



Financial Results
1H25

18 February 2025

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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

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Business and strategy update

Nick Hamilton



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Strong financial performance and executing strategy

Delivering against targets and investing for future growth

Delivering financial performance

- ✓ Normalised profit & EPS growth
- ✓ ROE above target
- ✓ Structural change in cost base
- ✓ Strongly capitalised
- ✓ Dividend growth
- ✓ On track to achieve earnings guidance

Executing strategy

- ✓ Remixed to longer tenor Life book
- ✓ Continue to broaden distribution channels
- ✓ New UniSuper lifetime annuity relationship
- ✓ New asset origination capability
- ✓ Strengthened brand presence

Building for the future

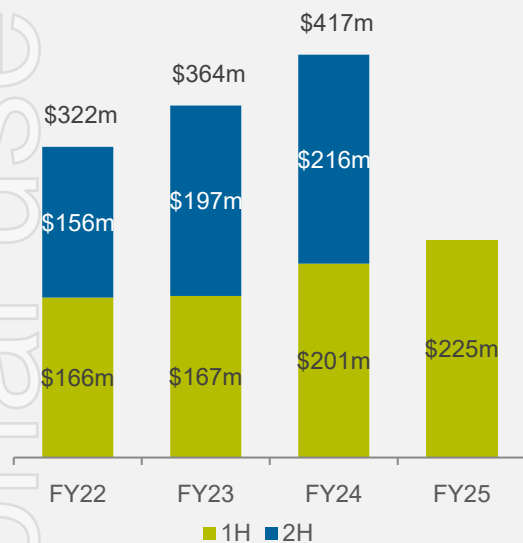
- ✓ Broadening product range and deepening relationships
- Replatforming Life's core customer registry technology
- Modernising investment administration operations platform

Delivering strong financial performance

Double digit earnings, EPS and dividend growth

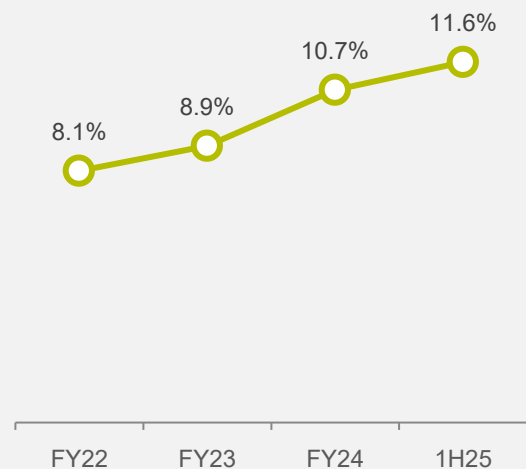
NORMALISED NPAT

\$225M +12%
3YR CAGR +11%



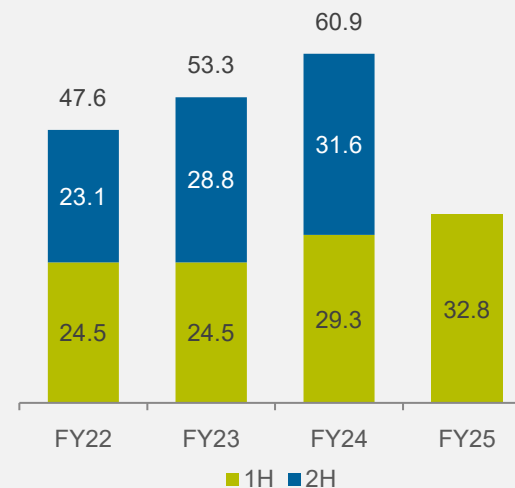
NORMALISED ROE POST-TAX

11.6% +120bps
3YR GROWTH +350 BPS



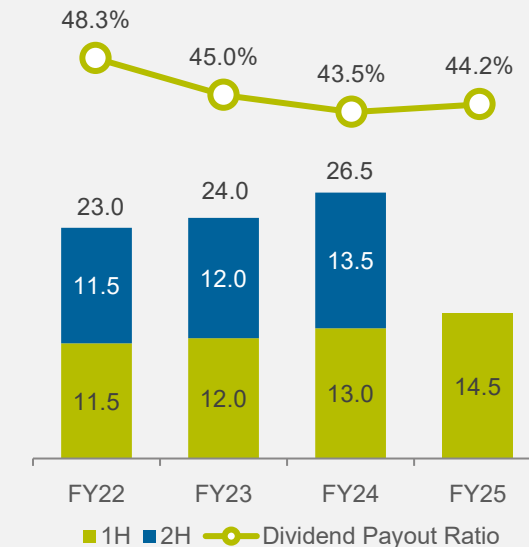
NORMALISED EPS (CPS)

32.8 CPS +12%
3YR CAGR +10%



DIVIDEND (CPS)

14.5 CPS +12%
3YR CAGR +8%



Successfully executing strategy

Generating long-term sustainable growth

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¹ Asset and Liability Management.

Building for the future

Supporting long-term growth and generating further efficiency gains

Customer Technology
Investment Administration Technology
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	CURRENT STATE	PROBLEM	SOLUTION	STRATEGIC BENEFITS	PROGRESS
CUSTOMER TECHNOLOGY	<p>Over last three years:</p> <ul style="list-style-type: none"> ▶ Significant growth momentum across retail annuity sales (lifetime and term) ▶ 3 retirement partnerships ▶ Largest defined benefit win in Australia 	<p>20-year old legacy customer technology cannot support future growth</p>	<p>accenture</p> <p>Replace core registry with Accenture Life Insurance & Annuity Platform (ALIP) and client portals</p>	<p>Make it easier to do business with Challenger and create a seamless user experience</p> <ul style="list-style-type: none"> ▶ Simplify new business and accelerate sales ▶ Expand partner network ▶ Deliver innovative new products at scale ▶ Drive productivity gains and operating efficiencies 	<ul style="list-style-type: none"> ✓ Challenger public website upgrade completed ✓ Salesforce Financial Services Cloud rollout completed ▶ ALIP Core registry build and testing underway ▶ Expected to launch mid 2025 calendar year
INVESTMENT ADMINISTRATION TECHNOLOGY	<ul style="list-style-type: none"> ▶ Legacy investment administration system 	<p>Material uplift required to meet business needs, address increased cost to serve and support growth</p>	<p>STATE STREET</p> <p>Transition investment administration and custody services to global leader in investment services</p>	<p>Support growth across retirement, investment management and asset origination</p> <ul style="list-style-type: none"> ▶ Provides highly scalable front to back-office Alpha platform ▶ Access to advanced technology, capability and ongoing investment ▶ Ability to scale and grow Life and Funds Management 	<ul style="list-style-type: none"> ✓ Custody and investment operations agreements completed ✓ Investment admin operations team transferred 1H25 ▶ Migration of services underway ▶ Investment administration and custody services expected to complete by end of FY27

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Financial results and outlook

Alex Bell



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1H25 financial highlights

Delivering strong growth and shareholder returns

\$ 225m ▲ 12% Normalised NPAT

\$ 72m ▲ 28% Statutory NPAT

11.6% ▲ 120bps Normalised ROE¹

32.8cps ▲ 12% Normalised EPS

14.5cps ▲ 12% Dividend per share

LIFE SALES

\$ 4.6bn

▼ 12%

RETAIL LIFETIME SALES²

\$ 583m

▲ 24%

AUM

\$ 131bn

▲ 3% in 1H25

CLC PCA RATIO

1.61x

▲ 0.11x³

1. Normalised Return On Equity post-tax.

2. Includes CarePlus sales.

3. 1H25 PCA ratio up 0.11x (1H24 1.50x).

