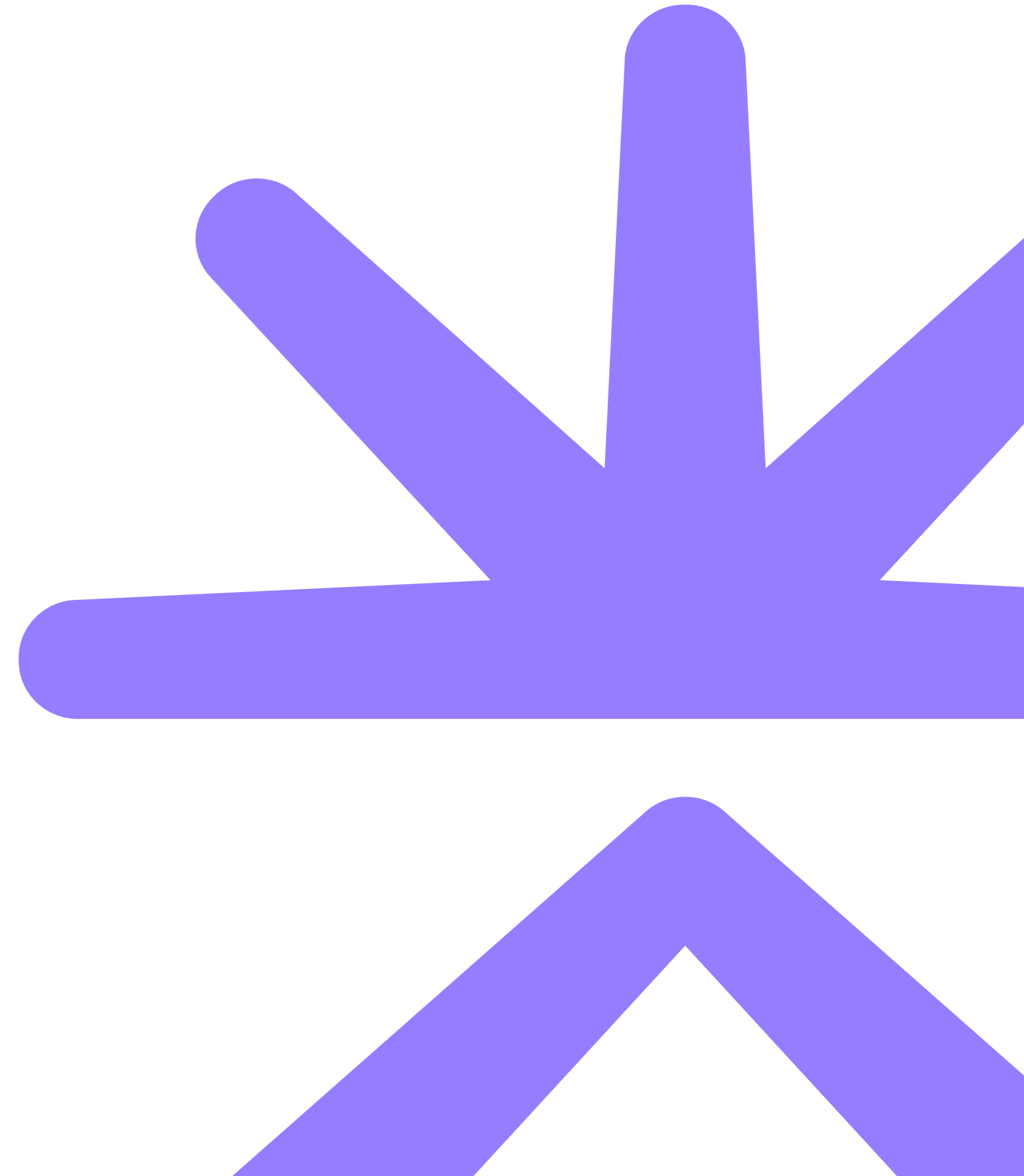


2023 Half Year Results Investor Presentation

22 August 2023



Disclaimer

This presentation contains general information in summary form which is current as at 30 June 2023. It may present financial information on both a statutory basis (prepared in accordance with Australian accounting standards which comply with International Financial Reporting Standards (IFRS)) and non-IFRS basis. The information in this presentation has not been externally audited or reviewed. However, the following information has been extracted from Helia's 1H23 financial report, which was externally reviewed in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of Helia:

- financial information from the Consolidated statement of comprehensive income for 1H23 and comparative information for 1H22 (restated); and
- financial information from the Consolidated statement of financial position as at 30 June 2023 and comparative information as at 31 December 2022 (restated).

For the other comparative periods of FY21 and 2H22 Helia has restated figures to align with AASB 17 using consistent processes and methodologies as those adopted in the 1H23 financial report. These restated figures have not been reviewed by auditors.

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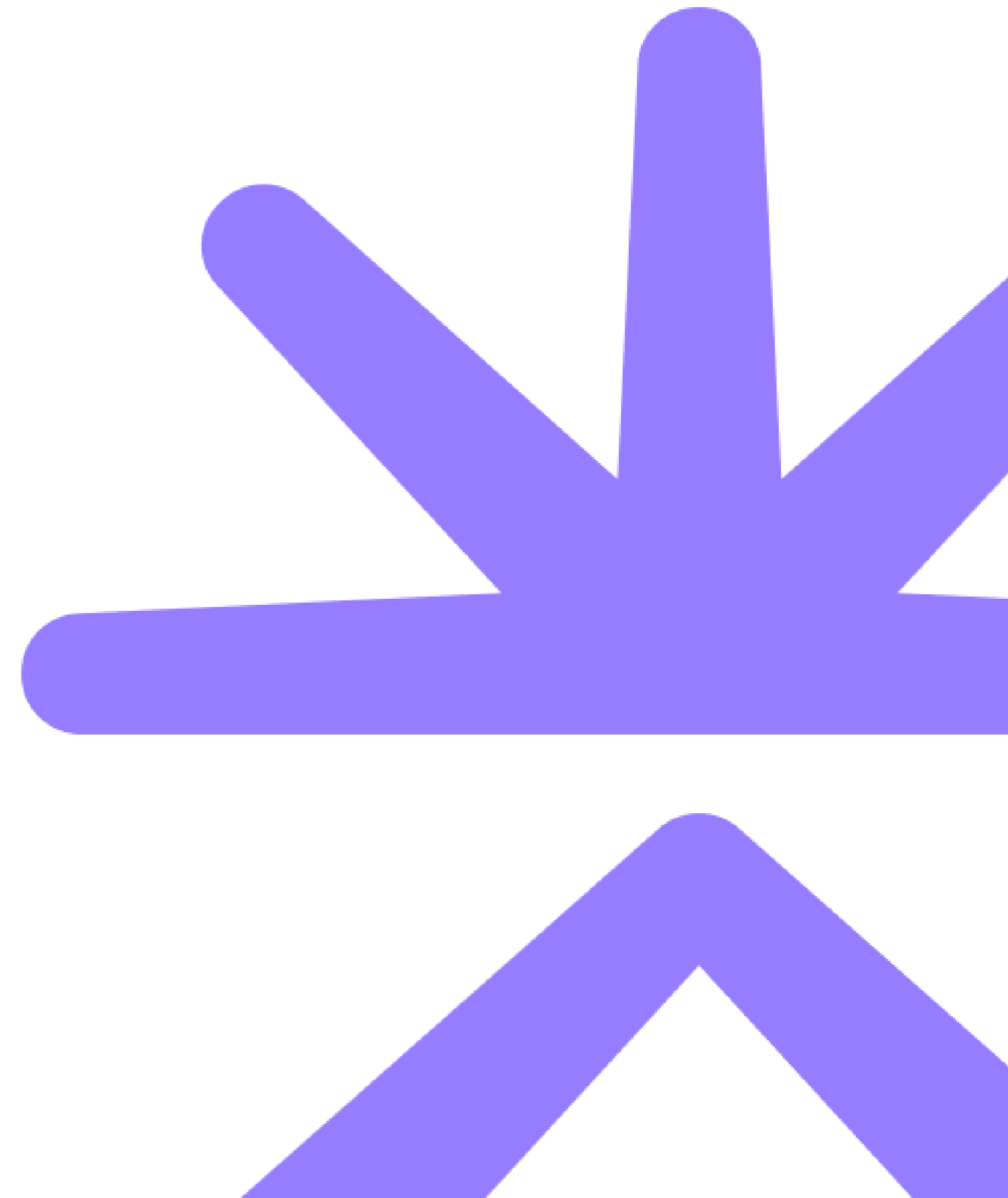
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Helia Group Limited ABN 72 154 890 730 (Helia).



Agenda

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2.	1H23 Financial results	15
3.	Closing comments	36
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5.	Glossary	50



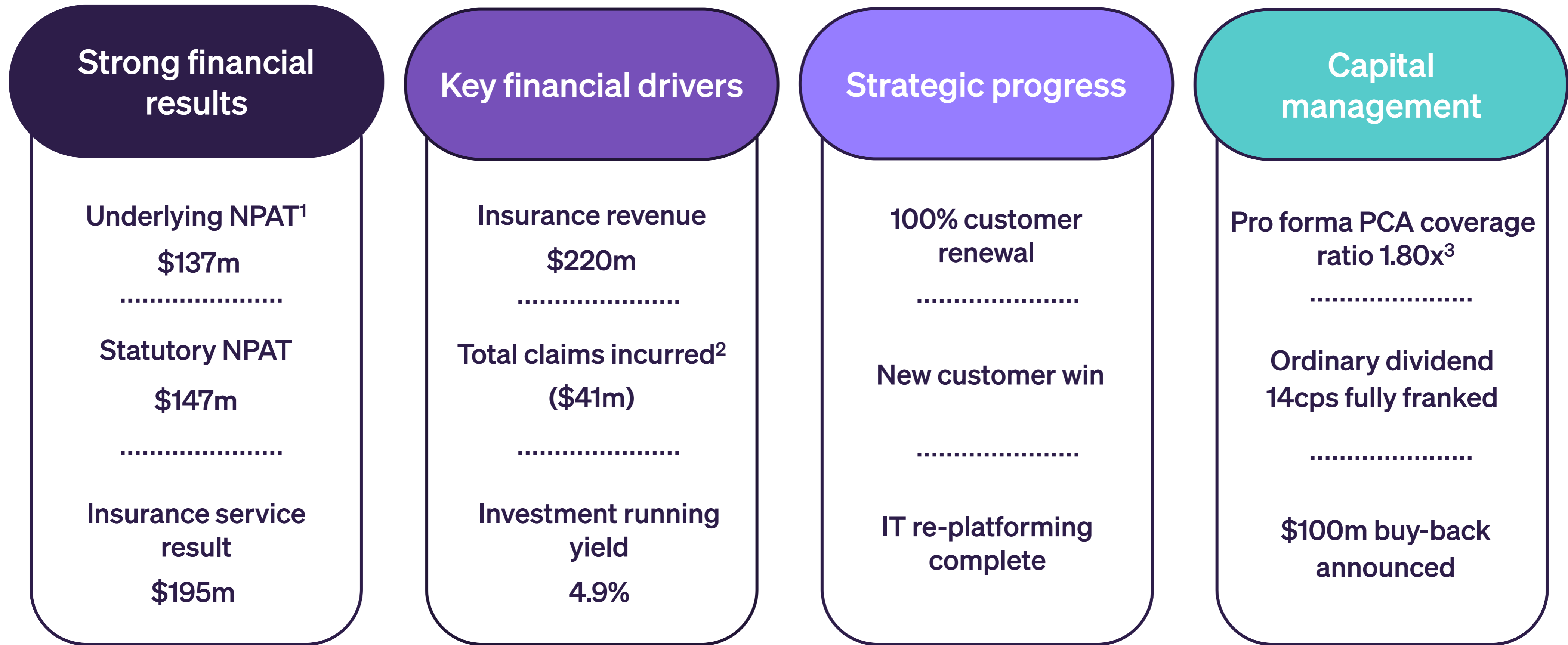
Overview

Pauline Blight-Johnston

Chief Executive Officer and Managing Director



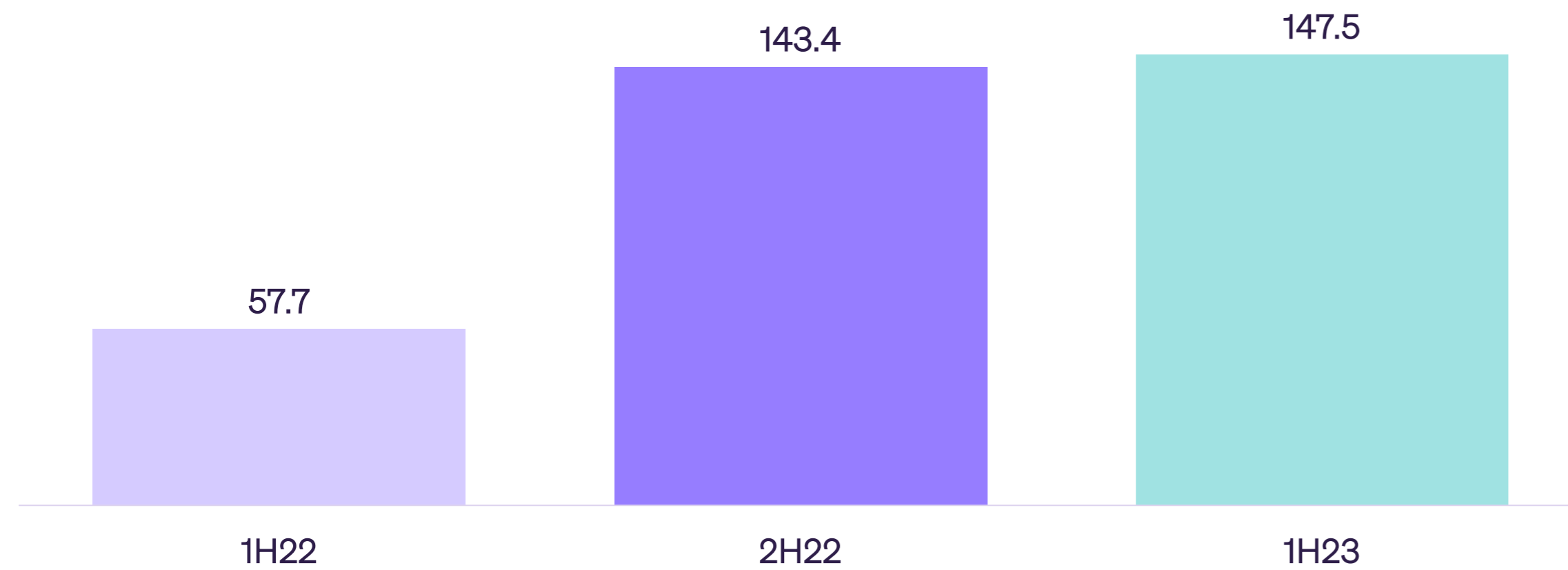
1H23 highlights



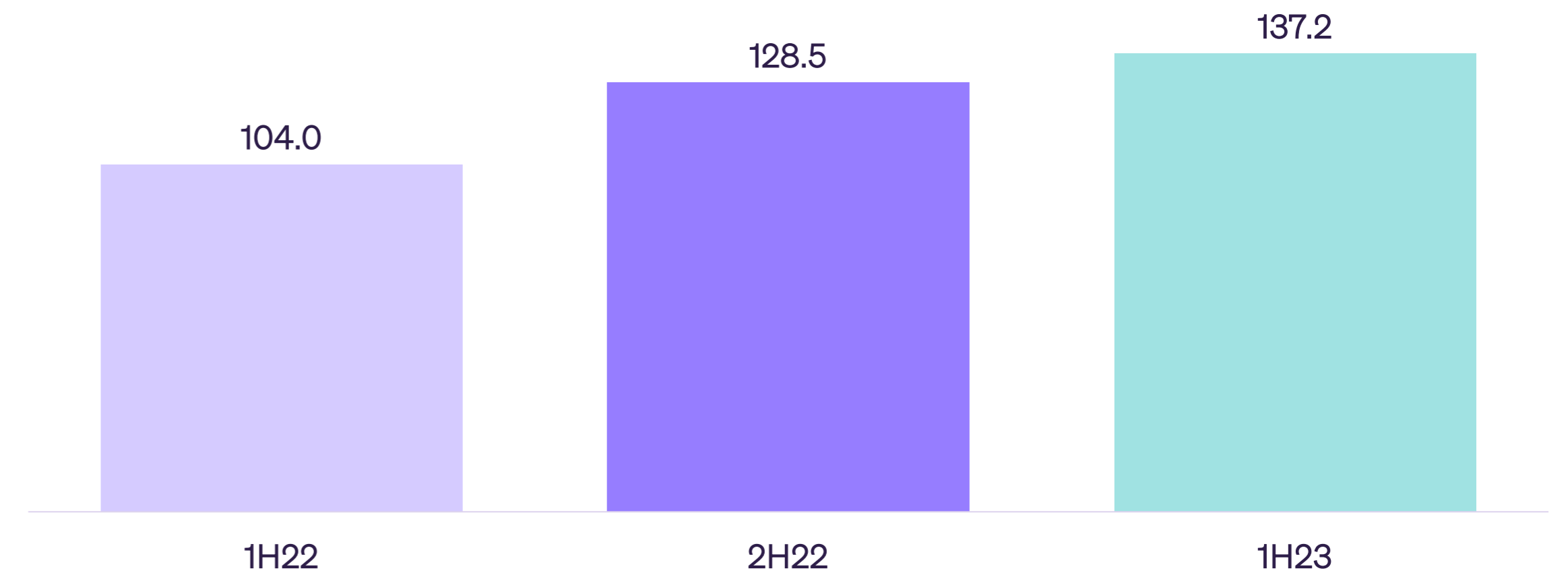
1. Underlying NPAT excludes FX, unrealised gains / (losses) on the shareholder funds and separation costs.
 2. Net claims incurred for 1H23 were negative, driven by a release of reserves.
 3. Pro forma assuming completion of announced capital management actions (on a Level 2 basis).

Key performance measures

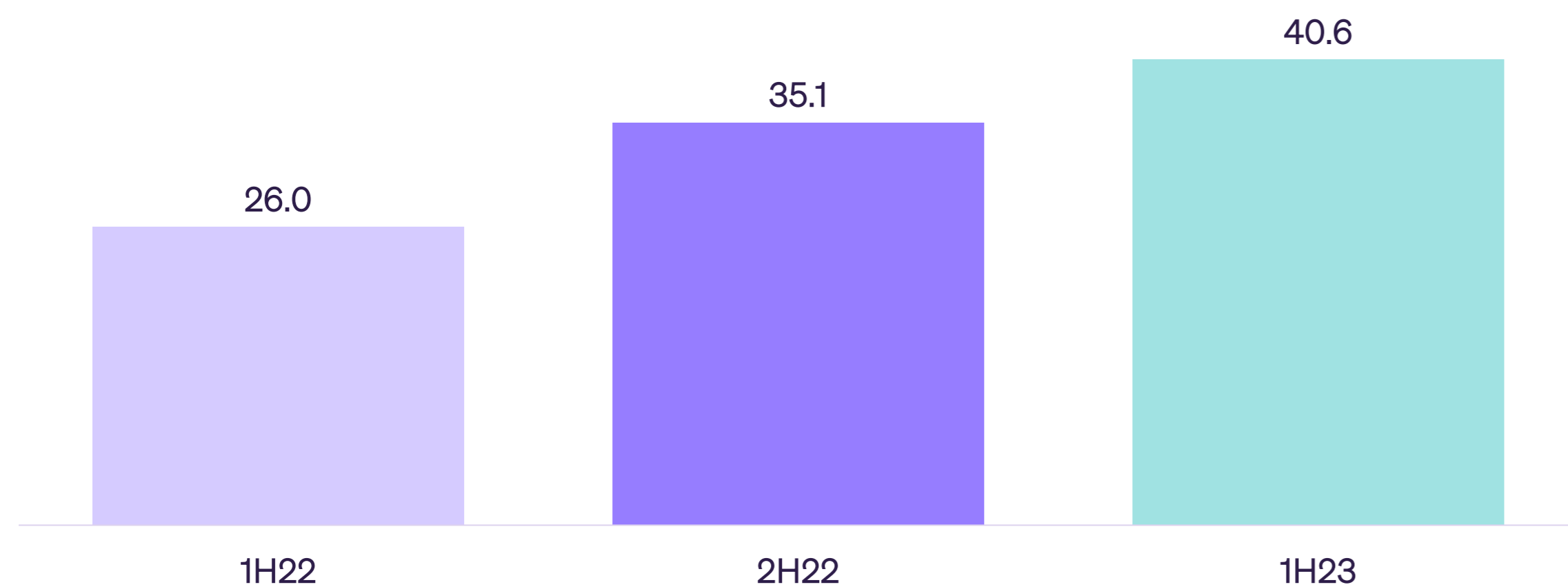
Statutory NPAT (\$ millions)



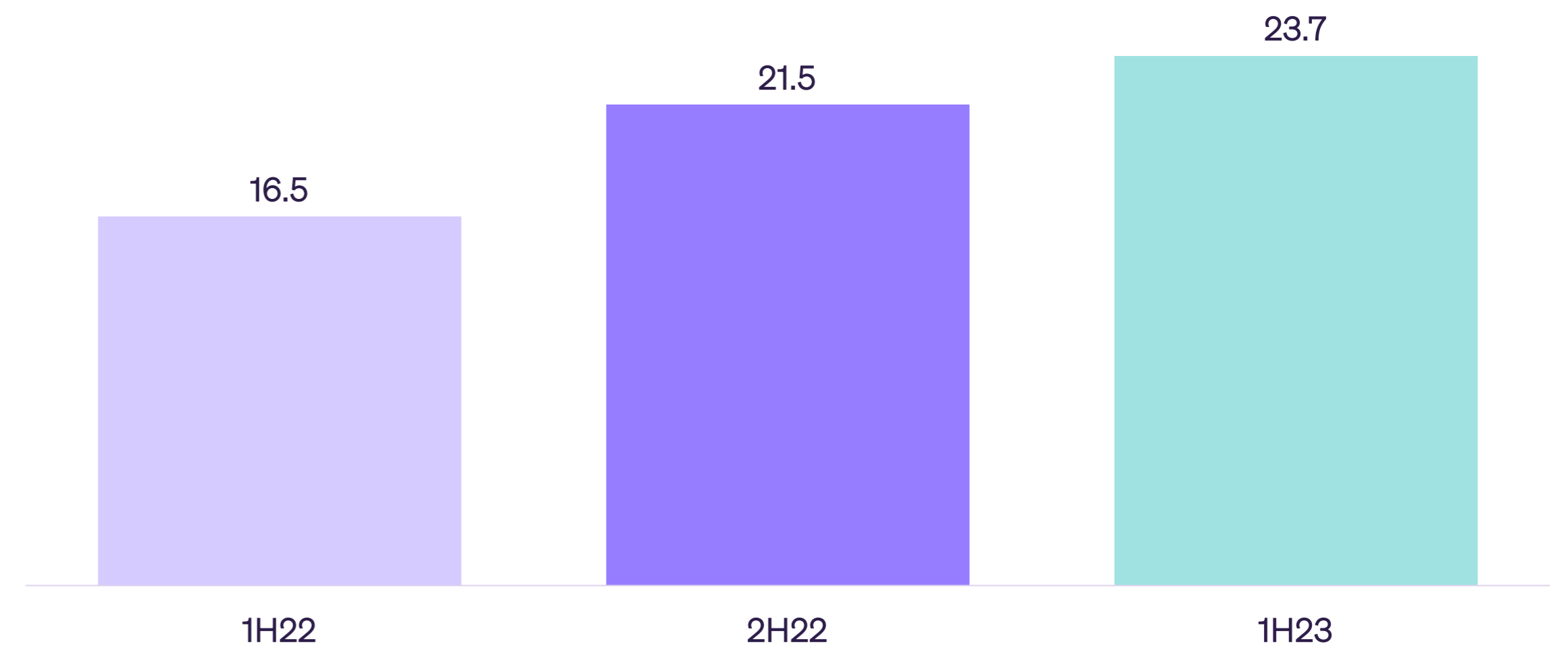
Underlying NPAT (\$ millions)



Underlying diluted EPS (cps)

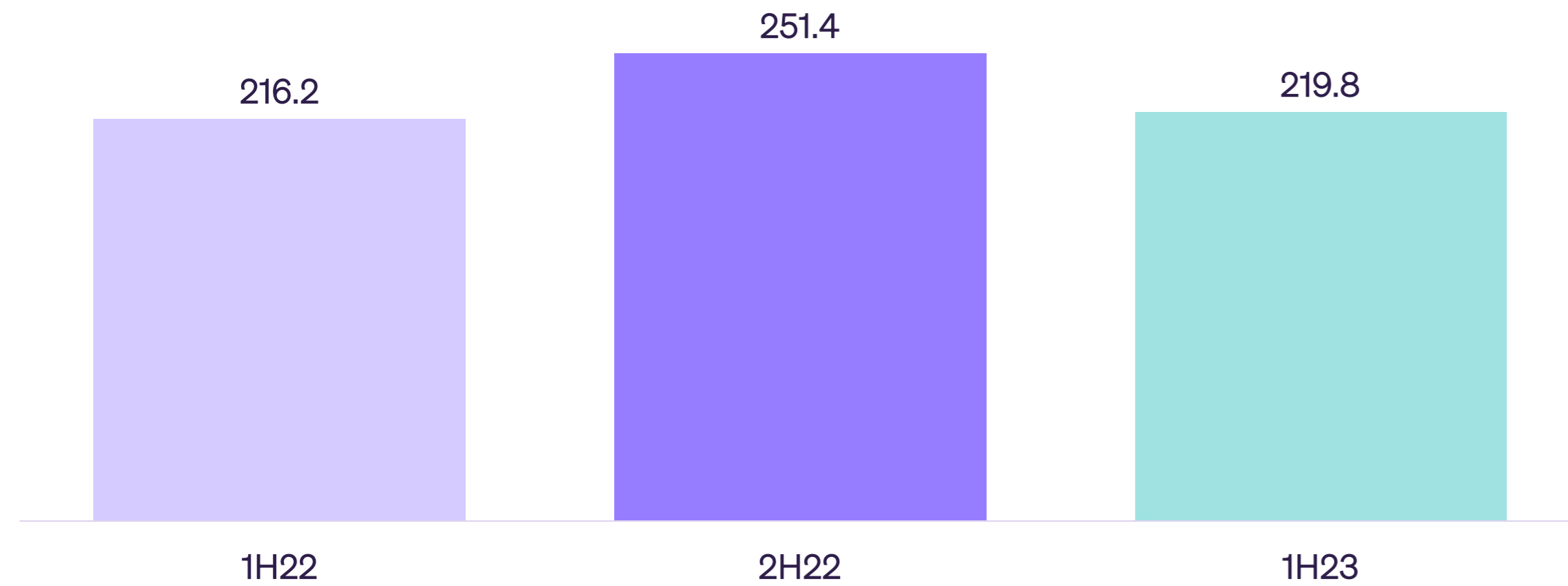


Annualised underlying ROE (%)

