting condition is not market related and requires continuous active employment for four years from grant date. 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 2022 long-term incentive plan by $2.37, being the 10-day volume weighted average price (VWAP) of the Company share price as at 31 December 2021, 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; 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.

If an employee ceases employment with the Group before the performance conditions are tested, their unvested rights will generally lapse.

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:

	2022	2021	2020	2019
Grant date	1 March 2022	1 March 2021	1 March 2020	1 March 2019
Share price on grant date ($)	$3.11	$2.42	$3.22	$2.53
Dividend yield (%)	0%[1]	0%[1]	0%[1]	0%[1]
Volatility (%)	50.66%	48.23%	31.94%	31.02%
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 (%)	1.67%	0.40%	0.54%	2.24%
Vesting date	31 December 2025	31 December 2024	31 December 2023	31 December 2022

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.

Notes to the financial statements continued

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:

2022

Grant date	Balance at 1 January 2022	Granted in the period	Exercised in the period	Cancelled/ forfeited in the period	Balance at 31 December 2022	Vested and exercisable at end of the period
	Number	Number	Number	Number	Number	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.

2021

Grant date	Balance at 1 January 2021	Granted in the period	Exercised in the period	Cancelled/ forfeited in the period	Balance at 31 December 2021	Vested and exercisable at end of the period
	Number	Number	Number	Number	Number	Number
1 March 2017[1]	–	62,915	(62,915)	–	–	–
1 March 2018	246,982	–	(123,937)	(123,045)	–	–
1 March 2019	471,407	–	–	(33,437)	437,970	–
1 March 2020	450,708	–	–	(126,900)	323,808	–
1 March 2021	–	993,777	–	(185,155)	808,622	–
Total	**1,169,097**	**1,056,692**	**(186,852)**	**(468,537)**	**1,570,400**	**–**

1. Represents notional dividends awarded as share rights associated with 2017 LTI plan share rights that had previously vested/been exercised on/by 31 December 2020.

(c) Omnibus Incentive Plan

Genworth Financial Inc (GFI) (former majority shareholder and ultimate parent entity), and Helia Insurance Pty Limited (formerly Genworth Financial Mortgage Insurance Pty Limited) entered into a Cost Agreement on 15 July 2005 (as varied from time to time) pursuant to which GFI agreed to offer its 2004 Omnibus Incentive Plan and its 2012 Omnibus Incentive Plan (Omnibus Incentive Plans) to certain employees of Helia Insurance Pty Limited.

Under the Omnibus Incentive Plans, GFI issues stock options, stock appreciation rights, restricted stock, restricted stock units (RSU), other stock-based awards and dividend equivalent awards with respect to its common stock to employees of its affiliates throughout the world. 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.

Details of the number of employee options granted, exercised and forfeited or cancelled during the year were as follows:

2022

Grant date	Expiry date	Exercise price[1]	Balance at 1 January 2022	Granted in the year	Exercised in the year	Cancelled/ forfeited in the year	Balance at 31 December 2022	Vested and exercisable at end of the year
		($)	Number	Number	Number	Number	Number	Number
14/02/2012	14/02/2022	13.11	11,700	–	–	(11,700)	–	–
15/02/2013	15/02/2023	13.37	13,500	–	–	–	13,500	13,500
20/02/2014	20/02/2024	22.48	14,000	–	–	–	14,000	14,000
Total			**39,200**	**–**	**–**	**(11,700)**	**27,500**	**27,500**
Weighted average exercise price ($)			16.32	–	–	13.11	17.93	17.93

1. The exercise price is the AUD equivalent of the USD exercise price at 31 December 2022.

2021

Grant date	Expiry date	Exercise price[1]	Balance at 1 January 2021	Granted in the year	Exercised in the year	Cancelled/ forfeited in the year	Balance at 31 December 2021	Vested and exercisable at end of the year
		($)	Number	Number	Number	Number	Number	Number
09/02/2011	09/02/2021	17.53	8,500	–	–	(8,500)	–	–
14/02/2012	14/02/2022	12.21	11,700	–	–	–	11,700	11,700
15/02/2013	15/02/2023	12.46	13,500	–	–	–	13,500	13,500
20/02/2014	20/02/2024	20.94	14,000	–	–	–	14,000	14,000
Total			**47,700**	**–**	**–**	**(8,500)**	**39,200**	**39,200**
Weighted average exercise price ($)			15.79	–	–	17.53	15.20	15.20

1. The exercise price is the AUD equivalent of the USD exercise price at 31 December 2021.

(d) Employee Share Scheme

The Group implemented a new Employee Share Scheme (ESS) in 2022, with 151 employees participating. All permanent 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 2023.

7.8 Events subsequent to reporting date

On 24 February 2023, the directors declared a 14.0 cent per ordinary share fully franked final dividend and 27.0 cent per ordinary share fully franked special dividend totalling approximately $48.6 million and $93.8 million respectively for the year ended 31 December 2022.

On 24 February 2023, a $100.0 million on-market share buy-back was announced. The Company will not buy back more than 30,008,215 of the Company's ordinary shares without shareholder approval.

There are no other events that have arisen since 31 December 2022 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.

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 71 to 117 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 2022 and of its performance, as represented by the results of its operations, and its cash flows for the period ended on that date; and

   (ii) complying with Australian Accounting Standards in Australia and the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

b) the financial statements and notes comply 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 given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 31 December 2022.

