

## Helia Group Limited 2023 Annual General Meeting Chairman's Address

**11 May 2023:** On behalf of my fellow directors, senior management, and our entire team at Helia, I would like to thank you, our shareholders, for joining us today.

It is my privilege to be here, as we report on another year of exceptional service to customers and strong financial performance, as we pursue our purpose of accelerating financial wellbeing through home ownership.

Helia, as Australia's leading LMI provider, is a critical enabler of the Australian housing market, and contributor to our wider economy.

In a year marked by inflation, rising interest rates and heightened concerns regarding housing accessibility, we have been more motivated than ever to play our part in helping people into homes.

I am proud of what we have achieved in 2022 and would like to thank our employees for all of your hard work and commitment.

I would also like to thank Pauline Blight-Johnston, our CEO, for her leadership, and determination to ensure Helia continues to deliver on its purpose and achieve its vision.

### Supporting Australian home buyers

In the past year, Helia played a pivotal role in supporting Australians by helping over 69,000 people into homes.

As at 31 December 2022, we had over 976,000 policies in-force with insurance in-force of \$277 billion.

We are specialists at helping people enter the property market sooner. And, we also play an important role in keeping people in their homes, through personal difficulties, natural disasters, and other challenges.

We understand that many Australian homeowners are experiencing the pressures of inflation, cost of living and higher interest rates for the first time. Alongside our customers, we helped over 8,000 Australians stay in their homes during times of hardship throughout 2022, by supporting loan deferrals and restructures.

Our track record of remaining sensitive to individual circumstances and working closely with lenders to assist borrowers in times of need, will remain a key focus for our business during what we know is a challenging time for so many people and their families.

### **Our community partnerships**

Whilst our focus at Helia is on getting people into homes, and helping them stay there, we are also committed to addressing needs across the entire housing ecosystem. We extend our assistance to organisations that are lifting people out of housing insecurity and homelessness.

Helia has continued to support our community partners, who all share our purpose and are helping us to extend our reach and make a positive impact for more people.

We are honoured to be supporting the great work these organisations are doing to:

- provide safe havens to families impacted by domestic violence,
- address social barriers for homeless and at-risk youth, and
- support Australians to recover from natural disasters, for example the impact of widespread flooding in regional NSW.

We are proud to be an organisation that is committed to having a positive impact on the communities we serve.

### **Building a sustainable future**

In the past year, we have increased our focus on sustainability - building our understanding and response to the environmental, social and governance factors impacting our business.

Our refreshed sustainability strategy is built around three pillars

- Driving financial wellbeing and housing accessibility
- Enhancing the climate resilience of our business, and
- Demonstrating good corporate citizenship.

Like our purpose, home ownership is a key theme across our sustainability strategy. We see a particular opportunity for Helia to use our expertise and position in the market, to create and advocate for more sustainable and equitable housing solutions.

Additionally, we are focussed on understanding the transitional and physical impact of climate change on how we operate as a business, supporting and sharing insights with our lender customers.

We acknowledge that we are in the early stages of a long process to develop and grow our ESG approach, and we are committed to taking appropriate, considered, and transparent action in the years ahead.

I am encouraged by the foundations we are building today, which are critical for the sustainable growth, performance, and long-term success of our business.

## **Capital management**

We have a strong and resilient capital position.

Our FY22 active capital management program returned \$369 million of capital to shareholders through:

- ordinary and special dividends totalling 53 cents per share, fully franked, and
- a \$181 million on-market share buy-back, reducing the total number of shares on issue by 15.6%

Despite this sizeable return of capital, our FY22 Prescribed Capital Amount (or 'PCA') coverage ratio of 2.22 times remained above the Board's targeted operating range of 1.4 to 1.6 times, due to strong profitability and high levels of cancellations.

On a pro forma basis, allowing for the payment of the FY22 full year dividends and full execution of the current \$100 million on-market share buy-back, the 31 December 2022 PCA coverage ratio was 1.93 times. We have a strong history of returning capital to our shareholders and we're proud to have the second highest total shareholder return amongst our peers since listing.

We remain committed to ongoing capital management to bring Helia's capital position in line with the Board's target capital range by the end of 2024.

## **New board members**

In November last year we welcomed Leona Murphy as a non-executive director to the Helia Board, to replace David Foster who – as we announced at our AGM last year – stepped down after five years of service.

Leona brings valuable expertise to the Board with extensive experience in strategy, transformation and sustainability, which will complement the collective expertise of our current directors.

