

Market Release

16 March 2026

Challenger investor discussion pack – March 2026

Challenger Limited (ASX:CGF) attaches a copy of the presentation that will be provided at the Jefferies Asia Forum from 17 – 18 March 2026.

ENDS

This release has been authorised by Challenger's Continuous Disclosure Committee.

About Challenger

Challenger Limited (Challenger) is an investment management firm focused on providing customers with financial security for a better retirement.

Challenger operates a fiduciary Funds Management division and an APRA-regulated Life division. Challenger Life Company Limited (Challenger Life) is Australia's largest provider of annuities.

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Investor discussion pack

March 2026

Life. Well lived.

Overview

- 1 Markets update

- 2 Australian retirement market

- 3 Challenger business overview

- 4 Business and strategy update

- 5 1H26 financial results

- 6 APRA capital standard changes

- 7 Appendix

Markets update

Capital and liquidity strength

Strongly capitalised with available liquidity to capitalise on changing market conditions

A+ / A-

CLC/Challenger S&P credit rating
with a stable outlook

↑ Upgraded

\$4.7 bn

Regulatory capital
base

↑ 5%

1.58x

CLC PCA
Ratio^{1,2}

↓ 0.03x

\$3.3 bn

Cash and cash
equivalents

↑ 28%

\$1.7 bn

Excess capital
over PCA

↑ 2%

1.19x

CET1
ratio

Unchanged

1. All reported metrics are as at 31 December 2025 and compared against 1H25.

2. The PCA ratio represents total Tier 1 and Tier 2 regulatory capital base divided by the Prescribed Capital Amount.

3. 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.

Markets update

Balance sheet strength against market volatility – resilience and opportunity

Fixed income portfolio¹

High-quality portfolio

- 76% investment grade
- Portfolio weighted average credit rating 'A'
- 81% of portfolio externally rated² with remainder internally rated based on methodologies calibrated to S&P or Moody's ratings framework

Diversified investments

- No direct exposure to US private credit
- De minimis direct exposure to technology and software and CRE

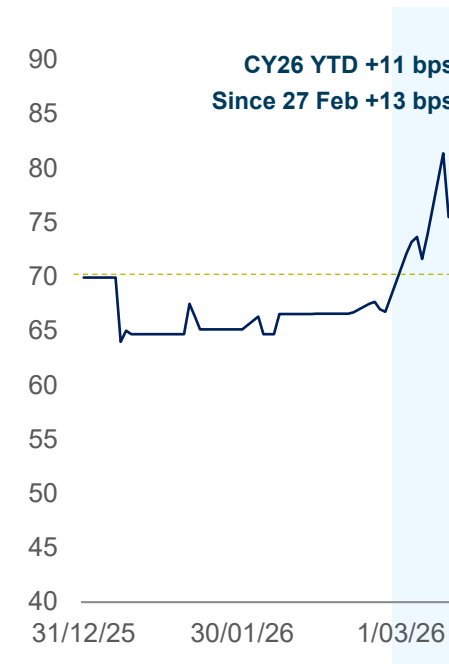
Independent credit risk team

- Conservative valuation methodology – daily fair value framework
- Low loss rate – 5-year rolling credit default loss (net of recoveries) -14 bps (vs -35bps per annum assumption)

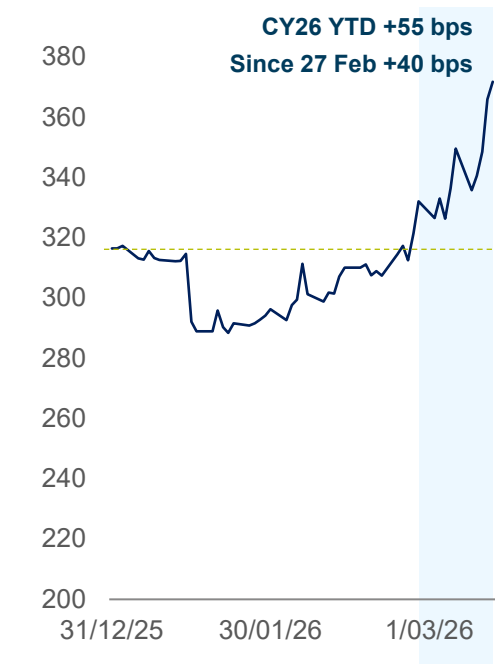
Wider credit spreads

- \$3.3bn cash & equivalents available to deploy
- Supportive for product pricing and future margins

Investment grade credit spreads³



Sub-investment grade credit spreads⁴



¹ As at 31 December 2025.