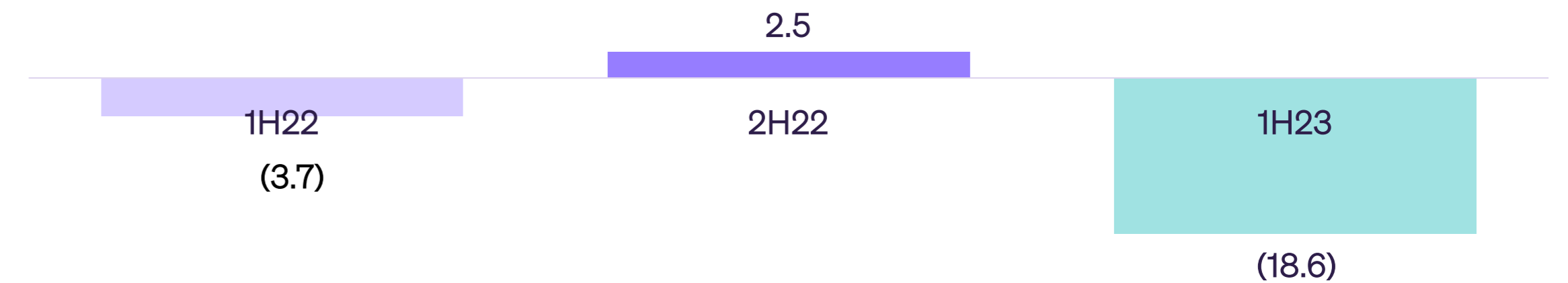


Key performance measures

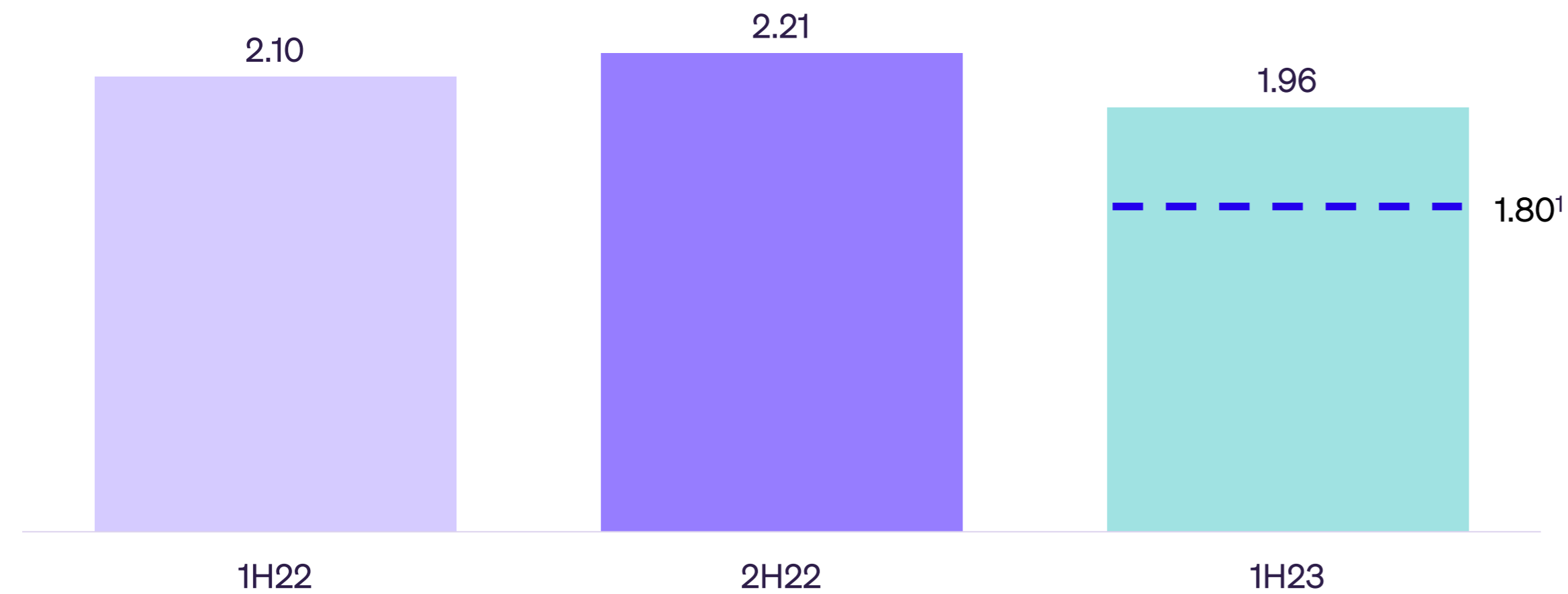
Insurance revenue (\$ millions)



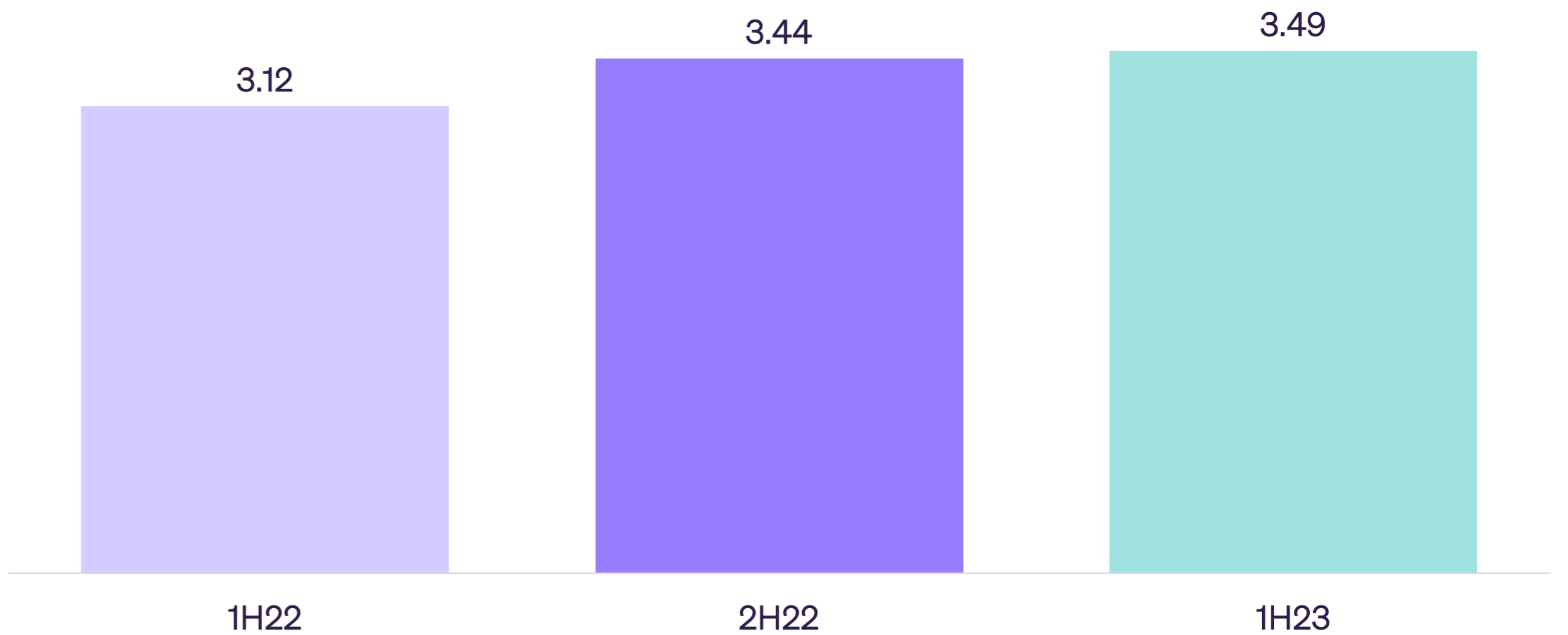
Total incurred claims ratio (%)



PCA coverage ratio (x)



Net tangible assets per share (\$)



Economic environment

Labor force resilient

Unemployment near 50-year low at 3.5%

Annual wage growth increased 3.6% improving medium term serviceability

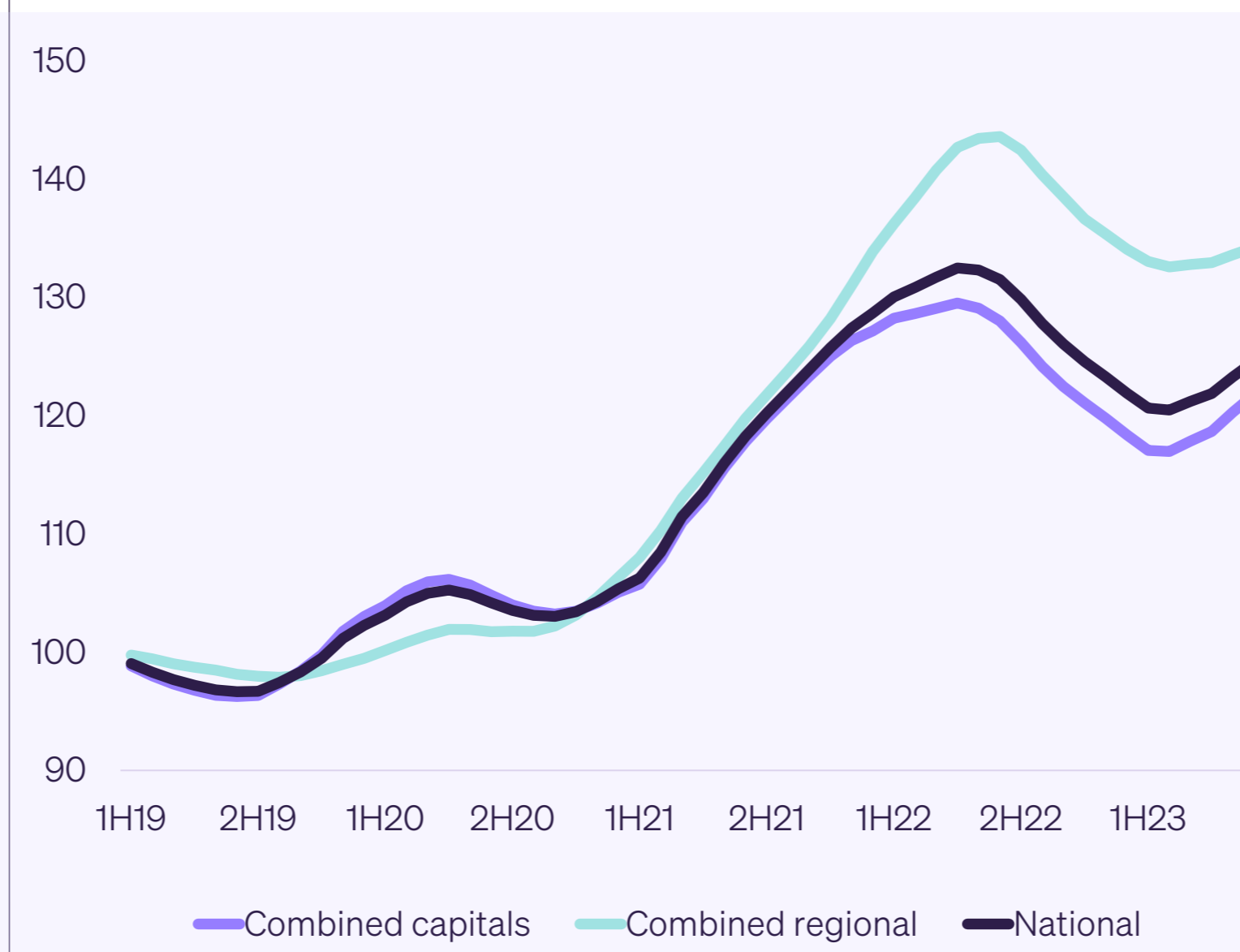


Source: ABS. Labour Force Australia seasonally adjusted estimates for June 2023 and ABS Wage Price Index as at June 2023.

Dwelling values rising

1H23 national home dwelling values up 2.2%

5.3% below mid 2022 peak but up 26.6% since 2019



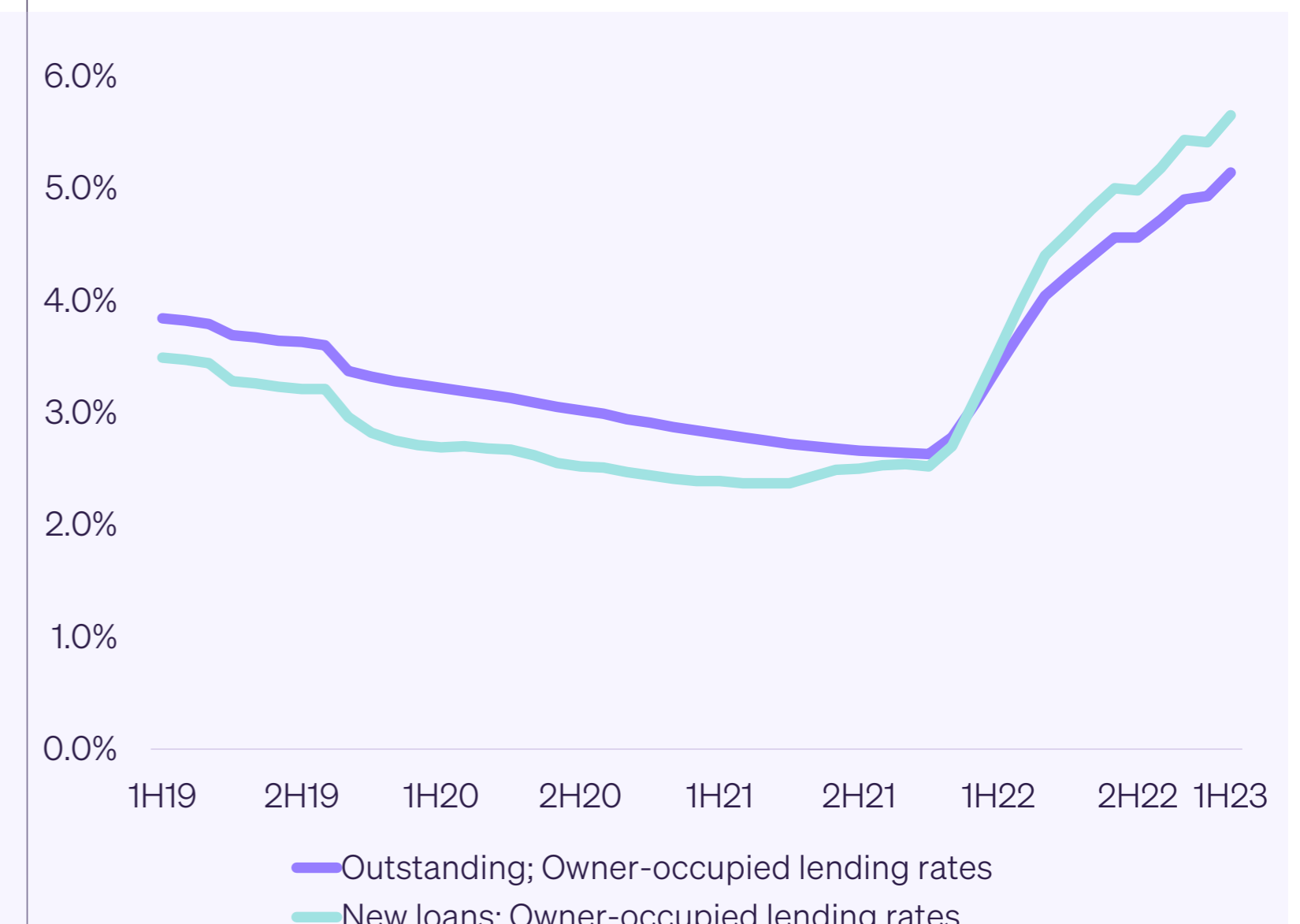
Source: CoreLogic's Hedonic Home Value Index as at June 2023.

Interest rates rising

RBA cash rate target has increased 100bps in 1H23 to 4.1%

Average new owner-occupied variable rate is 5.7%

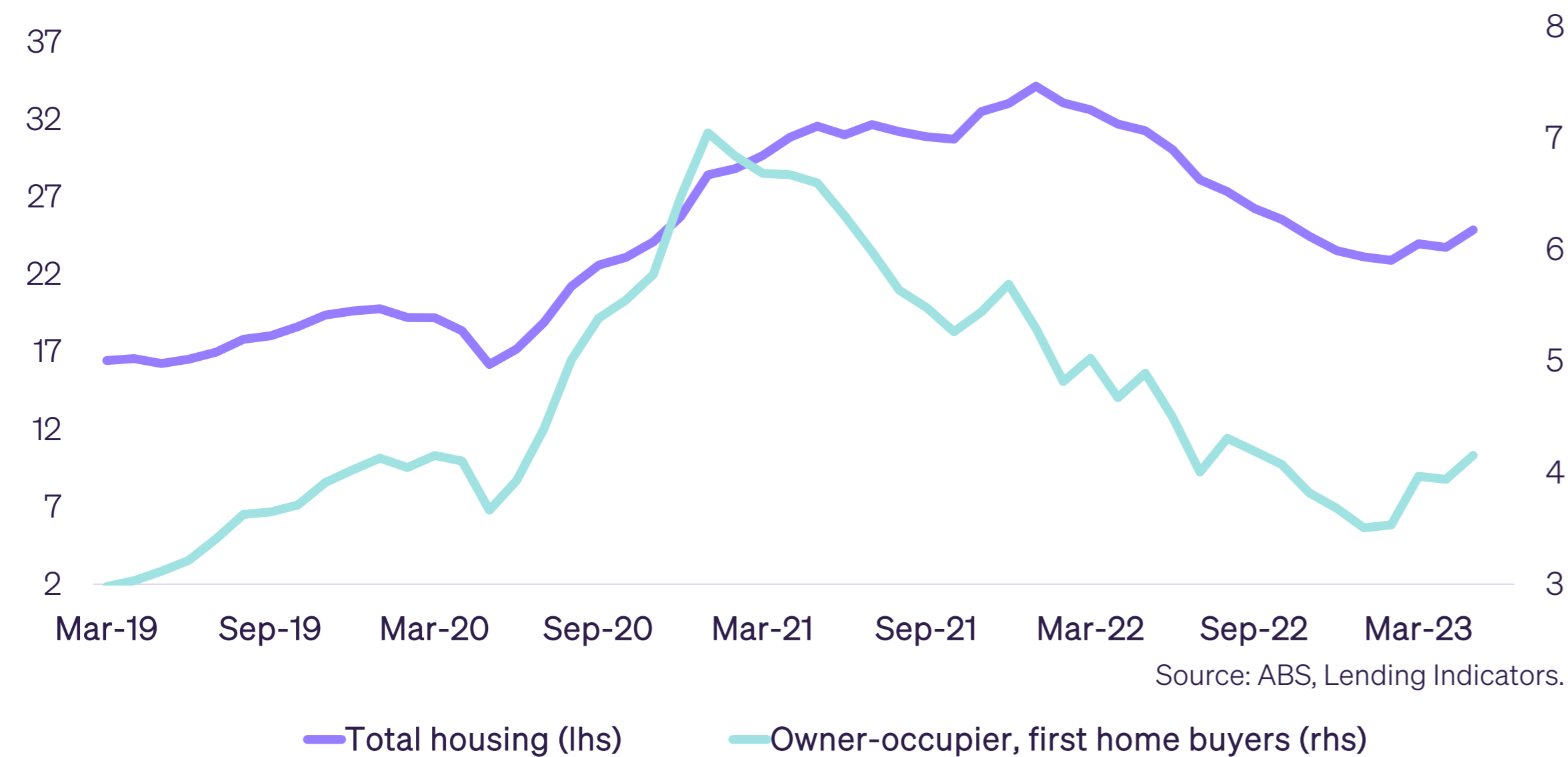
Inflation slowing but still elevated



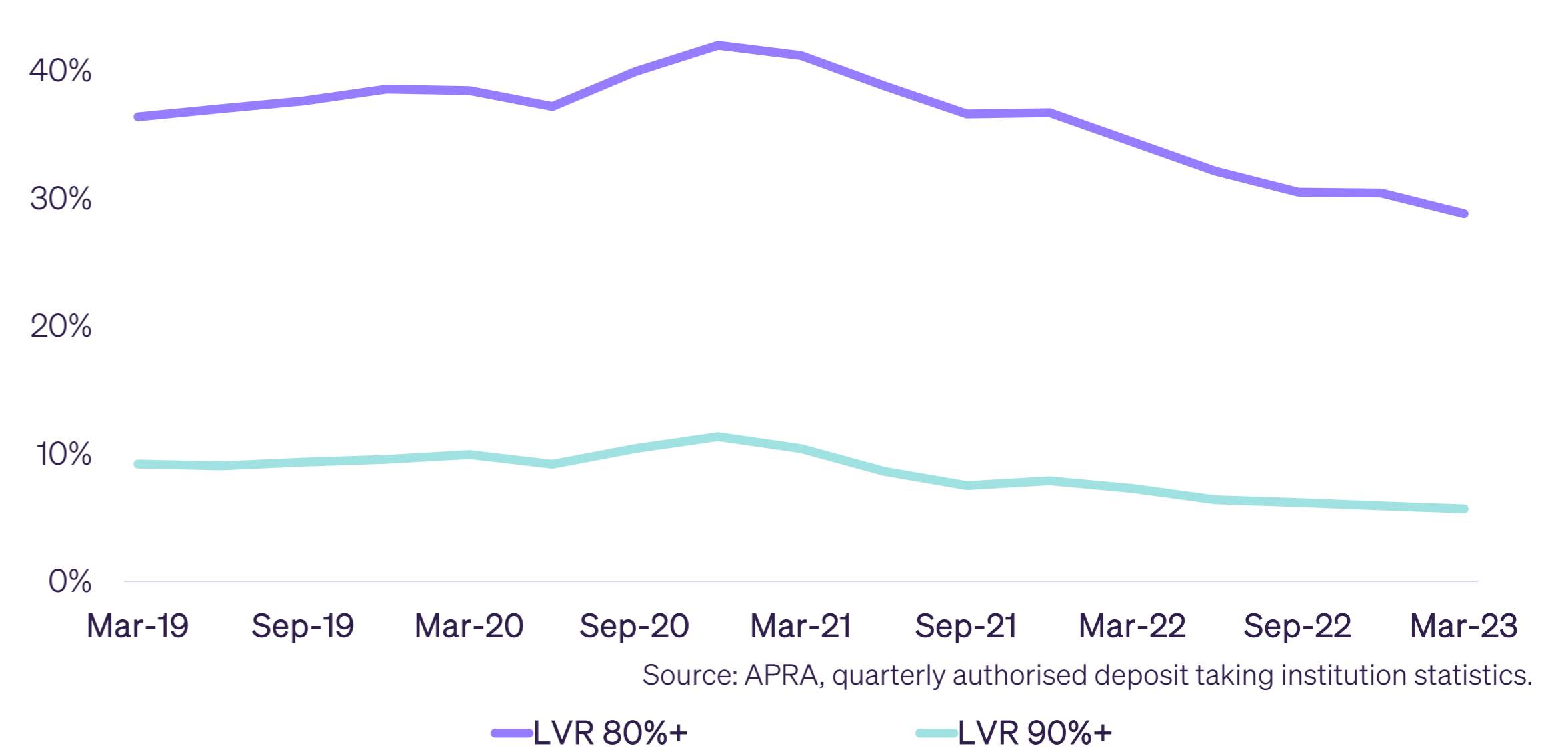
Source: APRA, RBA as at May 2023.

Residential mortgage market

Industry housing new loan commitments (\$ billions)¹



Share of high LVR residential lending



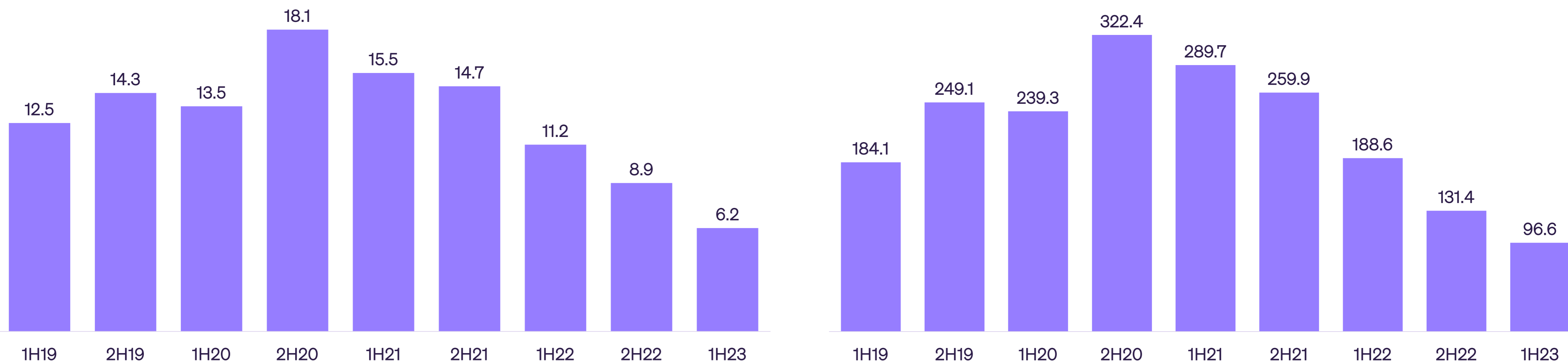
1H23 commentary:

- Home loan market in recent times has been dominated by refinancing and new loan commitments remain soft
- First home buyers showing some uptick but well below 2021 peak
- Share of above 80% LVR residential mortgage lending at series low

NIW and GWP impacted by decreased industry lending

Helia New Insurance Written (\$ billions)

Helia GWP (\$ millions)

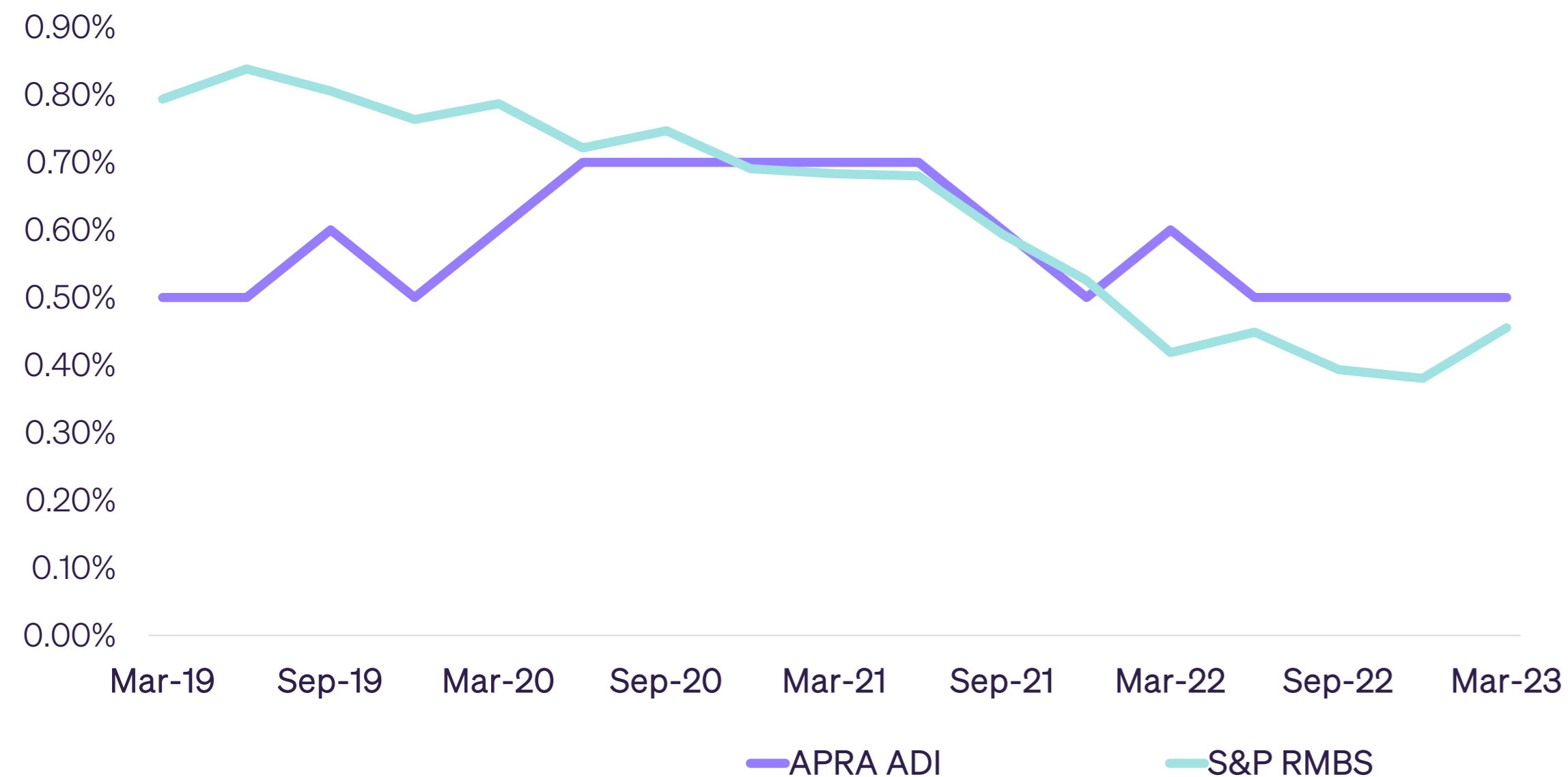


1H23 commentary:

