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Financial Results **2024**

13 August 2024

Acknowledgement of country

Challenger acknowledges the Traditional Owners of Country throughout Australia and we pay our respects to Elders past and present. We recognise the continuing connection that Aboriginal and Torres Strait Islander peoples have to this land and acknowledge their unique and rich contribution to society.

Overview

1 **Business and strategy update**
Nick Hamilton – Managing Director and Chief Executive Officer

2 **Financial results and outlook**
Alex Bell – Chief Financial Officer

3 **Key priorities**
Nick Hamilton – Managing Director and Chief Executive Officer

1

Business and strategy update

Nick Hamilton

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Key points

01

Business model supporting **sustainable long-term growth**

02

Stronger financial performance – earnings, ROE and dividend growth

03

Strongly capitalised, less capital intensive and more resilient model

04

Growth opportunities driven by market tailwinds with a leading position and clear strategy

Challenger purpose and strategy

Providing customers with financial security for a better retirement

OUR STRATEGIC PILLARS

Retirement leader

Broaden customer access across multiple channels

Investment excellence

Superior outcomes and financial resilience

Talented team and capability

Outstanding skills and ways of working

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FY24 strategic achievements

Delivering on our strategy

Retirement leader

- Developed innovative retirement income partnerships
- Launched brand sponsorship strategy
- >230 adviser roadshows, workshops and webinars on how Challenger can help their clients in retirement
- 95% of advisers consider Challenger as a leader in retirement incomes[1]
- Extended MS Primary reinsurance partnership

Investment excellence

- Expanded private market and alternatives offerings
- Investing into credit origination platforms to expand asset origination
- Formed Apollo asset origination partnership
- Award winning affiliates
- Established HNW and family office distribution team to expand addressable market

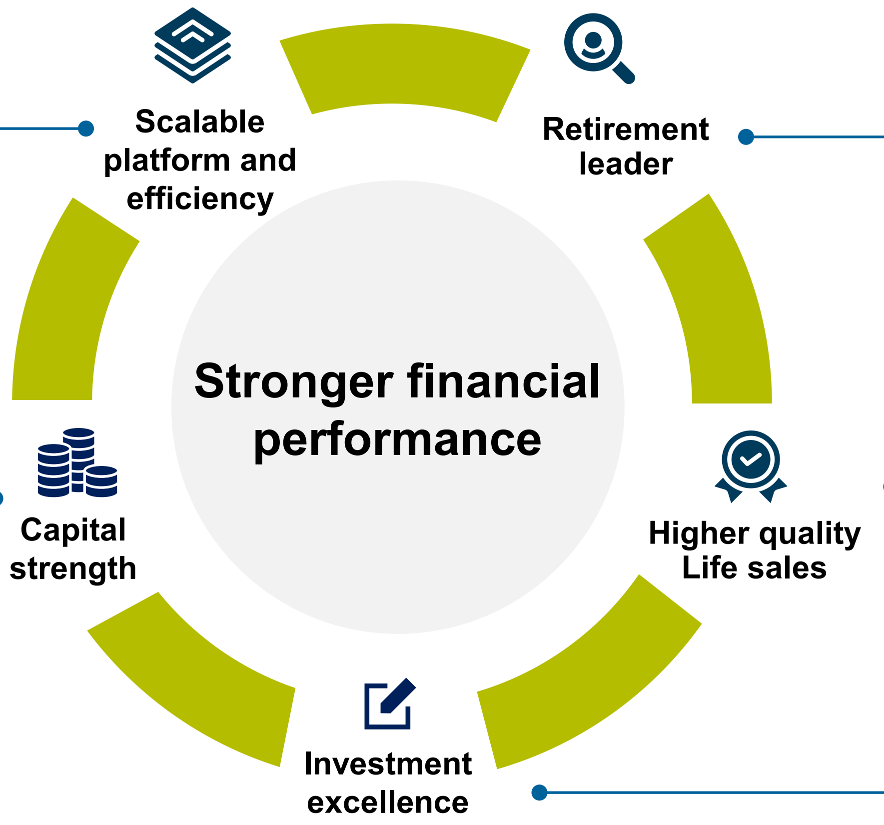
Talented team and capability

- >120 employee L&D sessions
- Transitioned technology services to Accenture
- Customer experience uplift strategy underway
- Simplified business - Bank sale completed
- Achieved gender diversity targets across the business – Board, Leadership Team and management

1. Marketing Pulse Adviser Study June 2024 based on (% agree / strongly agree).

Successfully executing strategy

Generating long-term sustainable growth



Scalable platform and efficiency
- Scalable platform
- Cost disciplined
- Technology efficiencies

Retirement leader
- Leading retirement brand
- Pre- and post-retirement products
- Diversified sales channels

Capital strength
- Strongly capitalised
- Supports growth
- Strong dividend growth

Higher quality Life sales
- Longer duration business
- More sustainable book growth
- More valuable business (margin and ROE)

Investment excellence
- Proven alternative credit platform
- Strategic origination partnerships
- Strong risk management and ALM[1] capability

1. Asset and Liability Management.

Strong financial performance

Above guidance range with record long duration sales

Normalised NPBT[1]

$608m

▲17%

Above guidance range
$555m to $605m

AUM

$127bn

▲21%

Normalised ROE[1,2]

15.6%

▲290 bps

Pre-tax

Dividend

26.5cps

▲10%

Payout ratio 44%
(target 30% to 50%)

Statutory NPAT

$130m

▼24%[3]

Asset experience -$89m

Liability experience - $194m

Life sales

$9.1bn

▼6%

▲ Lifetime annuity sales +110%
▲ Annuity book growth 5.5%[4]

CLC PCA ratio

1.67x

▲ 0.08x[5]

Strongly capitalised

$1.8bn of excess capital

1. Normalised net profit before tax and Normalised Group ROE (pre-tax) exclude Discontinued Operations (Bank) in FY24. Prior periods have not been restated to exclude Discontinued Operations (Bank).
2. Net assets includes the application impact of AASB 17 in FY24.
3. FY23 statutory net profit after tax has been restated to reflect the application impact of AASB 17.
4. Book growth percentage represents net flows for the period divided by opening book value for the financial year. Book growth calculations prior to adoption of AASB 17 from 1 July 2023 have not been restated.
5. FY24 PCA ratio up 0.08x (FY23 1.59x).

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Financial results and outlook

Alex Bell

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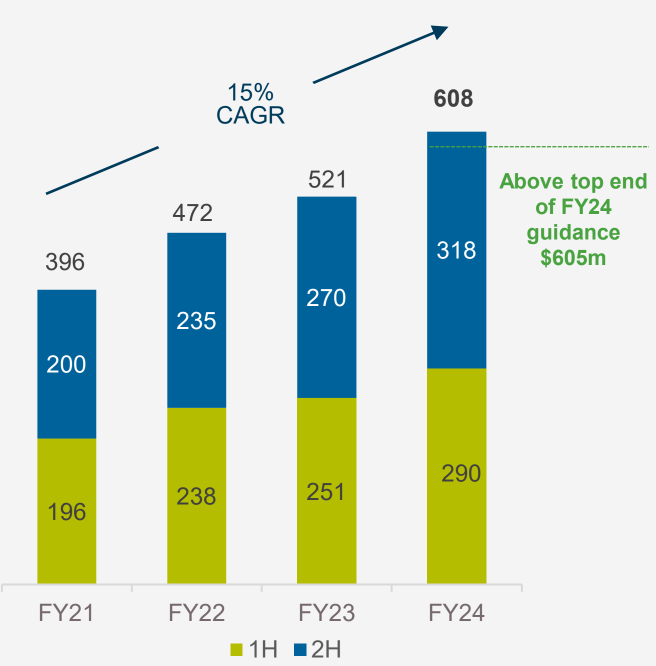
Group snapshot