² Externally rated by S&P, Fitch or Moody's.

³ iTraxx Australia index (Bloomberg ITRXAAE) from 31 December 2025 to 13 March 2026.

⁴ CDX North America High Yield index (Bloomberg IBOXHYAE) from 31 December 2025 to 13 March 2026.

Markets update

Opportunity to rebalance portfolio as new capital standards take effect

Alternatives

- **Provides balance sheet flexibility and liquid capital** in current market environment
- **Provide diversification and low correlation** to equity and fixed income markets

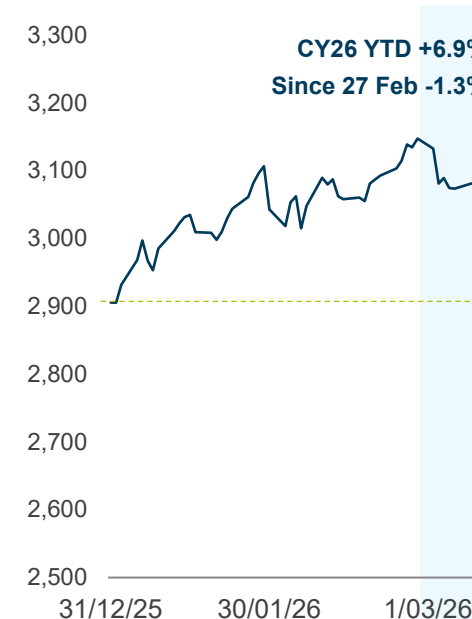
Property

- **Positive property revaluation gains** in 1H26 following periods of significant cap rate expansion and revaluation losses
- **Supportive Australian property trends** driven by economic strength, supply constraints and high replacement costs

Equity & infrastructure

- **Immaterial exposure to global equity markets** – 2% of total Life investment portfolio

Société Générale CTA Index¹



MSCI Daily TR Net World Index²



1. Société Générale CTA Index (Bloomberg NEIXCTA) from 31 December 2025 to 13 March 2026.
2. MSCI Daily TR Net World Index (Bloomberg NDDLWI) from 31 December 2025 to 13 March 2026.

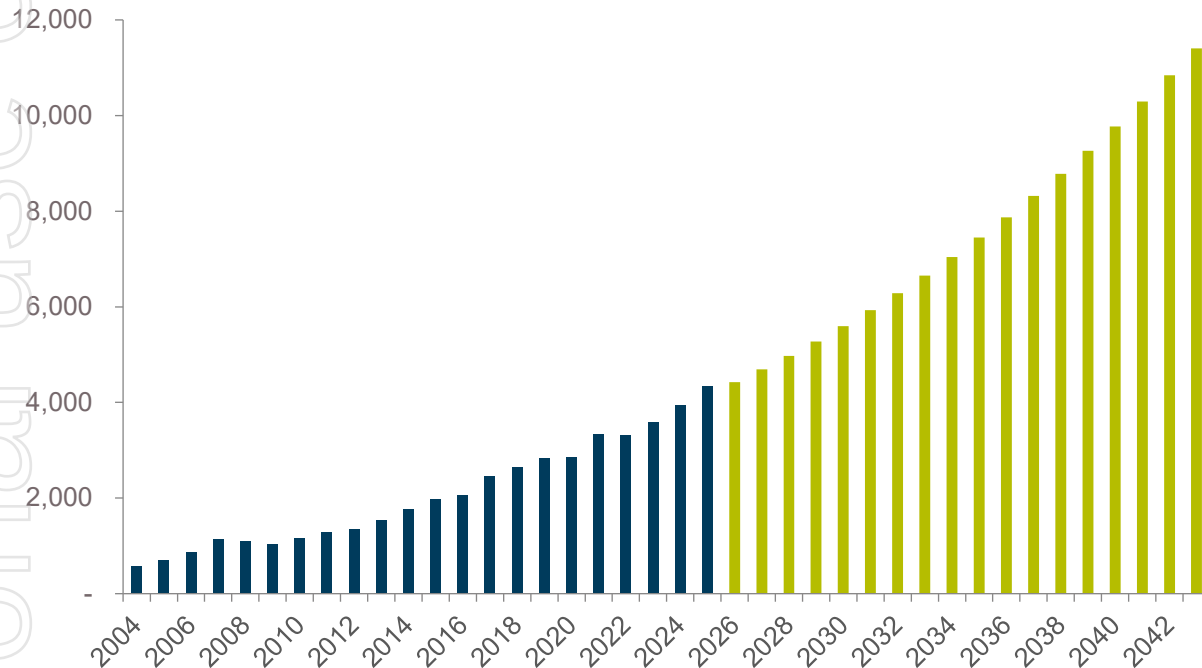
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Australian retirement market