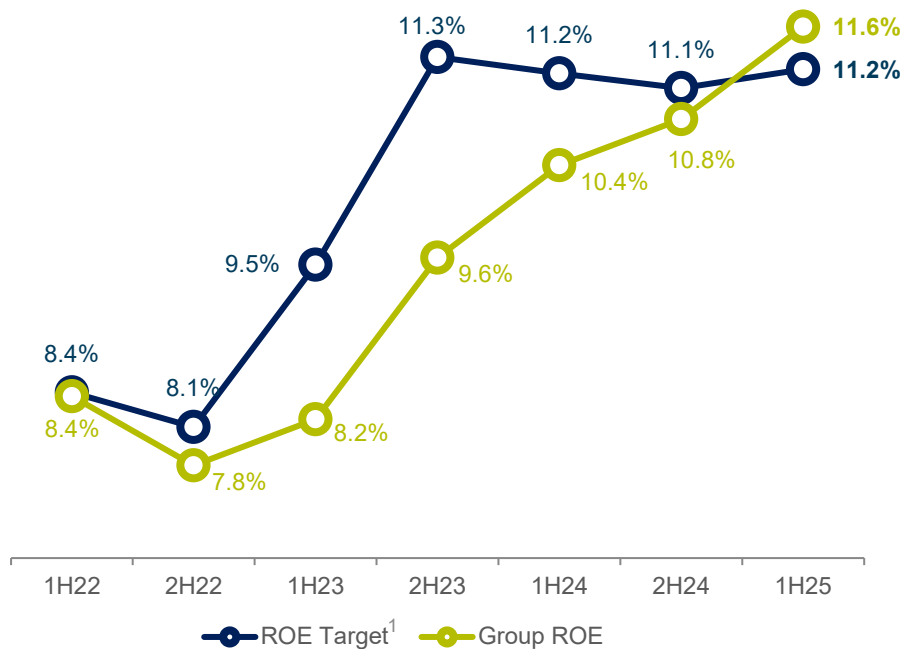
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Delivering higher sustainable ROE

ROE above target

NORMALISED GROUP ROE (POST-TAX)

1H25 11.6% +120 BPS



ROE DRIVERS



1H25 drivers

- ▶ Continued momentum in Life NCOE
- ▶ Higher Funds Management contribution (12% of Normalised NPAT)
- ▶ Structural reduction in expense base – with cost to income ratio of 32% at bottom end of target range

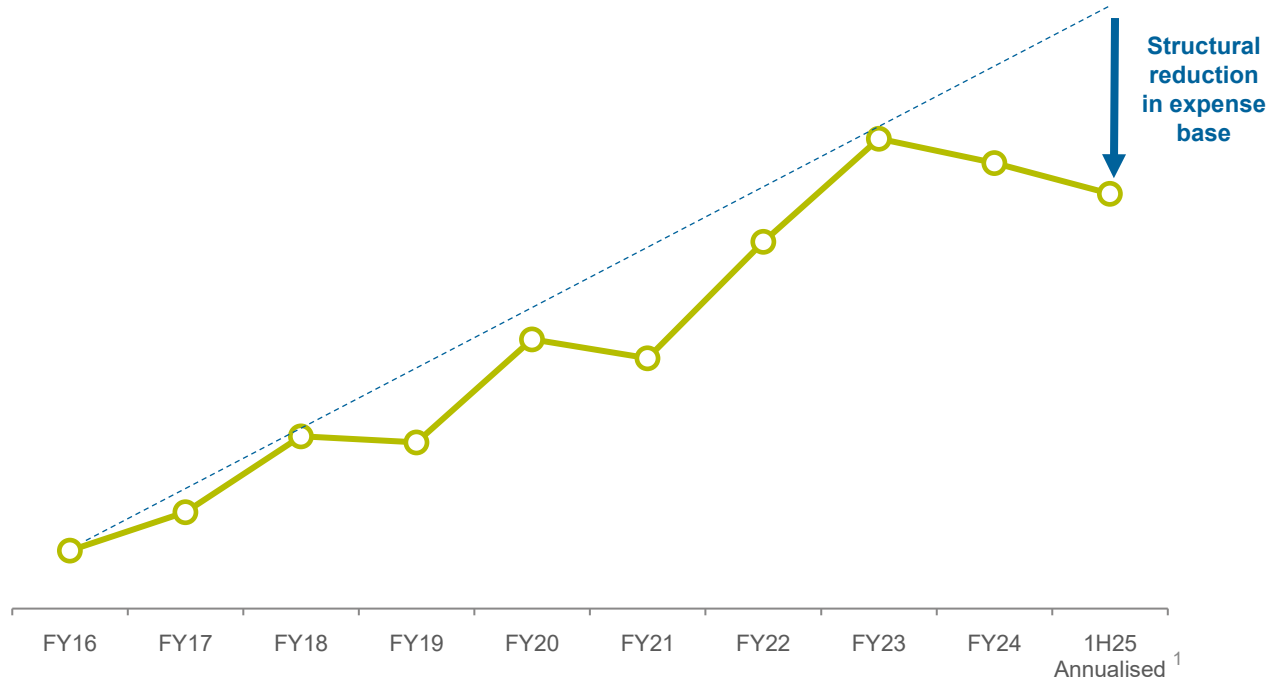


¹ Normalised ROE (post-tax) target of RBA cash rate plus a margin of 12% less tax.