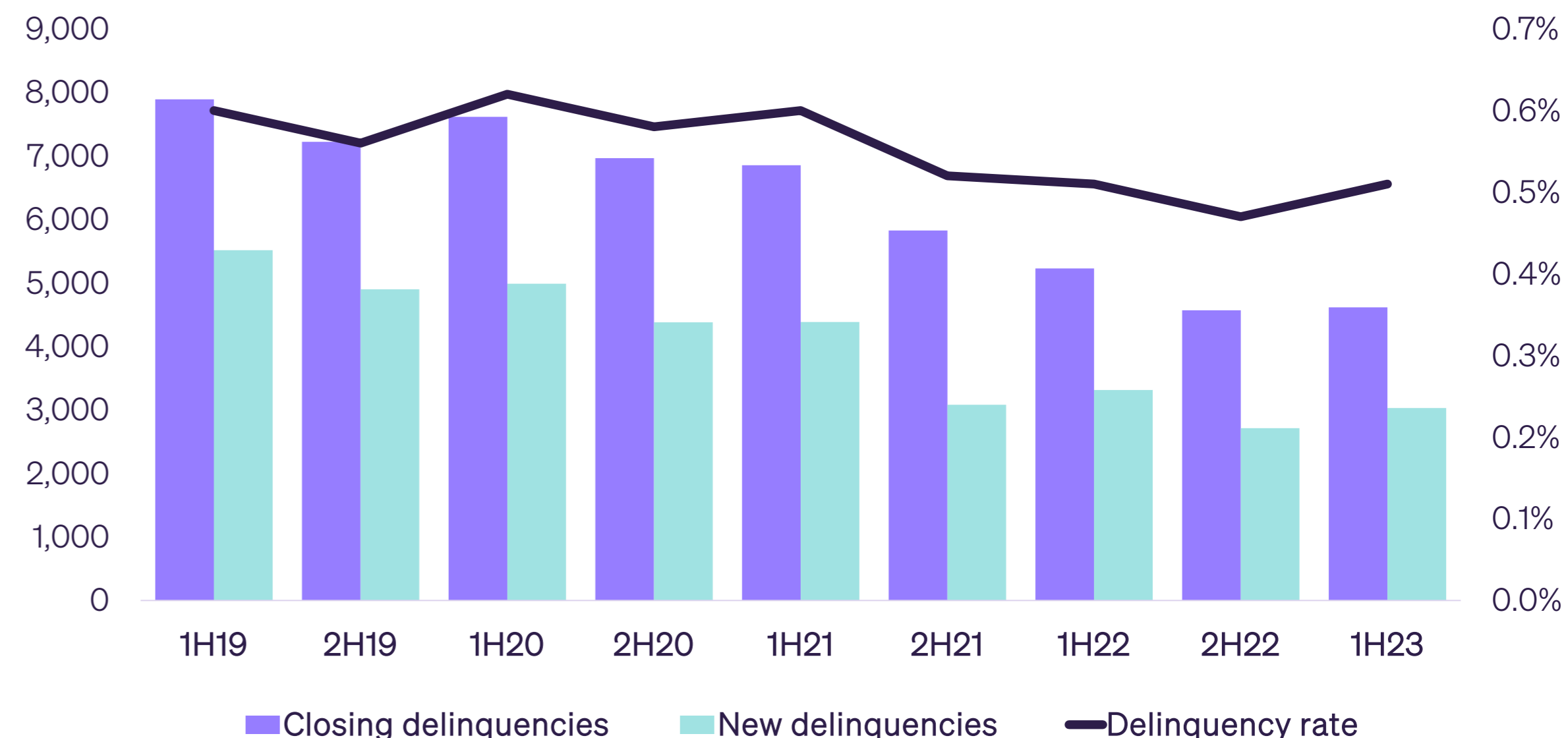
- Helia new business down due to lower industry new high LVR loan commitments
- CBA contract allows flexibility in proportion of high LVR loans that are insured and has declined modestly in 1H23
- The Federal Government's Home Guarantee scheme is having a material impact on new GWP

Delinquencies remain at low levels

Industry 90+ day arrears



Helia delinquencies (number of)

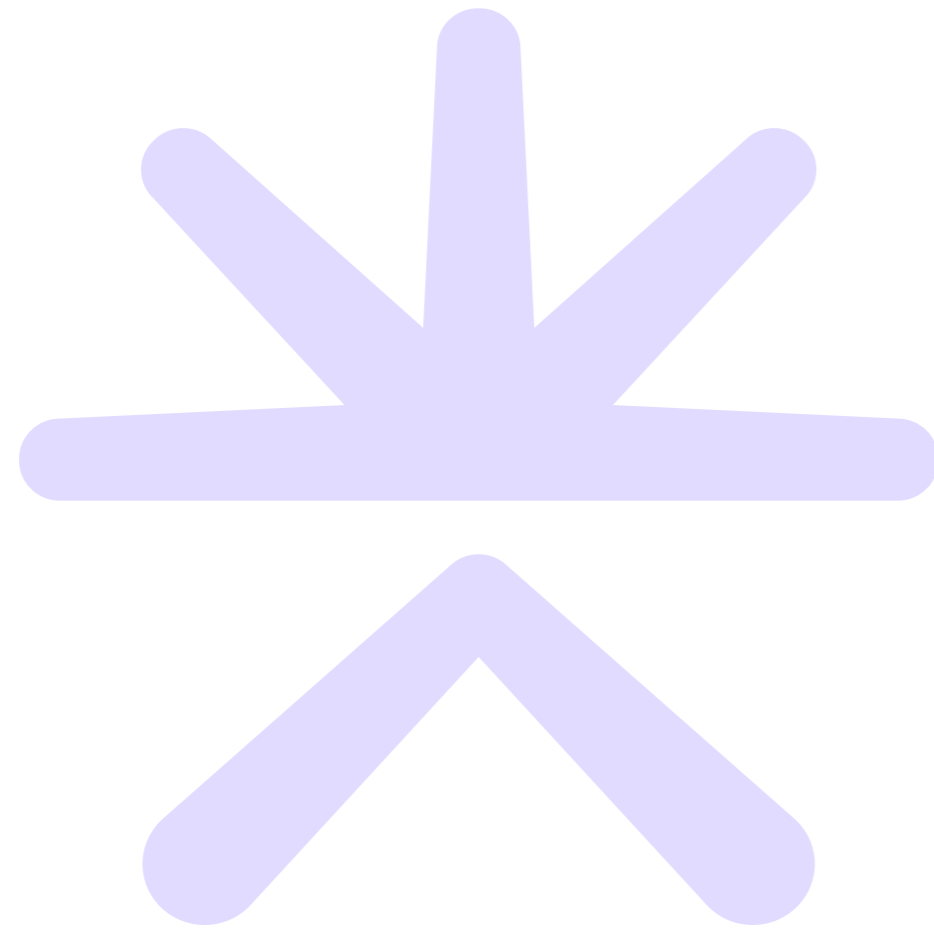


1H23 commentary:

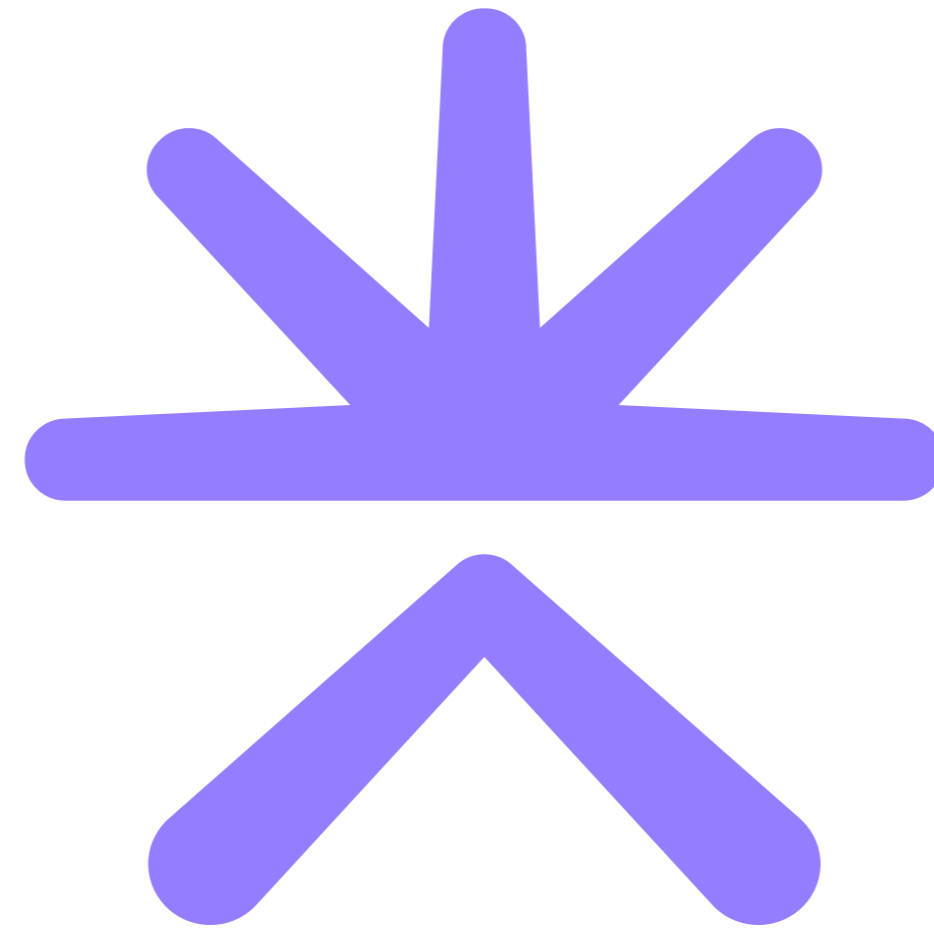
- Impact of higher interest rates on delinquencies more muted than expected, aided by low unemployment and lender hardship solutions
- While industry delinquency rate remains low there are some early signs of an uptick
- Helia delinquency levels continue to be low and cures remain strong

Strategic business momentum

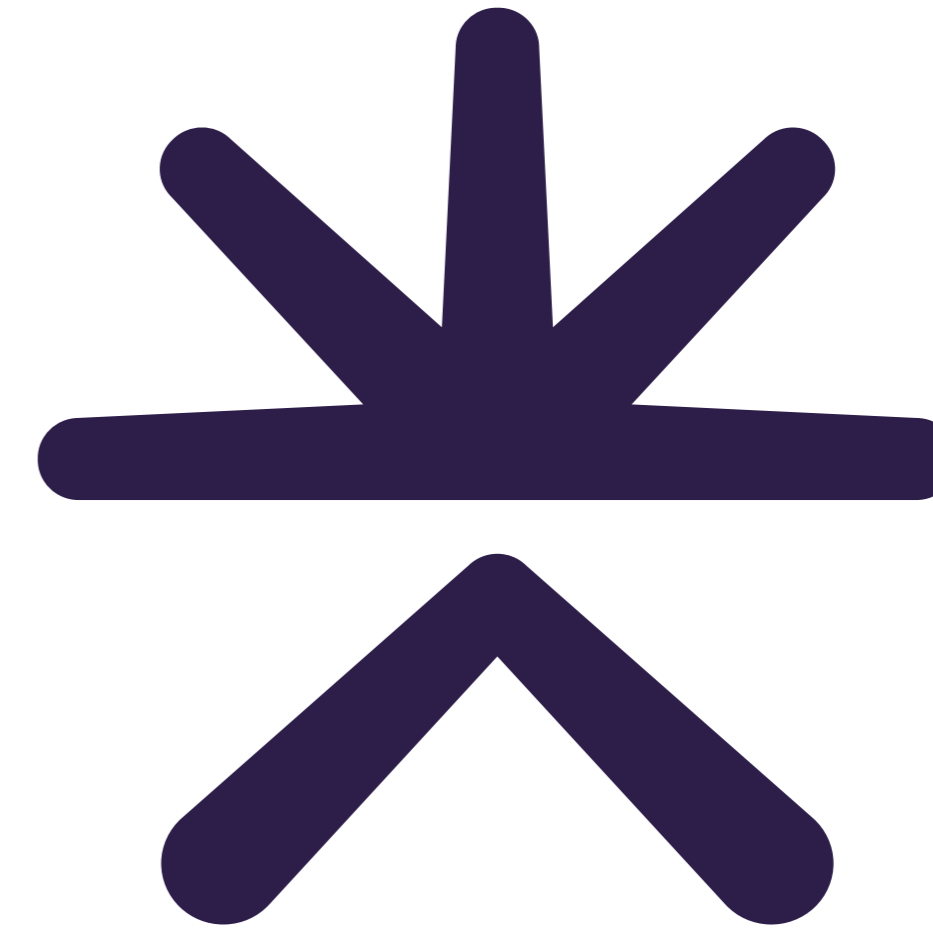
Enhance



Evolve



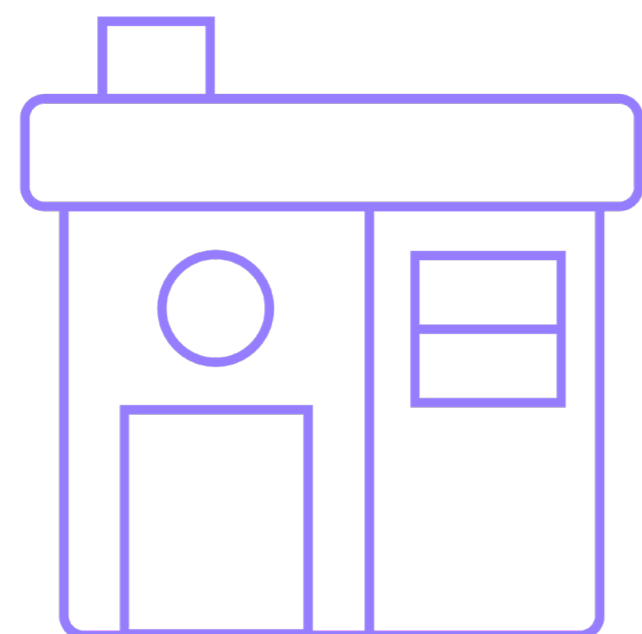
Extend



1H23 achievements:

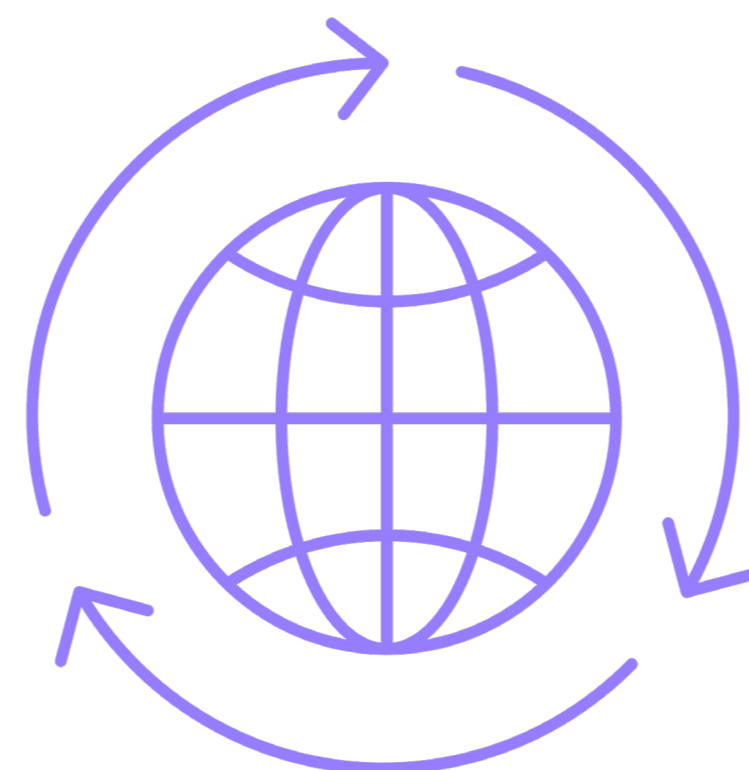
- 100% customer renewals and exclusive large customer owned bank win
- Improved borrower and broker engagement, education and sales support tools
- Continuing to partner with Household Capital, OSQO and Tic:Toc
- New underwriting and administration platform, replaced legacy systems and increased cloud technology adoption
- New APIs improving lender integration and customer onboarding

Progress on sustainability commitments



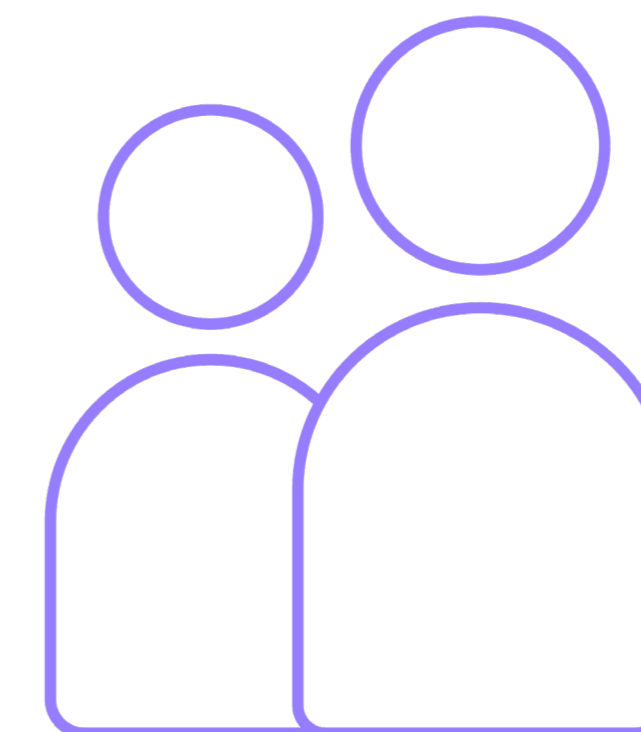
Driving financial wellbeing & housing accessibility

- 4,146 hardships supported
- Resources to support first home buyers
- Community partnerships with a focus on homelessness



Enhancing climate resilience

- Using data to understand impact of climate on mortgage risk
- Targeted 50% reduction in scope 1 & 2 emissions by 2030



Demonstrating good corporate citizenship

- 50% Board gender equality and greater than 40% women in leadership
- 2023 engagement score in top quartile of financial services industry

Capital management initiatives

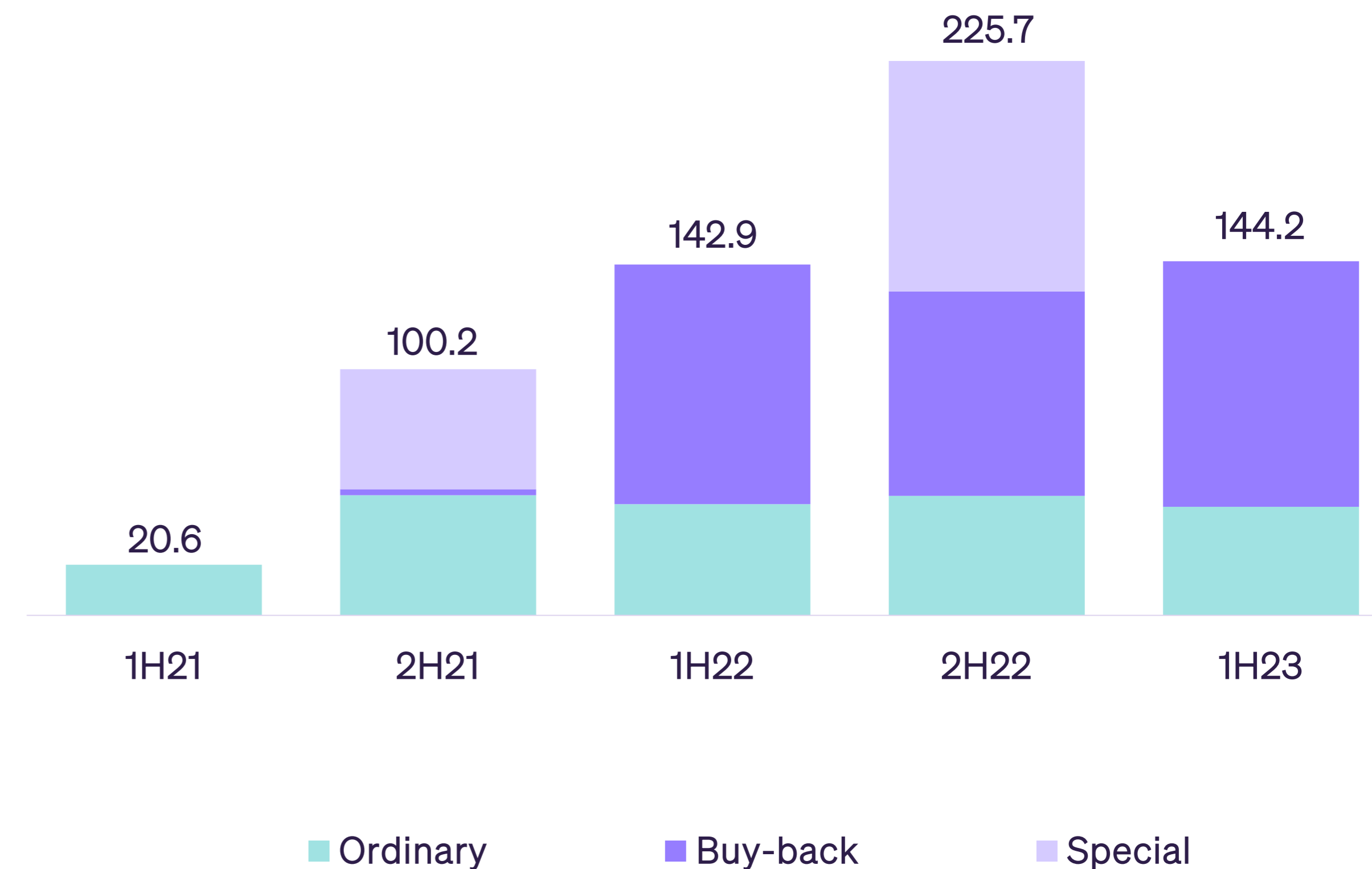
1H23

- Ordinary interim dividend of 14cps fully franked
- Completed \$100m on-market share buy-back, reducing share count by 9.1%
- Pro forma PCA coverage ratio of 1.80x, above Board targeted range of 1.40 – 1.60x¹

Outlook

- Expected sustainable annual ordinary dividend of 28cps with some scope for growth over time
- New on-market share buy-back of \$100m
- PCA coverage ratio currently expected to return to target range by the end of 2024²

Capital returns (\$ millions)



Note: dividends declared in respect of the relevant period and buy-backs executed in the relevant period.

1H23 Financial results

Michael Cant

Chief Financial Officer



AASB 17 recap

Financial results and returns

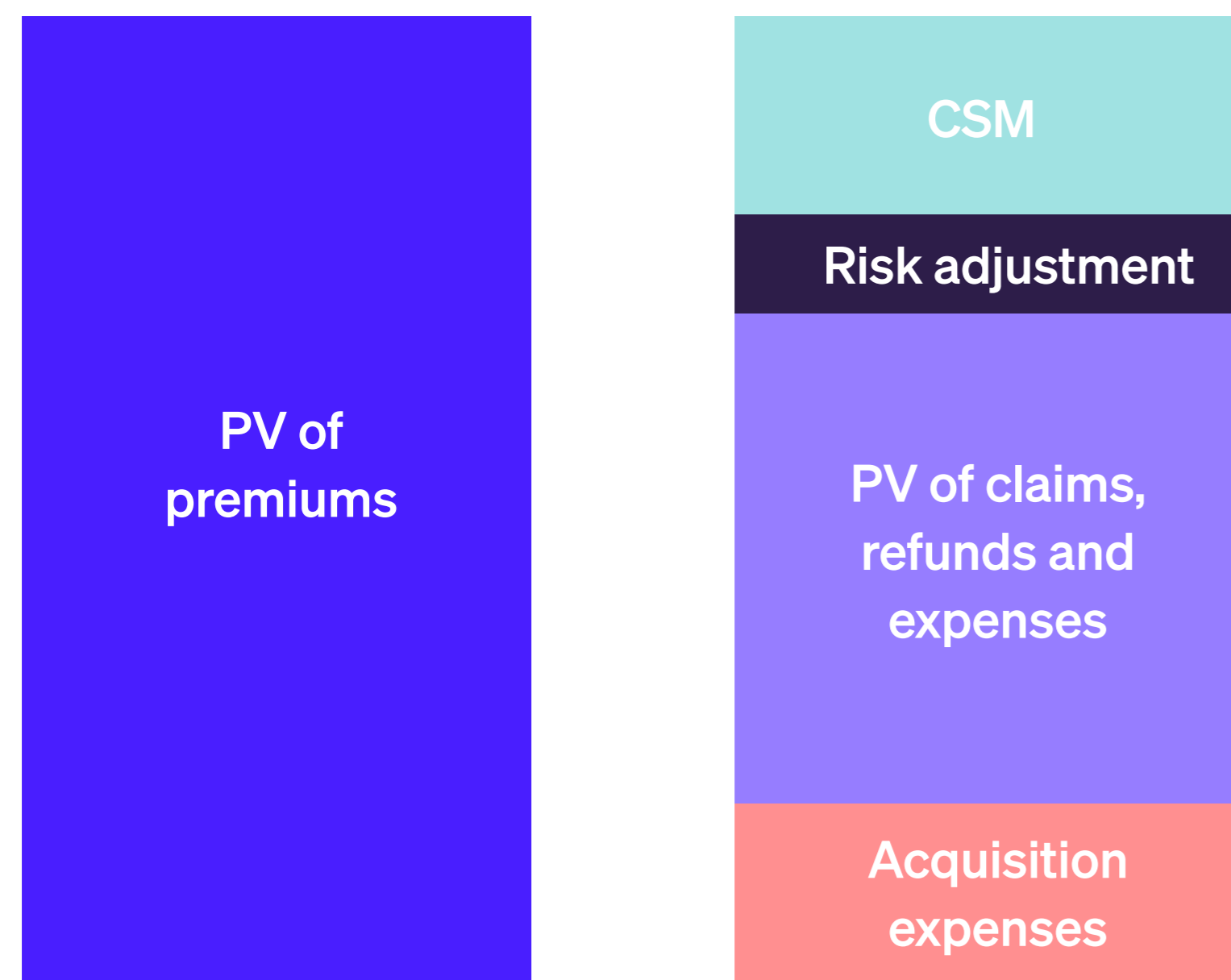
- Lifetime profits unchanged
- Not expected to materially change magnitude of average profit
- Profit expected to be less volatile
- Reduced net assets should lead to higher ROE (for same quantum of profit)
- FY23 opening net assets reduced by \$215m