Australian superannuation system

Attractive market with long-term structural drivers

Australian superannuation growth¹ (\$bn)



Market growth supported by

- Mandatory contributions²
- Earnings and contributions compounding
- Population growth and ageing demographics

Resulting in

- 9% CAGR growth over last 20 years³
- 3rd largest global pension market⁴
- Assets expected to increase from \$4.5 trillion to over \$11 trillion in the next 20 years¹

1. Deloitte Superannuation Market Projections Report 2024. The Australian Prudential Regulation Authority (APRA) September 2025 data reported Australia's superannuation system at \$4.5 trillion today.

2. Superannuation guarantee rate increased to 12% on 1 July 2025.

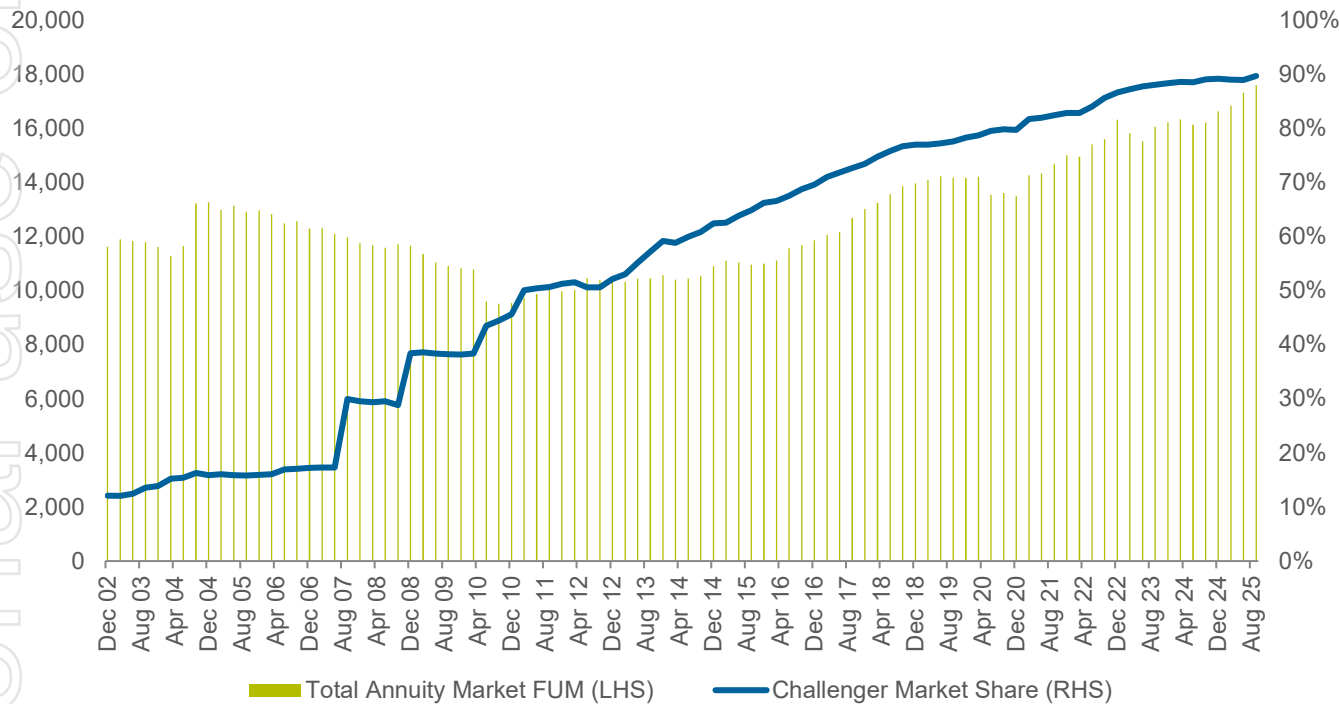
3. APRA Annual Superannuation Bulletin.