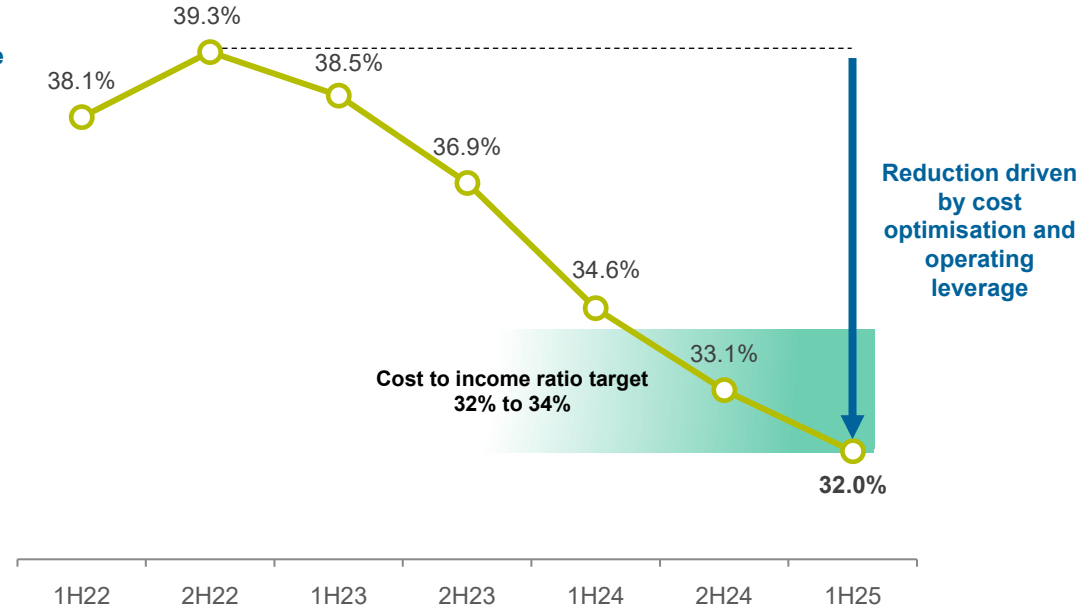
Structural reduction in expense base

Management actions to structurally reduce expenses and capture operating leverage

EXPENSES (\$M)
\$154M



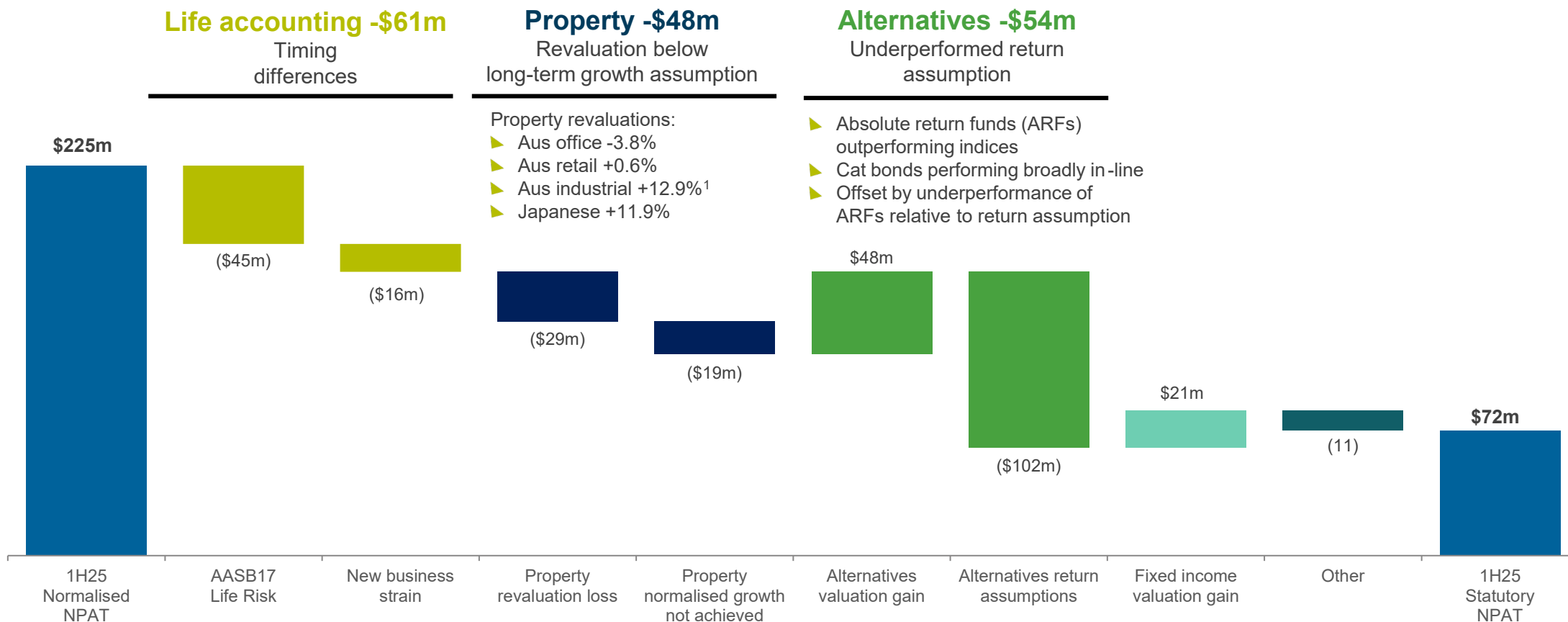
COST TO INCOME RATIO
32.0% -260BPS



12 | 1. Illustrative only based on doubling of 1H25 total Group expenses.