Capital

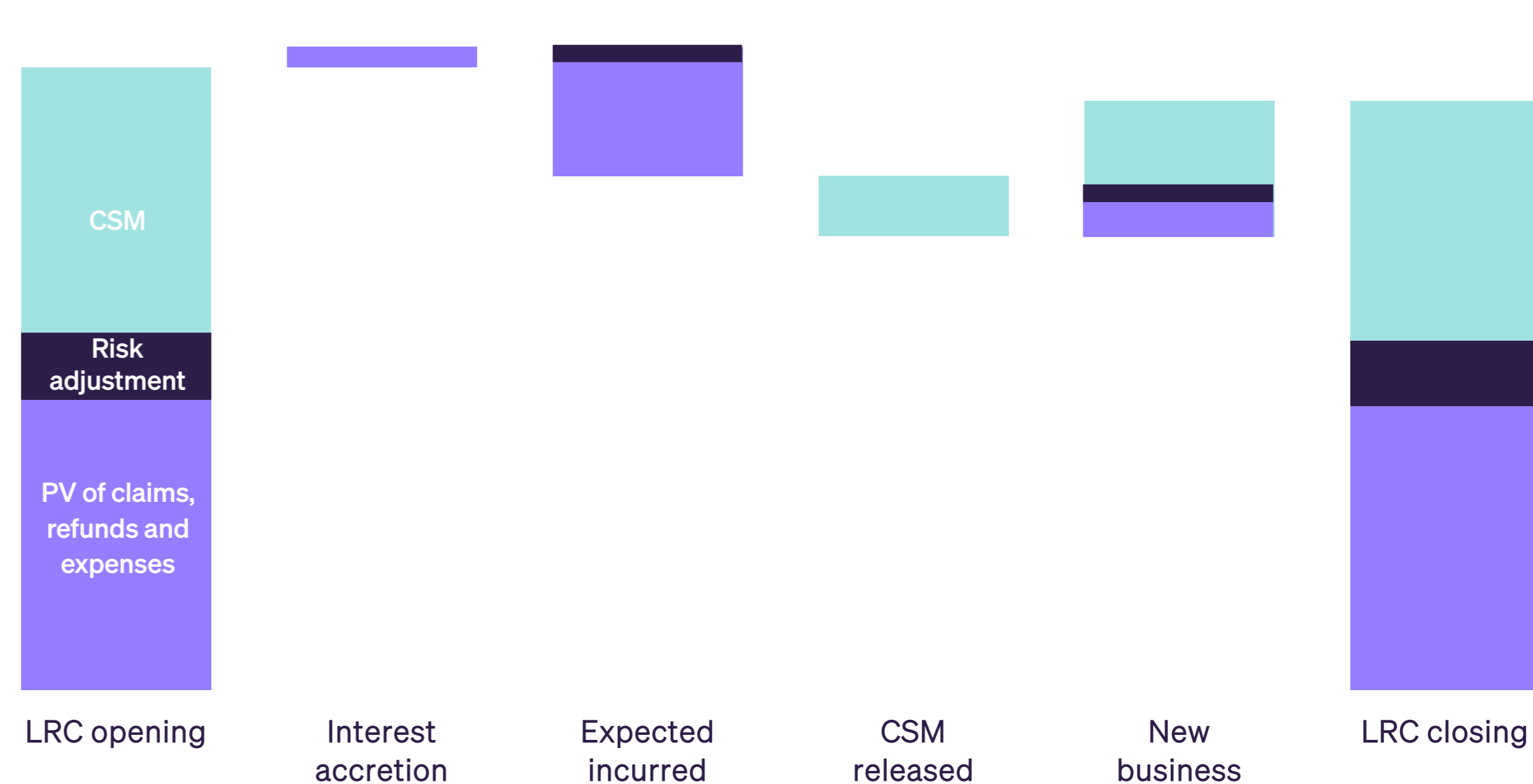
- Minimal change to current regulatory capital requirements or level of excess capital
- No impact on capital management plans

AASB 17 key concepts

Flows

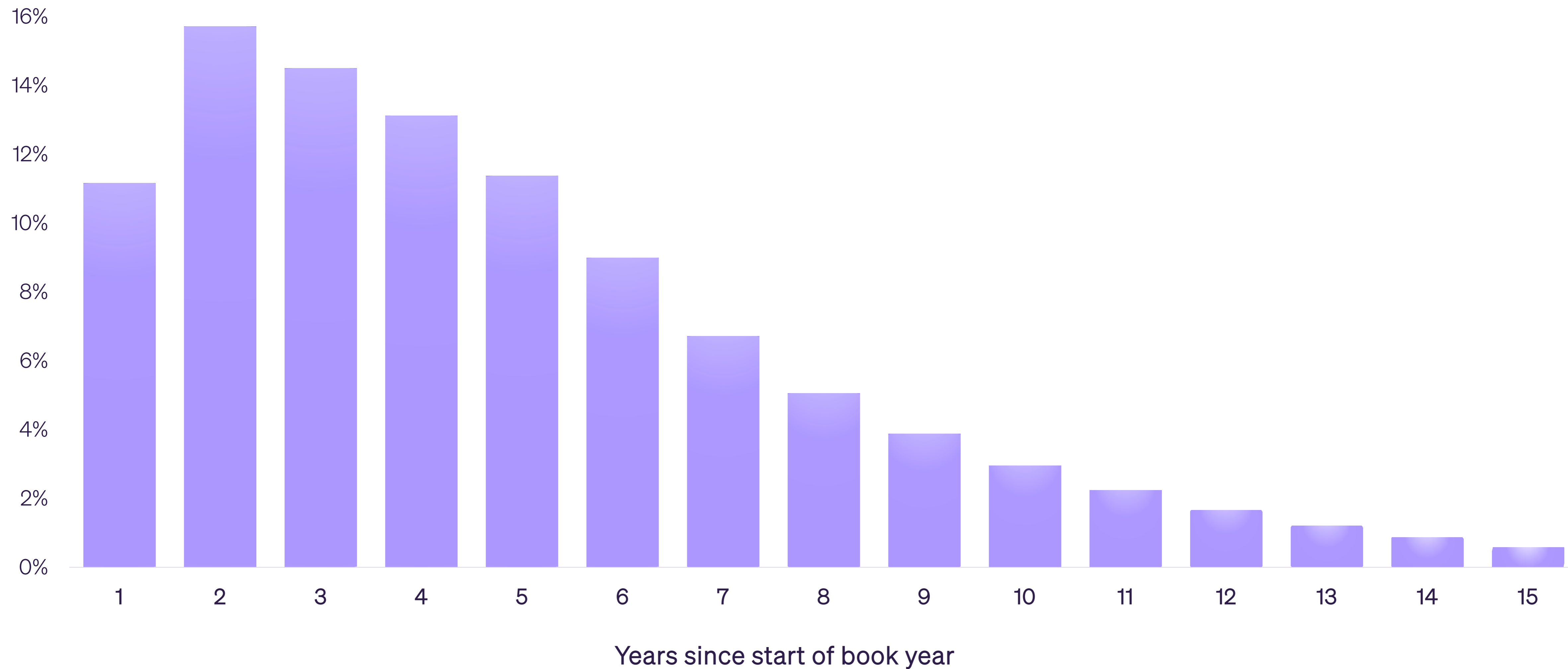


Revenue emergence is linked to liability for remaining coverage (LRC)



- Opening contractual service margin (CSM) determined based on expected profitability of cohort
- Writing of new business creates a liability for remaining coverage (LRC) equal to premium at outset, less acquisition expenses
- LRC reduces over time and revenue emerges via expected incurred (including risk adjustment) and CSM release
- Pattern of revenue recognition reflects expected cash flows and quantum of insurance service (in-force sum insured and claim severity)

AASB 17 profile of insurance revenue recognition



Income Statement

(\$ millions)	FY21	1H22	2H22	FY22	1H23 v	
					1H23	1H22 (%)
Insurance revenue	462.6	216.2	251.4	467.7	219.8	1.7
Insurance service expense	(70.6)	(42.3)	(64.0)	(106.4)	(5.0)	88.2
Net expense from reinsurance contracts	(68.0)	(31.5)	(28.9)	(60.5)	(20.1)	36.4
Insurance service result	323.9	142.4	158.4	300.8	194.8	36.8
Net investment revenue / (loss) ¹	(10.6)	(142.2)	57.7	(84.5)	65.3	N.M. ²
Net finance income / (expense) from insurance and reinsurance contracts	27.3	95.2	7.3	102.4	(28.6)	N.M.
Net financial result	16.8	(47.0)	65.0	17.9	36.7	N.M.
Other operating expenses	(20.1)	(9.5)	(10.9)	(20.4)	(9.9)	(4.7)
Financing costs	(10.3)	(5.2)	(7.4)	(12.6)	(8.3)	(59.8)
Share of loss of equity-accounted investees, net of tax	-	-	(1.1)	(1.1)	(2.5)	N.M.
Profit before income tax	310.2	80.7	204.0	284.6	210.7	N.M.
Income tax expense	(92.7)	(22.9)	(60.5)	(83.4)	(63.3)	N.M.
Statutory net profit after tax	217.5	57.7	143.4	201.2	147.5	N.M.
Underlying net profit after tax	226.6	104.0	128.5	232.6	137.2	31.9
Statutory diluted EPS	52.7	14.4	39.2	52.6	43.6	N.M.
Underlying diluted EPS	54.9	26.0	35.1	60.8	40.6	56.0

1H23 commentary:

- Insurance revenue similar to pcp but with some compositional changes
- Insurance service expense again low and down due to negative total incurred claims
- Net investment revenue was positive, reflecting the absence of unrealised mark to market investment losses
- Net finance expense primarily reflects interest accretion on liabilities, with negligible impact from changes in interest rates
- Financing costs have risen due to increase in the floating rate on Tier 2 capital
- NPAT strong given low claims and solid investment returns

Insurance revenue

(\$ millions)	FY21	1H22	2H22	FY22	1H23
Expected insurance service expenses incurred	198.4	84.4	88.3	172.7	76.0
Risk adjustment recognised in revenue	59.0	25.3	26.3	51.5	23.9
Premium experience variations	(24.6)	(4.5)	16.5	12.0	13.5
CSM recognised in profit or loss	166.6	77.7	86.7	164.4	73.1
Share of premium for acquisition costs	63.2	33.3	33.7	67.1	33.3
Total insurance revenue	462.6	216.2	251.4	467.7	219.8

Ratios¹

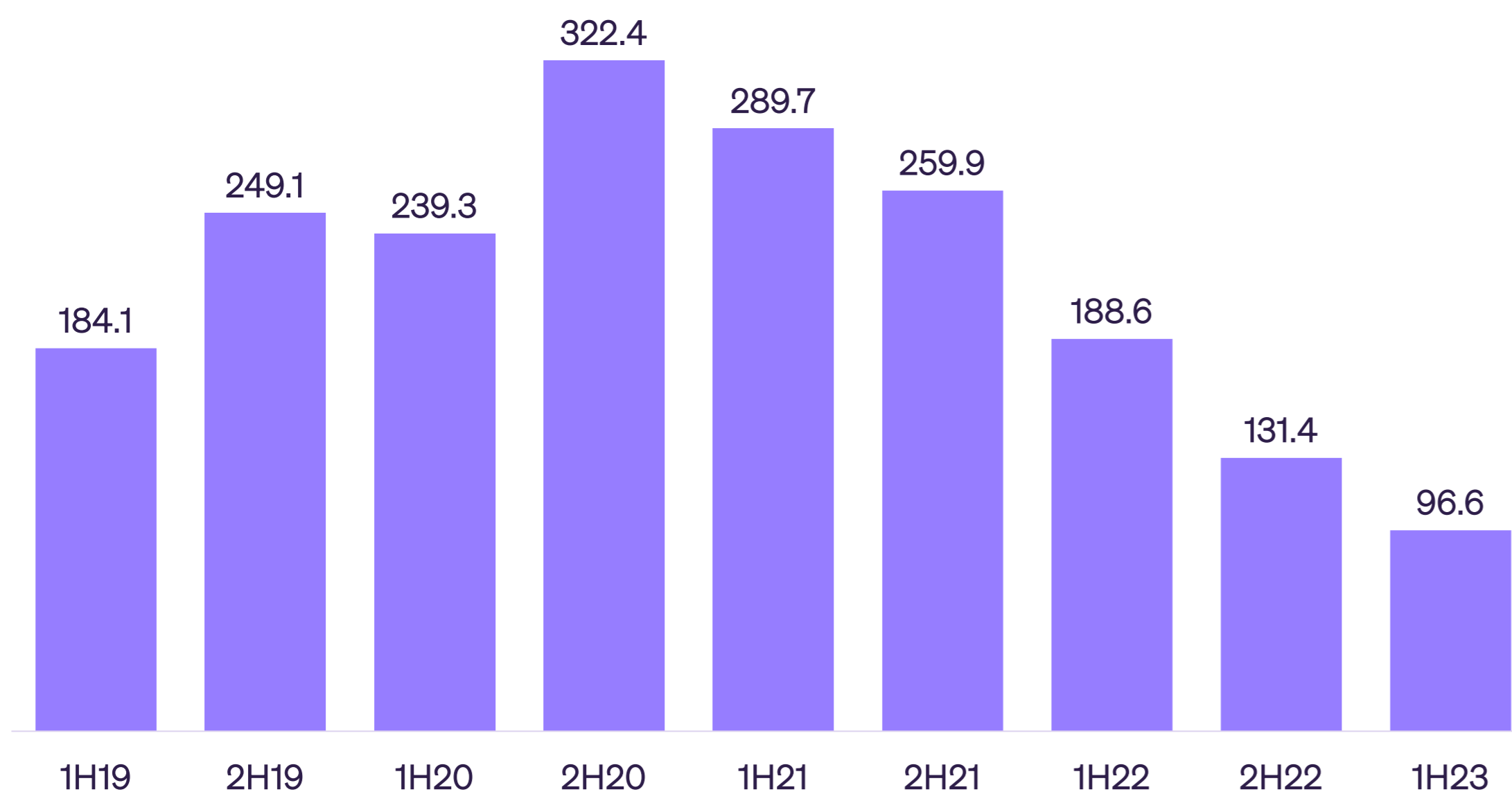
(% LRC balance)	FY21	1H22	2H22	FY22	1H23
Expected incurred recognition proportion	21.8	20.0	22.2	21.5	21.3
Risk adjustment recognition proportion	26.7	25.8	28.0	27.6	27.4
CSM recognition proportion	24.9	21.1	25.6	22.7	22.1

1H23 commentary:

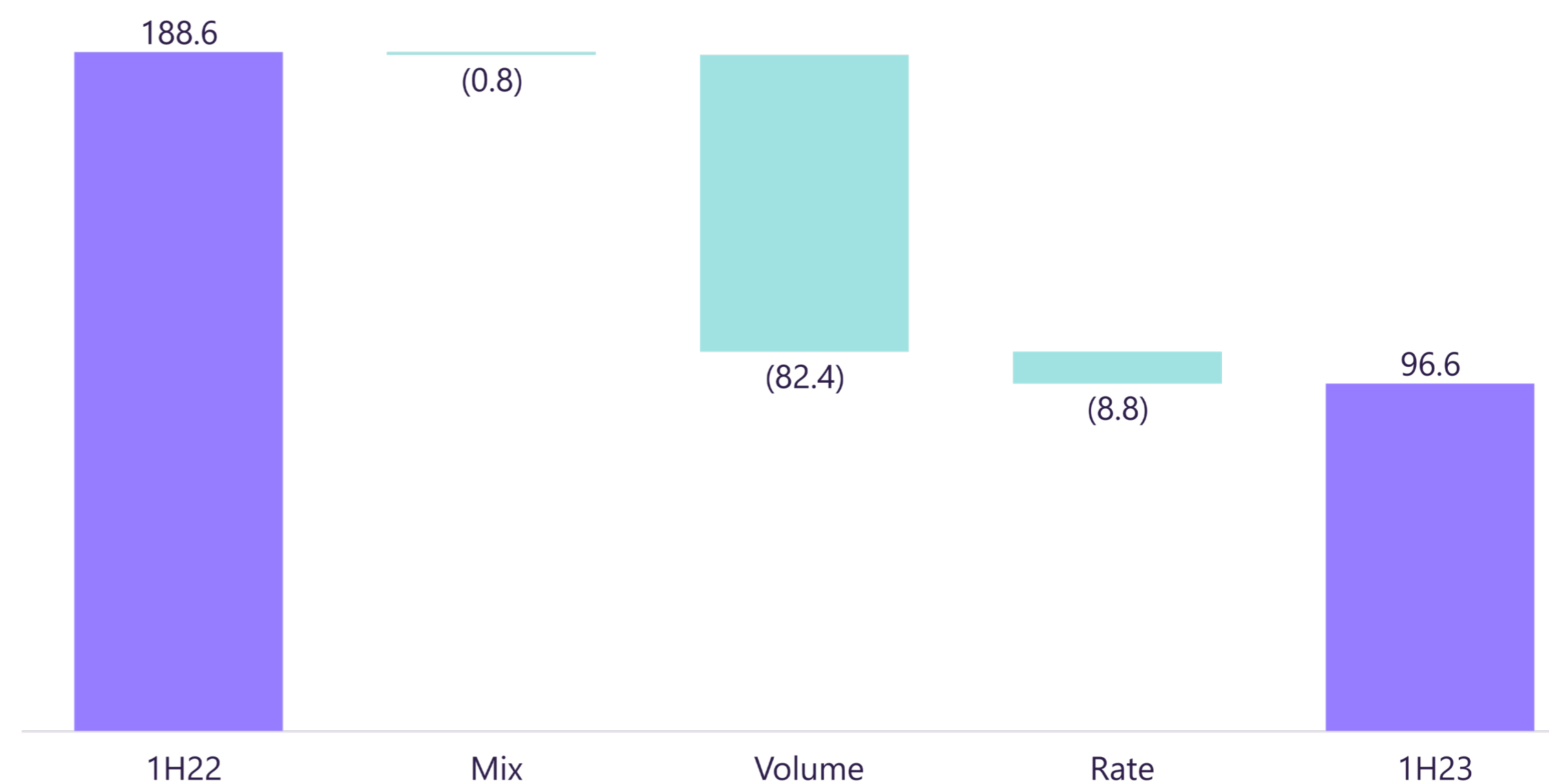
- Revenue up 1.7% on pcp
 - Expected incurred component is lower, reflecting a lower LRC from book run off
 - CSM recognised is slightly lower as new business volumes have not compensated for back book run off
 - Premium experience variations reflect lower premium credits than expected given subdued business volumes
 - Share of premium for acquisition costs is flat
-
- The different components of the revenue in a period are relatively stable as a % of LRC balances

Gross written premium (GWP)

GWP (\$ millions)



GWP walk (\$ millions)



1H23 commentary:

- GWP was down 49% on pcp reflecting the impact of lower industry volumes on NIW and Federal Government's Home Guarantee scheme
- Minor impacts from rate and mix
- Low GWP and elevated cancellations have driven a reduction of in-force volume

Insurance service expense

(\$ millions)	FY21	1H22	2H22	FY22	1H23
Incurring claims from current period	57.4	38.0	22.6	60.7	44.7
Changes to liabilities for prior incurred claims	(77.1)	(46.0)	(16.4)	(62.4)	(85.6)
Total incurred claims	(19.7)	(8.0)	6.3	(1.7)	(40.9)
Insurance expenses	44.2	20.8	24.6	45.4	22.2
Amortisation of insurance acquisition cash flows	63.2	33.3	33.7	67.1	33.3
Onerous contract losses / (reversals)	(17.1)	(3.8)	(0.5)	(4.3)	(9.6)
Insurance service expense	70.6	42.3	64.0	106.4	5.0

Ratios ¹	FY21	1H22	2H22	FY22	1H23
(% gross insurance revenue)					
Current period incurred claims	12.4	17.6	9.0	13.0	20.3
Total incurred claims	(4.3)	(3.7)	2.5	(0.4)	(18.6)
Total insurance expense	23.2	25.0	23.2	24.0	25.2

1H23 commentary:

- Total incurred claims were negative \$41m due to a substantial benefit from the change in liabilities for prior incurred claims
- Incurred claims for current period were again relatively light
- Insurance expenses were consistent with prior periods, with total insurance expense ratio of ~25%
- Onerous contracts primarily relate to pre 2015 business

Claims paid and delinquencies

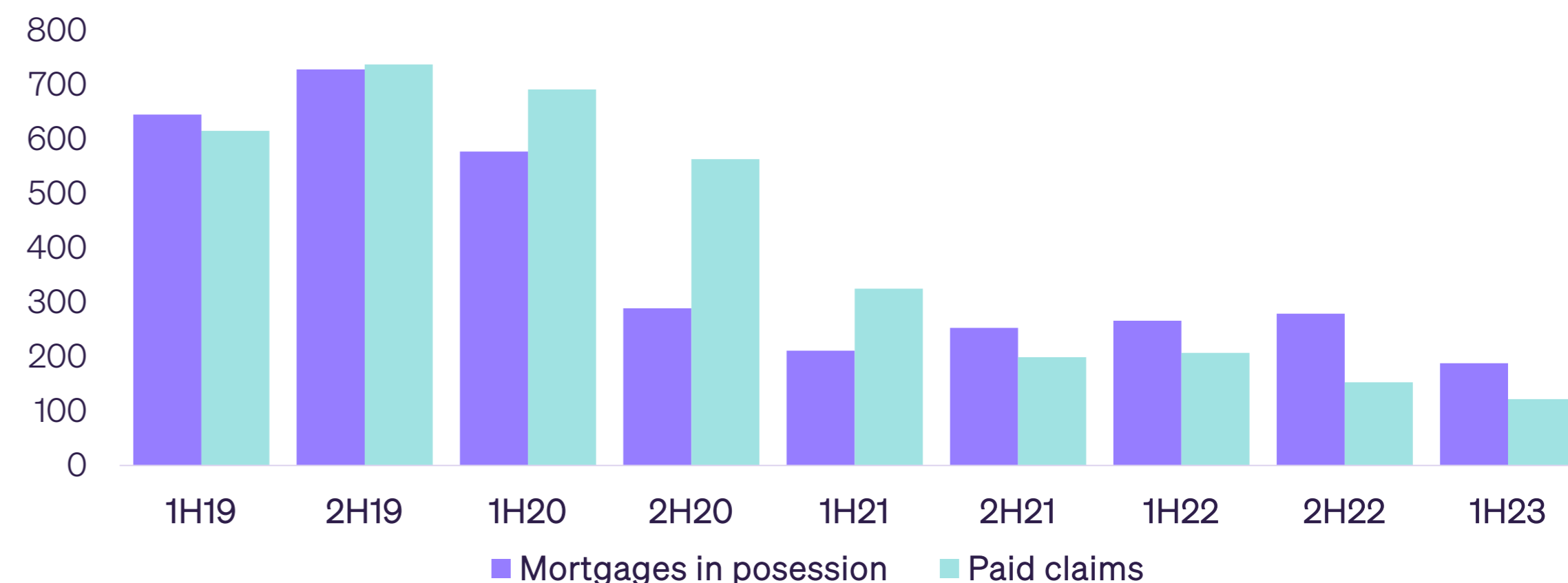
1H23 commentary:

- The number of paid claims fell 41% on pcp, reflecting delinquency cures and positive “sold no claim” outcomes
- The number of MIP’s fell 29%
- Total and new delinquencies remain at historically low levels
- The average paid claim was at the higher end of recent periods, but is volatile given low number of paid claims

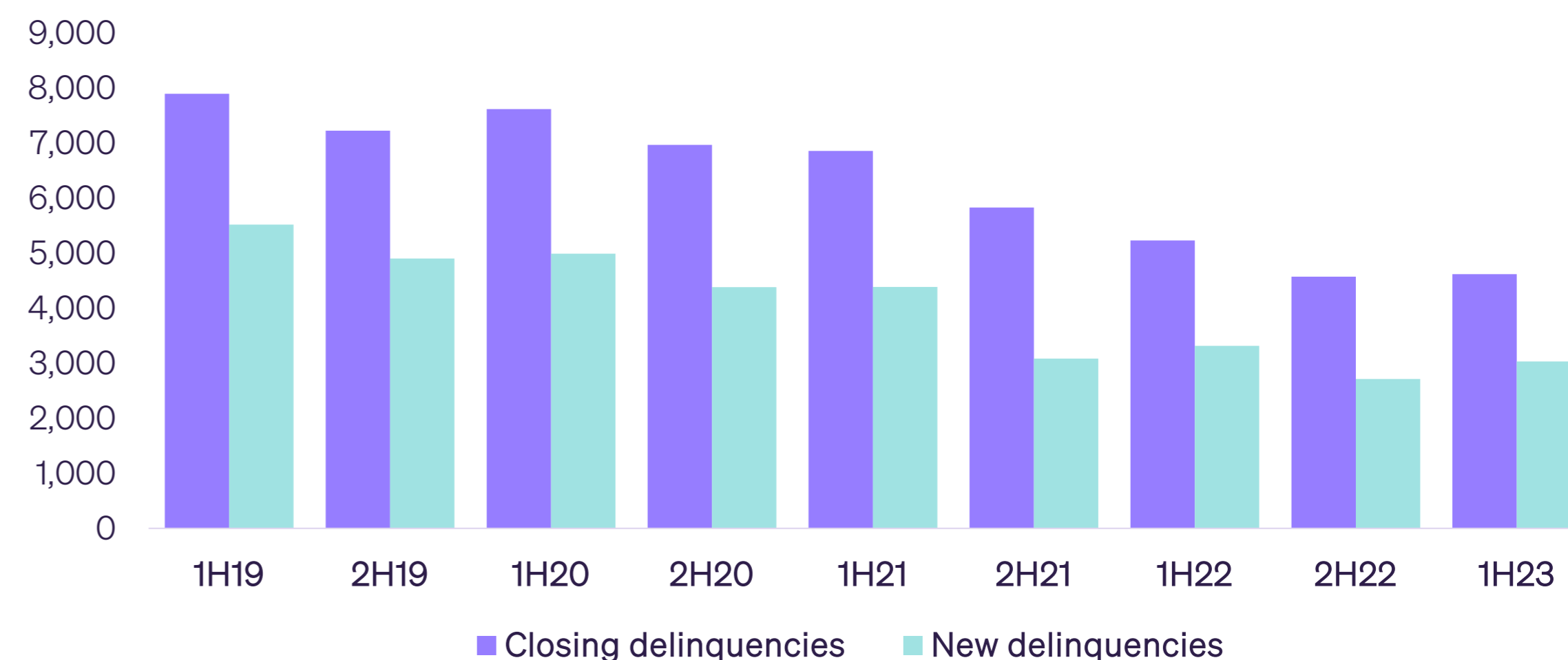
Claims paid

(\$ millions unless otherwise stated)	FY21	1H22	2H22	FY22	1H23
Number of paid claims	524	207	153	360	122
Number of MIPs	253	266	279	279	188
Average net paid claim (\$'000)	79.1	69.2	105.3	84.5	106.7
Net claims paid (including expenses)	41.4	14.3	16.1	30.4	13.0

Mortgages in possession and paid claims (number of)



Delinquencies (number of)



Claims incurred

(\$ millions)	FY21	1H22	2H22	FY22	1H23
Opening LIC balance	502.4	437.2	399.3	437.2	386.7
Incurring claims from current period	57.4	38.0	22.6	60.7	44.7
Changes to liabilities for prior incurred claims	(77.1)	(46.0)	(16.4)	(62.4)	(85.6)
Insurance finance expenses - LIC	(4.1)	(15.6)	(2.8)	(18.4)	4.1
Claims paid	(41.4)	(14.3)	(16.1)	(30.4)	(13.0)
Closing LIC balance	437.2	399.3	386.7	386.7	336.8

(\$ millions)	1H22	1H23
Incurring claims for current period (A)	38.0	44.7
Sold no claim / cancellations ¹		(38.7)
Ageing ¹		(16.7)
Paid claims gap vs. reserves		(2.4)
Impact of experience for the period	(57.8)	(57.8)
Basis changes	11.8	(27.8)
Changes to liabilities for prior incurred claims (B)	(46.0)	(85.6)
Total claims incurred (A+B)	(8.0)	(40.9)

1H23 commentary:

- Incurred claims from current period increasing but remain low and represent an incurred claims ratio of 20.3%
- Sizeable benefit from changes to liabilities on prior period incurred claims due to:
 - High cancellations (reduces re-delinquency reserve)
 - High levels of sold no claims
 - Favourable ageing
 - Some changes in reserving basis



Note: Totals may not sum due to rounding and excludes excess of loss insurance.

1. 1H23 sold no claim / cancellation and ageing reserve movements split not available for 1H22 due to the introduction of a new actuarial reserving model.