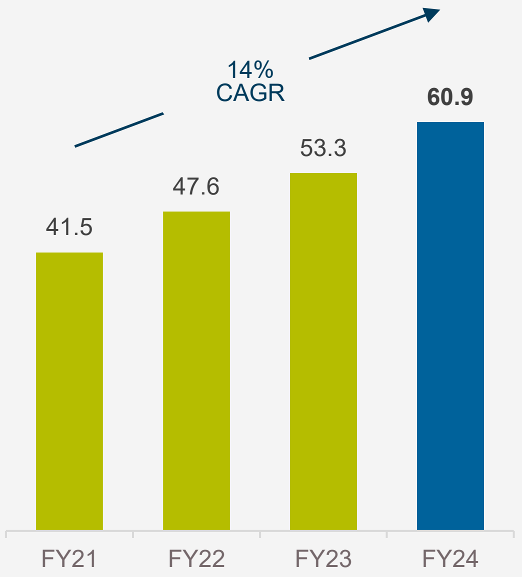
Profit growth supported by Life earnings and cost optimisation

	FY24	Change
Net income	$927m	10%
Expenses	($314m)	(1%)
EBIT	**$613m**	**17%**
Interest & borrowing	($5m)	25%
Normalised NPBT	**$608m**	**17%**
Normalised tax	($192m)	22%
Normalised NPAT	**$417m**	**14%**
Asset experience	($89m)	1%
Liability experience[2]	($194m)	(107%)
Other items after tax[3]	($3m)	64%
Statutory NPAT[4]	**$130m**	**(24%)[2]**
Group AUM	$127bn	21%
Normalised EPS	60.9cps	14%
Normalised ROE (pre-tax)	15.6%	290bps
Normalised ROE (after-tax)	10.7%	180bps
Dividend	26.5cps	10%

NORMALISED NPBT[1]
$608M +17%



NORMALISED EPS
60.9CPS +14%



1. FY24 normalised metrics exclude Discontinued Operations (Bank). Prior periods have not been restated to exclude Discontinued Operations (Bank).
2. FY23 statutory net profit after tax has been restated to reflect the impact of AASB 17.
3. Includes Bank discontinued operations.
4. Normalised profit framework and a reconciliation to statutory net profit after tax is disclosed in the 2024 Annual Financial Report – Operating and Financial Review.

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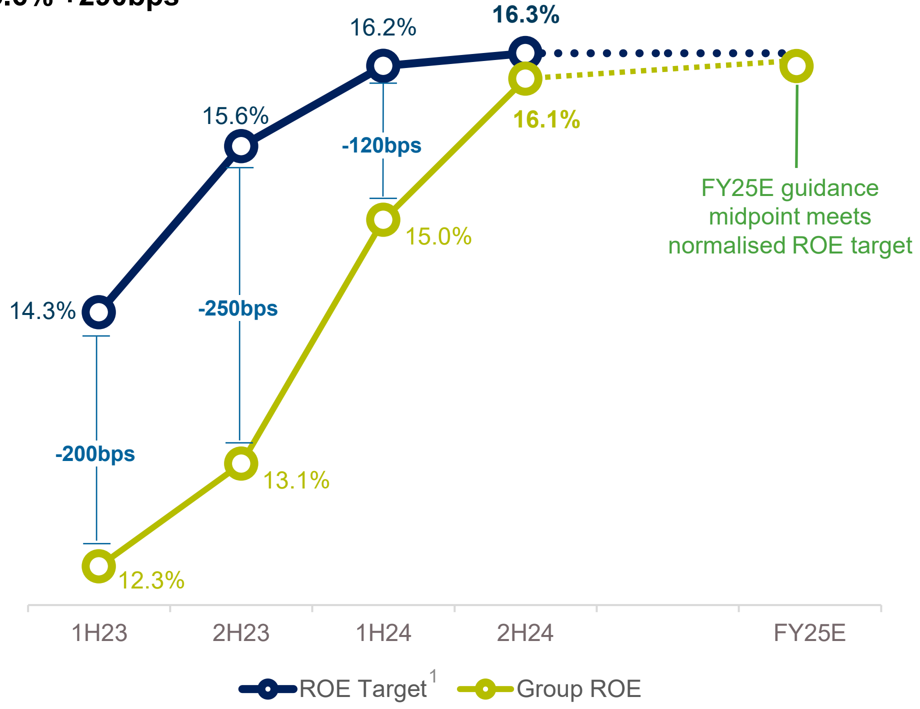
Delivering higher sustainable ROE

On track to achieve ROE target in FY25

NORMALISED GROUP ROE (PRE-TAX)
2H24 16.1% +300 BPS PCP

FY24 15.6% +290bps



ROE DRIVERS

FY24

- Strong Life performance – benefiting from longer duration sales and strong asset origination
- Expense discipline – with cost to income ratio below target

FY25+

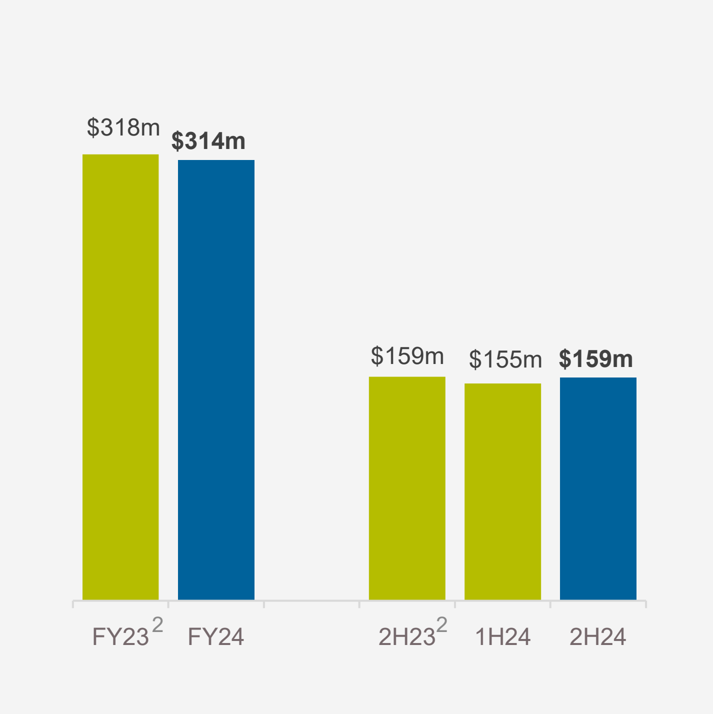
- Continued Life momentum
- Higher Funds Management contribution
- Efficiency and scalable platform