Normalised to statutory earnings reconciliation

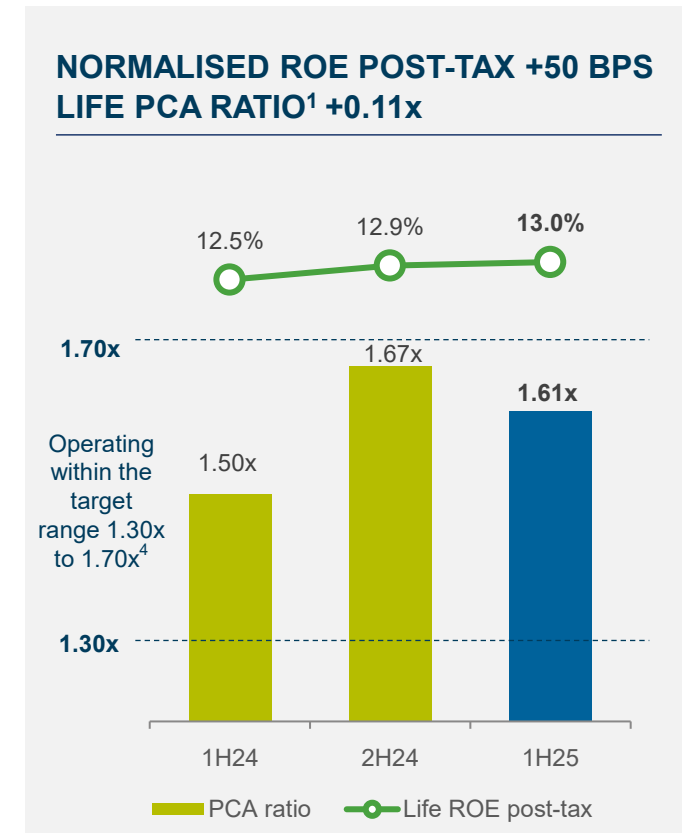
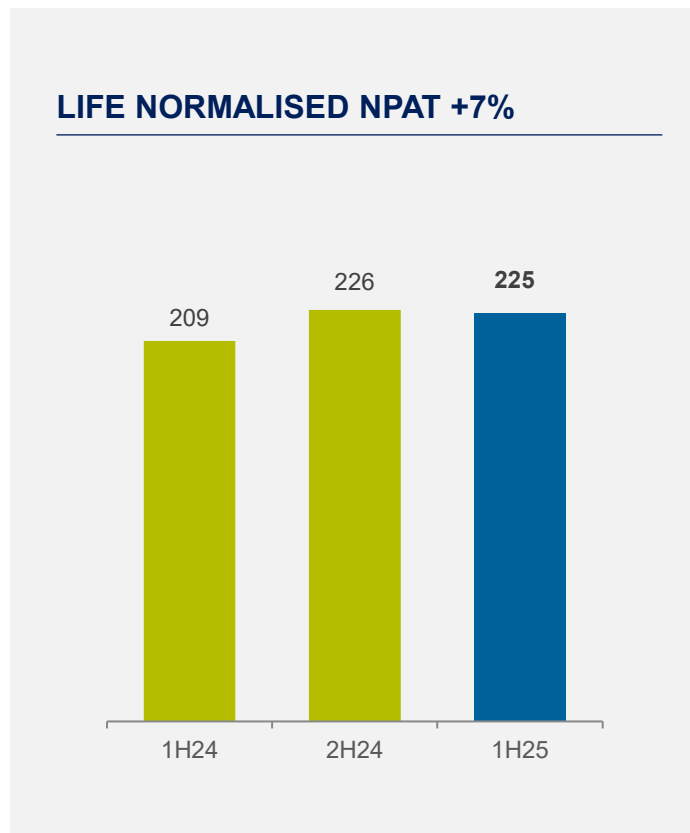
Accounting timing differences and returns on property and alternatives less than expected



Life performance

Higher earnings driven by NCOE and operating leverage

	1H25	CHANGE
Normalised Cash Operating Earnings (COE)	\$386m	7%
Expenses	(\$60m)	2%
Normalised NPBT	\$327m	8%
Normalised Tax	(\$102m)	11%
Normalised NPAT	\$225m	7%
COE margin	3.11%	7bps
Normalised ROE post-tax	13.0%	50bps
PCA ¹ ratio	1.61x	0.11x
Retail lifetime sales	\$583m	24%
New business annuity sales tenor (years) ²	6.4	(2.5)
Maturity rate ³	15%	(2pp)



1. 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). 1H25 PCA up 0.11x (1H24 1.50x).
 2. Based on new business annuity sales, including term annuities and Lifetime sales, excluding reinvestments.
 3. Based on annuity maturities and repayments (excluding interest payments) in the year divided by the opening period undiscounted annuity liability balance.
 4. Challenger does not target a specific PCA ratio and 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 circumstances. 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.

Life sales

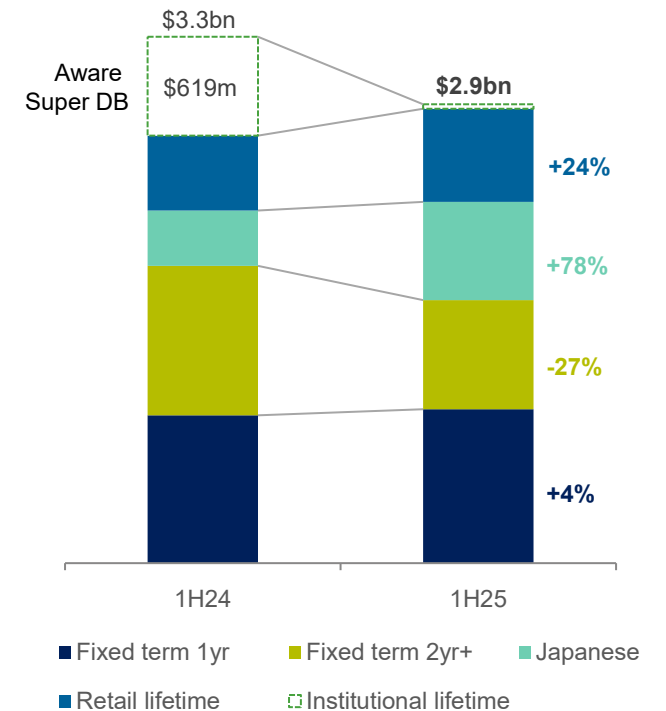
Record lifetime and Japanese annuity sales offset by lower shorter duration sales

- ✓ Total Life sales \$4.6bn
- ✓ Record retail lifetime annuity sales \$583m (+24%)
- ✓ Record Japanese annuity sales \$616m (+78%)
- ✓ Fixed term annuity sales \$1.6bn (-12%) due to inverted yield curve and pricing discipline
- ✓ Challenger Index Plus sales \$1.8bn (-10%)