Insurance service result

(\$ millions)	FY21	1H22	2H22	FY22	1H23
Contractual service margin recognised	166.6	77.7	86.7	164.4	73.1
Risk adjustment recognised in revenue	59.0	25.3	26.3	51.5	23.9
Net expense from reinsurance contracts	(68.0)	(31.5)	(28.9)	(60.5)	(20.1)
Expected insurance service result	157.5	71.4	84.0	155.4	77.0
Variations in incurred claims from current period	109.3	32.3	48.1	80.4	26.5
Changes to liabilities for prior incurred claims	77.1	46.0	16.4	62.4	85.6
Other	4.6	(2.9)	(6.4)	(9.4)	(7.8)
Premium experience variations	(24.6)	(4.5)	16.5	12.0	13.5
Experience variations¹	166.4	71.0	74.5	145.4	117.8
Insurance service result	323.9	142.4	158.4	300.8	194.8

1H23 commentary:

- Experience variations were a net benefit of \$117.8m for the period, largely due to claims experience
- Total new incurred claims were \$26.5m lower than the expected incurred claims
- Experience on prior incurred claims was \$85.6m more favourable than that allowed for in the starting LIC
- Premium experience variations were driven by lower than expected premium credits

Ratios²

(% insurance revenue)	FY21	1H22	2H22	FY22	1H23
Expected insurance service result	34.1	33.0	33.4	33.2	35.0



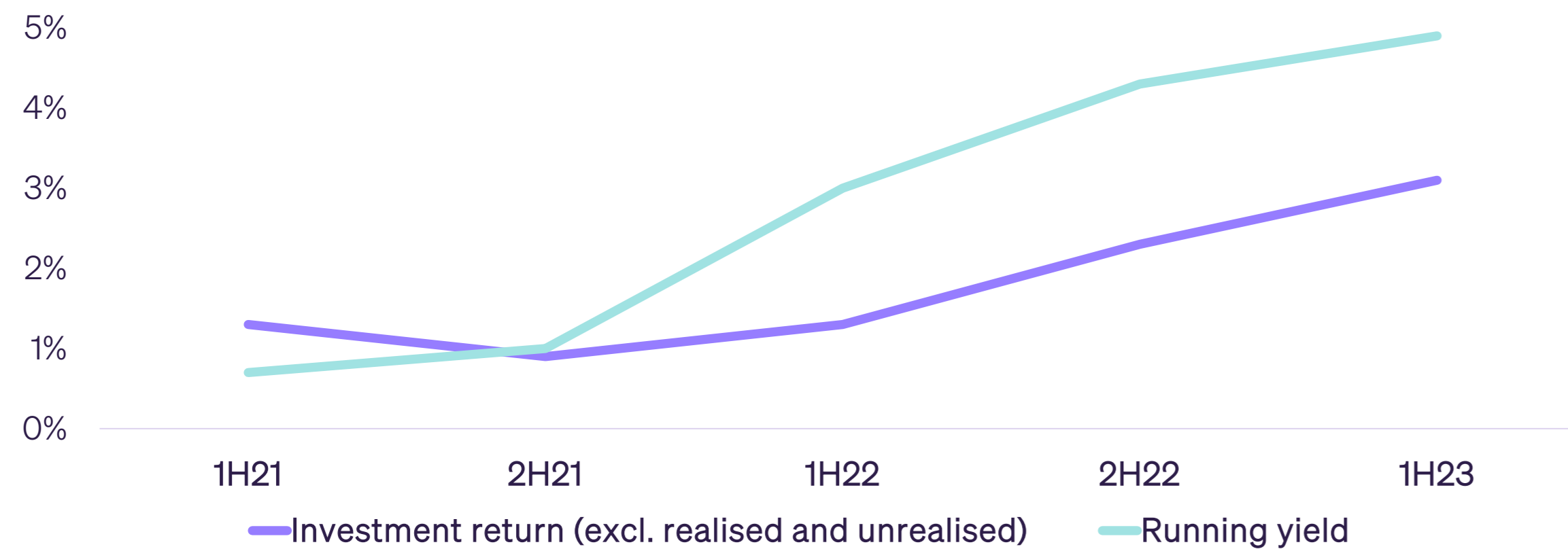
Note: Totals may not sum due to rounding.

1. Includes changes in current incurred, prior incurred, and future incurred contracts which are onerous.

2. For calculation refer to glossary.

Net investment revenue / loss

Annualised return on total investments



1H23 commentary:

- Total annualised return of 4.2%
- Interest income double pcg due to higher running yields
- Total realised and unrealised losses were a small positive, in contrast to pcg, due to lower mark to market unrealised losses
- Running yield increased to 4.9%

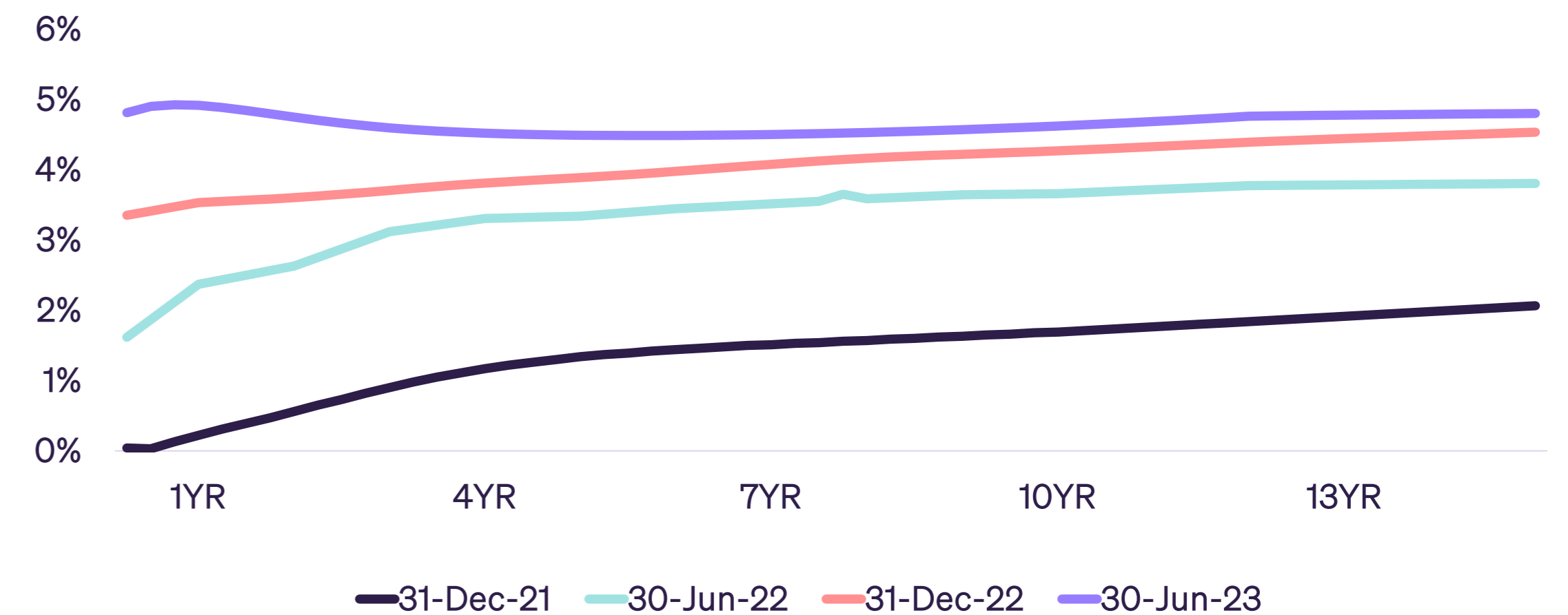
Investment income

(\$ millions)	FY21	1H22	2H22	FY22	1H23
Interest income and dividend income	43.6	24.9	39.2	64.1	50.2
Realised and unrealised gains / (losses) and net FX of financial assets	(50.1)	(165.1)	19.4	(145.7)	16.4
Total investment income	(6.5)	(140.2)	58.6	(81.6)	66.6
Investment expense	(4.0)	(2.0)	(0.9)	(2.9)	(1.3)
Net investment revenue (expense)	(10.6)	(142.2)	57.7	(84.5)	65.3
Investment income on technical funds	(34.0)	(93.0)	8.4	(84.6)	20.8
Net investment income on shareholder funds	23.4	(49.2)	49.3	0.1	44.5
Investment return per annum	(0.3%)	(8.0%)	3.5%	(2.4%)	4.2%
Running yield	1.0%	3.0%	4.3%	4.3%	4.9%

Net insurance finance income / (expense)

(\$ millions)	FY21	1H22	2H22	FY22	1H23
Interest accreted to liabilities	(12.0)	(6.6)	(11.0)	(17.6)	(28.5)
Changes in interest rates	38.7	101.4	18.2	119.6	(0.3)
Insurance finance income / (expense)	26.7	94.9	7.2	102.1	(28.8)
Reinsurance finance income	0.6	0.3	0.1	0.3	0.3
Net insurance and reinsurance finance income / (expense)	27.3	95.2	7.3	102.4	(28.6)

Spot discount rate (%)



Interest rate sensitivity analysis

(\$ millions)	Changes in interest rates	
	Financial assets	Liabilities
+0.5%	(31.9)	(20.4)
+1.0%	(63.8)	(40.2)
-0.5%	31.9	21.1
-1.0%	63.8	42.8

1H23 commentary:

- Interest accreted rose due to the unwind of higher discount rates
- Changes in interest rates were negligible vs pcp when rates rose dramatically
- Net finance expense incorporates the effect of higher discount rates on policyholder liabilities and largely offsets investment income on technical funds

Balance Sheet

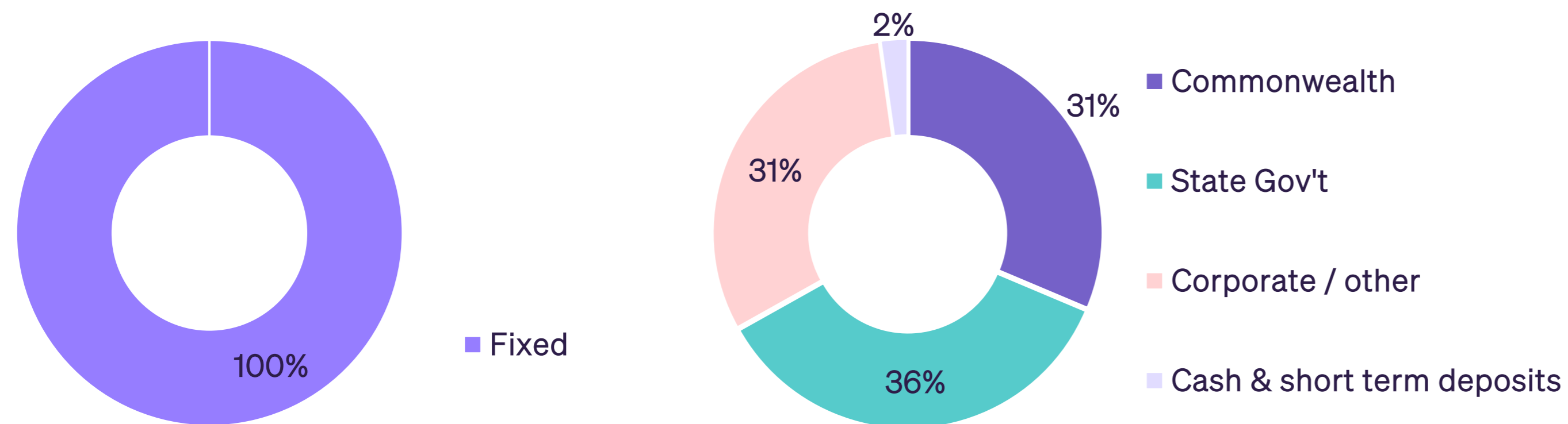
(\$ millions)	31 Dec 21	30 Jun 22	31 Dec 22	30 Jun 23
Assets				
Cash	76.7	19.0	23.8	29.0
Accrued investment income	16.8	21.4	21.8	23.9
Financial assets (including derivatives)	3,627.1	3,357.6	3,240.0	2,970.8
Equity-accounted investees	-	5.0	27.4	24.9
Deferred tax assets	139.5	114.5	124.7	127.4
Goodwill and intangibles	13.8	12.9	12.1	11.2
Other assets	15.3	18.6	11.2	17.5
Total assets	3,889.3	3,549.1	3,461.0	3,204.8
Liabilities				
Liability for remaining coverage ¹	1,845.3	1,724.0	1,599.9	1,505.6
Liability for incurred claims	437.2	399.3	386.7	336.8
Insurance and reinsurance contract liabilities	2,282.5	2,123.2	1,986.6	1,842.4
Other payables	83.8	39.8	73.0	53.3
Employee benefits provision	7.3	7.1	7.1	7.6
Interest bearing financial liabilities	188.2	188.5	188.7	188.9
Total liabilities	2,561.8	2,358.5	2,255.3	2,092.3
Net assets	1,327.5	1,190.6	1,205.7	1,112.5
Book value per share	3.23	3.15	3.47	3.52
Net tangible assets per share	3.19	3.12	3.44	3.49

1H23 commentary:

- Financial assets are down hoh due to the payment of FY22 dividends and the \$100m on-market buy-back
- DTA largely represents tax impact of timing differences in the accounting liabilities
- Insurance contract liabilities fell due to:
 - Lower LRC from the run-off of the back book exceeding new business
 - Lower LIC due to lower delinquencies, plus small release of reserving
- Net assets down reflecting dividends and buy-back

\$3.0bn cash and financial assets portfolio

Technical funds

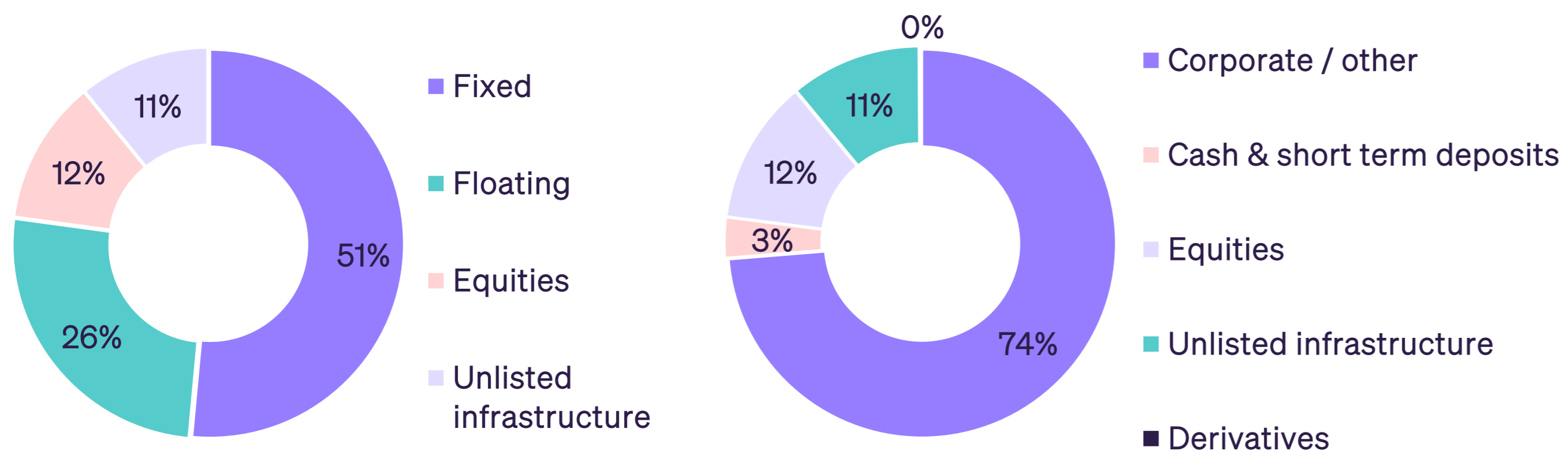


1H23 commentary:

Technical funds

- Average duration 3.2 years¹
- 100% fixed interest
- Duration matched with expected claims profile

Shareholder funds



Shareholder funds

- Higher risk / return profile compared to technical funds
- Bonds are being transitioned from floating to fixed
- Average duration increased from 0.7 years at 2H22 to 1.8 years at 1H23¹

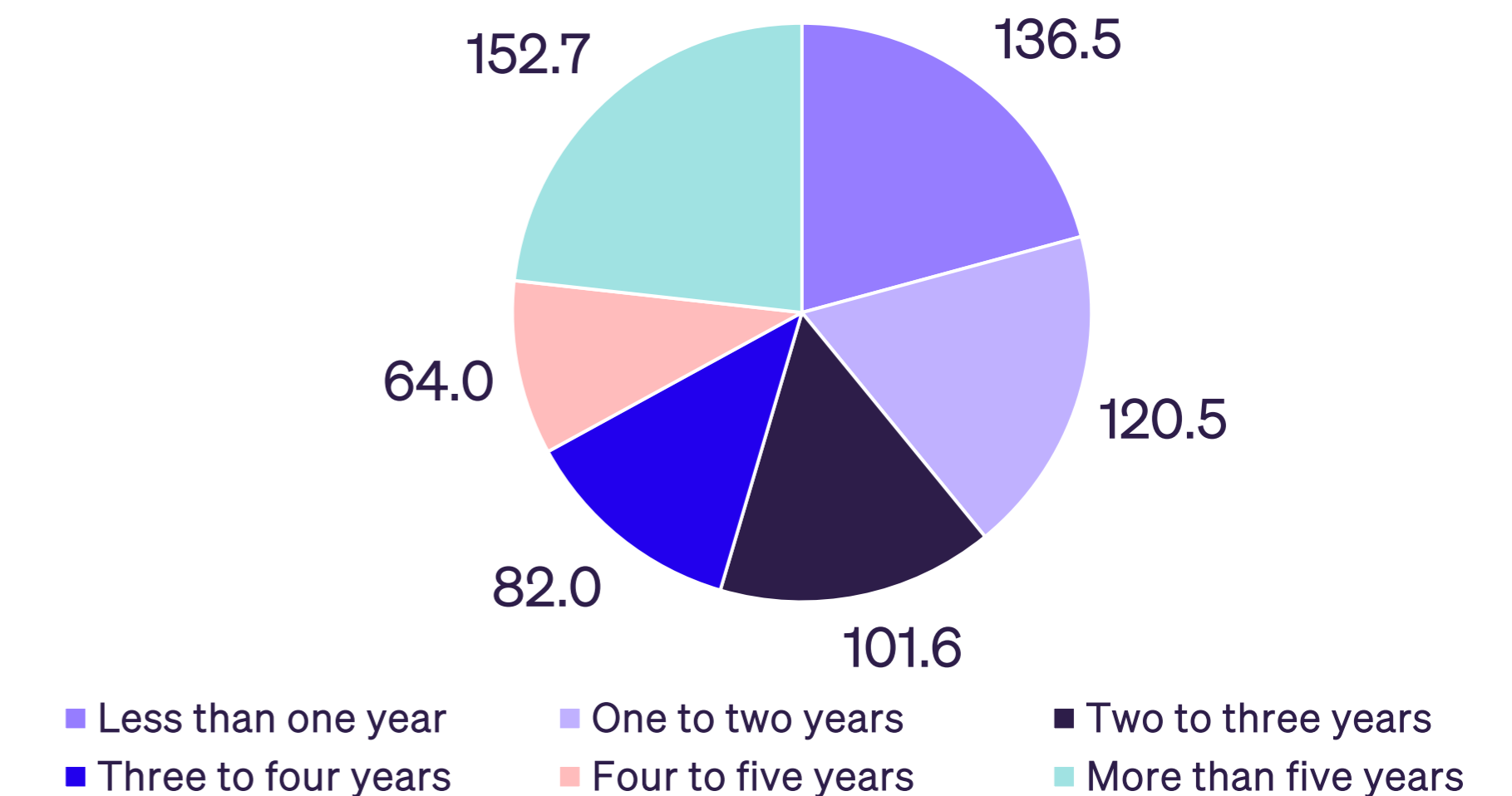
Insurance and reinsurance contract liabilities

(\$ millions unless otherwise stated)	31 Dec 21	30 Jun 22	31 Dec 22	30 Jun 23
PV future cashflows	851.9	837.0	755.3	675.3
Risk adjustment	195.2	196.3	178.4	170.7
Contractual service margin (CSM)	783.3	687.6	665.9	657.4
Liability for remaining coverage (LRC)	1,830.3	1,720.8	1,599.5	1,503.4
PV future cashflows	373.7	341.3	330.6	288.0
Risk adjustment	63.4	57.9	56.0	48.8
Liability for incurred claims (LIC)	437.2	399.3	386.7	336.8
Assets for insurance acquisition cash flows	-	(6.0)	(10.6)	(8.0)
Reinsurance contract liabilities	15.0	9.1	11.0	10.2
Total insurance and reinsurance contract liabilities	2,282.5	2,123.2	1,986.6	1,842.4

1H23 commentary:

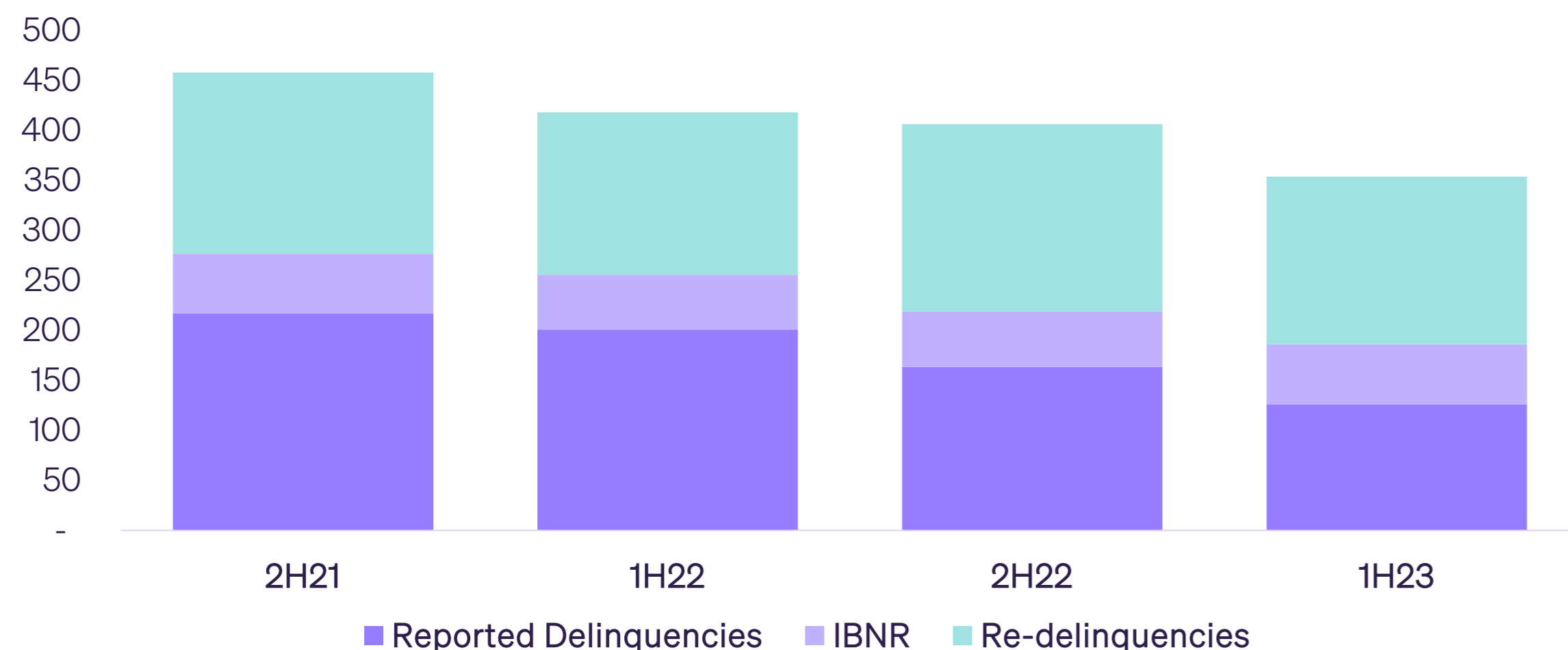
- LIC fell due to lower delinquencies and some changes in the reserving basis
- LRC fell due to lower in-force volumes
- \$657.4m of expected future profits in CSM and \$170.7m of risk adjustment in LRC
- \$136.5m of CSM expected to emerge in next 12 months, excluding new business

Remaining CSM to be recognised in Income Statement (\$ millions)

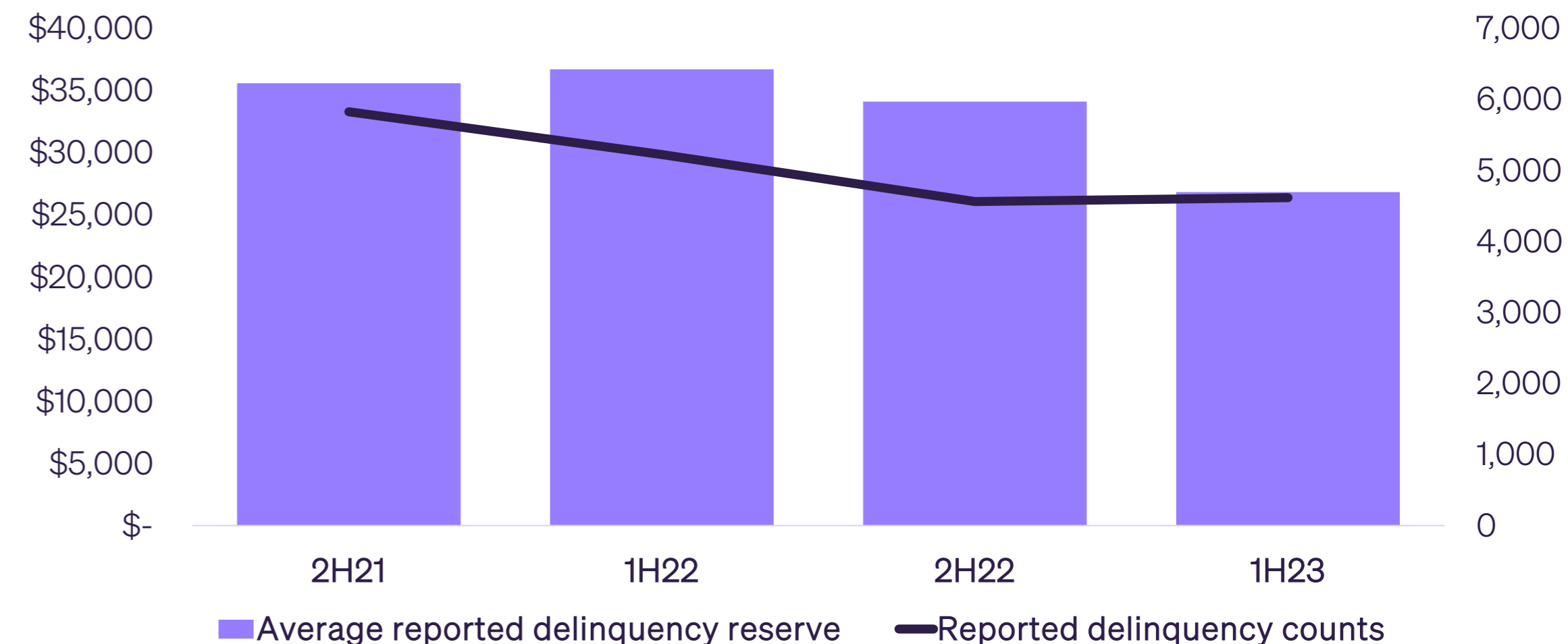


Liability for incurred claims (LIC)

Liability for incurred claims (\$ millions)



Reported delinquencies



1H23 commentary:

- Reserves for reported delinquencies down due to a lower average reserve, driven by mix of delinquencies and some changes in reserving basis
- Reserving basis changes relate to a more positive outlook for house prices and a partial removal of a loading for delayed progression of arrears to claim settlement
- IBNR reserves are up due to allowance for impact of rising mortgage rates
- Re-delinquency reserve is held on policies that were previously delinquent and were lower hoh mainly due to cancellations

Claims sensitivity to economic conditions

Economic assumptions as at 30 June 2023¹



Property price

Stabilising housing market with HPA of 3% by end 2024



Mortgage rates

RBA cash rate peaks at 4.3% in 2023 before easing (3.6% by 2024)