1. Normalised ROE (pre-tax) target of RBA cash rate plus a margin of 12%.

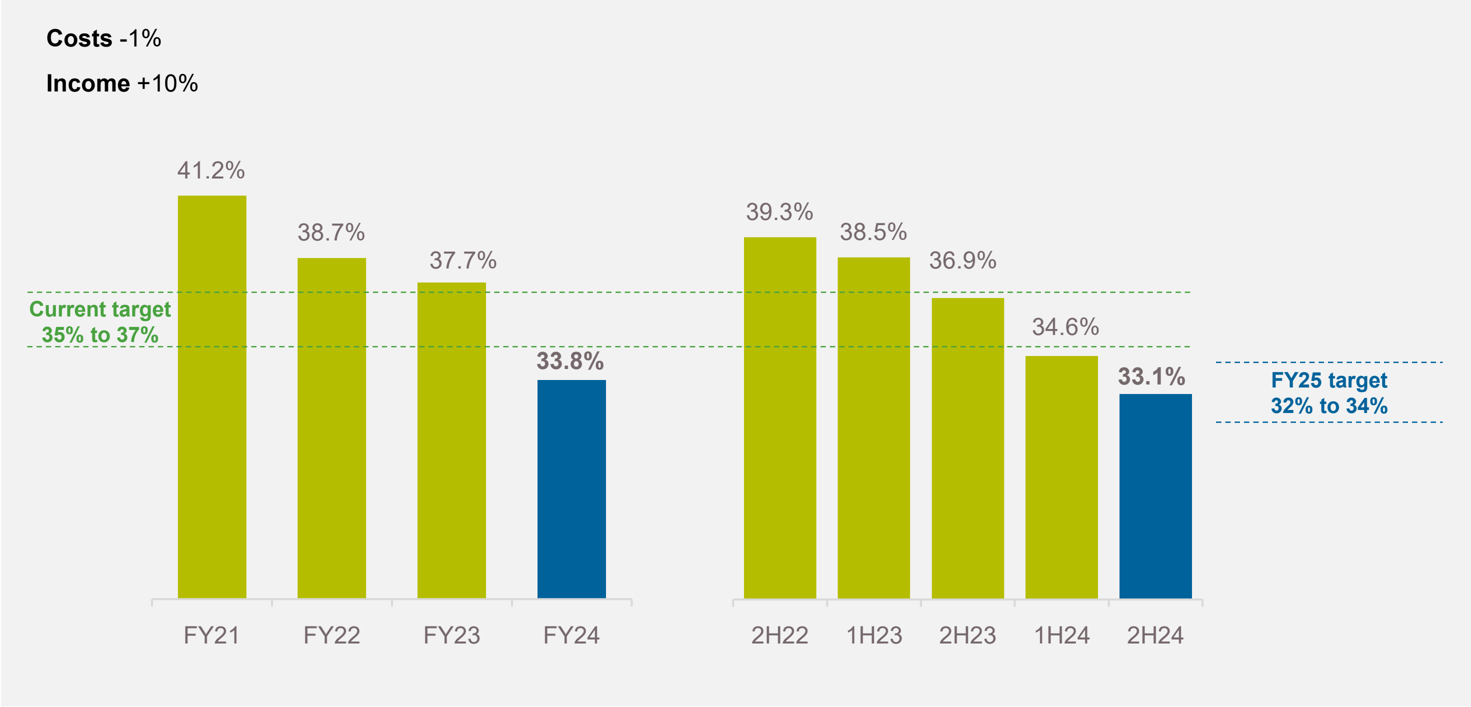
Capturing scale benefits

Platform with high operating leverage
Lowering cost to income target in FY25

TOTAL EXPENSES[1]
$314M -1%



COST TO INCOME TARGET
33.8% -390 BPS



1. Excludes significant items.
2. Includes Bank expenses of $8.6 million in 2H23 and $17.6 million in FY23.

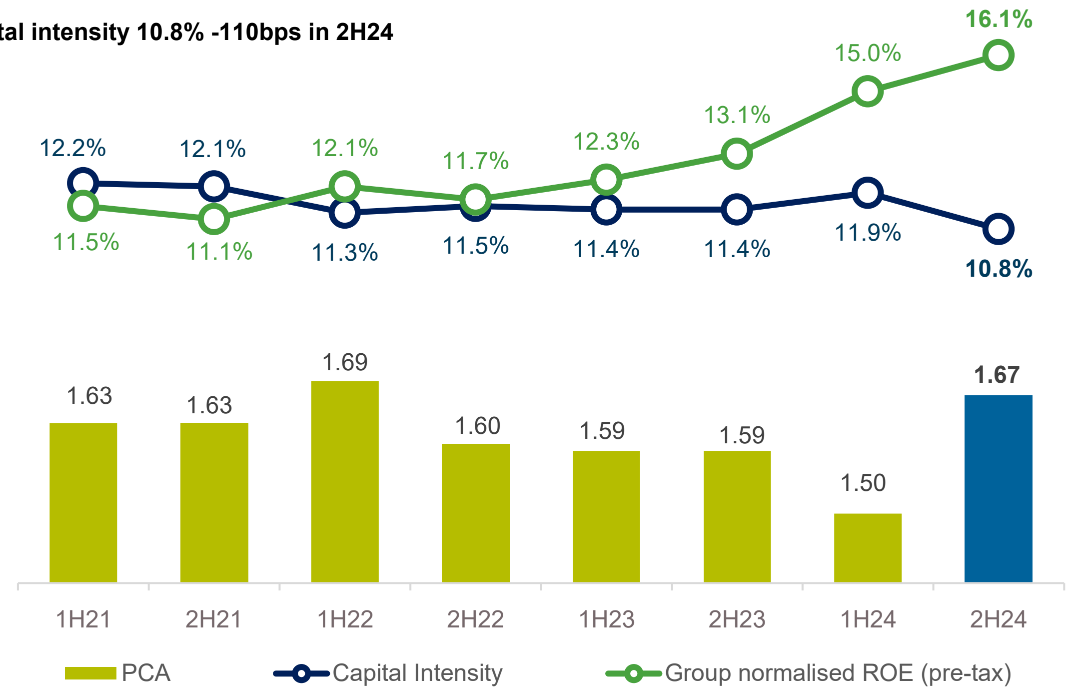
Capital management

Balance sheet resilience and capital flexibility
Lower PCA requirement

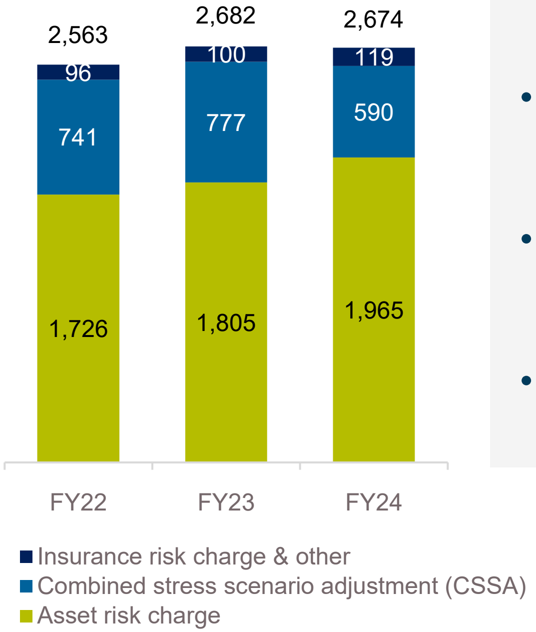
LIFE PRESCRIBED CAPITAL AMOUNT (PCA) RATIO[1,2]

PCA ratio 1.67x +0.17x in 2H24

Capital intensity 10.8% -110bps in 2H24



LIFE PCA REQUIREMENT ($M)



- PCA includes asset risk charge, combined stress scenario adjustment (CSSA), insurance risk charge and other[3]
- Investment diversification strategies reducing downside risk and driving lower CSSA
- Higher PCA ratio provides balance sheet resilience and supports future growth
- Preference to be strongly capitalised

1. The PCA ratio represents total Tier 1 and Tier 2 regulatory capital base divided by the Prescribed Capital Amount.
2. Challenger does not target a specific PCA ratio. The target PCA ratio range is a reflection of internal capital models, not an input to them and reflects asset allocation, business mix, capital composition and economic environment. The target surplus produced by these internal capital models currently corresponds to a PCA ratio of between 1.30 times to 1.70 times. This range may change over time and different constraints can apply including CET1 requirements.
3. Other includes capital charges for operational risk and aggregation benefit.