4. Thinking Ahead Institute Global Pension Assets Study 2025, as a percentage of GDP.

Australian annuities market

Challenger Life is Australia's leading provider of annuities

Total annuity market FUM¹ (\$m)



Key observations



- Domestic annuity market size ~\$18bn²
- Challenger dominant market position ~90% market share²
- \$92bn transfer from savings phase of superannuation to retirement phase in 2025³

1. Source: Plan for Life – September 2025 (note that “Annuity” volumes exclude GSA products).

2. Plan for Life – September 2025.

3. Based on Taxation Statistics 2022-23 from Australian Taxation Office.

Growing demand for income and financial security

Tailwinds to support growth

WORLD CLASS SAVINGS SYSTEM

\$4.5_{tr}

Assets in retirement¹

\$1.7_{tr}

Deposits held by Australian households in ADIs²

AGEING POPULATION

780 per day

Australians retiring³

78%

Australians would be happier with a guaranteed income for life⁴

GROWING DEMAND FOR INCOME

\$35_{bn}

Yearly net flows into Australian Fixed Income & Private Debt⁵

\$200_{bn}

Private credit market⁶

OFFSHORE OPPORTUNITIES

>35%

South Korea, Hong Kong and Japan population aged 65+ years in 2050⁷

US\$315_{bn}

Addressable Asian reinsurance market⁸

1. APRA superannuation statistics September 2025.

2. APRA Monthly authorised deposit-taking institution statistics, November 2025.

3. Based on # Australians aged 65 retiring each day. Australian Bureau of Statistics, December 2024, National, state and territory population statistics.

4. Based on Australians aged 60+ years in Challenger's Happiness Index research, February 2025.

5. NMG, Managed Funds Review September 2025.

6. ASIC (22 September 2025), "Private credit in Australia" (REP 814).

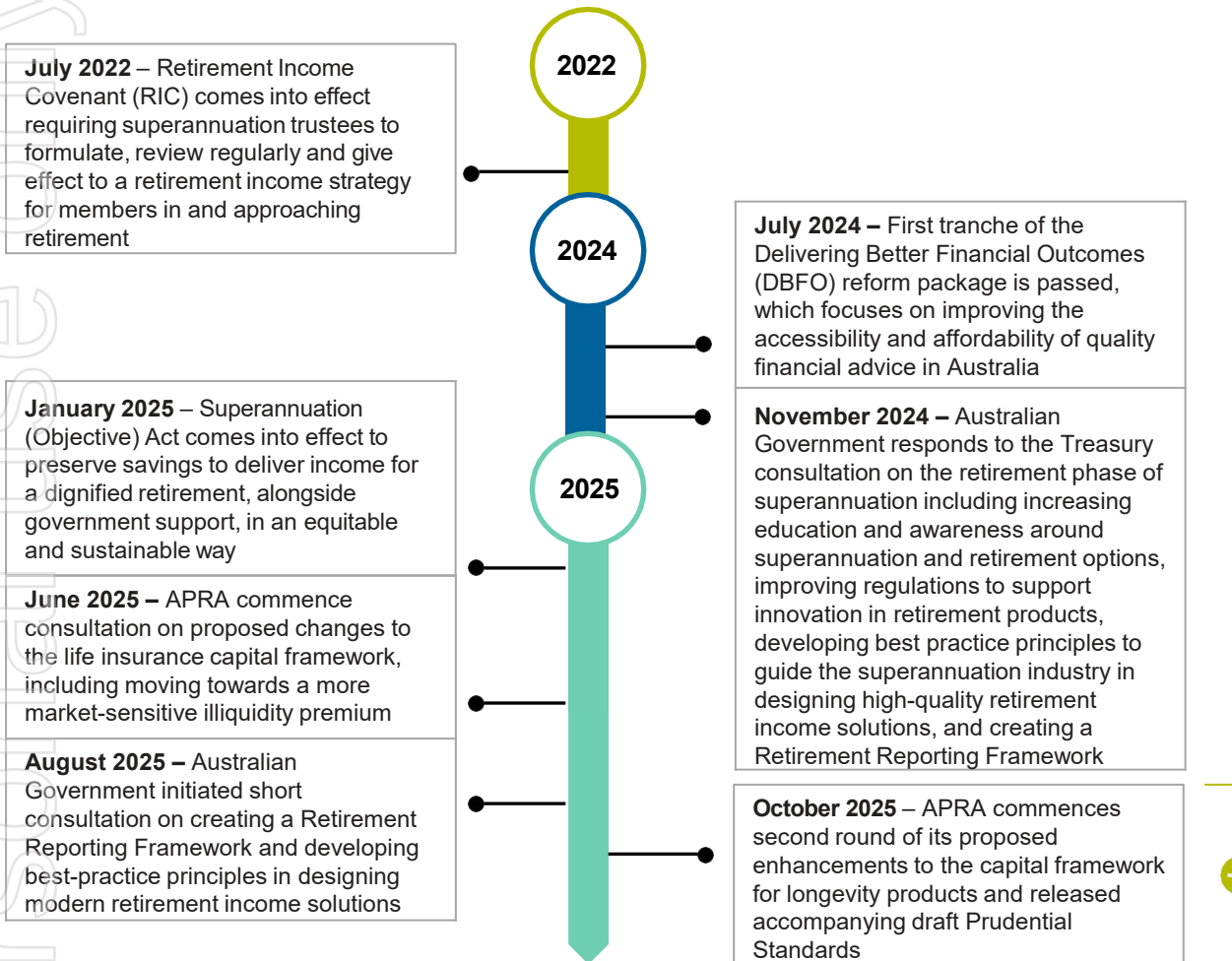
<https://www.asic.gov.au/regulatory-resources/find-a-document/reports/rep-814-private-credit-in-australia/>