Unemployment rates

Gradual increase to 4.0% by 2023 year end and 4.7% by 2024

Claims sensitivity^{2,3}

(\$ millions)

Cumulative net claims incurred over 3 years

HPA +5%	(35)
HPD -5%	40
Interest rates +1%	25
Interest rates -1%	(20)
Unemployment rate +1%	55
Unemployment rate -1%	(40)

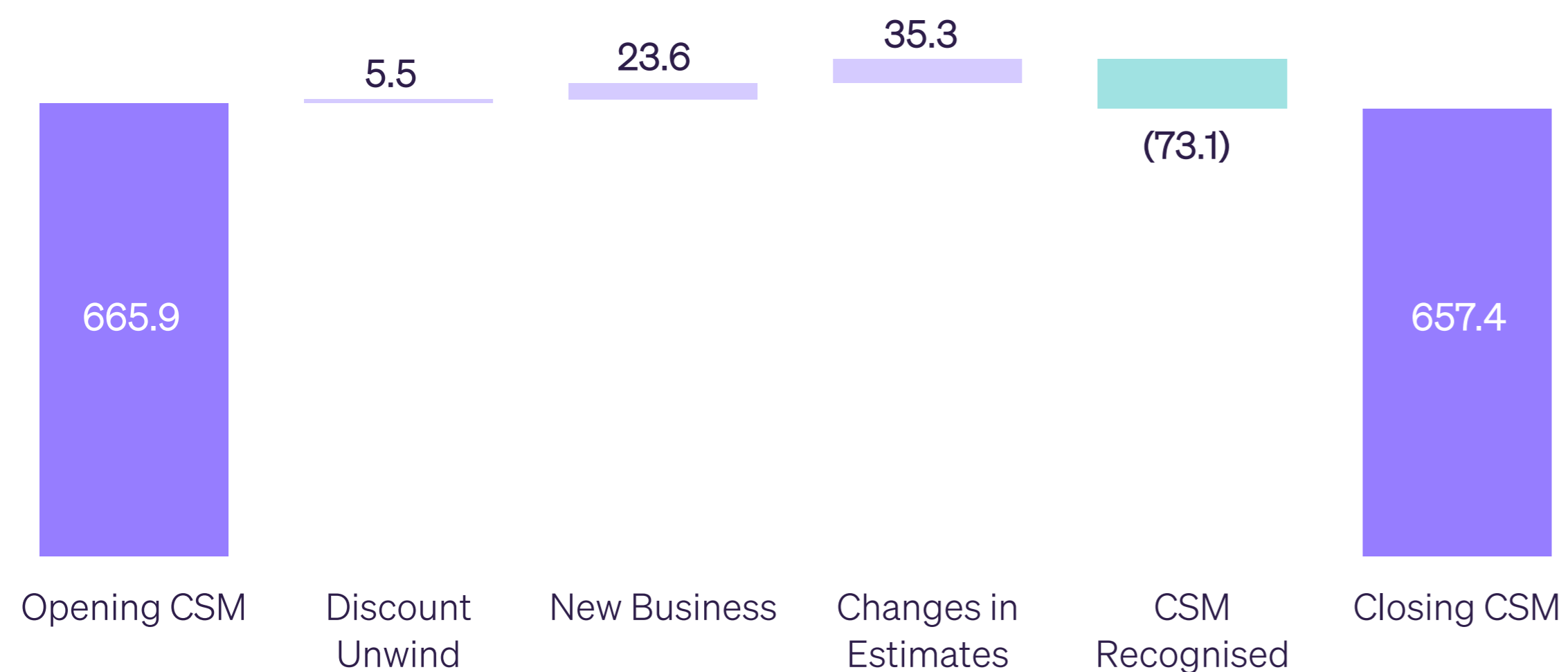
- Expecting to see increasing delinquencies, but low unemployment and low effective LVRs are expected to limit extent of claims
- Total incurred claims are expected to increase towards long term average levels (approx. 30% claims ratio) during 2H23 and FY24
- Unemployment is the largest loss driver impacting claims frequency while property prices drive claims severity
- Interest rates have a moderate direct impact on losses due to serviceability, but also impact other variables such as house prices
- Sensitivities shown are 3 years of claims incurred and are changes from the base case



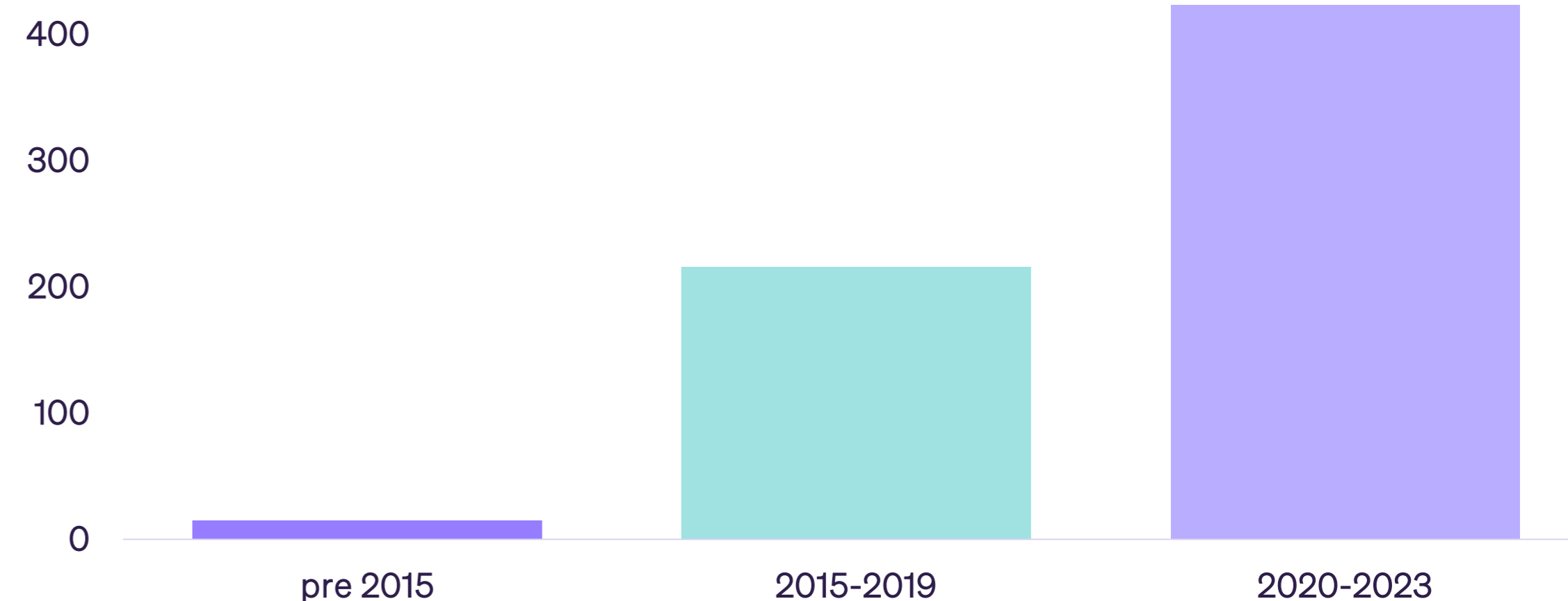
1. Based on a mean view of external economic forecasts.
 2. Based on a 3-year change before reversion to base case.
 3. All numbers are indicative sensitivity outcomes and rounded to the nearest \$5m.

Contractual service margin (CSM)

CSM walk (\$ millions)



CSM by cohort (\$ millions)



1H23 commentary:

- CSM is recognised each year and was down 1% hoh reflecting subdued new business volumes
- Change in estimates represents impact of assumption changes and mainly related to top ups / premium credits
- 2015 to 2019 cohort is well developed and profitable
- 2020-2023 cohort is less mature, but expected to meet pricing loss ratios

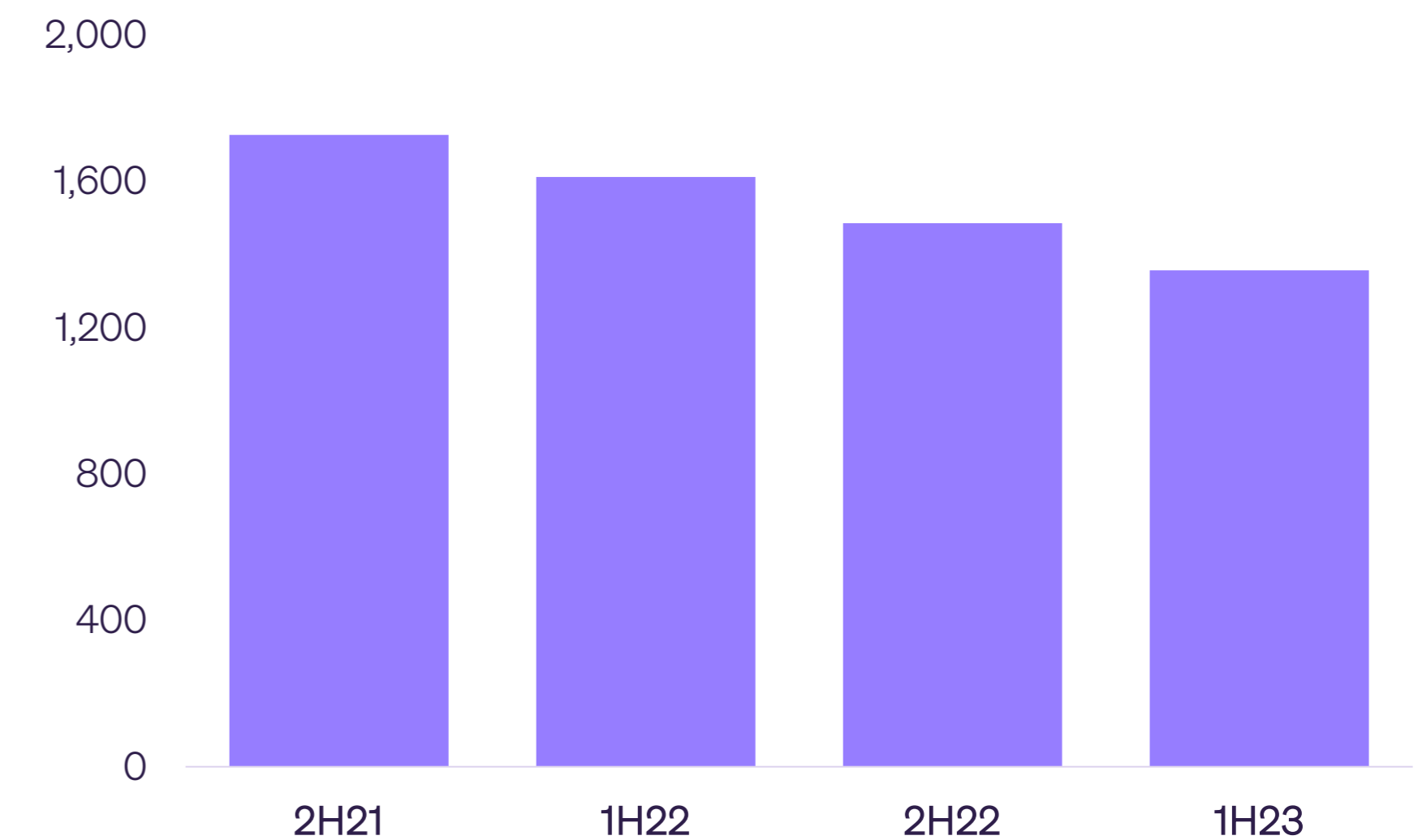
Regulatory capital

(\$ millions)	31 Dec 21	30 Jun 22	31 Dec 22	30 Jun 23
Capital base				
Common equity Tier 1 capital – net assets (CET1)	1,327.5	1,190.6	1,205.7	1,112.5
Regulatory adjustments	(29.1)	(37.2)	(17.2)	(37.4)
Net surplus relating to insurance liabilities	566.4	511.4	509.9	501.3
Tier 2 capital	190.0	190.0	190.0	190.0
Regulatory capital base	2,054.8	1,854.7	1,888.4	1,766.4
Capital requirement				
Probable maximum loss (PML)	1,726.3	1,611.5	1,485.1	1,356.5
Net premiums liability deduction	(347.4)	(331.3)	(312.5)	(285.4)
Capital credit for reinsurance	(800.2)	(800.1)	(729.6)	(548.3)
Insurance concentration risk charge (ICRC)	578.7	480.2	442.9	522.9
Asset risk charge	203.5	179.5	233.7	223.6
Insurance risk charge	277.6	262.0	236.8	213.9
Operational risk charge	35.6	35.3	33.7	31.0
Aggregation benefit	(85.7)	(75.4)	(91.5)	(90.0)
Prescribed capital amount (PCA)	1,009.7	881.7	855.5	901.4
PCA coverage ratio (x)	2.03x	2.10x	2.21x	1.96x

1H23 commentary:

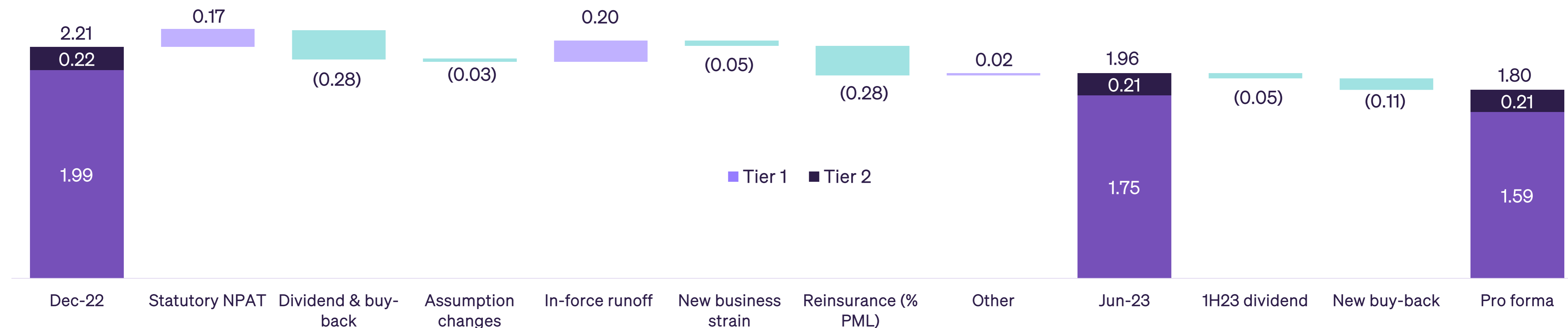
- CET1 reduced due to on-market share buy-back and payment of dividends
- PML reduced due to lower new business, high cancellations and portfolio seasoning
- Reinsurance capital credit reflects reduced reinsurance purchase at 1 January 2023
- PCA ratio down from 2.21x to 1.96x but remains strong

PML (\$ millions)



Capital walk

PCA coverage ratio walk (x)¹



1H23 commentary:

- Organic capital generation was significant due to high profitability, partially offsetting capital returned via dividend and on-market buy-back
- In-force run off was elevated reflecting high cancellations and exceeded new business strain due to weak new business volumes
- Reduction in reinsurance credit (from 49% to 40% PML) creates capital head room for the future
- Pro forma PCA coverage ratio of 1.80x remains \$180m above top of Board targeted range of 1.40 - 1.60x



Note: Totals may not sum due to rounding. Based on APRA prudential standards applicable from 1 July 2023
Capital credit for reinsurance is assumed to move in proportion to the Probable Maximum Loss (dropping to \$666m). 'Reinsurance (% PML)' reflects it at the 1H23 amount of \$548m.

Closing comments

Pauline Blight-Johnston

Chief Executive Officer and Managing Director



Outlook and FY23 guidance

Insurance revenue

- FY23 insurance revenue is expected to be within a range of \$420m to \$460m

Total incurred claims

- Timing and magnitude of claims incurred will be driven by the prevailing economic environment
- Over the course of 2H23 and FY24, total incurred claims are expected to increase toward long term average levels
- The average claims ratio over the last 10 years has been approximately 30%, which is representative of Helia's expectations through the cycle¹

Investment income

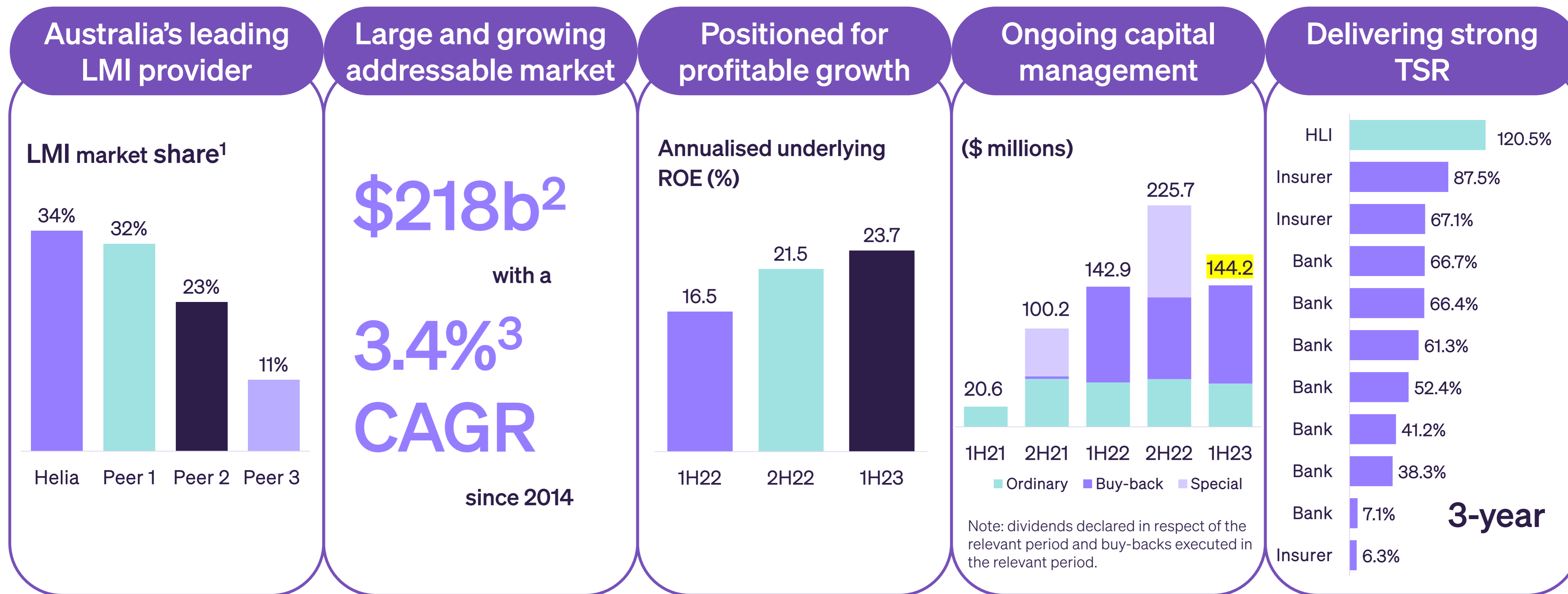
- Net interest and dividend income is expected to continue to benefit from higher reinvestment rates
- Running yield on the cash and financial assets portfolio of 4.9% as at 30 June 2023

Capital and dividends

- New \$100m on-market share buy-back commencing September 2023
- Expected sustainable annual ordinary dividend of 28cps with some scope for growth over time
- PCA coverage ratio currently expected to return to target range by end of 2024²

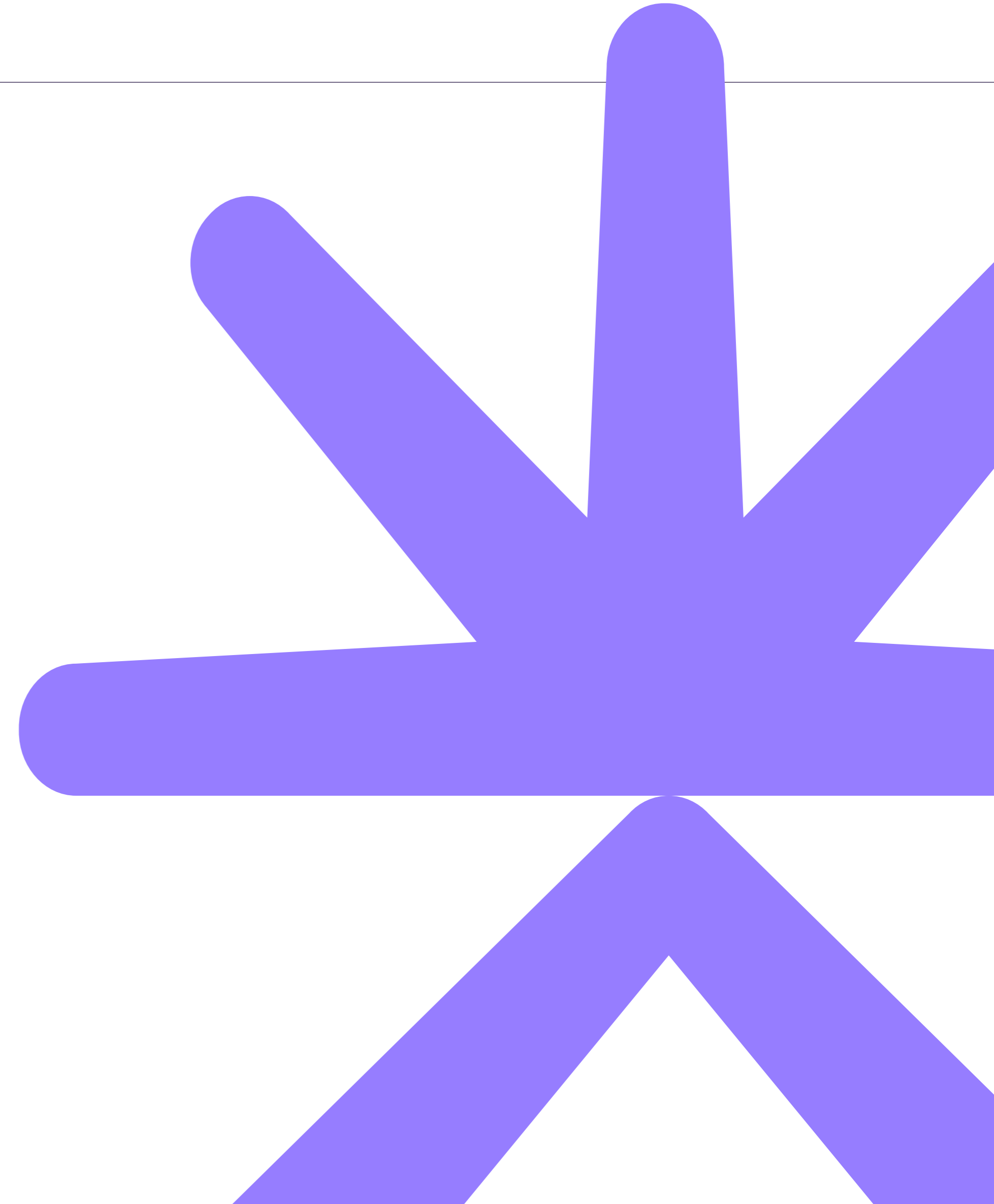
 **Helia** 1. Calculated as average of annual net claims incurred divided by gross earned premium ratio under AASB 1023 "General Insurance Contracts".
2. Following the payment of declared dividends.

Accelerating financial wellbeing through homeownership



1. APRA, quarterly LMI & Industry Statistics as at 31 March 2023 (12-month rolling).
 2. ABS, Lending Indicators for industry owner-occupier; 12-month ending June 2023.
 3. ABS, Lending Indicators; June 2023 annualised from 2014.
 4. FactSet data from 30/05/2020 – 30/06/2023.

Q&A



Supplementary information



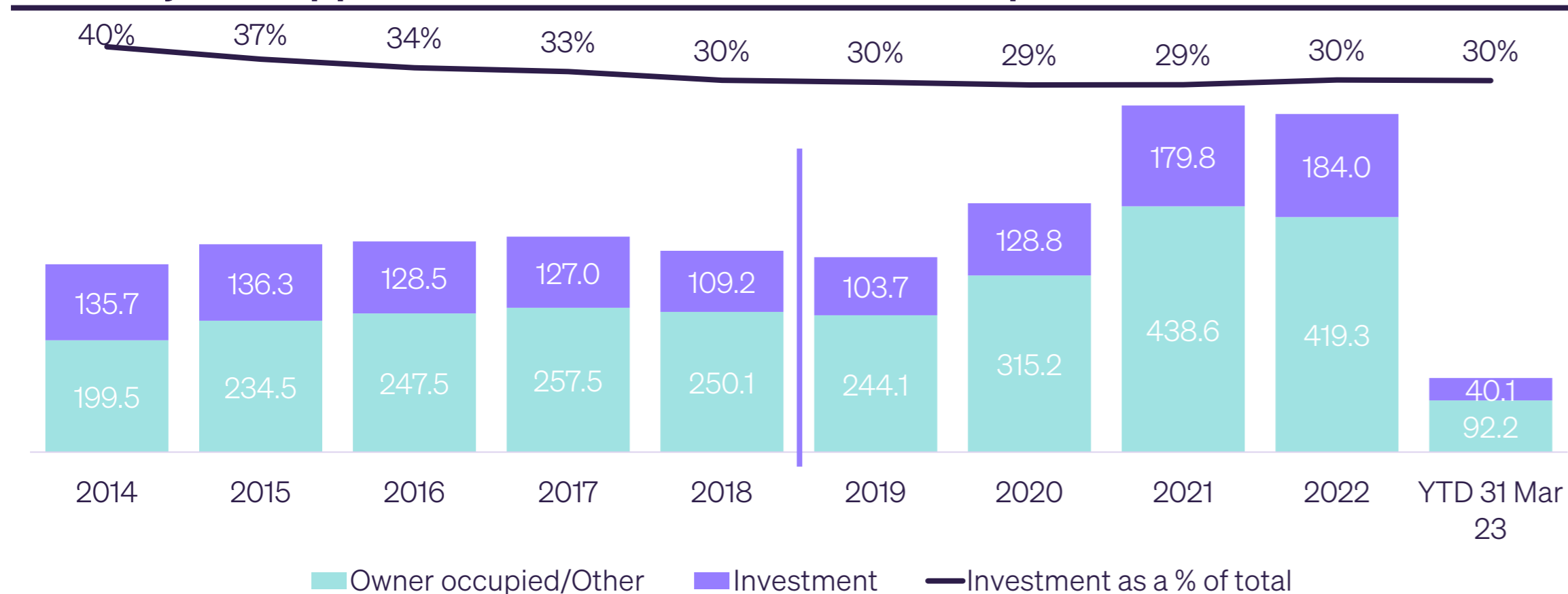
Expenses

(\$ millions)	FY21	1H22	2H22	FY22	1H23
Expenditure incurred	137.3	66.1	70.0	136.0	59.4
Less investment expenses	(4.0)	(2.0)	(0.9)	(2.9)	(1.3)
Less claims handling expenses	(3.9)	(3.3)	(4.1)	(7.4)	(3.6)
Less new acquisition costs incurred	(65.2)	(30.5)	(29.5)	(60.0)	(22.4)
Add amortisation of acquisition cash flows	63.2	33.3	33.7	67.1	33.3
Total expenses	127.5	63.6	69.3	132.8	65.4
Insurance expenses	44.2	20.8	24.6	45.4	22.2
Add amortisation of acquisition cash flows	63.2	33.3	33.7	67.1	33.3
Other operating expenses	20.1	9.5	11.0	20.4	9.9
Total expenses	127.5	63.6	69.3	132.8	65.4