Signed in accordance with a resolution of the Directors

Ian MacDonald
Chairman

Dated 24 February 2023

Independent auditor's report

KPMG

Independent Auditor's Report

To the shareholders of Helia Group Limited (previously Genworth Mortgage Insurance Australia Limited)

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Helia Group Limited (previously Genworth Mortgage Insurance Australia 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 2022 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:

- Consolidated statement of financial position as at 31 December 2022;
- Consolidated statement of comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Notes including a summary of significant 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.

Independent auditor's report continued

KPMG

Key Audit Matters

The ***Key Audit Matters*** we identified are:

- Valuation of Gross Outstanding Claims Liability; and
- Valuation of Unearned Premium Liability and Net Earned Premium.

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.

Valuation of Gross Outstanding Claims Liability (A$416m)	
Refer to accounting policy in Note 4.1 Net claims (written back)/incurred, Note 4.4 Outstanding claims, Note 4.8 Accounting estimates and judgements (including Actuarial assumptions and methods).	
The key audit matter	**How the matter was addressed in our audit**
The valuation of gross outstanding claims liability is a key audit matter as it involves methodology and assumptions with inherent estimation uncertainty which can have significant impacts on the valuation. This estimation uncertainty requires us to exercise judgement when evaluating the methodology and assumptions adopted by the Group. The valuation is also highly dependent on the integrity of the underlying data which drove significant audit effort. Examples of the data used includes loan originator, outstanding loan size, number of payments in arrears and loan-to-valuation ratio which is used to identify common characteristics to segment the stages of claim emergence when applying frequency and severity factors. The gross outstanding claims liability reflects the Groups' internal actuarial experts' assessment of future expected claims outcomes. These outcomes are influenced by a number of factors, including macroeconomic factors, 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 timing of receipt of information from lenders indicating a delinquency or claim	Our procedures included: We assessed the appropriateness of the Group's accounting policies against the requirements of the accounting standard and our understanding of the business and industry practice. Along with our IT specialists, we tested the significant data inputs (such as loan originator, outstanding loan size, number of payments in arrears and loan-to-valuation ratio) used in the valuation of gross outstanding claims liability including: • testing samples of underlying policy and claims data to external evidence (such as policy documents and bank transactions); • testing accounting and actuarial controls such as reconciliations of key data; and • testing controls on the interfacing of key IT systems that provide data used by the Group's internal actuarial experts. Working with our actuarial specialists, we challenged the methodology and the assumptions used in the valuation, including the Group's approach to segmenting the stages of claim emergency using common characteristics. We considered 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.

KPMG

has occurred; • past claims experience being an appropriate predictor of future experience; • 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, unemployment rates, property prices, inflation and performance of industry and geographic segments; and • the ongoing macroeconomic impact as a result of monetary policy during COVID-19 including the related government stimulus and lender payment deferral programs on future delinquencies and claim payments. 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.	We challenged the Group's key assumptions by: • consideration of actual versus expected claims experience in relation to the number of delinquencies and the severity assumptions, together with the timing of payments of claims and recoveries using historical data to assess past claims as a predictor of future experience. • evaluating macroeconomic assumptions including interest rates, inflation, unemployment rates, COVID-19 related government stimulus and property prices against external information sources. Specifically, we have considered the impact of recent trends in property prices, increased inflation, rising interest rates and the impact on the claims experience (including policies subject to deferral programs) and the relevant assumptions. • identifying and analysing key changes in frequency and severity assumptions by comparing to experience exhibited to date. • assessing the consistency of information, such as claims experience and trends across the Group's operations. We assessed the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standard.

Valuation of Unearned Premium Liability (A$1,403m) and Net Earned Premium (A$428m)	
Refer to the accounting policy in Note 4.6 Unearned premium and Note 4.8 Accounting estimates and judgements (including Actuarial assumptions and methods).	
The key audit matter	**How the matter was addressed in our audit**
The Group receives payment for its insurance policies upfront, however it is their accounting policy to recognise this premium revenue over time. The timing pattern for recognition of premium earned and the resulting valuation of the unearned premium liability (the proportion of the premium revenue not yet recognised), is determined by the Group applying actuarial modelling techniques to develop an earnings curve. In this way, the timing of revenue recognition is dependent on the way in which claims are expected to emerge. Net earned premium and the Valuation of unearned premium liability are a key audit matter due to the complexity of the actuarial methodology used to	Our procedures included: We assessed the appropriateness of the Group's accounting policies against the requirements of the accounting standard and our understanding of the business and industry practice. Along with our IT specialists, we tested the key controls designed and operated by the Group over the valuation of unearned premium liability and net earned premium including: • reliability of data used in the actuarial modelling processes in the valuation of the unearned premium liability; and • interfacing of key IT systems that provide data

Independent auditor's report continued

model the earnings curve which necessitated significant levels of judgement applied by us in assessing the assumptions adopted by the Group. As a result the complexities noted in the key audit matter on 'Valuation of Gross Outstanding Claims Liability' are also relevant to our work over net earned premium and the valuation of the unearned premium liability. In addition to those assumptions we identified as relevant to the key audit matter on '*Valuation of Gross Outstanding Claims Liability*', the Group considers the following to further impact the length and development of the earnings curve: premium cancellation and loan increase (top-up) rates. The valuation is also highly dependent on the integrity of the underlying data which drove significant audit effort. Examples of data includes underwriting year, loan type and policy type. The earnings pattern is estimated in a consistent manner to the expected future claims described above and therefore also have a high degree of estimation uncertainty. 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.	used by the Group's internal actuarial experts. With the assistance of our Actuarial specialists, we challenged the assumptions and valuation methodology used by the Group. We performed procedures over the policy characteristics, such as underwriting year, loan type, policy type, premium cancellation and loan top-up, and also considered indicators of possible bias based on the claims experience. These included: • comparing the consistency between historical incurred claims experience with that implied by the earnings curve; and • consideration of the impact of current economic factors such as increased inflation and rising interest rates on the of the earnings curve. Our detailed testing also included the procedures outlined in the key audit matter on Valuation of Gross Outstanding Claims Liability as timing of revenue recognition is dependent upon future claim emergence. We assessed the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standard.