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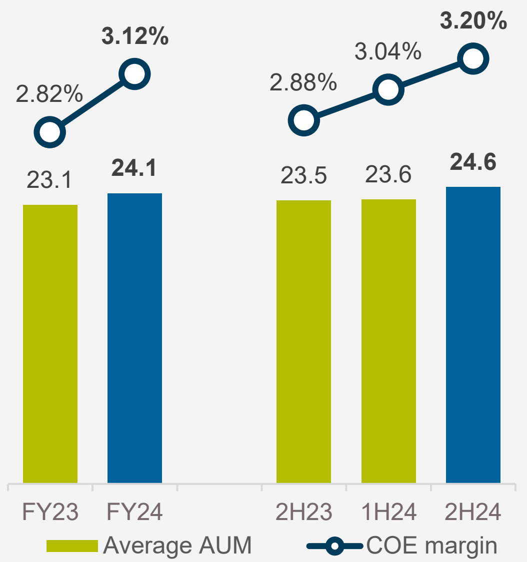
Life performance

Sales remix strategy supporting stronger returns

	FY24	Change
Normalised Cash Operating Earnings (COE)	$750m	15%
Expenses	($116m)	3%
EBIT	**$634m**	**17%**
COE margin[1]	3.12%	30bps
Normalised ROE pre-tax	18.5%	340bps
PCA[2] ratio	1.67x	0.08x
Lifetime sales	$1.5bn	110%
New business annuity sales tenor (years)[3]	8.5	2.7
Maturity rate[4]	26%	(7pp)

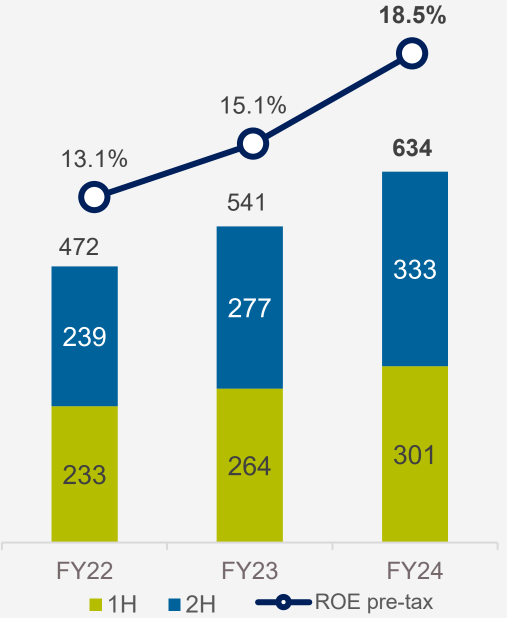
AVERAGE AUM +4%
COE MARGIN +30 BPS

Average investment assets ($bn)
Cash Operating Earnings margin (%)



LIFE EBIT +17%
ROE +340 BPS

EBIT ($m)
Normalised ROE (pre-tax) (%)



1. Normalised Cash Operating Earnings (COE).
2. Challenger Life Company Limited (CLC) PCA ratio represents CLC total Tier 1 and Tier 2 regulatory capital base divided by the Prescribed Capital Amount (PCA). FY24 PCA up 0.08x (FY23 1.59x).
3. Based on new business annuity sales, including term annuities and Lifetime sales, excluding reinvestments.
4. Based on annuity maturities and repayments (excluding interest payments) in the year divided by the opening period undiscounted annuity liability balance.

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Life sales

Book quality improving through longer duration and more valuable sales

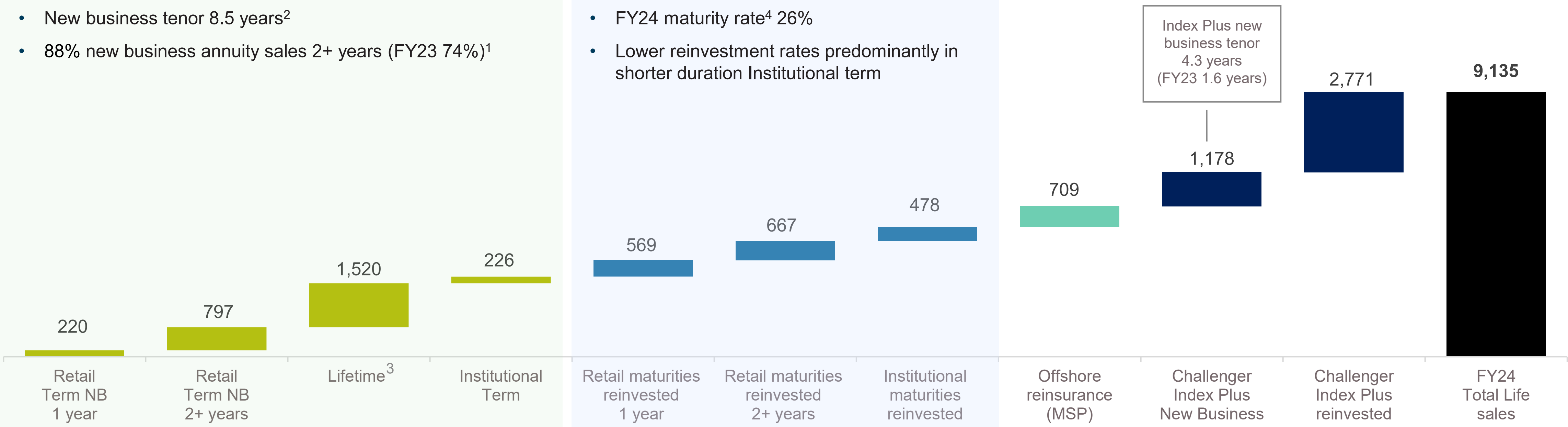
LIFE SALES ($M)

ANNUITY NEW BUSINESS ($2.8bn)[1]

- New business tenor 8.5 years[2]
- 88% new business annuity sales 2+ years (FY23 74%)[1]

ANNUITY REINVESTMENTS ($1.7bn)

- FY24 maturity rate[4] 26%
- Lower reinvestment rates predominantly in shorter duration Institutional term



1. Based on domestic new business annuity sales, including term annuities and lifetime annuities, excluding reinvestments and Japanese sales.
2. Based on new business annuity sales, including term annuities and lifetime sales, excluding reinvestments.
3. Includes CarePlus annuity sales.
4. Based on annuity maturities and repayments (excluding interest payments) in the year divided by the opening period undiscounted annuity liability balance.