7. OECD/WHO (2024), Health at a Glance: Asia/Pacific 2024, OECD Publishing, Paris, <https://doi.org/10.1787/51fed7e9-en>.

8. Challenger internal estimates, includes Hong Kong, Japan, Korea and Singapore.

Regulatory update

Progressing range of reforms to enhance the retirement phase



APRA proposal on capital settings for longevity products¹

Objective

- Government objective to increase retirement income products available to retirees to manage longevity risk
- APRA committed to recalibrating prudential framework to facilitate more a favourable environment for the provision of longevity products

Proposed amendments

- Redesigning illiquidity premium in *Prudential Standard LPS 112 Capital Adequacy: Measurement of Capital (LPS 112)* used in calculating liabilities for certain annuities

Expected benefits

- A more market sensitive illiquidity premium that allows for better matching of cashflows from the assets and liabilities backing an annuity business
- Lower the levels of required capital for annuity products, provided certain risk controls are in place
- Reduce cyclical risks to life insurers' capital position
- Develop Australia's retirement income market by promoting innovation, expanding options for retirees to manage longevity risk and supporting greater takeup of lifetime income products

Timing

- Finalised changes 1HCY26

3

Challenger business overview

Challenger purpose and strategy

We are a leading investment management and retirement income firm

Our purpose

Our purpose is to provide our customers with financial security for a better retirement

Our strategy

We will fulfil our purpose through our three strategic pillars:

Retirement leader

Broaden customer access across multiple channels



- Delivering better outcomes for our customers
- Trusted and well-known brands
- Leading voice on all things related to retirement income
- Expanding our products and partners to meet more customer needs

Investment excellence

Superior outcomes and financial resilience



- Strongly capitalised so we can always deliver on our promises
- Superior risk-adjusted investment performance for our customers and shareholders
- Enabled by a scalable operating and investment platform

Talented team and capability

Outstanding skills and ways of working



- Invest in our people to maximise their potential
- Building a growth-focused and inclusive culture
- Leverage technology to make it easy to do business with us
- We make good risk-aware commercial decisions