LIFE SALES



ANNUITY SALES

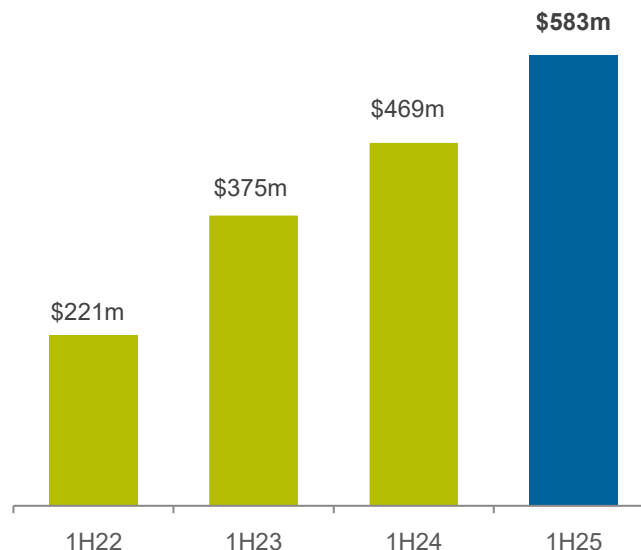


Life sales

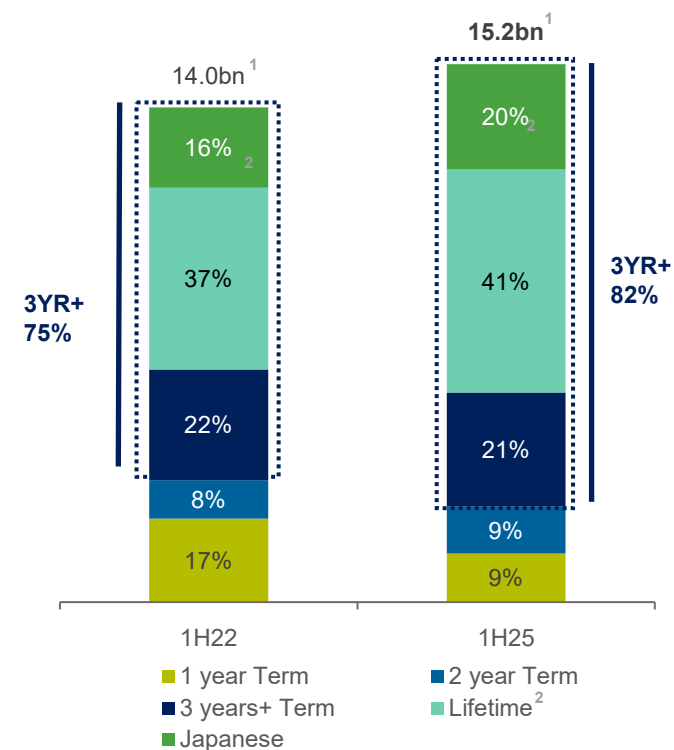
Executed sales remix strategy to improve book quality

- ✓ Continuing to grow longer dated annuity sales
 - Retail lifetime sales +164% compared to 1H22
- ✓ Growing adviser base and demand for guaranteed income since 1H22
 - # advisers writing lifetime +67%
 - Quoting levels +91%
- ✓ Improving book quality
 - 82% of annuity book >3 years compared to 75% in 1H22

RETAIL LIFETIME SALES



POLICY LIABILITY PROFILE



1. Excludes Life Risk business of 1H22 \$0.1bn and 1H25 \$0.6bn.
 2. Includes CarePlus sales.

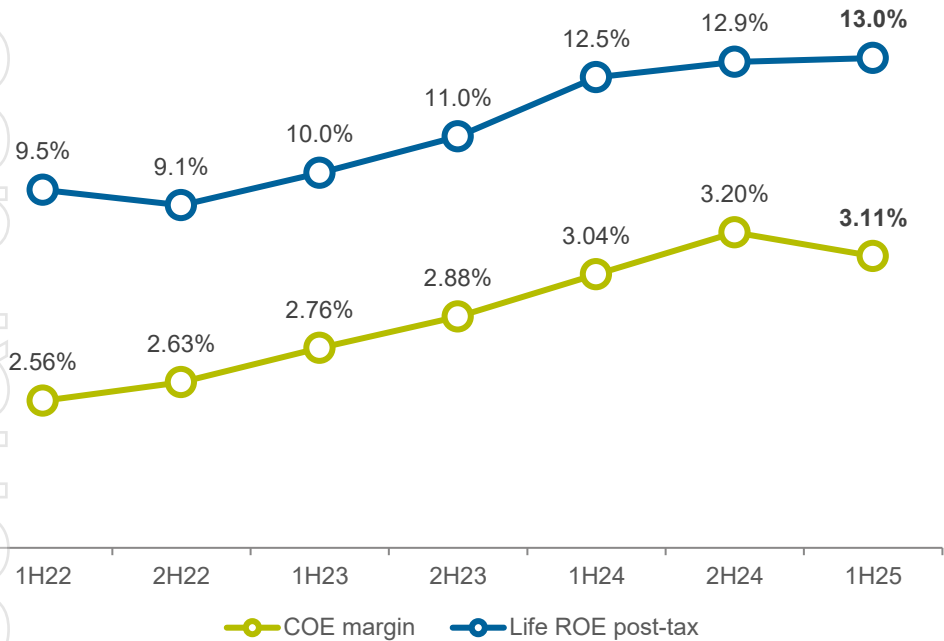
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Life ROE and COE margin

Continue to grow ROE

COE margin reflects timing of distributions, tighter credit spreads and lower rental income

COE MARGIN & LIFE ROE



1H25 COE MARGIN



Investment yield ¹	6.71%
Other income	0.27%
Interest & distribution expense	(3.87%)
COE margin	3.11%

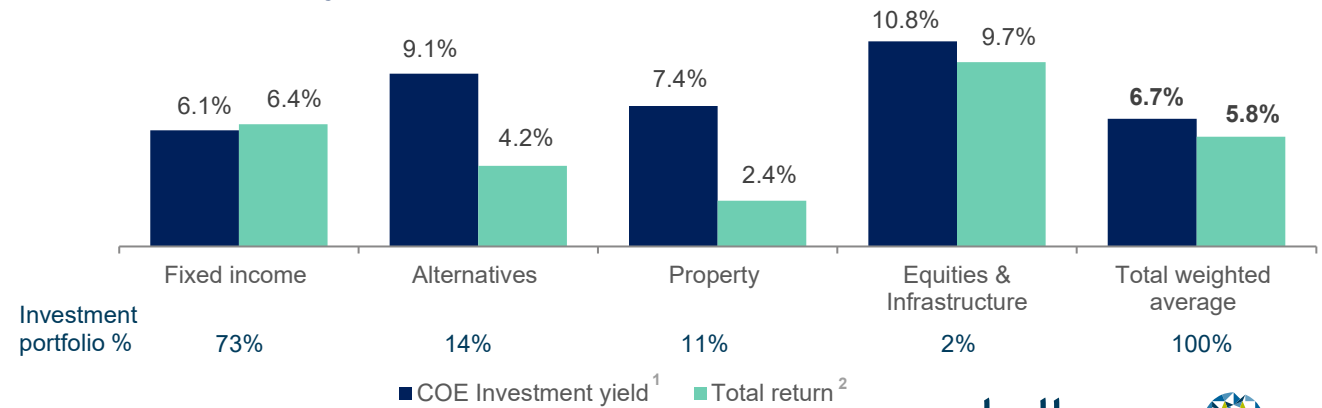
COE margin 1H25 to 2H24 -9 bps

- Timing of cat bond distributions: -3bps
- Property: -3 bps
- Tighter credit spreads -3 bps