Other Information

Other Information is financial and non-financial information in Helia Group Limited's annual reporting 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 *Renumeration 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: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.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 2022, 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- 68 of the Directors' report for the year ended 31 December 2022.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

Independent auditor's report continued

KPMG

KPMG

Julia Gunn

Partner

Sydney

24 February 2023

Shareholder information

Unless otherwise stated, the information in this section is current as at 16 January 2023.

Annual general meeting

The 2023 Annual General Meeting (AGM) of Helia Group Limited will be held on Thursday, 11 May 2023.

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 2023 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 2023 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 4 May 2023. Members will also be given a reasonable opportunity to ask questions of the Company and the auditor at the AGM.

Shareholder information

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 2022

Full year results announced 24 February 2023

Annual Report and Notice of AGM mail out commences 30 March 2023

AGM 11 May 2023

1. Some dates may be subject to change.

Ordinary shares and share rights

As at 16 January 2023, the Company had on issue the following equity securities:

- 347,446,623 Shares
- 2,556,882 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
Vinva Investment Management Limited	18,084,194	5.09	18 November 2022
Mitsubishi UFJ Financial Group, Inc and its related bodies corporate	28,170,142	7.73	7 November 2022
First Sentier Investors Holdings Pty Limited and its related bodies corporate	28,170,142	7.73	4 November 2022
Dimensional Fund Advisors LP and related bodies entities	22,694,920	6.013	16 September 2022
The Vanguard Group Inc and its controlled entities	19,584,191	5.02	1 June 2022
Macquarie Group Limited and its related bodies corporate	28,846,818	7.26	23 May 2022

Note: Substantial holder details are as disclosed in substantial holding notices given to the Company.

Twenty largest holders of ordinary shares

Rank	Name	Number of shares	% of issued shares
1	HSBC Custody Nominees (Australia) Limited	105,961,646	30.50
2	J P Morgan Nominees Australia Pty Limited	54,974,551	15.82
3	Citicorp Nominees Pty Limited	52,818,701	15.20
4	National Nominees Limited	28,866,423	8.31
5	BNP Paribas NOMS Pty Ltd <DRP>	11,878,120	3.42
6	UBS Nominees Pty Ltd	10,480,152	3.02
7	Brazil Farming Pty Ltd	7,201,631	2.07
8	Argo Investments Limited	6,431,678	1.85
9	Prudential Nominees Pty Limited	3,000,000	0.86
10	ECapital Nominees Pty Limited <Accumulation A/C>	2,152,624	0.62
11	National Exchange Pty Limited	2,000,000	0.58
12	Solium Nominees (Australia) Pty Limited <VSA A/C>	1,568,342	0.45
13	Citicorp Nominees Pty Limited <Colonial First State INV A/C>	1,445,334	0.42
14	Mr Guthrie John Williamson	1,002,478	0.29
15	Mr John Armour	1,000,000	0.29
15	Mr Stephen Craig Jermyn <Jermyn Family S/Fund A/C>	1,000,000	0.29
15	SCJ Pty Limited <Jermyn Family A/C>	1,000,000	0.29
16	Girt By Sea Investments P/L <Mort Bay S/F A/C>	996,577	0.29
17	Neweconomy COM AU Nominees Pty Limited <900 ACCOUNT>	993,014	0.29
18	BNP Paribas Noms Pty Ltd <Global Markets DRP>	989,291	0.28
19	Vu Father & Sons Enterprises Pty Ltd <Vu Father & Sons S/Fund A/C>	716,800	0.21
20	Amity Management Pty Ltd	710,851	0.20
Total for Top 20		**297,188,213**	**85.53**

Shareholder information continued

Distribution schedule of holders of ordinary shares

Range	Number of holders	Number of shares	% of issued shares
1 – 1,000	1,589	715,436	0.21
1,001 – 5,000	1,639	4,654,706	1.34
5,001 – 10,000	739	5,794,958	1.67
10,001 – 100,000	826	22,046,181	6.35
100,001 and over	86	314,235,342	90.44
Total	**4,879**	**347,446,623**	**100.00**

Note: The number of security investors holding less than a marketable parcel of 186 securities ($2.69 on 16 January 2023) is 329 and they hold 16,183 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	Final (FY21)	Fully franked	12.0 cents	25 March 2022
Ordinary	Special	Fully franked	12.0 cents	25 March 2022
Ordinary	Interim (FY22)	Fully franked	12.0 cents	31 August 2022
Ordinary	Final (FY22)	Fully franked	14.0 cents	24 March 2023[1]
Ordinary	Special	Fully franked	27.0 cents	24 March 2023[1]

1. Dividend declared 24 February 2023.

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	2	13,422	1.0
10,001 – 100,000	6	155,620	6.0
100,001 and over	8	2,387,840	93.0
Total	**14**	**2,556,882**	**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

394,209 shares were purchased on-market for the purposes of the Rights Plan during the period from 1 January 2022 to 31 December 2022 at an average price of $2.77 per share.