Our people and culture



Act with integrity
We do things the right way



Aim high
We deliver outstanding results



Collaborate
We work together to achieve shared goals



Think customer
We make decisions with our customers front of mind

Challenger overview

Providing customers with financial security for a better retirement



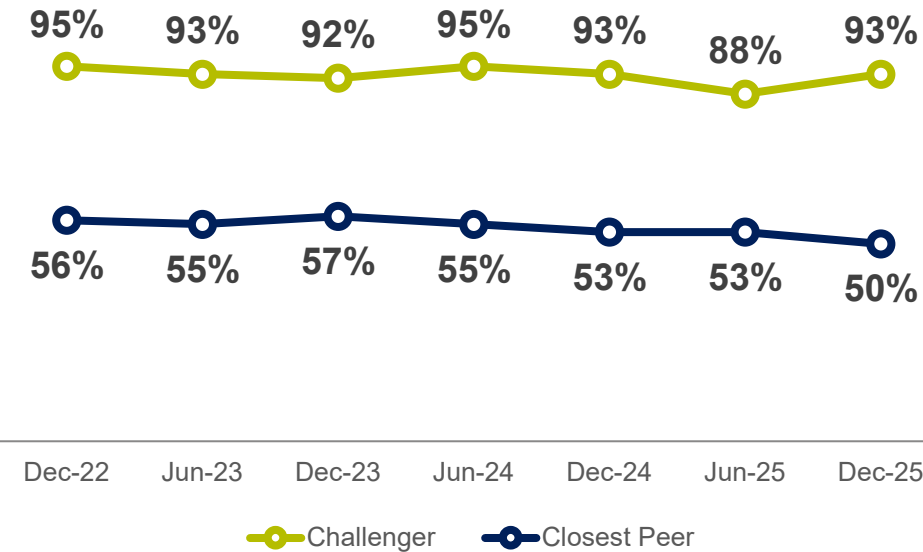
Retirement services – clear leader in retirement incomes

Strong Challenger reputation within the market

Brand strength



Leader in Retirement Income¹



Market leader in Australian retirement incomes



Dominant position ~90% market share²



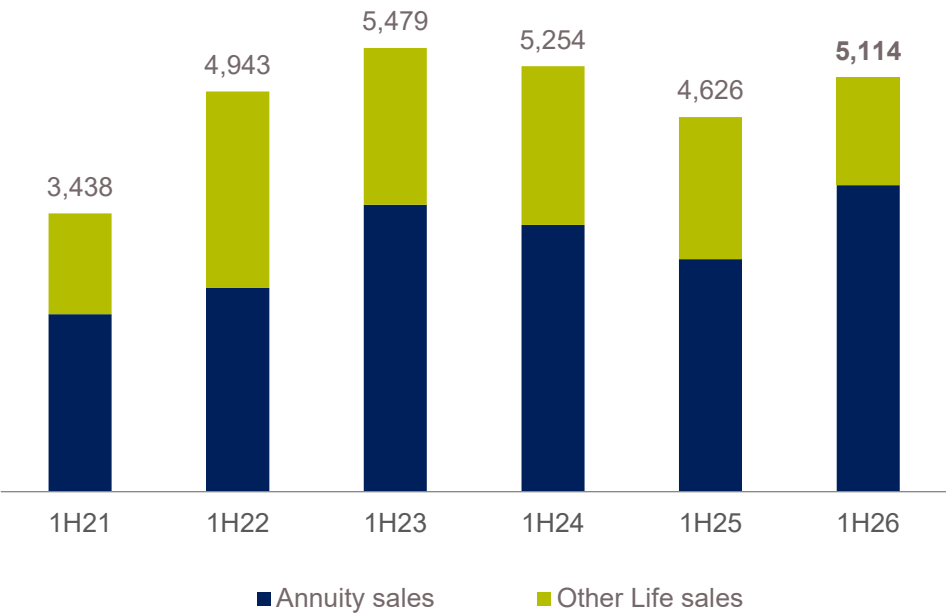
Winner of Money Magazine's 'Longevity Cover Excellence Award'³

1. Marketing Pulse Adviser Study December 2025 based on (% agree / strongly agree).
2. Plan for Life – September 2025.
3. Plan For Life awards have been rolled into the Money Magazine Awards from 2024. In 2023, Challenger won Plan for Life's 'Overall Longevity Cover Excellence Award' for a fifth consecutive year.