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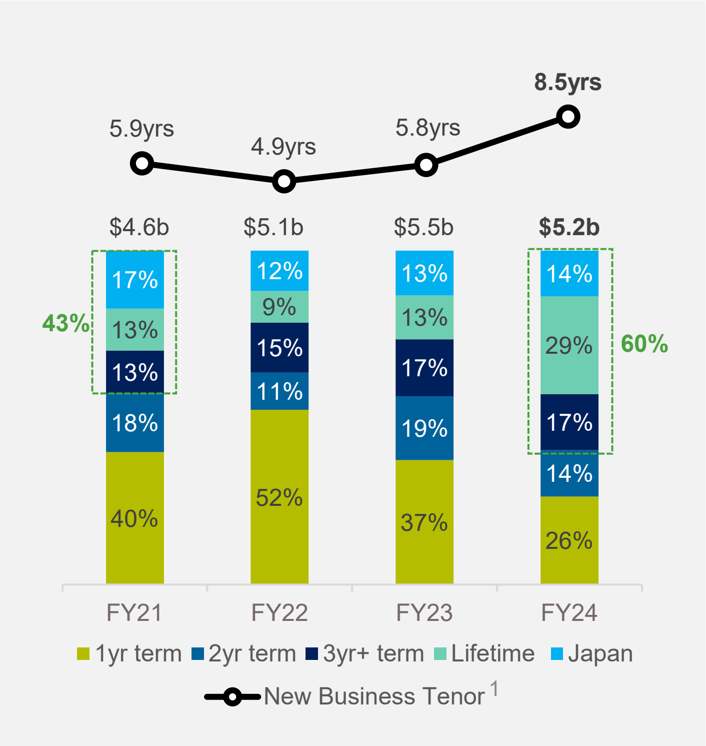
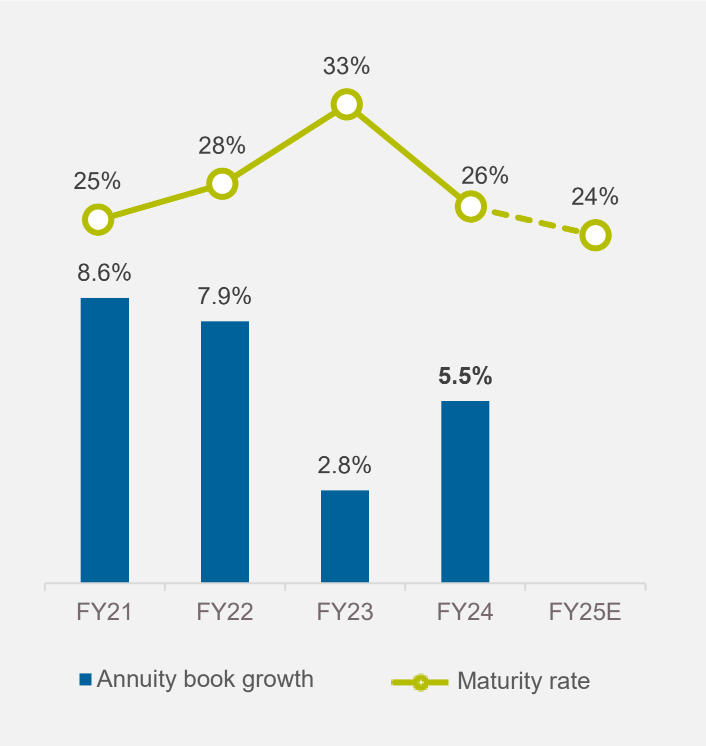
Life

Sales remix strategy supporting stronger returns

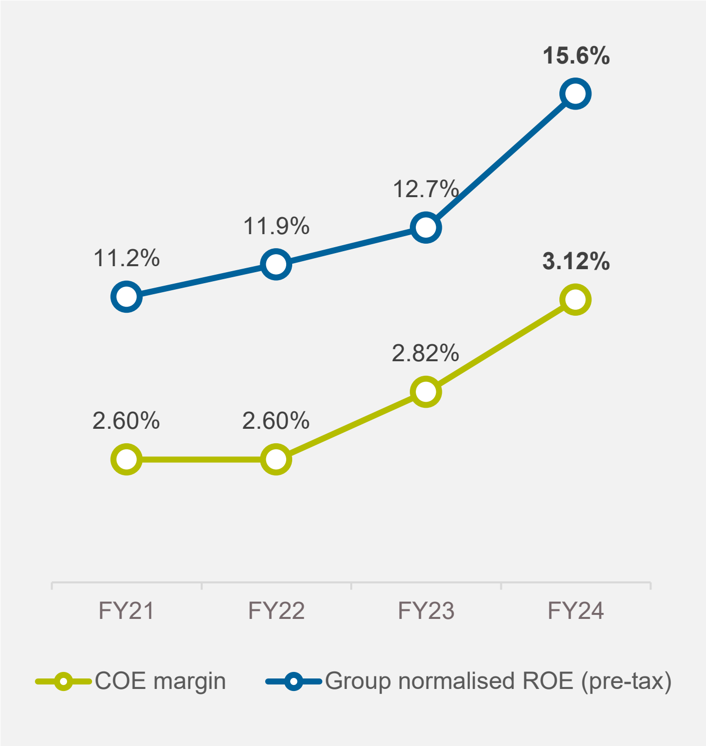
GROWING LONGER DURATION MORE VALUABLE SALES



LOWER MATURITY RATE AND SUSTAINABLE BOOK GROWTH



LONGER DURATION SUPPORTING HIGHER MARGINS AND RETURNS



1. Based on new business annuity sales, including term annuities and Lifetime sales, excluding reinvestments.

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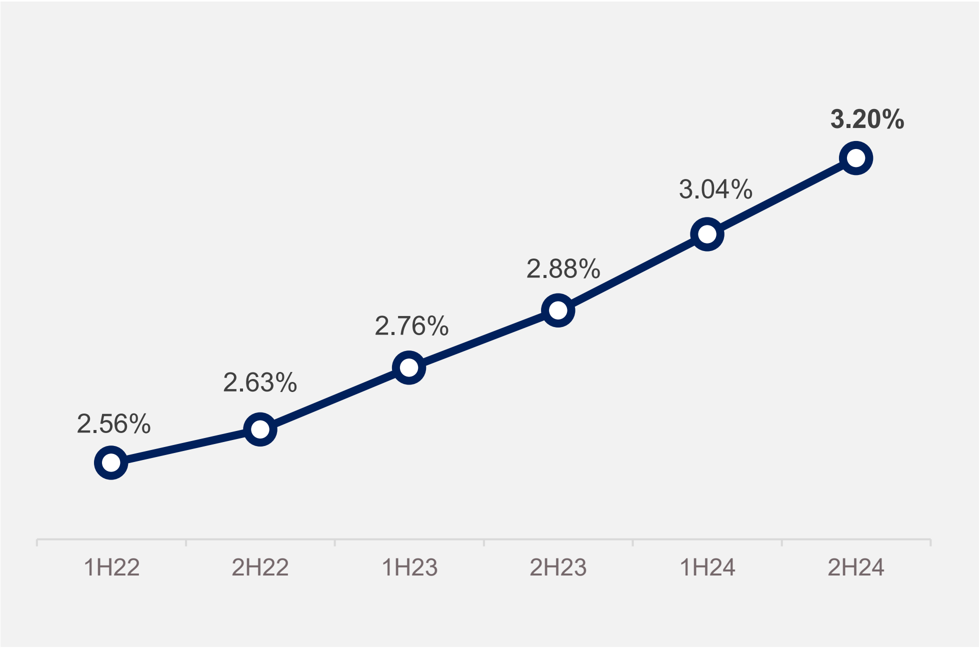
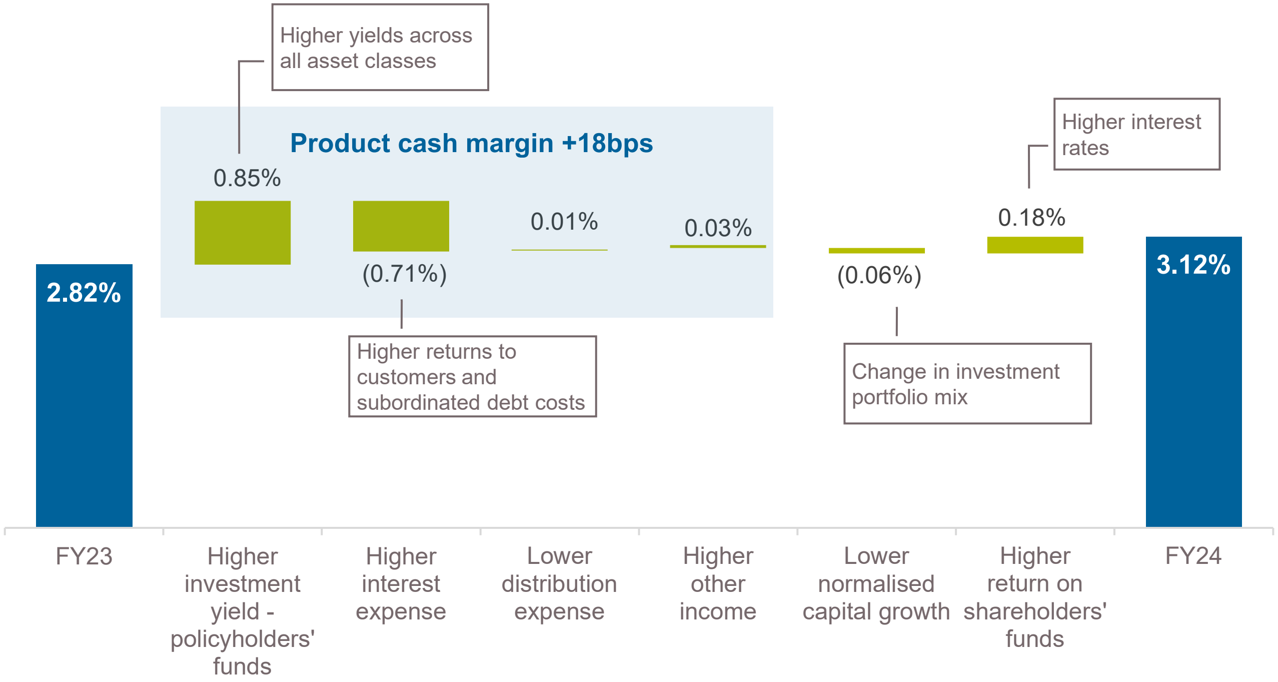
Life COE margin