On-market share buy-back

There was no current on-market share buy-back as at 16 January 2023.

The Company announced an on market share buy back on 24 February 2023, to commence on 14 March 2023, which is to be conducted in accordance with the approval provided by Shareholders at the 2022 AGM.

Glossary

AASB	Australian Accounting Standards Board
APRA	Australian Prudential Regulation Authority
ASX	Australian Securities Exchange
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
CET1 or Tier 1 Capital	As defined by GPS 112, Tier 1 Capital comprises the highest quality components of capital that fully satisfy all of the following essential characteristics: • provide a permanent and unrestricted commitment of funds; are freely available to absorb losses; • do not impose any unavoidable servicing charge against earnings; • rank behind the claims of policyholders and creditors in the event of winding up
Combined ratio	The sum of the loss ratio and the expense ratio
Company	Helia Group Limited ABN 72 154 890 730
COVID-19 or COVID	The pandemic relating to the contagious respiratory disease caused by the SARS-CoV-2 virus
CPS	Cents per share
DAC	Deferred acquisition costs
Deferral	Temporary relief granted to borrowers impacted by COVID-19, allowing them to defer loan repayments for a period of time. Active – comprised of new and existing deferrals Cumulative – All deferral notifications received to date Closures – lender notified opt outs and closures. Also includes expiry of deferral periods
Delinquency	Any insured loan which is reported as three 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)
EPS	Earnings per share
ESG	Environmental, social and governance
Excess of loss or XOL	A type of insurance in which the insurer indemnifies the insured for losses that exceed a specified limit
Expense ratio	Calculated by dividing the sum of the acquisition costs and the other underwriting expenses by the net earned premium
Fitch	Fitch Ratings
Flow	Policies written by Helia on a loan by loan basis at the time of origination by the lender
GHG emissions	Covers the accounting and reporting of the six greenhouse gases (GHGs) covered by the UNFCCC/Kyoto Protocol – currently carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride
Gross earned premium	The earned premium for a given period prior to any outward reinsurance expense
GWP	Gross written premium
HCD	Human Centred Design is an approach to problem solving that puts the people we are designing for at the heart of the process
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
HPA/HPD	House price appreciation/depreciation

IBNR	Delinquent loans that have been incurred but not reported
IFRS	International Financial Reporting Standards
Insurance in-force	The original principal balance of all mortgage loans currently insured (excludes excess of loss insurance)
Insurance margin	Calculated by dividing the profit from underwriting and interest income on technical funds (including realised and unrealised gains or losses) by the net earned premium
Insured loans in-force	The number of policies currently insured (excludes excess of loss insurance)
Investment return	Total investment income divided by the average balance of the opening and closing cash balance for the period, annualised
KMP	Key Management Personnel, as the term is defined in the *Corporations Act 2001* (Cth)
LAT	Liability adequacy test – AASB 1023 – General Insurance Contracts requires a LAT test. If the LAT test is failed, the DAC asset is written-down and an unexpired risk reserve established if there is a further deficiency after the write-down of DAC
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
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
Loss ratio	Calculated by dividing the net claims incurred by the net earned premium
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)
MIP	Mortgagee in possession
NABERS	National Australian Built Environment Rating System
NED	Non-executive director
Net earned premium or NEP	The earned premium for a given period less any outward reinsurance expense
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
NPAT or Statutory NPAT	Net profit/loss after tax
Omnibus incentive plans	The Genworth Financial 2004 Omnibus Incentive Plan and 2012 Omnibus Incentive Plan
PCA	APRA prescribed capital amount
PCA coverage	Calculated by dividing the regulatory capital base by the APRA prescribed capital amount
PCR	The Prudential Capital Requirement, being PCA plus any supervisory adjustment determined by APRA
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
Policies in-force (PIF)	Policies written and recorded by an insurance company which are unexpired at a given date
PoA	Probability of adequacy

Glossary continued

Premium liabilities	Premium liabilities reflects the present value of (a) expected cash flows associated with anticipated future claims from policies not one or more months of repayments in arrears based on the net central estimate; and (b) risk margin; plus future policy administration expenses, premium refunds and reinsurance costs related to these policies
Regulatory capital base	The sum of Tier 1 Capital and Tier 2 Capital
RAP	Reconciliation Action Plan
Return on equity (ROE)	Calculated by dividing NPAT by the average of the opening and closing equity balance for a financial period
Rights Plan	Helia Share Rights Plan
Risk margin	An additional amount that is added to the central estimate loss forecast and reserves to reflect the inherent uncertainty in forecasting loss outcomes
RSU	Restricted share units
Scope 1 emissions	Emissions 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
S&P	Standard & Poor's Ratings Services
SLT	Senior Leadership Team
STI	Short-term incentive
TCFD	Task Force on Climate-related Financial Disclosures
Technical funds	Investments held to support unearned premium and outstanding claims reserves
TFR	Total fixed remuneration
Tier 2 capital	As defined by 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
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 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. The bulk of these foreign exchange exposures are fully 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
VWAP	Volume weighted average price
WACC	Weighted average cost of capital

Sustainability Appendix

Contents

Sustainability Appendix continued

Materiality Assessment

In 2022, we undertook a comprehensive materiality assessment, with the assistance of an independent third-party consultant. Our materiality assessment (methodology comprising of desktop research, stakeholder interviews, and a materiality prioritisation workshop with key internal staff) revealed the topics most material to Helia's stakeholders.