Other income (Life Risk) +1bp

Interest and distribution expense -1bp

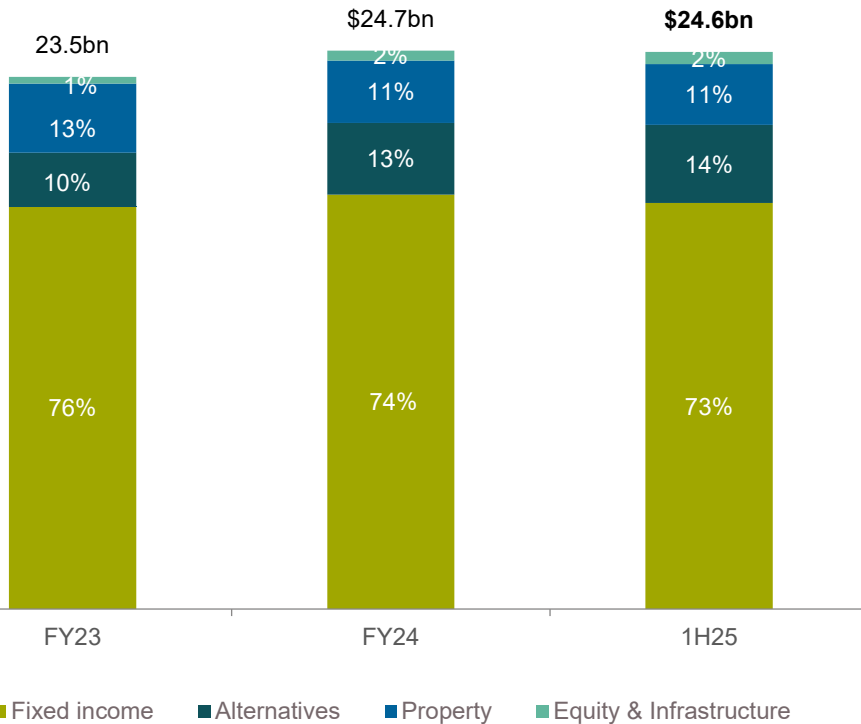
1H25 performance by asset class (annualised)



Life investment portfolio

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

LIFE AUM¹



FIXED INCOME

73%, -1pp

- ▶ Reallocation from cash and liquids into sub-IG corporate credit largely reflecting timing
- ▶ Reduction in IG ABS reflecting accelerated repayments
- ▶ Continuing to target >75% investment grade²
- ▶ Weighted average credit rating 'A'



ALTERNATIVES

14%, +1pp

- ▶ Increase in Alternatives primarily driven by increase in USD
- ▶ Reallocation from global macro funds into market neutral strategies
- ▶ Alternatives less correlated to credit and listed equity markets
- ▶ Provides access to liquid capital



PROPERTY

11%, stable

- ▶ Reflects lower valuations driven by Australian office cap rate expansion
- ▶ Sale of 2 Australian retail properties, with 1 overseas property exchanged for sale



EQUITY & INFRASTRUCTURE

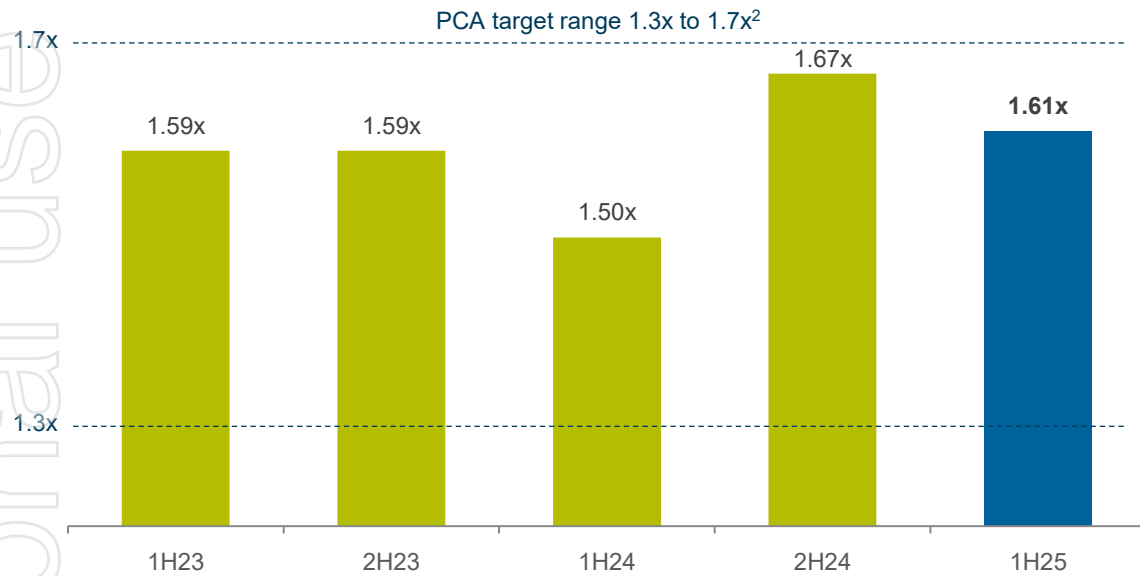
2%, stable

1. All comparisons 1H25 versus 2H24.
2. Investment grade represents BBB- or higher.

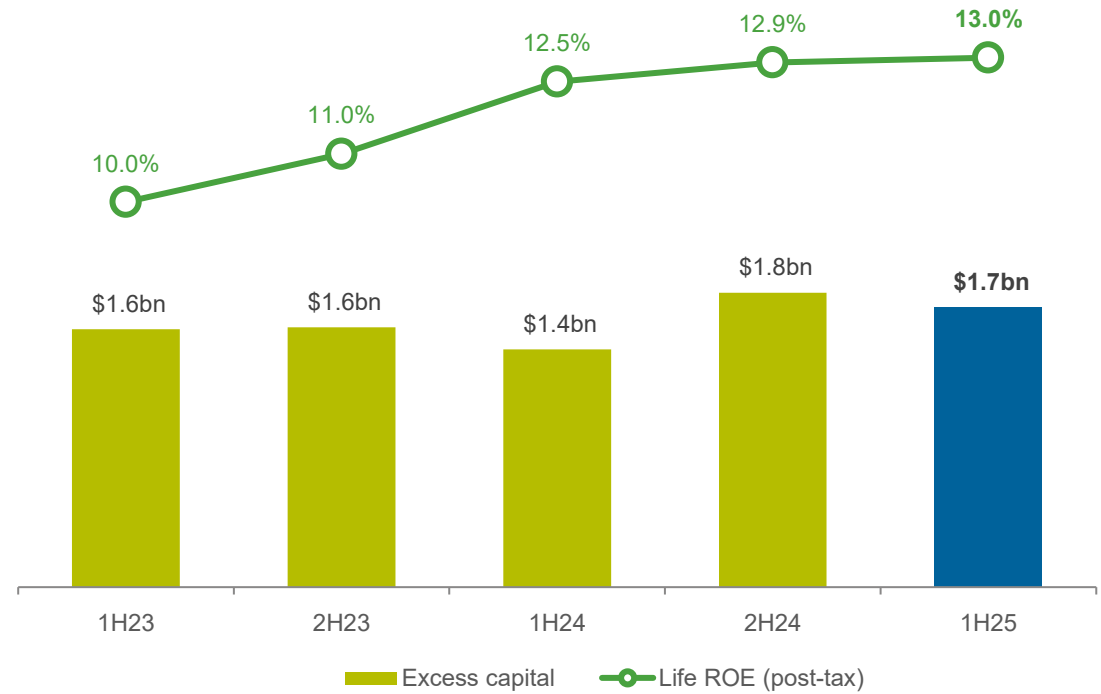
Capital management

Strongly capitalised and capital resilience

PCA RATIO¹



CAPITAL FLEXIBILITY



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 and 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 circumstances. 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.