Longer duration sales supporting margin expansion

COE[1] MARGIN



FY24 COE[1] MARGIN (%) +30 BPS



1. Normalised Cash Operating Earnings (COE).

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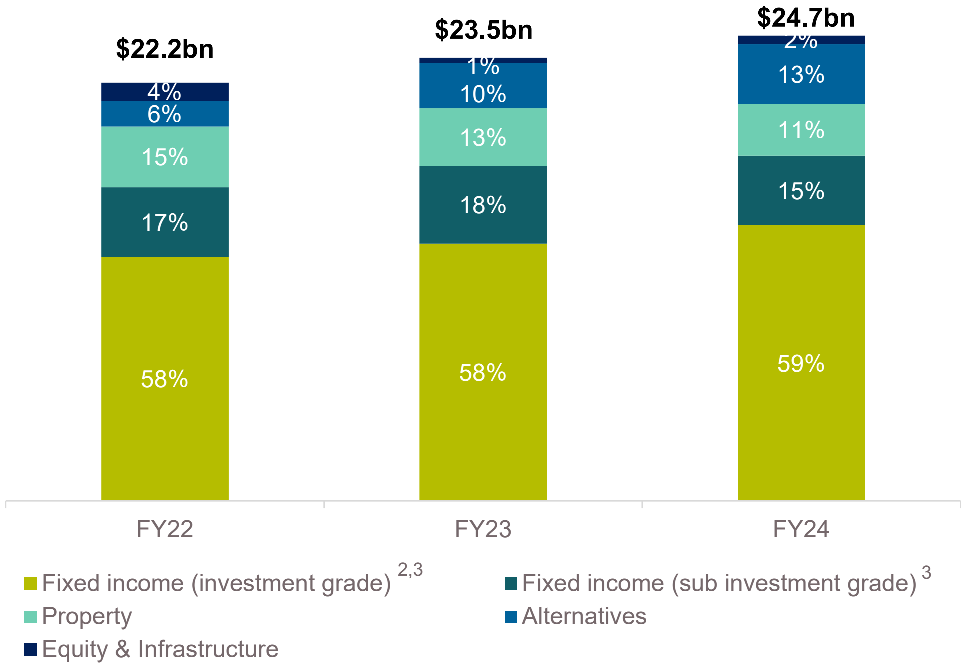
Life investment portfolio

Diversified balance sheet providing financial resilience
No material change to asset allocation expected

LIFE AUM[1] ($BN)



Fixed Income

74%, -2pp

- Cash and investment grade[3] 80% of fixed income portfolio
- Weighted average credit rating 'A'
- Low credit defaults[4]

Property

11%, -2pp

- Reduction in property valuations
- All properties independently valued in 2024
- 2 direct properties exchanged for sale at around carrying value

Alternatives

13%, +3pp

- Increase in absolute return funds and general insurance exposures
- Alternatives less correlated to credit and listed equity markets
- Provides access to liquid capital

Equity & Infrastructure

2%, +1pp

- Equities represent beta and private equity investments

1. All comparisons FY24 versus FY23.
2. Includes Cash & equivalents.
3. Investment grade represents BBB or higher.
4. Credit default experience of -$34m (-19bps) recognised in FY24 asset experience.

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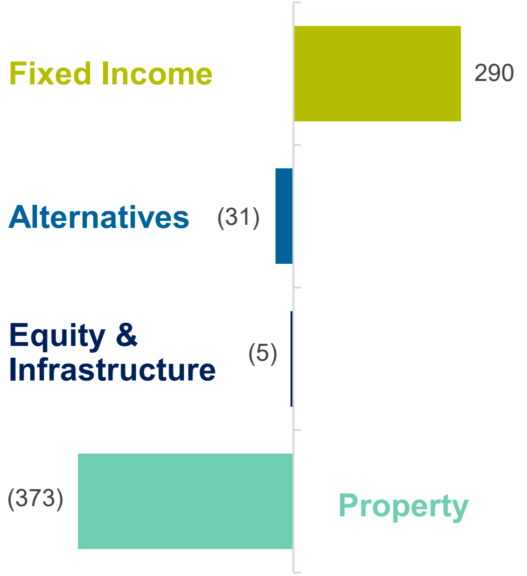
Asset experience

Strong credit performance offset by commercial office revaluations

ASSET EXPERIENCE

Asset experience (pre-tax) -$119m



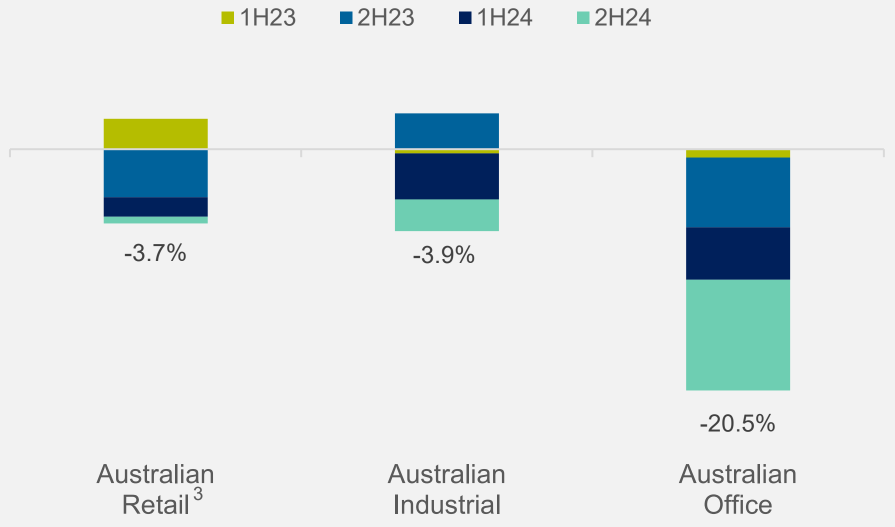
Fixed Income
- Tighter credit spreads
- Low credit defaults[1]

Alternatives
- In-line with indices
- Defensive position to protect balance sheet in periods of stress

Property
- All properties revalued in FY24
- Valuations reflect widening cap rates
- Office -15%; Retail -2%; Industrial -6%

PROPERTY PORTFOLIO

Valuation changes since 30 June 2022[2]