The results of our materiality assessment have helped us to shape our new Sustainability pillars (Financial Wellbeing and Housing Affordability, Climate Resilience and Good Corporate Citizenship), and will inform our sustainability approach, strategic priorities and reporting.

Helia intends to undertake a materiality assessment every two–three years.

2022 Helia Materialist Assessment outcomes:

Prioritised list of material topics

1. Financial wellbeing & housing accessibility
2. Climate risk & resilience
3. ESG Corporate governance & responsible business
4. Diversity & inclusion
5. Customer education & awareness
6. Culture & wellbeing
7. Legal & regulatory compliance
8. Talent attraction, development & retention
9. Sustainable investing
10. Community investment & philanthropy
11. Green products & services
12. Modern slavery & human rights
13. Economic value generated
14. Resources, energy & emissions

(Based on stakeholder interview responses alone.)

Environmental data

Environmental indicators

Helia's 2022 environmental indicators (i.e., greenhouse gas (GHG) emissions, energy, waste, and water) have been prepared for all Helia offices. This data has been supplied via internal and third-party sources. Electricity usage is converted from Kwh to tCO_2-e and Gas usage is converted from MJ into tCO_2-e.

All environmental data has been subject to independent review by an external consultancy.

Direct energy consumption (scope 1)

2021–2022 Direct energy consumption by primary source

	2021 Total GJ	2022 Total GJ	Contribution (%)	% change (2021 to 2022)
Non-renewable sources				
Natural gas	33.2	13.1	100%	-61%
LPG	–	–	–	–
Diesel/Oil	–	–	–	–
Renewable sources	–	–	–	–
Total	**33.2**	**13.1**	**100%**	**-61%**

Direct energy consumption (scope 2)

2021–2022 Indirect energy consumption by primary source

	2021 Total GJ	2022 Total GJ	Contribution (%)	% change (2021 to 2022)
Non-renewable sources (electricity)				
Sydney	519.9	474.4	98%	-9%
Melbourne	15.3	8.0	1.7%	-48%
Brisbane	22.5	0.6	0.1%	-97%
Total	**557.7**	**483.0**	**100%**	**-13%**
Renewable sources (electricity)				
Sydney	–	–	–	–
Melbourne	–	–	–	–
Brisbane	–	–	–	–
Total	**–**	**–**	**–**	**–**
Total	**557.7**	**483.0**	**100%**	**-13%**

Sustainability Appendix continued

2021–2022 Direct & indirect emissions (scope 1 & 2) by source

	2021 GHG emissions (sum of direct & indirect emissions)	2022 GHG emissions (sum of direct & indirect emissions)	% contribution of direct & indirect emissions (scope 1 & 2)	% change
Purchased electricity				
Sydney	112.6	96.2	97.3%	-15%
Melbourne	3.9	1.9	1.9%	-52%
Brisbane	5.0	0.1	0.1%	-97%
Total	**121.5**	**98.2**	**99.3%**	**-19%**
Natural Gas				
Sydney	–	–	–	–
Melbourne	1.7	0.7	0.7%	-61%
Brisbane	–	–	–	–
Total	**1.7**	**0.7**	**0.7%**	**-61%**
LPG				
Sydney	–	–	–	–
Melbourne	–	–	–	–
Brisbane	–	–	–	–
Total	**–**	**–**	**–**	**–**
Diesel				
Sydney	–	–	–	–
Melbourne	–	–	–	–
Brisbane	–	–	–	–
Total	**–**	**–**	**–**	**–**
Total	**123.2**	**98.9**	**100%**	**-20%**

Office location	2021 Total water consumption (ML/year)	2022 Total water consumption (ML/year)	Contribution (%)	% change
Sydney	1.10	1.08	97.0%	-2%
Melbourne	0.08	0.03	3.0%	-58%
Brisbane	–	–	–	–
Total	**1.2**	**1.1**	**100.0%**	**-6%**

2021–2022 Breakdown of non-hazardous waste disposal by office

Office location	2021 Municipal solid waste (tonnes/year)	2021 Recycling (tonnes/year)	2022 Municipal solid waste (tonnes/year)	2022 Recycling (tonnes/year)	% change municipal solid waste	% change recycling
Sydney	17.6	11.7	18.1	10.8	3%	-8%
Melbourne	–	–	1.7	0.2	100%	100%
Brisbane	–	–	–	–	–	–
Total	**17.6**	**11.7**	**19.8**	**11**	**12%**	**-6%**

2022 Waste Recycled: -44%

TCFD

Helia reports in accordance with recommendations of the Task Force on Climate-related Financial Disclosure (TCFD) and complies with the ASX Corporate Governance Principles and Recommendations (Recommendation 7.4) that companies should disclose their exposure to, and management of, environmental or social risks material to their organisation.