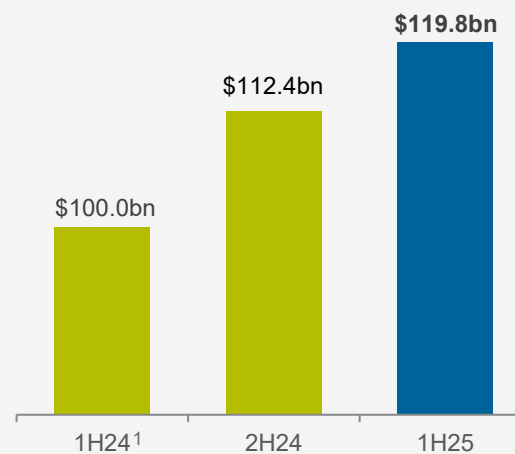
Funds Management performance

Strong operating leverage driving earnings growth

	1H25	CHANGE
FUM-based income & transaction fees	\$88m	7%
Performance fees	\$7m	35%
Net income	\$95m	9%
Expenses	(\$57m)	(3%)
Normalised NPBT	\$38m	33%
Normalised Tax	(\$11m)	25%
Normalised NPAT	\$27m	37%
FUM-based margin	13.9bps	(1.9bps)
Income margin	15.7bps	(1.7bps)
Normalised ROE post-tax	17.8%	530bps
Cost to income ratio	60.0%	(7.4pp)
Average FUM	\$119.8bn	20%

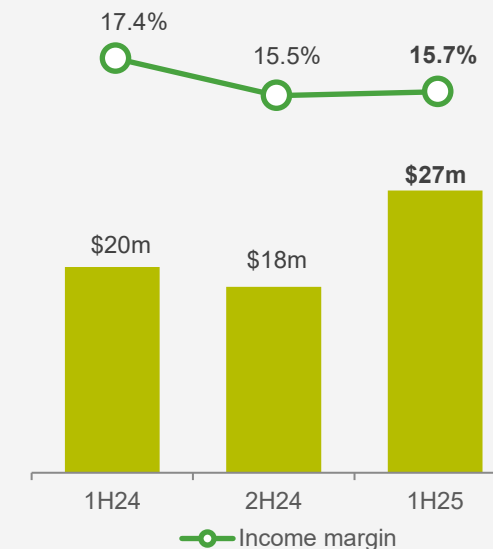
AVERAGE FUM \$120BN +20%

Fidante \$103bn +24%
CIM \$17bn +1%¹



FM NORMALISED NPAT \$27M +37%

Net income +9%
Expenses -3%

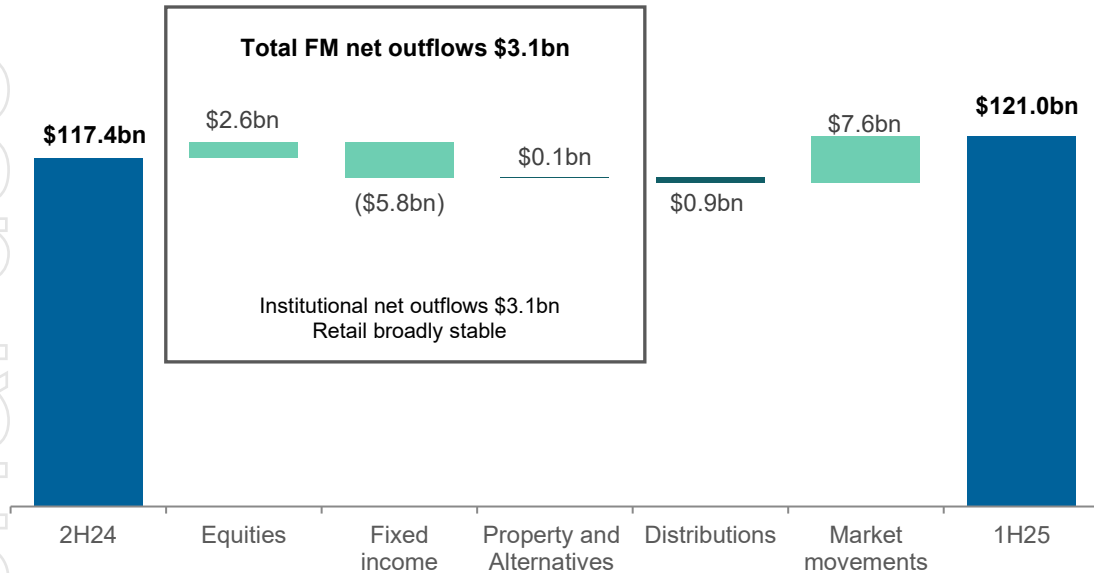


20 | ¹ In 1H24 \$3,253 million of FUM was derecognised following the sale of Challenger's Australian real estate (CRE) business.

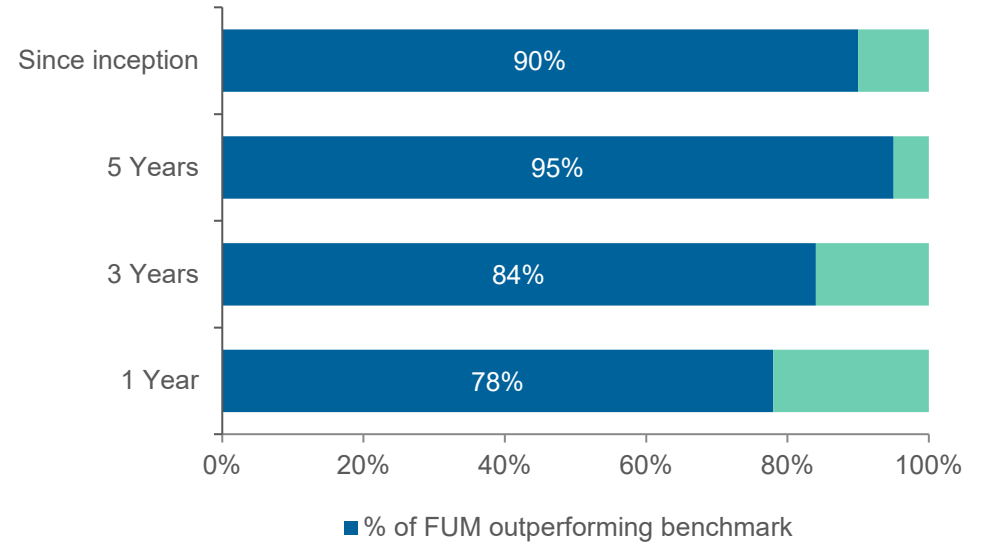
Funds Management

FUM benefiting from positive market movements

FUNDS UNDER MANAGEMENT



FIDANTE PERFORMANCE RELATIVE TO BENCHMARK¹



21 | 1. As at 31 December 2024. Percentage of Fidante affiliates meeting or exceeding the performance benchmark, with gross performance weighted by FUM.