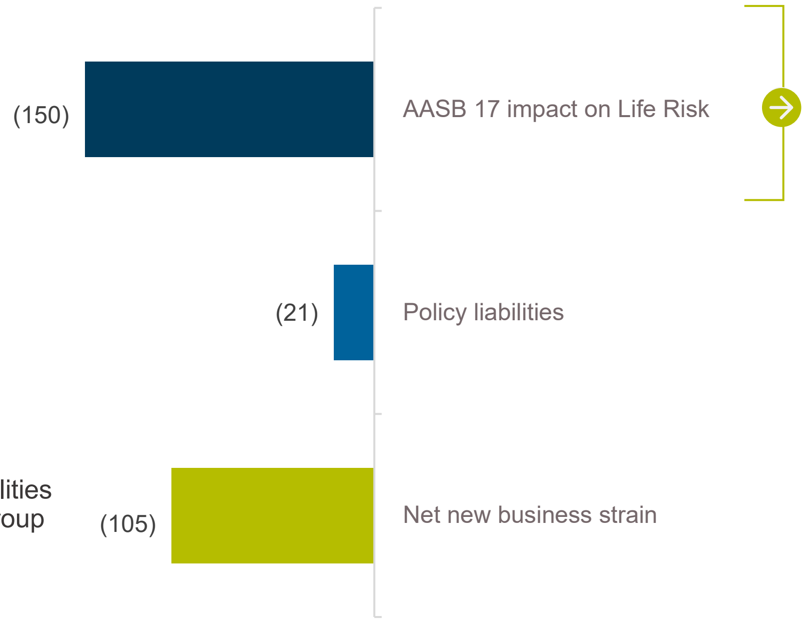
	Australian Retail[3]	Australian Industrial	Australian Office
% of total portfolio[4]	*25%*	*8%*	*51%*
WACR[5] (24-month Mvmt %)	*6.36% (+4%)*	*5.81% (+27%)*	*6.83% (+34%)*

1. Credit default experience of -$34m (-19bps) recognised in FY24 asset experience.
2. Based on the change in the carrying value of properties from 30 June 2022 to 30 June 2024.
3. Two assets exchanged for sale in May 2024 and July 2024.
4. Total property portfolio at 30 June 2024 includes Australian office (51%), Australian retail (25%), Australian industrial (8%), Japanese retail (12%) and Other (4%).
5. Weighted Average Capitalisation Rate at 30 June 2024.

Liability experience

Driven by new business strain and changes in valuation of Life Risk liabilities

LIABILITY EXPERIENCE



- Illiquidity premium -$34m
- Other movements +$13m

- Reflects longer dated liabilities (including Aware Super group lifetime policy in 1H24)

AASB 17 IMPACT ON LIFE RISK BUSINESS -$150M

UK Life Risk business

- Participating in well-established longevity risk transfer market since 2013
- PV[1] of Life Risk future profits $842m at 30 June 2024 (up 24%) – not reflected in Challenger's net assets or book value

AASB 17 impact

- AASB 17 increases variability to the value of UK Life Risk business due to a mismatch between the discount rates used to value the Contractual Service Margin (CSM) and Present Value of Future Cash Flows (PVFCF)
- The rate of UK mortality improvement has slowed relative to assumptions – this increases future cash flows and supports higher future earnings
- FY24 loss arises from the discount rate mismatch when adopting the changes in UK mortality assumptions
- No direct impact on CLC regulatory capital or PCA ratio[2]

1. Present value.
2. There are second order impacts on the capital position from tax timing effects.

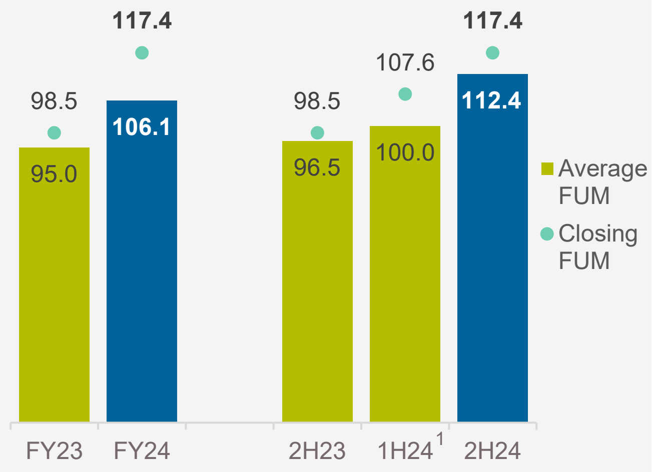
Funds Management performance

Earnings and ROE reflect change in business mix

	FY24	Change
FUM-based income & transaction fees	$167m	(4%)
Performance fees	$7m	45%
Net income	$174m	(3%)
Expenses	($119m)	2%
EBIT	**$55m**	**(11%)**
FUM-based margin	15.2bps	(2.5bps)
Income margin	16.4bps	(2.4bps)
ROE pre-tax	17.8%	(390bps)
Average FUM	$106.1bn	12%

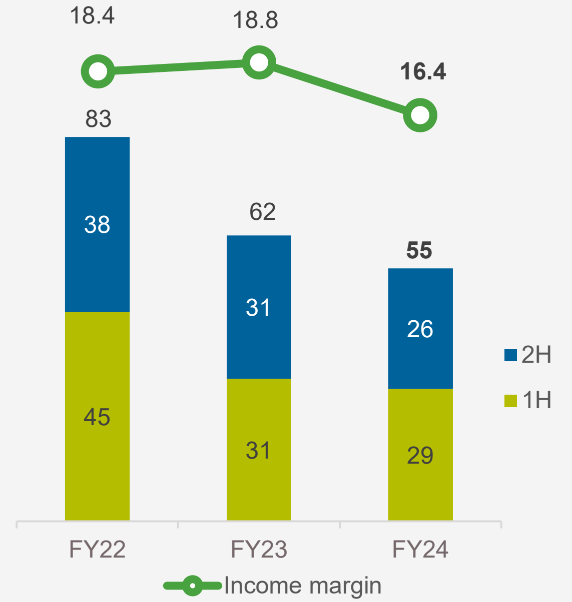
AVERAGE FUM
$106.1BN +12%

Fidante $89bn +20%
CIM $17bn -17%[1]



FM EBIT
$55M -11%

Net income -3%
Expenses +2%



1. In 1H24 $3,253 million of FUM was derecognised following the sale of Challenger's Australian real estate (CRE) business to Elanor Investors Group (ASX:ENN).