TCFD Recommended Disclosures	Our Approach
Governance: Disclose the organisation's governance around climate-related risks and opportunities	
a) Describe the board's oversight of climate-related risks and opportunities	Helia's governance processes cover climate related risks. The Board is ultimately responsible for all risk, and the organisation provides regular updates to the Risk Committee and management on its progress towards understanding climate-related risk. 2022 Annual Report pages 22–23 and 26–27
b) Describe management's role in assessing and managing climate-related risks and opportunities	2022 Annual Report pages 22–23 and 26–27
Strategy: Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material	
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	2022 Annual Report pages 20–21
b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	2022 Annual Report pages 22–23 and 30–32 Note: Detailed disclosures on financial impact still evolving.
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Information incomplete or unavailable – developing as part of wider climate impact work and carbon neutral commitment.
Risk Management: Disclose how the organisation identifies, assesses, and manages climate-related risk	
a) Describe the organisation's processes for identifying and assessing climate-related risks	2022 Annual Report pages 30–31
b) Describe the organisation's processes for managing climate-related risks	2022 Annual Report page 22–23 and 30–31
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	2022 Annual Report pages 22–23, 26–27 and 30–31
Metrics and Targets: Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Emissions spread – climate spread. 2022 Annual Report pages 30–33
b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks	Emissions spread – climate spread. 2022 Annual Report pages 30–33
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Information incomplete or unavailable – developing as part of wider climate impact work and carbon neutral commitment.

Sustainability Appendix continued

Organisational data

Employee data

Director, employee, new hires & departures by age and gender (as at 31 December 2022).

Board of Directors	Female	Male	Total
< 30 years	0	0	0 (0%)
30–50 years	0	2	2 (25%)
>50 years	4	2	6 (75%)
Total	**4 (50%)**	**4 (50%)**	**8 (100%)**

Employees	Female	Male	Total
< 30 years	13 (6%)	14 (6%)	27 (12%)
30–50 years	68 (29%)	74 (32%)	142 (71%)
>50 years	26 (11%)	37 (16%)	63 (27%)
Total	**107 (46%)**	**125 (54%)**	**232 (100%)**

New hires in 2022	Female	Male	Total
< 30 years	8 (12%)	10 (15%)	18 (28%)
30–50 years	16 (25%)	26 (40%)	42 (65%)
>50 years	3 (5%)	2 (3%)	5 (8%)
Total	**27 (42%)**	**38 (58%)**	**65 (100%)**

Departures in 2022	Female	Male	Total
< 30 years	3 (6%)	7 (14%)	10 (20%)
30–50 years	17 (34%)	13 (26%)	30 (60%)
>50 years	2 (4%)	8 (16%)	10 (20%)
Total	**22 (44%)**	**28 (56%)**	**50 (100%)**

Director, employee, new hires & departures by region (as at 31 December 2022)

Region	Director	Employee	New hires	Departures
NSW	6 (75%)	204 (88%)	63 (94%)	49 (98%)
VIC	1 (12.5%)	12 (5%)	2 (3%)	1 (2%)
QLD	1 (12.5%)	9 (4%)	1 (1.5%)	0 (0%)
WA	0 (0%)	3 (1.5%)	0 (0%)	0 (0%)
SA	0 (0%)	2 (1%)	0 (0%)	0 (0%)
TAS	0 (0%)	1 (0.5%)	1 (1.5%)	0 (0%)
NZ	0 (0%)	1 (0.5%)	0 (0%)	0 (0%)
Total	**8 (100%)**	**232 (100%)**	**67 (100%)**	**50 (100%)**

Parental leave (for the year ending 31 December 2022)

	Female	Male	Total
Employees that took parental leave	5	5	10
Employees that returned to work after parental leave ended	4	5	9
Employees that returned to work after parental leave ended, that were still employees 12 months after their return to work	3*	2*	5
Return to work and retention rates of employees that took parental leave	30%	20%	50%

* out of 10 employees on Parental Leave in 2021.

Performance and Development

Helia annual performance cycle

Feb – Mar	Set performance and development goals
Jun	Talent and succession planning
Jul	Mid year performance and development review
Nov – Dec	Annual performance review

100% of employees received regular performance and career development reviews.

Training hours

Average hours of training per year per employee (for the year ending 31 December 2022)

Training by gender	Male	Female	Total
Average no. training hours	23.4	24.6	24.01

Training by employee category	Employee	Leadership member	Total
Average no. training hours	21	31	24

Stakeholder engagement

Overview & engagement frequency

An integral part of building a sustainable business is having regular engagement with key stakeholders to support effective decision-making. This year, Helia collaborated with the following stakeholder groups to gain insights and input on relevant issues.

Our people

Regular communication with employees underpins our culture at Helia. We engage with our people in a variety of ways, including regular touchpoints between managers and individuals/teams, professional development conversations, quarterly Town Halls, lunch and learn sessions, employee surveys, and social and community events.

Engagement: Daily Weekly Quarterly

Community groups

We invest in community programs run by charitable groups through donations and volunteering programs.

Engagement: ★ Adhoc

Sustainability Appendix continued

Government

We liaise regularly with the Commonwealth and State Treasuries, as well as other Federal and State government departments and agencies, on policy and programs impacting home buyers.

Total political contributions: Nil. No indirect contributions. No in-kind contributions.

Engagement: Adhoc

Suppliers

We engage with our suppliers throughout the provision of services. After a competitive bidding process, we assess their ability to perform a defined scope of work and their approach to sustainability and the prevention of modern slavery. We undertake risk assessments and reference checks and once a supplier is engaged, we conduct regular business reviews for those identified as higher risk. All suppliers have undergone Helia's modern slavery assessment in 2022.

We are committed to complying with all necessary laws, regulations, rules and agreements when engaging suppliers and post onboarding, including where there are changes in the regulatory and compliance landscape. A supplier code of conduct for existing and new suppliers ensures Helia's ongoing compliance with APRA Prudential Standard CPS 220 (Risk Management).

Engagement: Annual Adhoc

See our Supplier Code of Conduct

Home buyers

We engage with home buyers through news, digital and social media and consumer publications.