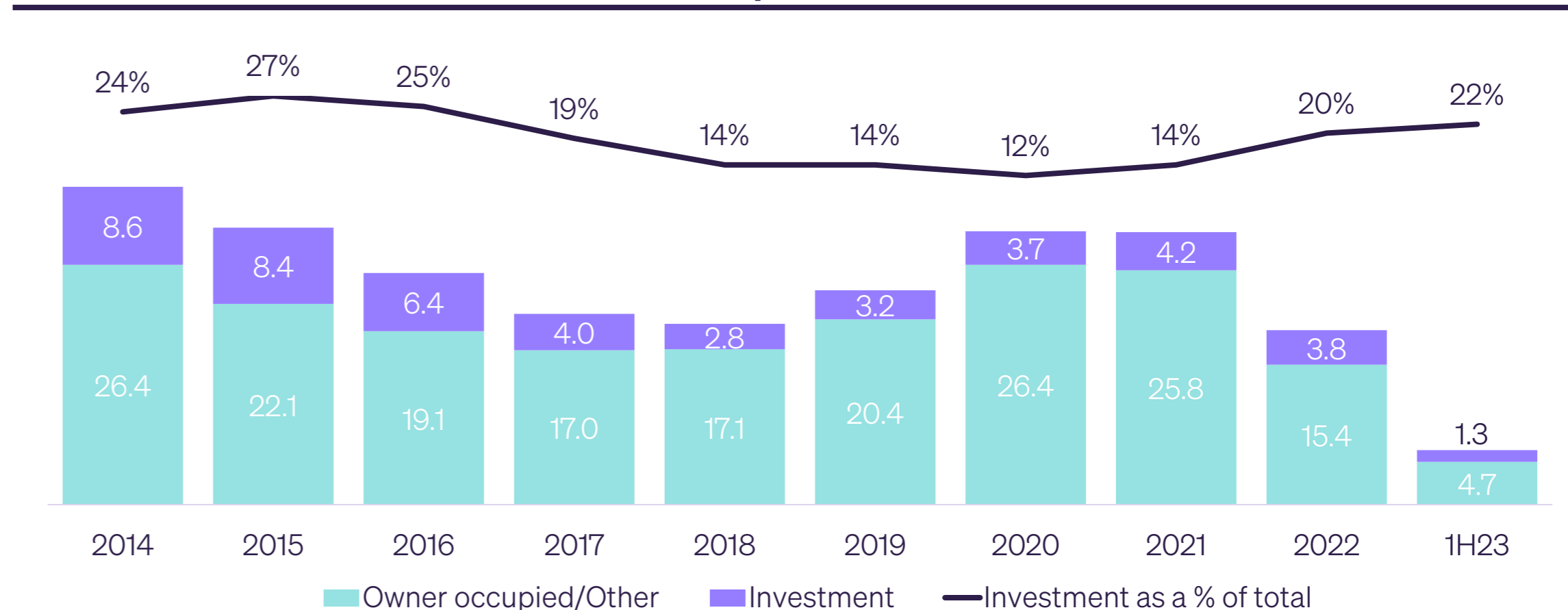
Residential mortgage lending market

Originations and HLVR penetration¹

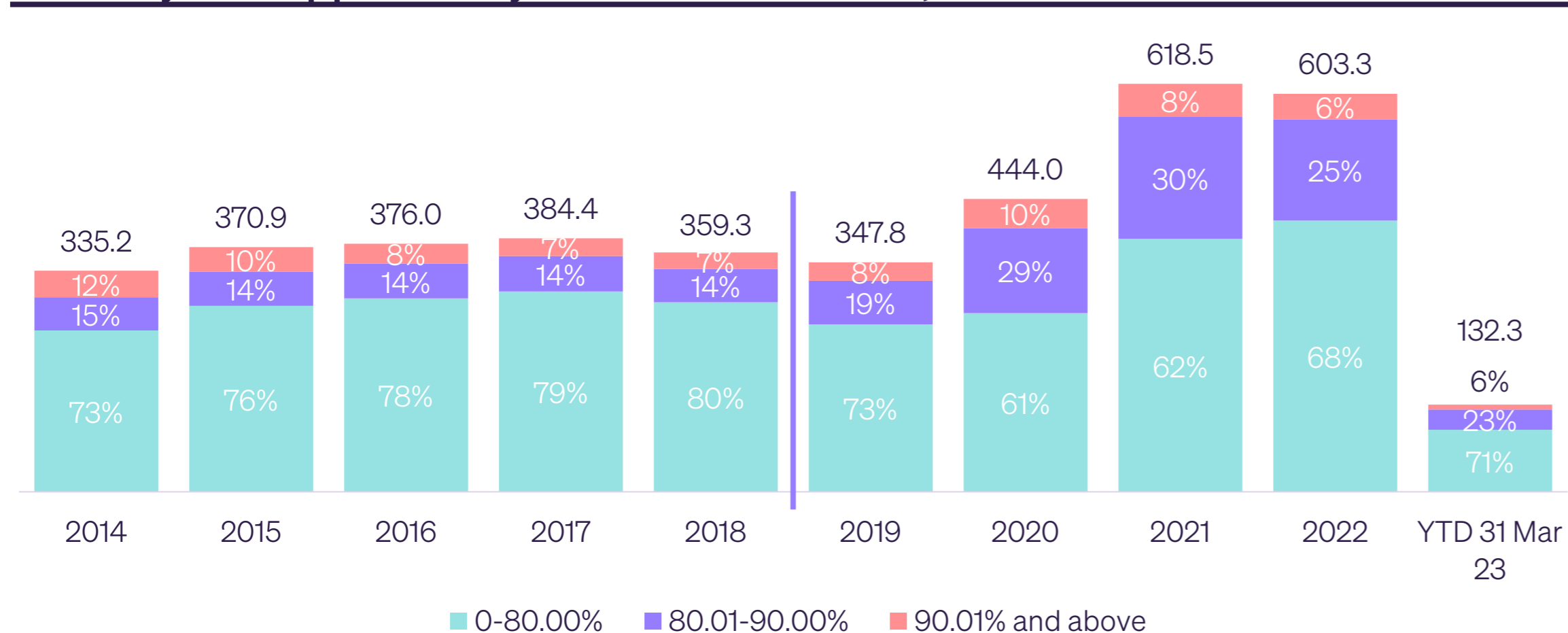
Industry loan approvals: Investment vs. owner occupied (\$ billions, %)



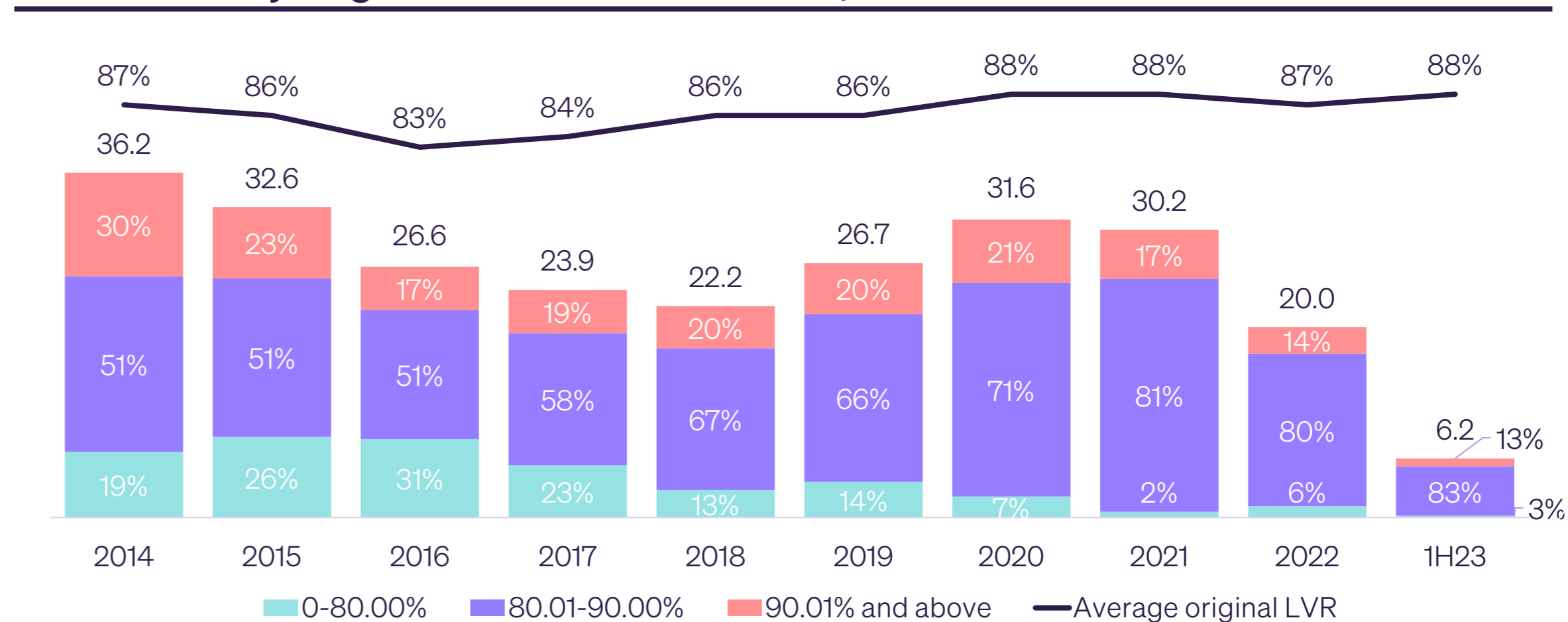
Helia NIW: Investment vs. owner occupied (\$ billions, %)²



Industry loan approvals by LVR band (\$ billions, %)



Helia NIW³ by original LVR⁴ band (\$ billions, %)



1. Prior periods have been restated in line with market updates.
 2. Flow NIW only.
 3. NIW includes capitalised premium. NIW excludes excess of loss insurance (excess of loss insurance includes the Bermudian entity transaction).
 4. Average original LVR excludes capitalised premium and excess of loss insurance.

Industry source: APRA quarterly ADI property exposure statistics (ADI's new housing loan funded).
 Note: APRA discontinued its data series on new housing loan approvals from 1 October 2019, commencing a new series from 1 October 2019.

Insurance in-force

As at 31 December 2022

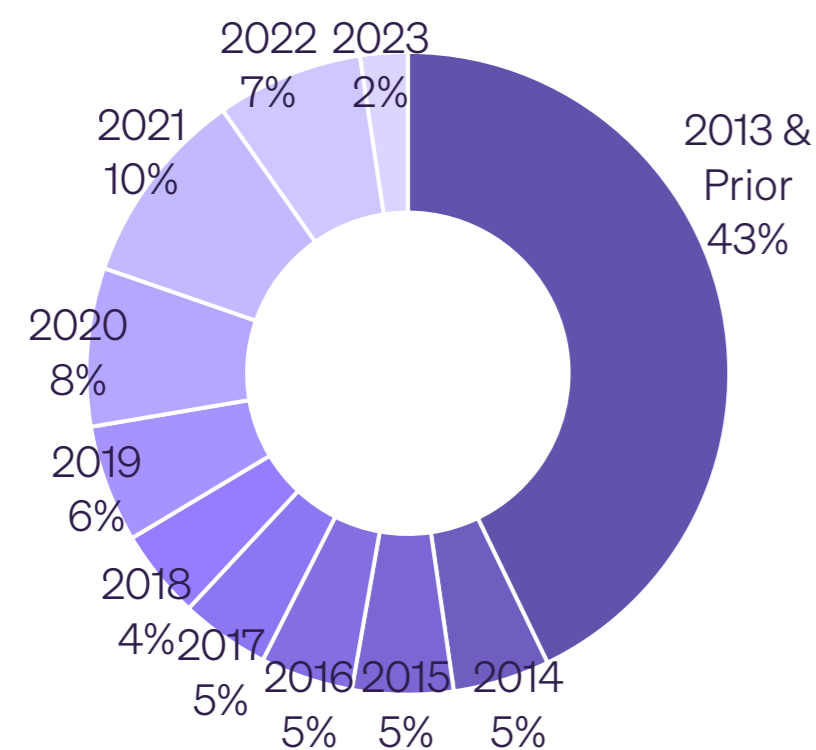
Book year	\$ billions	%	Original LVR	Effective LVR	Change in house price %
2013 & Prior	91.4	34.8%	84.1%	26.6%	119.4%
2014	13.9	5.3%	87.3%	48.1%	57.1%
2015	13.8	5.3%	86.2%	50.4%	49.7%
2016	13.3	5.1%	83.5%	50.4%	45.9%
2017	12.0	4.6%	86.0%	55.2%	40.6%
2018	12.3	4.7%	87.6%	60.1%	35.5%
2019	15.1	5.7%	87.9%	62.0%	36.5%
2020	22.1	8.4%	88.1%	66.7%	30.9%
2021	29.2	11.1%	88.1%	76.4%	15.4%
2022	21.5	8.2%	87.8%	87.2%	1.1%
Total Flow	244.7	93.2%	86.0%	44.2%	65.5%
Portfolio	17.8	6.8%	62.3%	17.4%	108.6%
Total/ Weighted Avg.	262.5	100.0%	84.4%	40.8%	69.9%

As at 30 June 2023

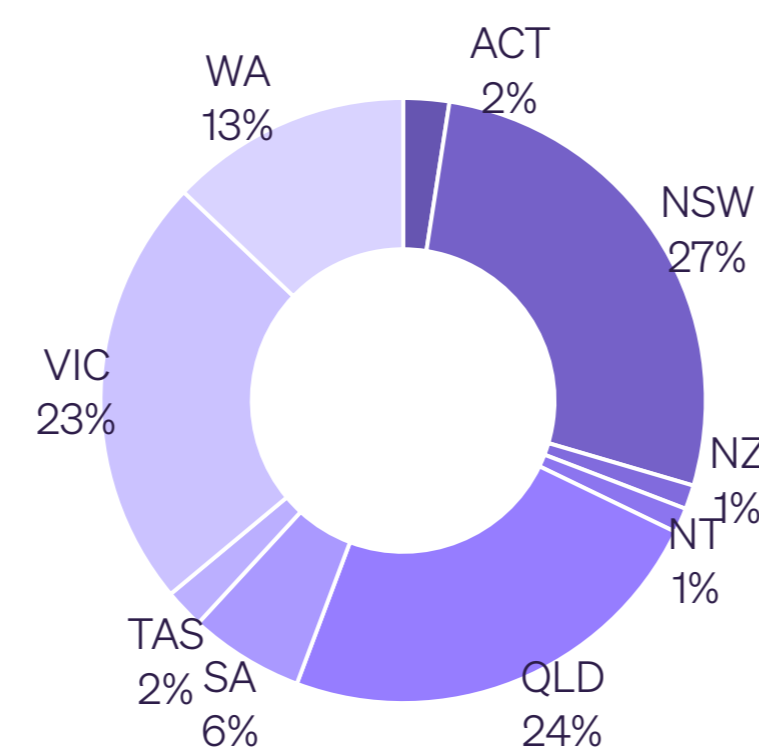
Book year	\$ billions	%	Original LVR	Effective LVR	Change in house price %
2014 & Prior	93.4	38.1%	84.3%	34.9%	114.6%
2015	12.6	5.1%	86.0%	48.9%	52.8%
2016	12.3	5.0%	83.4%	48.8%	49.2%
2017	11.2	4.6%	86.0%	53.7%	43.4%
2018	11.3	4.6%	87.6%	58.4%	38.7%
2019	13.9	5.7%	87.8%	60.4%	39.4%
2020	20.0	8.1%	88.1%	65.1%	33.5%
2021	27.2	11.1%	88.1%	74.5%	17.9%
2022	20.6	8.4%	87.8%	84.8%	3.4%
2023	6.9	2.8%	87.6%	87.6%	1.5%
Total Flow	229.4	93.5%	86.0%	48.1%	65.6%
Portfolio	15.9	6.5%	61.9%	16.3%	114.4%
Total/ Weighted Avg.	245.4	100.0%	84.4%	44.1%	70.4%

Note: Excludes inward reinsurance, excess of loss insurance, NZ and Helia Indemnity Limited. Calculated on an estimated house price adjusted effective LVR, using the CoreLogic Hedonic 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. Original LVR excludes capitalised premium.

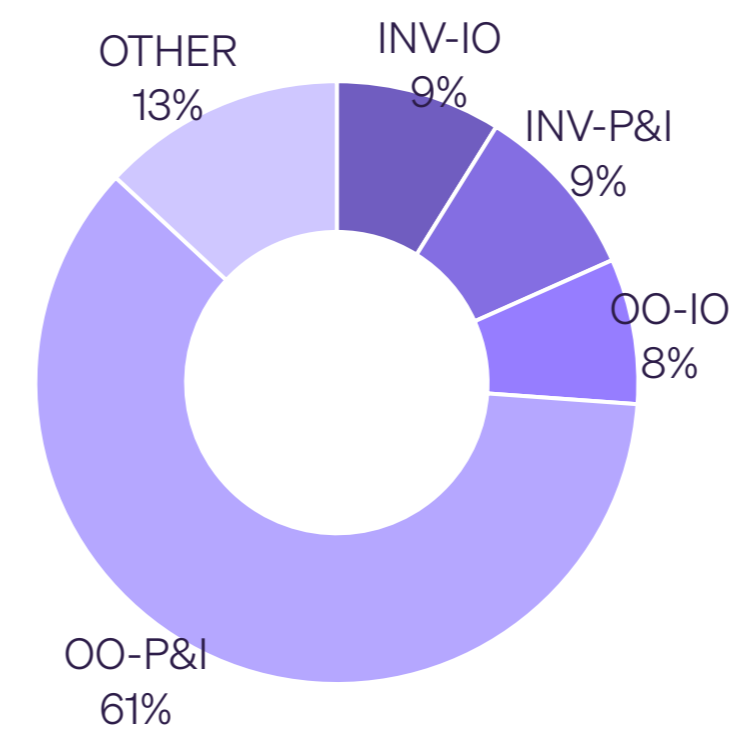
Book year



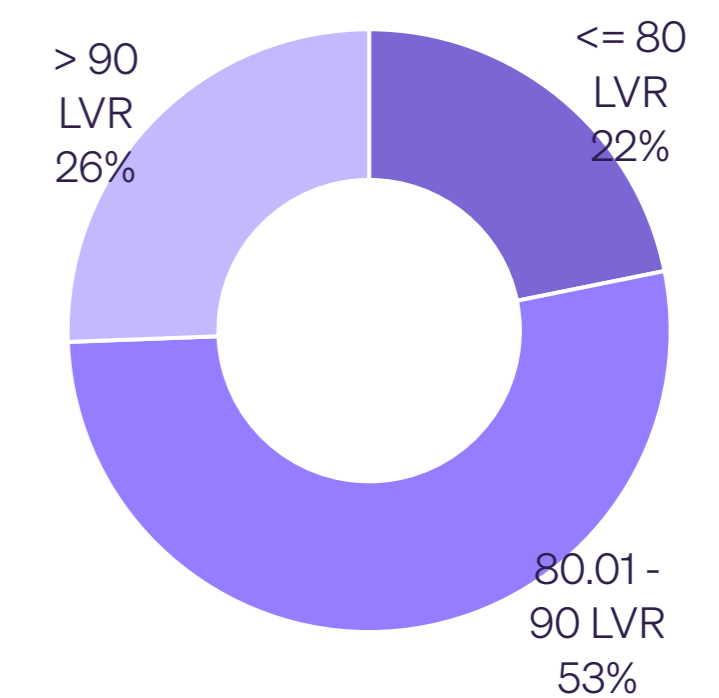
State



Loan type at origination



LVR at origination



Primary Insurance	1H20	FY20	1H21	FY21	1H22	FY22	1H23
Insured policies in-force (#)	1,236,657	1,195,907	1,141,490	1,118,328	1,026,374	976,137	907,133
Insurance in-force (\$m)	304,693	305,668	307,318	304,529	287,777	276,835	259,269

Delinquency trends

Number of delinquencies	FY21	1H22	2H22	FY22	1H23
Opening balance	6,964	5,826	5,228	5,826	4,569
New delinquencies	7,466	3,315	2,713	6,028	3,030
Cures	(8,080)	(3,706)	(3,219)	(6,925)	(2,861)
Paid claims	(524)	(207)	(153)	(360)	(122)
Closing delinquencies	5,826	5,228	4,569	4,569	4,616
Average total reserves per delinquency (\$'000)		76.4	84.6		73.0
Delinquency rate ¹		0.51%	0.47%		0.51%
Cure rate ²		63.6%	61.6%		62.6%

Delinquencies by book year ³	Jun 22		Dec 22		Jun 23		Delinquencies by geography	Jun 22		Dec 22		Jun 23	
		%		%		%			%		%		%
2011 and prior	2,473	0.52	2,109	0.47	1,949	0.43	New South Wales	1,043	0.43	927	0.40	955	0.45
2012	317	0.77	281	0.75	265	0.77	Victoria	1,071	0.44	940	0.41	1,108	0.52
2013	402	0.86	314	0.75	319	0.81	Queensland	1,433	0.59	1,246	0.54	1,140	0.53
2014	460	0.82	420	0.80	391	0.92	Western Australia	980	0.76	822	0.67	760	0.67
2015	373	0.73	331	0.69	294	0.77	South Australia	459	0.59	400	0.54	399	0.58
2016	252	0.53	210	0.47	228	0.65	Australian Capital Territory	61	0.27	64	0.31	74	0.39
2017	253	0.61	210	0.52	218	0.67	Tasmania	77	0.22	86	0.27	89	0.29
2018	270	0.62	215	0.55	221	0.68	Northern Territory	89	0.72	67	0.56	72	0.63
2019	193	0.40	156	0.37	180	0.50	New Zealand	15	0.07	17	0.08	19	0.09
2020	155	0.22	170	0.29	217	0.44							
2021	68	0.08	126	0.17	217	0.35							
2022	12	0.01	27	0.03	114	0.28							
2023	0	-	0	-	3	0.02							
Total	5,228	0.51	4,569	0.47	4,616	0.51	Total	5,228	0.51	4,569	0.47	4,616	0.51

1. The delinquency rate is calculated by dividing the number of reported delinquent policies insured by the number of in-force policies (excluding excess of loss insurance).

2. The cure rate is calculated by dividing the number of cures in a period by the number of delinquencies at the beginning of that period.

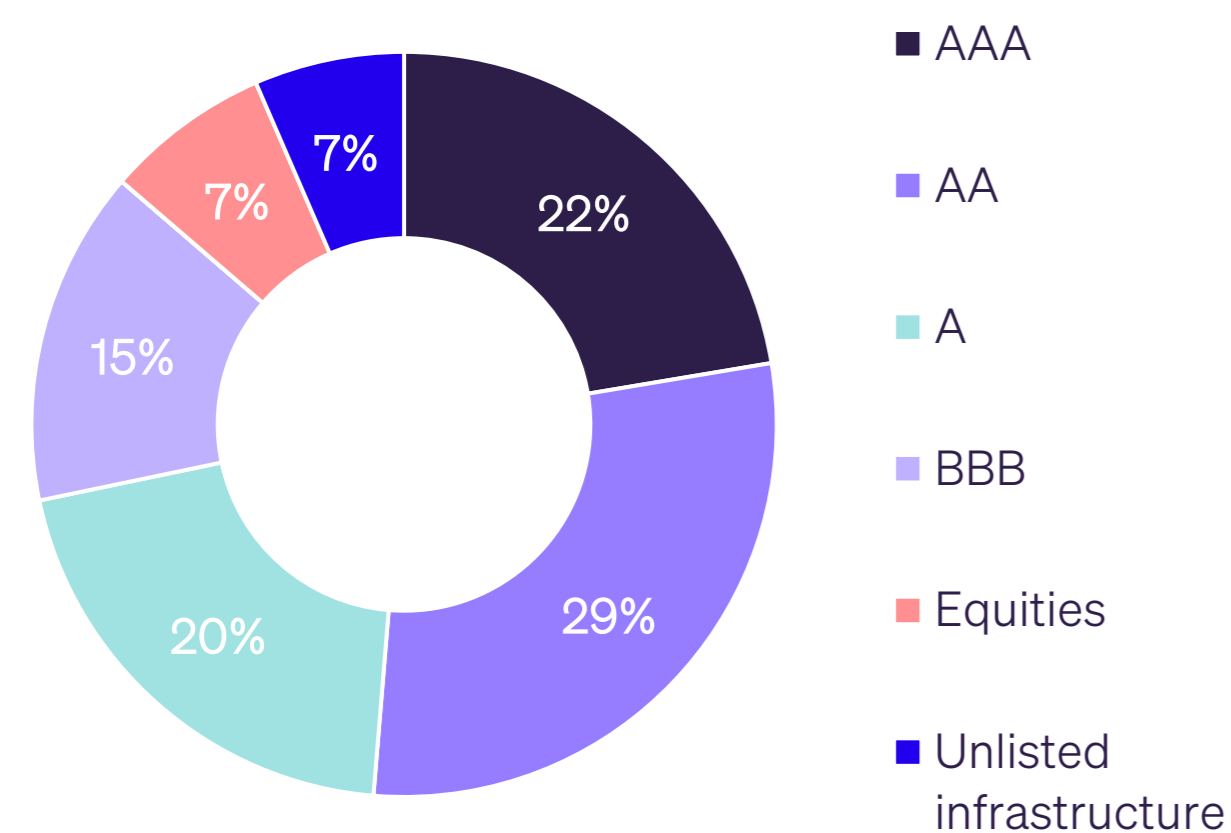
3. Shows the number of delinquencies and the portfolio delinquency rate, calculated by dividing the number of delinquencies by the number of policies in-force (~907k policies as at June 2023). Methodology for all periods have been readjusted to view delinquencies by latest top-up year i.e., assign delinquent policies with top-ups to their latest top-up book year rather than original underwriting book year.