I would like to take this opportunity to thank my fellow directors for their guidance, insights, support, and contribution to our company during an important year in the evolution of our business.

## **Closing remarks**

Before I hand over to Pauline, I wanted to once again thank you, our shareholders for your ongoing support.

We have a long history - over 55 years – of delivering great outcomes, for people, communities and for our shareholders.

We have a market leading LMI offering, a committed customer network, and we are actively looking at growth opportunities to leverage or complement our core business.

Most importantly, we have an exceptional team of specialists who have a unique understanding of the market in which we operate – the challenges we're facing but also the untapped opportunity to develop more solutions across the property market, carving out additional long-term value for our business.

I am confident in the future we are building for Helia and look forward to sharing our success with you.

I will now hand over to Pauline.

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For more information, analysts, investors and other interested parties should contact:

**Investors:**

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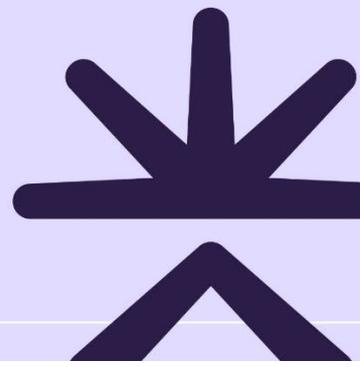
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The release of this announcement was authorised by the Disclosure Committee.

# ASX Announcement

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## Helia Group Limited 2023 Annual General Meeting CEO's Address

**11 May 2023:** Thank you, Ian, and good morning everyone.

I am Pauline Blight-Johnston, Helia's Chief Executive Officer and Managing Director.

Before I commence, I would like to acknowledge the Gadigal People of the Eora Nation, on whose land we are hosting our meeting today. I pay my respects to their Elders past, present, and emerging, and to all Aboriginal and Torres Strait Islander People here today.

It is wonderful to be here with you, our shareholders, in person this morning, for the first time since I joined Helia in 2020, and I extend a warm welcome to those of you joining us both in the room and virtually today.

As Ian mentioned earlier, our role and our purpose – to accelerate financial wellbeing through home ownership, now and for the future, has never felt more critical.

At our last meeting in November 2022, we formally adopted our new operating name: Helia.

This brand transition has served as a valuable opportunity to create a new identity. The name Helia, derived from the sun, captures our reliability as a trusted partner, and our vision for the future – we're focused on finding new solutions to meet the needs of home buyers across Australia, and creating brighter outcomes for our people, customers and our business.

### **Delivering for our customers**

We are all aware that the past year has been characterised by a challenging housing market. We are seeing new generations of home buyers struggle to close the deposit gap and, with inflation and rising interest rates, the dream of home ownership feels like it is slipping further away from reality for many Australians.

I consider it a great privilege to be leading Helia through this period, as we leverage the solid financial performance of our business, to make a tangible impact on people's lives.

In 2022, we helped over 69,000 Australians into homes.

As the leading lenders' mortgage insurance provider in Australia, I am very proud of Helia's:

- longstanding customer relationships that continue to grow and deepen as we innovate together,
- our exceptionally capable team that is so committed to our purpose
- and the delivery of our enhance, evolve and extend strategy, which will ensure we remain a valued partner for homebuyers for years to come.

We are well positioned to meet the challenges of this current environment, and to pursue opportunities that will magnify our impact and help us achieve our vision to be the leading partner of choice for home ownership solutions.

I am pleased to share that our customer-focused strategy was instrumental in Helia renewing four and securing two new exclusive customers in 2022, representing 73% of our revenue base.

I am particularly pleased that we have delighted our customers by exceeding our service levels 96% of the time and with an exceptional net promoter score of +77.

Our investment in agile transformation and digital capabilities is both improving customer outcomes today and future-proofing our business. We've seen customers respond positively to simplified integrations, streamlined processes and a faster speed to yes.

We are showing up as true partners in co-creation and innovation – sharing a commitment to keeping everyday Australians at the heart of what we do. We know that behind each policy we write – whether it's for a first home buyer, investor, upgrader, or refiner – is a real Australian family, for whom we are partnering with our customers to make a difference.

This consistent delivery is why four of Australia's top ten lenders choose to partner with Helia to meet the needs of high loan to value customers, and why we are growing both the number and quality of our lender relationships, ultimately creating pathways to home ownership for more Australians and delivering value for you, our shareholders.

### **Consistent financial performance**

Turning now to our 2022 financial performance.