As part of our ongoing commitment to educate home buyers on the process about LMI, we produce and publish numerous online articles and tools such as our LMI tool kit, Deposit Comparison Estimator, LMI Fee Estimator and our annual magazine, 'It's My Home'.

Engagement: Annual Adhoc

Media

We proactively engage with media to keep the market and general public informed on news and business changes and respond to requests for information. Our Media and Public Relations Policy is available on our website.

Engagement: Adhoc

See our Media Relations Policy

Landlords

We liaise regularly with our Sydney, Melbourne and Brisbane office landlords (noting the Brisbane office closed 31 January 2022 and Melbourne closed 30 June 2022) or their agents regarding our workplaces. We have regular meetings with our Sydney landlord's Resource Recovery Manager, to collaborate on a specific environmental agenda and track consumption metrics.

Engagement: Quarterly

Shareholders

Helia is committed to accurate and timely communication with our shareholders. Our Disclosure Policy is available on our website and outlines how we comply with our continuous disclosure obligations in a timely and transparent manner. We provide half year (June) and full year (December) financial result updates each year and issue an Annual Report and Corporate Governance Statement in February.

See our Disclosure Policy

Retail shareholders

Our Investor Relations team are available to answer questions or receive feedback from retail investors.

We communicate with our retail shareholders through:

- the Investor Centre on our website
- email alerts
- an annual Investor Day, and
- the Annual General Meeting, which provides retail shareholders with the opportunity to ask questions and provide feedback directly to the Chairman, Board and Chief Executive Officer (CEO).

Institutional shareholders

Our Investor Relations team are also available to answer questions or receive feedback from institutional investors.

Our Chief Executive Officer (CEO) and Chief Financial Officer (CFO) meet with our existing shareholders and prospective institutional investors on a regular basis as part of our:

- post results domestic and international roadshows
- broker hosted conferences and investor briefing sessions, and
- company hosted meetings on an 'as requested' basis throughout the year.

Investment analysts

Investment analysts are invited to participate in all briefings through a conference call and webcast, including those for the half and full-year results. During these briefings, analysts have an opportunity to ask questions of our CEO and CFO.

These briefings are available to all shareholders to listen to live or on replay through our website. Briefings are often followed up with 1:1 investor and analyst roadshow meetings to further discuss our business.

Engagement: ◑ Half year ● Full year ★ Adhoc

Ratings agencies

S&P Global Ratings and Fitch Ratings provide insurer financial strength credit ratings on Helia Insurance Pty Ltd. We meet with representatives from both agencies for an annual management meeting and liaise regularly with them including at our financial results updates.

Engagement: ◑ Half year

Customers

We value our strong and collaborative partnerships with our customers. We seek feedback through our annual customer satisfaction survey, that provides insights into customer experiences and areas Helia should focus on in the following year to help our customers and their customers. We also engage with our customers through workshops, industry forums, training sessions, digital media platforms and our originations call centre.

Engagement: ★ Tailored per customer

Industry bodies

We contribute to discussions regarding issues facing the industry as members of the Insurance Council of Australia (ICA), and by working with the Customer Owned Banking Association (COBA) and the Mortgage and Finance Association of Australia (MFAA). The ICA – LMI subcommittee meets quarterly or more frequently as required.

Engagement: ★ Adhoc ◔ Quarterly

Regulators

We engage with regulators openly, candidly and in a timely manner. In complying with legislation and regulations, Helia has regard to relevant community expectations and standards. Helia is regulated by the Australian Prudential Regulation Authority (APRA), an independent statutory authority that supervises financial institutions across banking, insurance and superannuation and promotes financial system stability in Australia. We regularly meet with APRA supervisory teams throughout the year. Helia is also regulated by the Australian Securities and Investments Commission (ASIC), Reserve Bank of New Zealand (RBNZ) and the Bermuda Monetary Authority (BMA).

Engagement: ◔ Quarterly

Reinsurers

We engage with our reinsurers regularly throughout the year, including annual reinsurers' updates and an annual reinsurance roadshow.

Engagement: ● Annual ◑ Half year

Sustainability Appendix continued

GRI Index

The Sustainability reporting in our Annual Report has been prepared in accordance with the 2021 GRI Standards. The GRI content index specifies each of the GRI Standards used and lists all disclosures included in this report.

Statement of use

Helia Group Limited has reported the information cited in this GRI content index for the period 1st January 2022 to 31st December 2022 with reference to the GRI Standards.