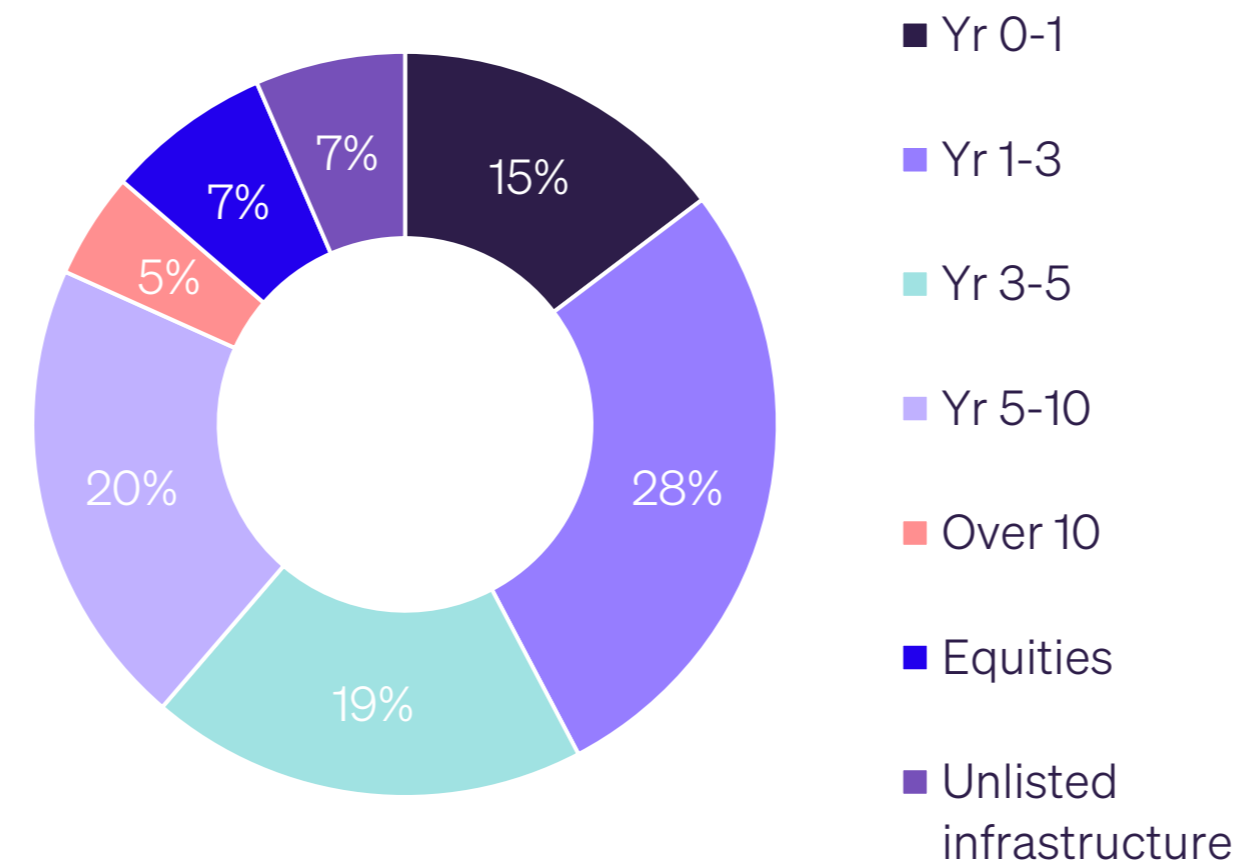
Cash and financial assets

Cash and financial assets portfolio ¹ (\$m)	31 Dec 21	%	30 Jun 22	%	31 Dec 22	%	30 Jun 23	%
Commonwealth ²	532.8	34.5	480.2	36.8	476.1	35.8	377.3	31.4
State Gov't	514.6	33.4	460.7	35.3	436.0	32.8	427.1	35.5
Corporate / other	430.2	27.9	348.9	26.7	379.9	28.5	371.7	30.9
Cash & short term deposits	65.2	4.2	15.6	1.2	39.0	2.9	26.9	2.2
Technical funds (average duration 3.2 years)	1,542.8	100.0	1,305.3	100.0	1,331.2	100.0	1,203.0	100.0
Commonwealth	16.4	0.8	14.9	0.7	-	-	-	-
Corporate / other	1,642.3	76.0	1,605.6	77.5	1,404.0	72.6	1,324.4	73.7
Cash & short term deposits	301.0	13.9	195.2	9.4	120.0	6.2	60.0	3.3
Equities	201.3	9.3	202.0	9.7	208.1	10.8	215.2	12.0
Unlisted infrastructure	-	-	53.6	2.6	191.4	9.9	195.4	10.9
Derivatives	-	-	0.1	0.0	9.1	0.5	1.9	0.1
Shareholder funds (average duration 1.8 years)	2,161.0	100.0	2,071.3	100.0	1,932.7	100.0	1,796.9	100.0
Total cash and financial assets	3,703.8	100.0	3,376.7	100.0	3,263.8	100.0	2,999.8	100.0

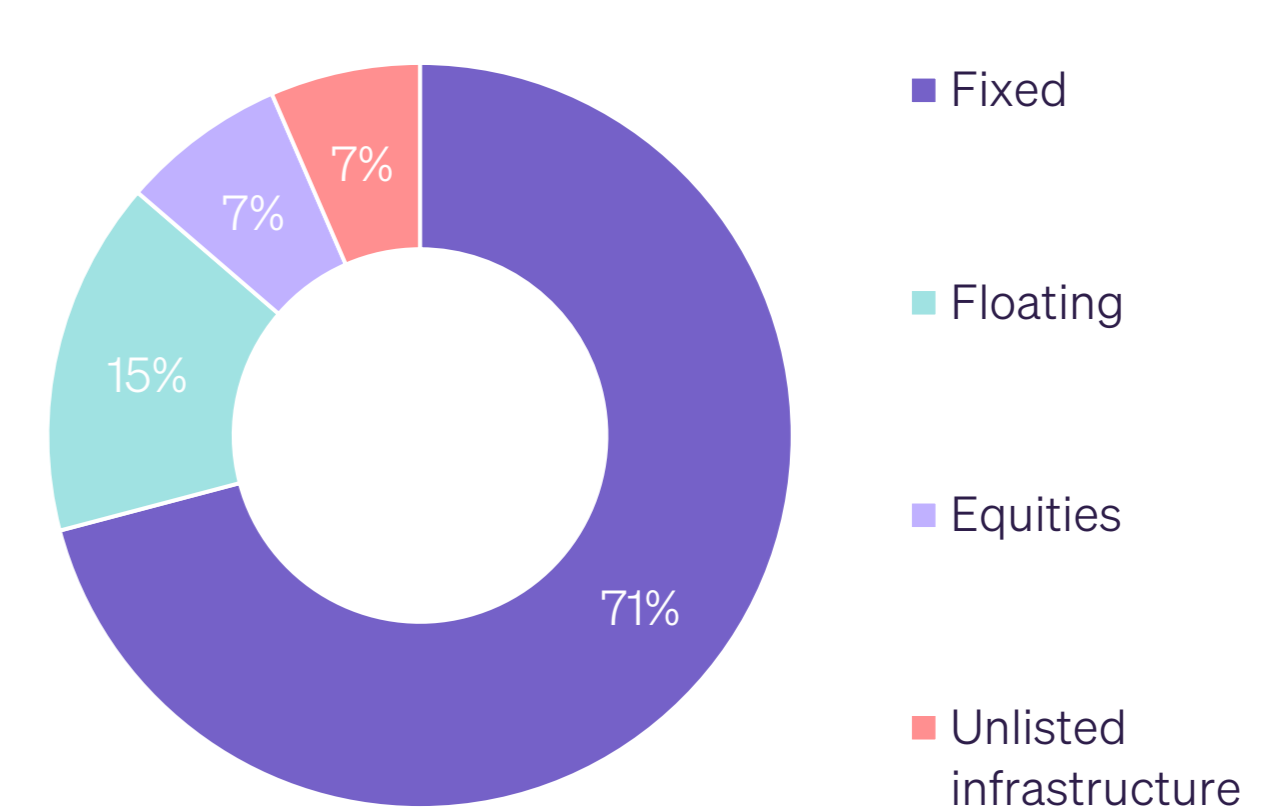
Portfolio by rating³



Portfolio by maturity



Portfolio by type



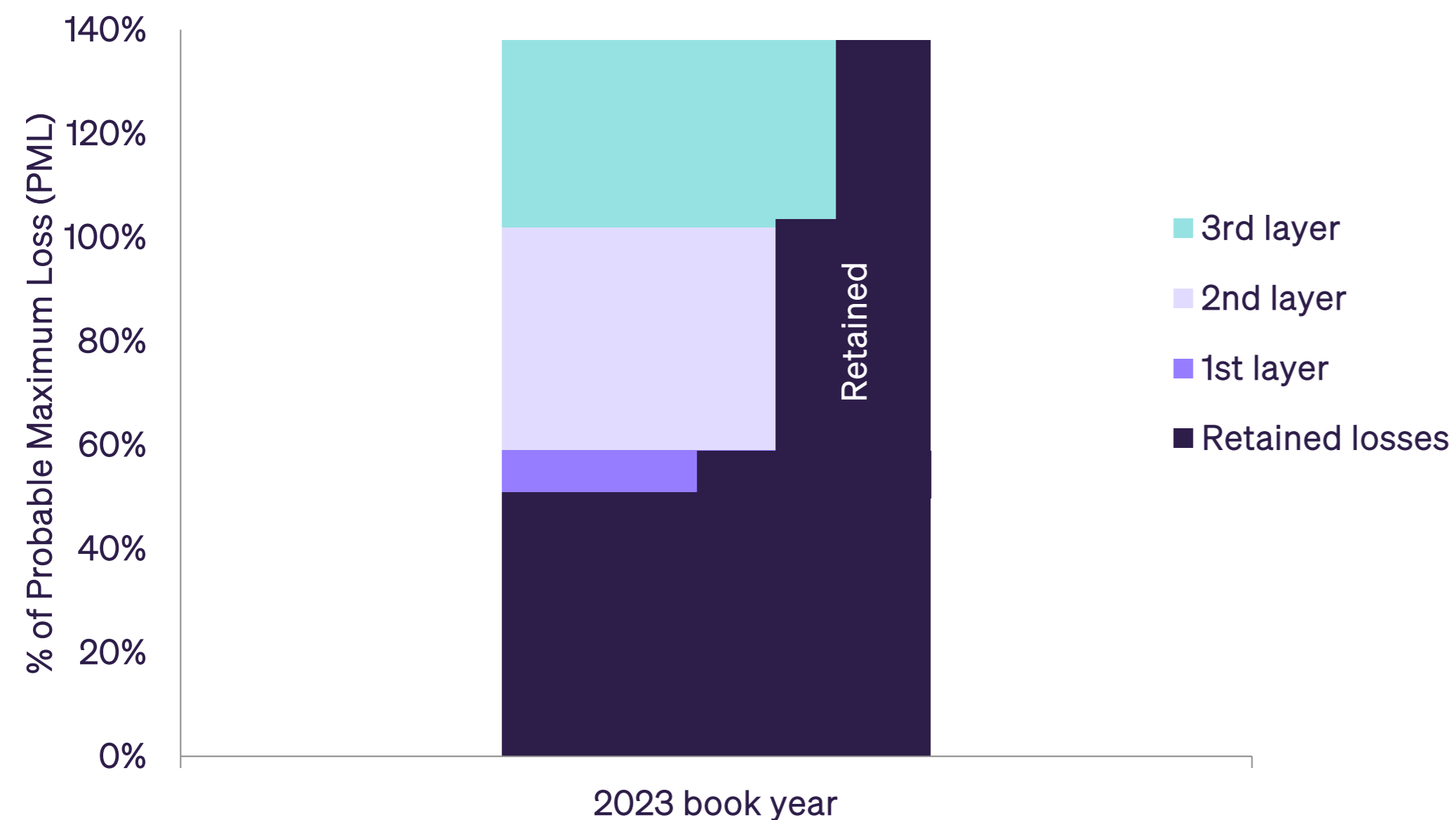
1. Maturity of 3.9 years (average duration 2.5 years) for the total portfolio. Maturity and duration exclude equities and unlisted infrastructure. Duration and the split of fixed vs floating include the effect of bond futures.

2. Includes bonds with an explicit guarantee from the Commonwealth.

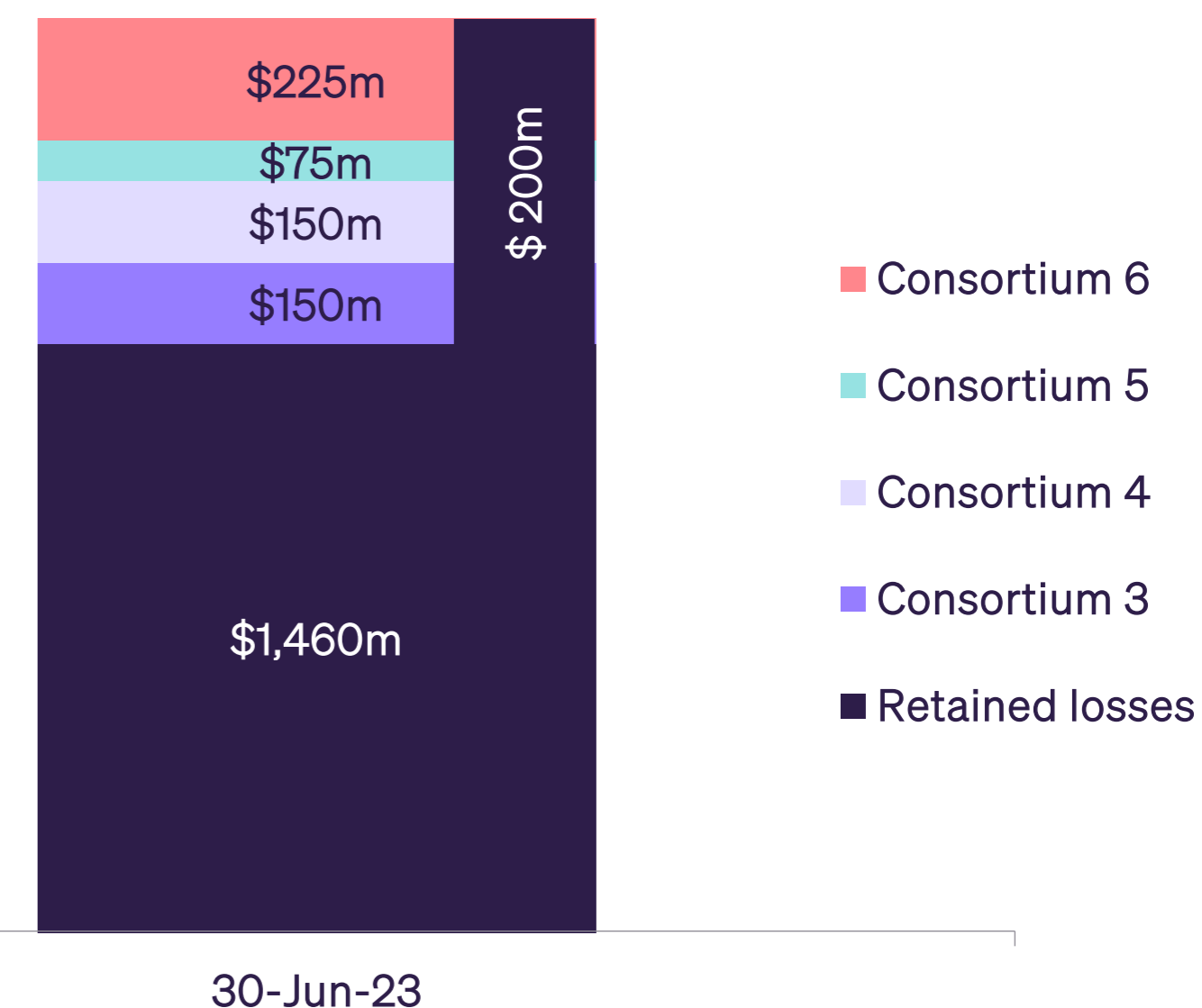
3. The ratings in the following chart are the lower equivalent rating of either Standard & Poor's or Moody's using the methodology set out in APRA's prudential standard GPS 001.

Reinsurance programme from 1 January 2023

2023 book year coverage by layer (% of PML)¹



Back book coverage by layer



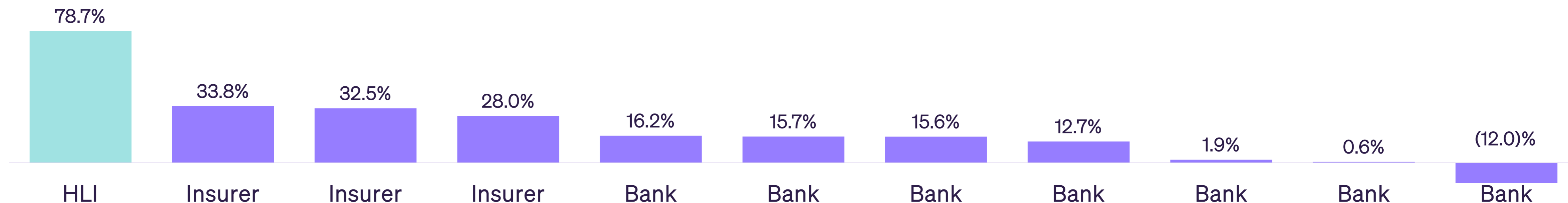
- Over 20 different reinsurers participating across the programme with a minimum rating of A-
- Placement in 2023 is set as a % of PML, driven by new business mix and volumes
- Duration is up to 10 years from 31 December 2023 with a call option after seven years. From 31 December 2023 the attachment point locks and the detachment (and coverage) amortises in line with APRA's 1 in 200 Net Paid Claims requirement

- Over 20 different reinsurers participating across the programme with a minimum rating of A-
- Helia retains the first \$1.46b of paid claims after which excess of loss reinsurance cover of \$600m is in place
- Cover is for one year, with an option to extend to a full term (varying between 7-10 years depending on the layer)

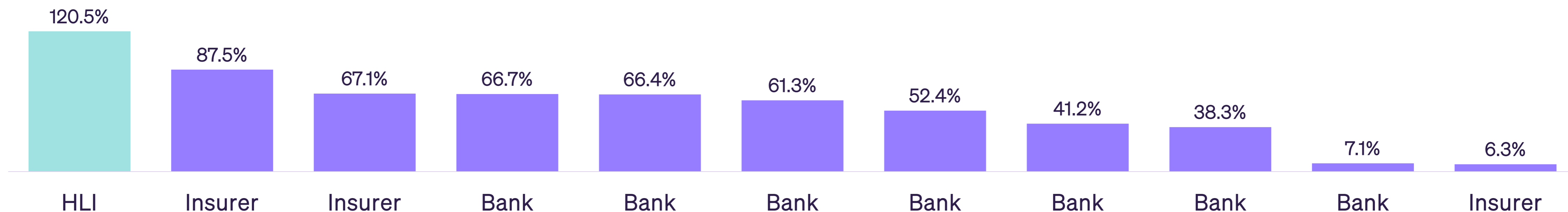
History of strong Total Shareholder Return (TSR) delivery

TSR to 30 June 2023

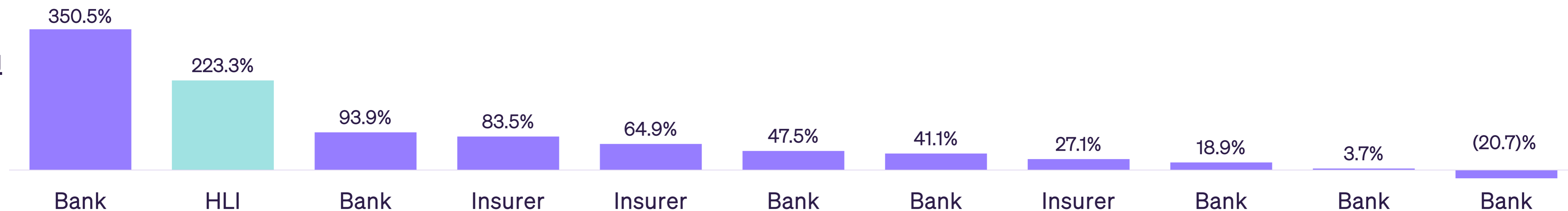
1YR



3YR



Since listing



Reconciliations

Annualised statutory ROE

(\$ millions)	Jun 22	Dec 22	Jun 23
Statutory NPAT	57.7	143.4	147.5
Opening equity	1,327.5	1,190.6	1,205.7
Closing equity	1,190.6	1,205.7	1,112.5
Average equity	1,259.0	1,198.1	1,159.1
Annualised statutory ROE	9.2%	23.9%	25.4%

Annualised underlying ROE

(\$ millions)	Jun 22	Dec 22	Jun 23
Underlying NPAT	104.0	128.5	137.2
Average equity	1,259.0	1,198.1	1,159.1
Underlying ROE (%)	16.5%	21.5%	23.7%

Statutory NPAT to underlying NPAT¹

(\$ millions)	Jun 22	Dec 22	Jun 23
Statutory NPAT	57.7	143.4	147.5
Unrealised (gains) / losses on shareholder funds and FX	63.4	(23.4)	(14.7)
Separation costs	2.7	2.1	0.0
Adjustment for tax (expense) / credits	(19.8)	6.4	4.4
Underlying net profit / (loss) after tax	104.0	128.5	137.2

 **Helia** Note: Totals may not sum due to rounding. Based on APRA prudential standards applicable from 1 July 2023

1. Under AASB 17, underlying NPAT excludes FX, unrealised gains / (losses) on the shareholder funds and separation costs. Under AASB 1023, underlying NPAT excluded after-tax impact of unrealised gains/(losses) on the investment portfolio, the impact of foreign exchange rates on Helia's investment portfolio (the bulk of these foreign exchange exposures are hedged) and the separation costs.

Australian key economic indicators

Change in dwelling values (%)	3 months	6 months	12 months
Sydney	4.9	5.3	(5.1)
Melbourne	1.8	0.8	(5.7)
Brisbane	3.0	1.3	(8.2)
Perth	2.8	2.9	2.5
Adelaide	2.1	1.0	0.0
Hobart	0.1	(3.9)	(12.7)
Canberra	0.8	(1.3)	(8.8)
Darwin	(0.3)	(1.2)	(1.0)
Regional NSW	0.5	(0.8)	(9.5)
Regional Vic	(1.3)	(2.6)	(8.3)
Regional QLD	2.6	1.8	(4.6)
Regional WA	0.9	2.4	3.7
Regional SA	2.8	4.9	8.7
Regional Tas	0.5	(2.3)	(7.2)
Combined capitals	3.3	2.9	(4.8)
Combined regionals	1.1	0.1	(6.5)
Australia	2.8	2.2	(5.3)

Source: CoreLogic's Hedonic Home Value Index at June 2023.

Rental vacancies (%)	Jun 22	Dec 22	Jun 23
Sydney	1.6	1.8	1.7
Melbourne	1.7	1.7	1.3
Brisbane	0.6	1.1	1.0
Perth	0.6	0.5	0.6
Adelaide	0.4	0.6	0.6
Hobart	0.6	0.6	1.9
Canberra	0.8	1.9	2.1
Darwin	0.5	1.5	0.9
National	1.0	1.3	1.3

Data sourced from <https://sqmresearch.com.au/> as at June 2023.

Unemployment by state (%)	Jun 22	Dec 22	Jun 23
New South Wales	3.3	3.1	2.9
Victoria	3.2	3.5	3.7
Queensland	4.0	3.8	3.6
Western Australia	3.4	3.5	3.6
South Australia	4.3	3.9	4.2
Tasmania	4.3	3.6	3.5
Australian Capital Territory	3.1	2.8	3.9
Northern Territory	3.7	4.0	3.3
National	3.5	3.5	3.5

Data sourced from The Australian Bureau of Statistics at June 2023.

Glossary



Glossary

As at 30 June 2023

Term	Definition
Ageing	Movement in reserves on any insurance policy that remains in a delinquent state
API	Application programming interface
APRA	The Australian Prudential Regulation Authority
Book year	The calendar year an LMI policy is originated
CAGR	Compound annual growth rate
Cancellations	The termination of policies before their expiration, typically by the insured
Capitalised premium	The cost of the LMI premium and related costs added to the loan balance(s) covered by the policy
Common equity tier 1 or CET1	Consists of total accounting equity, adjustments for certain reserves and adjustments for certain other items, such as intangible assets, which are excluded from the capital base
CPS	Cents Per Share
CSM (contractual service margin)	The unearned profit component of the insurance contract liability presented in the balance sheet and recognised in the income statement as a company provides services under insurance contracts
CSM recognition proportion	CSM recognised in profit or loss CSM balance, annualised
Cures	A policy that either clears arrears to below 3 months of missed payments, or sells the underlying securities with enough equity in the property to clear the arrears
Current period incurred claims ratio	Incurred claims from current period / insurance revenue, annualised
Delinquency	Any insured loan which is reported as one or more months of repayments in arrears
DTA (deferred tax assets)	A DTA is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised
Excess of loss	A type of insurance in which the insurer indemnifies the insured for losses that exceed a specified limit
Expected incurred recognition proportion	Expected incurred claims (including claims handling expenses) / average LRC PV cash flows, annualised
Expected insurance service expenses incurred	The insurer's prospective view of the cost of claims and expenses that expected to be incurred in the reporting period
Expected insurance service result ratio	CSM and risk adjustment released to insurance revenue less net expenses from reinsurance contracts / insurance revenue, annualised
Experience variations	The difference between expected premium credits/refunds/claims/expenses to be incurred and actual premium credits/refunds/claims/expenses incurred
Flow	Policies written by Helia on a loan by loan basis at the time of origination by the lender customer
GWP	Gross written premium, representing total expected premium to be received from contracts issued in the period, before deducting ceded reinsurance premiums

Term	Definition
HPA / HPD / HPI	House price appreciation / depreciation / index
hoh	Half-on-half
IBNR	Incurred but not reported - Delinquent loans that have been incurred but not reported, policies which have missed 1 or 2 monthly repayments (or equivalent)
IFRS	International Financial Reporting Standards
Insurance in-force	The original principal balance of all mortgage loans currently insured (excludes excess of loss insurance)
Insurance revenue	The amount of revenue depicted in profit or loss to reflect the provision of coverage and other services arising from a group of insurance contracts that reflects the consideration to which the entity expects to be entitled in exchange for those services
Insurance service expense	Claims and expenses (including amortisation of insurance acquisition cash flows) incurred in the period as well as losses and reversals of losses on onerous contracts
Insurance service result	Insurance revenue less insurance service expense less net expenses from reinsurance contracts
INV	Investment loans
Investment return	Total investment income divided by the average balance of the opening and closing cash and financial asset balance for the period, annualised
IO	Interest Only loans
Level 2	A term defined by APRA under GPS 001 referring to a consolidated insurance group
LIC (liability for incurred claims)	Insurer's obligation to pay amounts related to services provided
LMI	Lenders mortgage insurance
LRC (liability for remaining coverage)	Insurer's obligation to provide insurance contract services after the reporting date and includes CSM
LVR / HLVR	Loan to value ratio High LVR – This LVR benchmark is commonly 80% Original LVR – Calculated using the base LVR at the time of settlement Effective LVR – Calculated using the (estimated current balance)/(approximate house price) of the loan
MIP	Mortgage in possession
NIW	New insurance written reflects the total loan amount that is insured in the relevant period. NIW for Helia reporting purposes excludes excess of loss business written
NTA (net tangible assets) per share	Net tangible assets (net assets less goodwill and other intangible assets) divided by the number of shares on issue, at the end of the period.
Onerous contracts	If a group of contracts has exhausted its CSM (because movements in the value of future claims, expenses and risk adjustment exceeds the remaining CSM), that group becomes onerous and the shortfall (or reversal of any previous shortfall) is immediately recognised in the Income Statement

Glossary

As at 30 June 2023

Term	Definition
PCA	Prescribed capital amount is an APRA formula (set out in Prudential Standard GPS 110) designed to ensure an insurer has adequate capital against risk
PCA coverage ratio	The PCA coverage is calculated by dividing the regulatory capital base by the prescribed capital amount
pcp	Prior corresponding period
PML	Probable maximum loss - The largest cumulative loss due to a concentration of policies, determined by applying a formula specified by APRA for LMI with specific factors for probability of default and loss given default and other components
PV	Present value of future cash flows, discounted in accordance with the standard
RBA	Reserve Bank of Australia
Regulatory capital base	The regulatory capital base is the sum of Tier 1 Capital and Tier 2 Capital
Risk adjustment	The compensation an entity requires for bearing the uncertainty about the amount and timing of future cash flows arising from non-financial risk as the entity fulfils insurance contracts
Risk adjustment recognition proportion	Risk adjustment recognised as revenue / average LRC risk adjustment balance, annualised
ROE	Return on equity – ROE is NPAT divided by the average of the opening and closing equity balance for a financial period, annualised
Running yield	For bonds the annualised return anticipated if the security is held until the earlier of maturity or the expected call date. For equities the trailing 12 month dividends divided by the current price. For infrastructure the trailing 12 month operating income return. All net of investment fees and hedging costs
Shareholder funds	The cash and financial assets in excess of the Technical funds
Statutory NPAT	Net profit after tax
Technical funds	The cash and financial assets held to support insurance contract liabilities
Tier 1 Capital	As defined by APRA GPS 112, Tier 1 Capital comprises the highest quality components of capital that fully satisfy all of the following essential characteristics: (a) Provide a permanent and unrestricted commitment of funds; (b) Are freely available to absorb losses; (c) Do not impose any unavoidable servicing charge against earnings; and (d) Rank behind claims of policyholders and creditors in the event of winding up
Tier 2 Capital	As defined by APRA GPS 112, Tier 2 Capital comprises other components of capital that to varying degrees, 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
Total incurred claims ratio	Total incurred claims / insurance revenue, annualised
Total insurance expense ratio	Insurance expenses plus amortisation of insurance acquisition cash flows / insurance revenue
Total shareholder return (TSR)	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

Term	Definition
Underlying diluted earnings per share	Underlying NPAT divided by the weighted average number of shares outstanding for the period, adjusted for the effects of all dilutive potential ordinary shares
Underlying NPAT	Underlying NPAT excludes the after-tax impact of unrealised gains/(losses) on the shareholder funds, the impact of foreign exchange rates on Helia's investment portfolio and separation costs
Underlying ROE	The Underlying ROE is calculated by dividing Underlying NPAT by the average of the opening and closing equity balance for a financial period, annualised
YTD	Year to date



Investor materials can be found at:

Helia.com.au

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The release of this announcement was authorised by the Board.

22 August 2023