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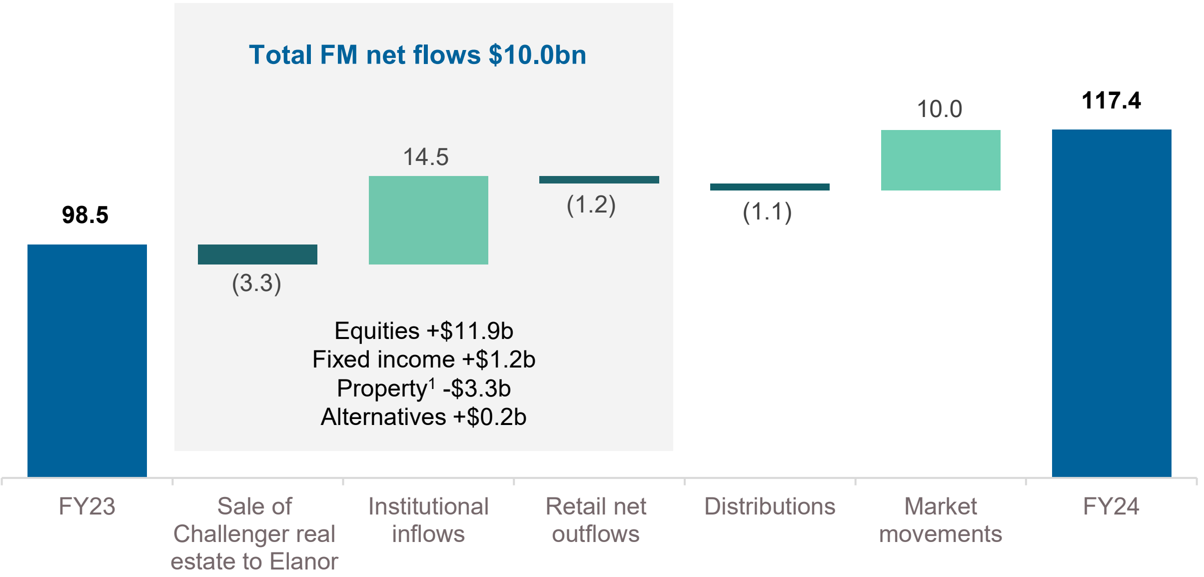
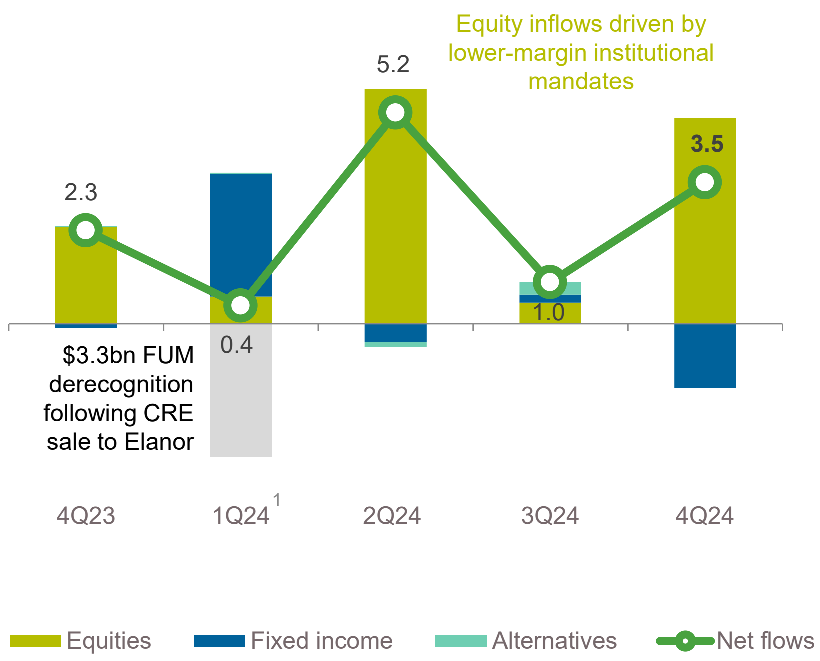
Funds Management

FUM benefiting from strong institutional flows and market movements

FUNDS UNDER MANAGEMENT ($BN)



NET FLOWS – QUARTERLY ($BN)



1. In 1H24 $3,253 million of FUM derecognised following the sale of Challenger's Australian real estate (CRE) business to Elanor Investors Group (ASX:ENN).

FY25 guidance and targets

Strong growth and on track to achieve normalised ROE target

NORMALISED EARNINGS GUIDANCE

FY25 NPBT — **$640m to $700m**
Midpoint 10% higher than FY24

FY25 NPAT — **$440m to $480m**
Midpoint 10% higher than FY24

- Mid-point of guidance range meets normalised ROE target[2]
- Effective Tax Rate assumption 31.3%

THROUGH THE CYCLE TARGETS

Normalised ROE	Cost to income ratio
RBA cash rate +12%	32% to 34%
Currently ~11.2%[1] (post-tax)	Previously 35% to 37%

Dividend payout ratio	CLC PCA range
30% to 50%[3,4]	1.30x to 1.70x[5]
	Preference to be strongly capitalised

1. Assumes tax rate of 31.3% in FY25.
2. Assumes 16.35% being the RBA cash rate of 4.35% plus a margin of 12%.
3. Normalised dividend payout ratio represents dividend per share divided by normalised earnings per share (basic).
4. Dividend subject to market conditions and capital management priorities.
5. Challenger does not target a specific PCA ratio. The target PCA ratio range is a reflection of internal capital models, not an input to them and reflects asset allocation, business mix, capital composition and economic environment. The target surplus produced by these internal capital models currently corresponds to a PCA ratio of between 1.30 times to 1.70 times. This range may change over time and different constraints can apply including CET1 requirements.

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3

Key priorities

Nick Hamilton

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Benefiting from long-term drivers

Australians are living longer and demand for financial security is increasing

AGEING POPULATION

2.5m

Australians set to retire over next 10 years[1]

$11.2tn

Australian super assets expected to increase from $3.9tn[2] over next 20 years[2]

DEMAND FOR FINANCIAL SECURITY

72%

Australian retirees would be much happier with guaranteed income for life in retirement[3]

65%

Australian retirees say cost of living has impacted their financial security[4]

REGULATORY SUPPORT

Government focus

- Retirement Income Covenant
- Financial advice reforms
- Objective of superannuation

Innovative retirement products and solutions required

1. Treasury modelling, Retirement phase of superannuation Discussion Paper December 2023.
2. Economically positive for business resulting in expected future net cash inflows.
3. Research undertaken by YouGov in February 2024, surveying a nationally representative sample of 1,049 Australians aged 60 and above. Current as at 12 March 2024.
4. Deloitte Superannuation Market Projections Report 2023.

Strategy to capture future growth opportunities

Scalable and dynamic platforms

SHORT TERM

- Deliver customer experience uplift
- Retirement partnerships
- Defined Benefit opportunities
- New private market/ credit strategies
- Leverage strategic partnerships

MEDIUM TERM

- Wealth platform integrations
- Broaden loan origination platforms
- Expand Alternatives platform
- Scaled UK/Japan distribution
- Expand offshore reinsurance platform

LONG TERM

- Diversified channels (Retail, Superannuation funds, Offshore)
- Embed retirement solutions into advice technology
- New retirement products for pre- and in-retirement
- Scaled private market/credit strategies

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Key points

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Business model supporting **sustainable long-term growth**

02

Stronger financial performance – earnings, ROE and dividend growth

03

Strongly capitalised, less capital intensive and more resilient model

04

Growth opportunities driven by market tailwinds with a leading position and clear strategy

IMPORTANT NOTE

The material in this presentation is general background information about Challenger Limited group's activities and is current at the date of this presentation. It is information given in summary form and does not purport to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered with professional advice when deciding if an investment is appropriate.

Challenger also provides statutory reporting as prescribed under the Corporations Act 2001.

The 2024 Annual Financial Report is available from Challenger's website at www.challenger.com.au/shareholder.

This presentation is not audited. The statutory net profit after tax has been prepared in accordance with Australian Accounting Standards and the Corporations Act 2001. Challenger's external auditors, Ernst & Young, have reviewed the statutory net profit after tax. Normalised net profit after tax has been prepared in accordance with a normalised profit framework. The normalised profit framework is disclosed in Note 4 Segment Information of Challenger Limited 2024 Annual Financial Report. The normalised profit after tax has been subject to a review performed by Ernst & Young. Any additional financial information in this presentation which is not included in Challenger Limited 2024 Annual Financial Report was not subject to independent review by Ernst & Young.

This document may contain certain 'forward-looking statements'. The words 'forecast', 'expect', 'guidance', 'intend', 'will' and other similar expressions are intended to identify forward-looking statements. Forecasts or indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. You are cautioned not to place undue reliance on forward looking statements. While due care and attention has been used in the preparation of forward-looking statements, forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance and may involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Challenger. Actual results, performance or achievements may vary materially from any forward-looking statements and the assumptions on which statements are based. Challenger disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise.

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