GRI 1 used

GRI 1: Foundation 2021

GRI Standard	Disclosure	Location
GRI 2: General Disclosures 2021	2-1 Organizational details	Chairman's message (page 7), Sustainability report (page 26)
	2-2 Entities included in the organization's sustainability reporting	Financial report – Controlled entities (page 112)
	2-3 Reporting period, frequency and contact point	Financial report – Basis of preparation (page 76)
	2-4 Restatements of information	*Not applicable – no numbers restated*
	2-5 External assurance	Directors' report – Lead auditor's independence declaration (Page 70), Independent auditor's report (Page 119)
	2-6 Activities, value chain and other business relationships	Strategic report – Welcome to Helia (Page 1), The value we create (page 14), Who we are (page 10)
	2-7 Employees	Strategic report – Our enablers to success (page 19), Sustainability appendix (page 136)
	2-8 Workers who are not employees	Sustainability appendix (page 136)
	2-9 Governance structure and composition	Directors' report – Board of Directors (page 37)
	2-10 Nomination and selection of the highest governance body	Directors' report (page 36), Corporate governance statement (page 36)
	2-11 Chair of the highest governance body	Directors' report – Board of Directors (page 37)
	2-12 Role of the highest governance body in overseeing the management of impacts	Directors' report/corporate governance statement (page 36)
	2-13 Delegation of responsibility for managing impacts	Sustainability report (page 27)
	2-14 Role of the highest governance body in sustainability reporting	Sustainability report (page 27), Financial report – Basis of preparation (page 76)
	2-15 Conflicts of interest	Board of Directors (page 37), Operating and financial review (page 47)
	2-16 Communication of critical concerns	*Not applicable – no critical concerns were communicated*
	2-17 Collective knowledge of the highest governance body	Directors' report/corporate governance statement (page 36)
	2-18 Evaluation of the performance of the highest governance body	Directors' report/corporate governance statement (page 36)
	2-19 Remuneration policies	Financial statements (page 113), corporate governance statement (page 36)
	2-20 Process to determine remuneration	Directors' report/corporate governance statement (page 36)
	2-22 Statement on sustainable development strategy	Chairman's message (page 7), Sustainability report (page 26)
	2-23 Policy commitments	Sustainability report (page 27)
	2-24 Embedding policy commitments	Sustainability report (page 27)

GRI Standard	Disclosure	Location
GRI 2: General Disclosures 2021 (continued)	2-26 Mechanisms for seeking advice and raising concerns	Sustainability report (page 35) – Code of conduct
	2-27 Compliance with laws and regulations	*Not applicable – we have had no significant incidents of, or fines that were paid for, non-compliance with laws and regulations during the reporting period*
	2-28 Membership associations	Sustainability appendix (page 137)
	2-29 Approach to stakeholder engagement	Sustainability appendix (page 137)
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Sustainability appendix (page 136)
	3-2 List of material topics	Sustainability appendix (page 136)
	3-3 Management of material topics	Sustainability appendix (page 136)
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Financial statements (page 72)
	201-2 Financial implications and other risks and opportunities due to climate change	Sustainability report (page 30–31)
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Sustainability report (page 27)
	205-2 Communication and training about anti-corruption policies and procedures	Sustainability report (page 27)
	205-3 Confirmed incidents of corruption and actions taken	*Not applicable – we have not identified any incidents of corruption during the reporting period*
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	*Not applicable – we have had no legal actions pending or completed during 2022 regarding anti-competitive behaviour and violations of anti-trust and monopoly legislation in which the organisation has been identified as a participant*
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Sustainability report (page 32), Sustainability appendix (page 133)
GRI 303: Water and Effluents 2018	303-5 Water consumption	Sustainability report (page 32), Sustainability appendix (page 134)
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Sustainability report (page 33), Sustainability appendix (page 133)
	305-2 Energy indirect (Scope 2) GHG emissions	Sustainability report (page 33), Sustainability appendix (page 133)
	305-3 Other indirect (Scope 3) GHG emissions	Sustainability report (page 33)
	305-5 Reduction of GHG emissions	Sustainability report (page 33), Sustainability appendix (page 134)
GRI 306: Water 2020	306-3 Waste generated	Sustainability report (page 32), Sustainability appendix (page 134)
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Sustainability appendix (page 136)
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Strategic report – Our people (page 19)
	401-3 Parental leave	Sustainability report (page 34), Sustainability appendix (page 137)

Sustainability Appendix continued

GRI Standard	Disclosure	Location
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	*Helia takes best practice guidance from the Fair Work Ombudsman regarding consultation and notice periods for operational changes*
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Sustainability report (page 27)
	403-2 Hazard identification, risk assessment, and incident investigation	Sustainability report – Code of conduct (page 35)
	403-5 Worker training on occupational health and safety	Strategic report – Our enablers to success (page 19), Sustainability report (page 35)
	403-9 Work-related injuries	Sustainability report (page 35)
	403-10 Work-related ill health	Sustainability report (page 35)
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Strategic report – Our enablers to success (page 19), Sustainability appendix (page 137)
	404-2 Programs for upgrading employee skills and transition assistance programs	Strategic report – Our enablers to success (page 19), Sustainability appendix (page 137)
	404-3 Percentage of employees receiving regular performance and career development reviews	Sustainability appendix (page 137)
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Sustainability report (page 34), Sustainability appendix (page 136)
	405-2 Ratio of basic salary and remuneration of women to men	Sustainability report (page 34)
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	*Not applicable – we have not identified any incidents of discrimination during the reporting period*
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Sustainability report (page 27)
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Sustainability report (page 27)
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Sustainability report (page 29)
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Sustainability appendix (page 137)
GRI 415: Public Policy 2016	415-1 Political contributions	Sustainability appendix (page 138)
GRI 417: Marketing and Labeling 2016	417-2 Incidents of non-compliance concerning product and service information and labeling	*Not applicable, we have not identified any incidents of non-compliance concerning product and service information and labeling*
	417-3 Incidents of non-compliance concerning marketing communications	*Not applicable, we have not identified any incidents of non-compliance concerning product and service information and labeling*
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	*Not applicable, we have had no substantial complaints concerning breaches of privacy and losses of customer data*

Corporate directory

Registered office

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Company Secretary

Ms Prudence Milne, General Counsel and Company Secretary

Assistant Company Secretary

Mr Brady Weissel, Corporate Counsel and Assistant Company Secretary

Share registery

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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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