For the 2022 year, we reported a statutory net profit after tax of \$187 million – with an underlying net profit after tax of \$288 million – up more than 20% from the previous year.

This was driven by a record underwriting result of \$362 million due to:

- an exceptionally low claims environment with negative net claims of \$35 million, and
- high net earned premium of \$428 million, despite a drop in gross written premium, driven by continued high cancellations.

Rising bond yields led to unrealised mark-to-market investment losses and resulted in a statutory profit lower than underlying profit. This higher yield environment has resulted in higher investment returns, going forward.

As Ian mentioned, most pleasingly, our 2022 financial performance allowed us to share the benefits with you, our shareholders by declaring a total of 53 cents per share in fully franked ordinary, interim and special dividends.

Continuing the themes from 2022, Helia has had a solid start to 2023 as we continue to experience a benign claims environment.

In our market update earlier this month, we shared that gross written premium for the first quarter of 2023 is substantially lower than the prior corresponding period, reflecting soft industry new loan commitments, especially for high loan to value ratio lending, and the impact of the Federal Government First Home Guarantee Scheme.

However, net earned premium remains high, due to previous book year gross written premium, as well as the level of cancellations, which remains elevated.

Net claims incurred remain negative, reflecting the continuation of low levels of delinquencies and claims incurred. As we have stated in our recent market updates, we do expect claims to increase over the course of 2023, towards long-term average levels.

Year to date investment income has benefitted from unrealised gains due to recent falls in bond yields, and higher running yields, contributing positively to profitability.

As we look towards a period that we expect to be more challenging for home owners, as they adjust to the recent increases in interest rates, our business is well prepared, and our portfolio well positioned to manage this environment. We stand ready to continue to help Australians secure a home and wherever possible to stay in that home.

We look forward to providing a further update around our performance and outlook at our mid-year results in August.

## **Our people**

Our financial results and strategic progress are only achieved through the dedication and commitment of our people, and I would like to take this moment to express my great appreciation to our very capable and driven team.

Like most businesses, attracting and retaining good people, in what remains a competitive talent market, is a key focus for Helia. We look for people who share our purpose, reflect our values, and want to make a genuine impact for Australians.

We are working with our teams to create an enhanced employee experience that supports professional development, allows innovation to flourish and helps our talented people to succeed.

We have seen significant improvement in our employee engagement and culture indicators over the course of 2022, reflecting the connection and alignment our people have to our strategy and our shared vision for success. We are also pleased by the positive response of our people to:

- increased workplace flexibility,
- targeted training and development programmes, and
- our all employee share ownership plan, rolled out in 2022, that seeks to increase the alignment between our people and you our shareholders.

Once again, thank you to everyone at Helia for all of your hard work, for supporting our customers and consistently showing up to deliver our purpose and contribute to our shared success.

### **Innovating for success**

Helia's multi-year strategy to enhance and evolve our lenders' mortgage insurance offering, whilst extending into new opportunities to support people at different stages of their property journey, is progressing well.

I'm pleased to share that our efforts to enhance LMI have been recognised externally, with Helia receiving innovation awards for our Monthly Premium and Family Assistance products, and more recently, for our Deposit Comparison Calculator.

Alongside our core LMI offering, we are actively exploring more solutions for different needs and circumstances along the property journey.

Our investment in alternative products and solutions was extended in 2022 to include our strategic partnership with Household Capital, focussed on growing the home equity release market and improving access to long-term retirement funding options for Australians.

This, alongside our investments in deposit gap funding and digital platforms for distribution, are examples of how we are exploring new ways to diversify our revenue and secure long-term value for Helia.

### **Looking ahead**

Looking ahead, our focus is on the continued delivery of our Enhance, Evolve, Extend strategy as we:

- support the growth of existing and new customers,
- find new ways to support Australians as they create, build and access the value of home ownership, and
- deliver long-term value for our shareholders.

Our strategic plan takes account of the current and anticipated future economic environment. We understand the near-term challenges and flow-on impacts to the housing market, and remain well prepared, and capitalised, to adapt and respond.

I am proud of what we have achieved over the last year to position Helia for future success and am excited by what we can continue to deliver for our customers and the next generation of homeowners.

Thank you once again to Ian and the Board, our leadership team and to all our people at Helia for your hard work.

And finally, I would like to thank you, our shareholders for your trust and support over the years and especially during this exciting period of evolution and opportunity for our business.

-END-

For more information, analysts, investors and other interested parties should contact:

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