Challenger Investment Management

Proven alternative credit platform

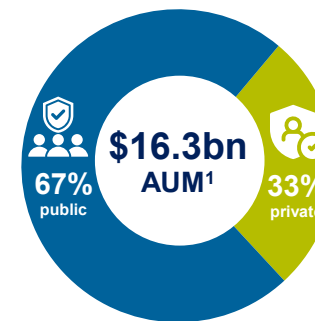
- ✓ A differentiated private lending investment platform
 - Mid-market corporate lending
 - Asset backed finance including whole loans and mortgage servicing capability
 - Non-construction commercial real estate lending
- ✓ Generating consistent income with capital stability
- ✓ Fund offerings all delivering strong investment returns
- ✓ Third party funds' FUM +27% in 1H25 (+53% on pcp)
- ✓ >\$5bn in private credit
- ✓ NZ\$560m residential mortgage whole loans investment in December 2024

CIM FIXED INCOME PORTFOLIO¹



Public opportunities

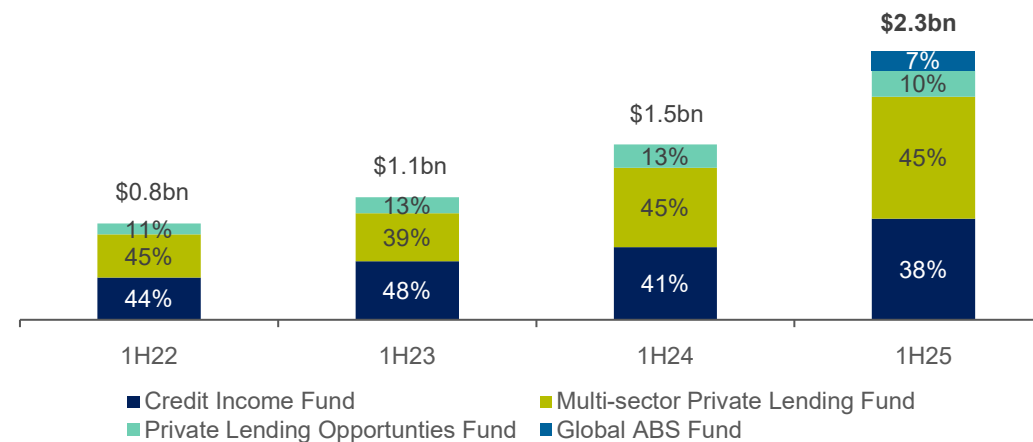
- ✓ Financial Credit
- ✓ Securitised Credit
- ✓ Investment Grade Corporate Bonds
- ✓ High Yield Bonds



Private opportunities

- ✓ Asset Backed Finance
- ✓ Commercial Real Estate Lending
- ✓ Leveraged Buyout Debt
- ✓ Whole Loan Portfolio Lending

CIM THIRD PARTY FUNDS' FUM²



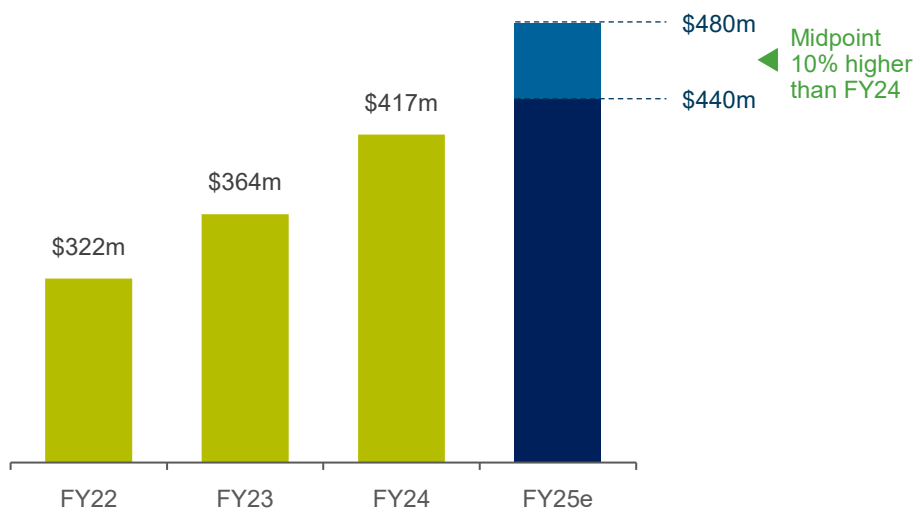
1. As at 31 December 2024 and excludes ~\$0.8bn of FUM relating to Japanese real estate holdings managed by Challenger Kabushiki Kaisha (CKK).

2. As at 31 December 2024.

FY25 guidance and targets

Reaffirming earnings guidance and targets

NORMALISED NPAT GUIDANCE



THROUGH THE CYCLE TARGETS



Normalised ROE <p>~11.2%¹ (post-tax)</p>	Cost to income ratio <p>32% to 34%</p>
Dividend payout ratio <p>30% to 50%^{2,3}</p>	CLC PCA range <p>1.30x to 1.70x⁴ Preference to be strongly capitalised</p>

1. Normalised ROE (post-tax) target of 11.2% being the RBA cash rate plus a margin of 12% less tax (equivalent to a Normalised ROE pre-tax target of ~16.4% and assumes tax rate of 31.3% in FY25).
2. Normalised dividend payout ratio represents dividend per share divided by normalised earnings per share (basic).
3. Dividend subject to market conditions and capital management priorities.

4. 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

Key priorities

Nick Hamilton



Key priorities

Continue to deliver financial performance and execute strategy



Delivery of new core platforms – customer experience & investment operations



Continue to grow longer dated annuity sales – institutional and retail channel



Invest and grow asset origination platform



Meeting more customer needs – guaranteed and non-guaranteed



Retirement advocacy and brand strength



Deliver financial targets to drive shareholder value

Key points

1

Strong financial performance & delivering against targets

2

Successfully executing strategy

3

Strengthening relationships across customer channels

4

Investing in the business to drive growth

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 2025 Interim Financial Report is available from Challenger's website at www.challenger.com.au/about-us/shareholder-centre.

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 2025 Interim 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 2025 Interim 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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Unless otherwise indicated, all numerical comparisons are to the prior corresponding period.