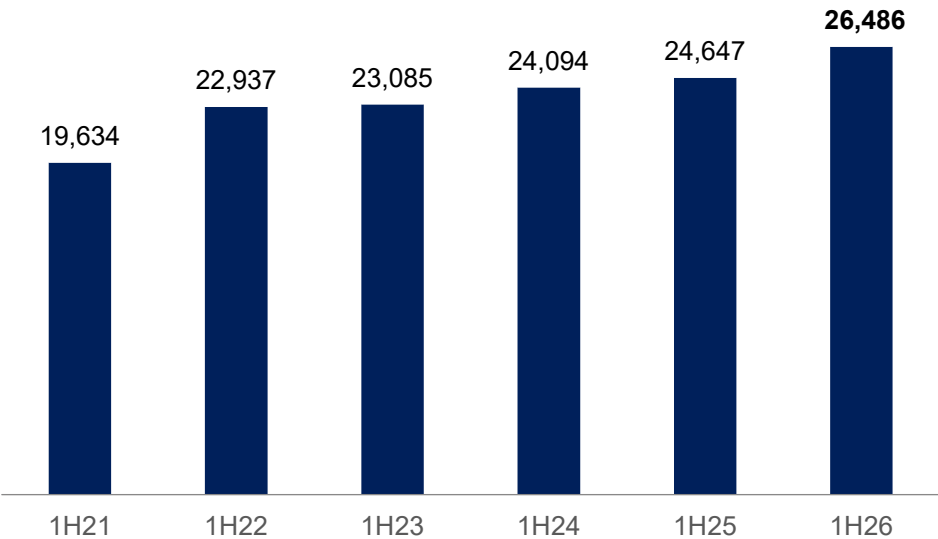
Retirement services – Life sales and AUM

Diversified distribution driving sales and AUM growth

Total Life sales (\$m)
8% 5-Year CAGR



Life AUM (\$m)
6% 5-year CAGR



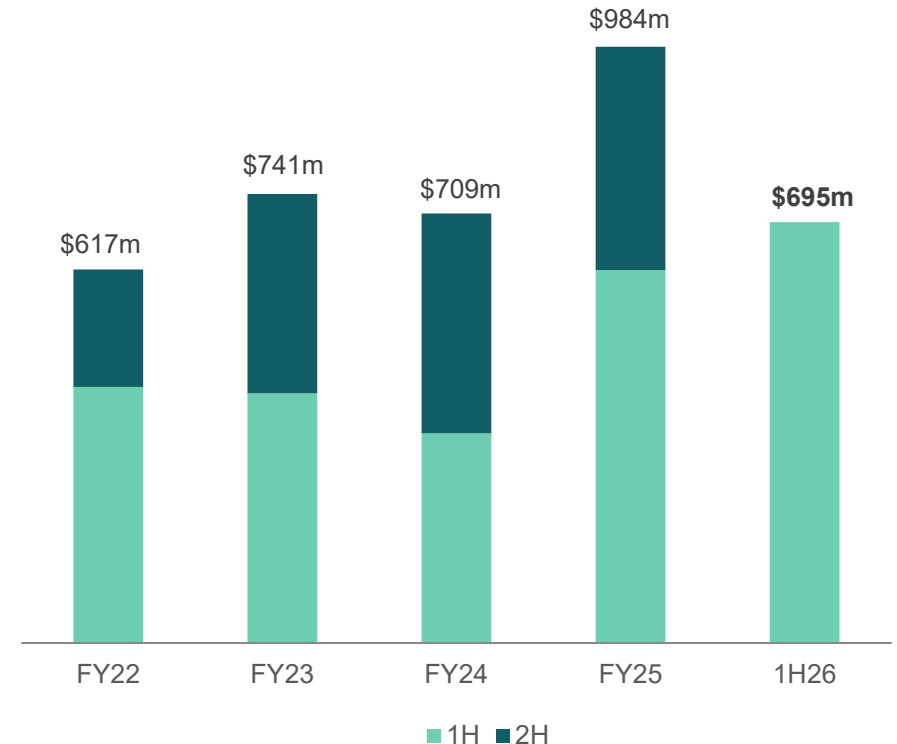
MS Primary reinsurance partnership

Diversifying and increasing access to Japanese market

Mitsui Sumitomo Primary Life Insurance Company Limited (MS Primary) strategic relationship

- MS Primary – leading provider of foreign currency life products in Japan and part of MS&AD Insurance Group Holdings Inc.
- Reinsurance agreements with MS Primary covering A\$, US\$ and JPY¥ 20-year term annuity and A\$ lifetime annuity
- Expected to reinsure at least ¥50 billion (~A\$540 million) of A\$, US\$ and JPY¥ annuities with Challenger in FY26¹
- The reinsurance partnership between Challenger and MS Primary was extended for a further five years in May 2024
- MS Primary is a key Challenger strategic partner and the businesses engage extensively across a range of topics, including product development and partnering opportunities

Offshore reinsurance sales (A\$)



Investment Management

Strong FUM growth track record

Funds Management business

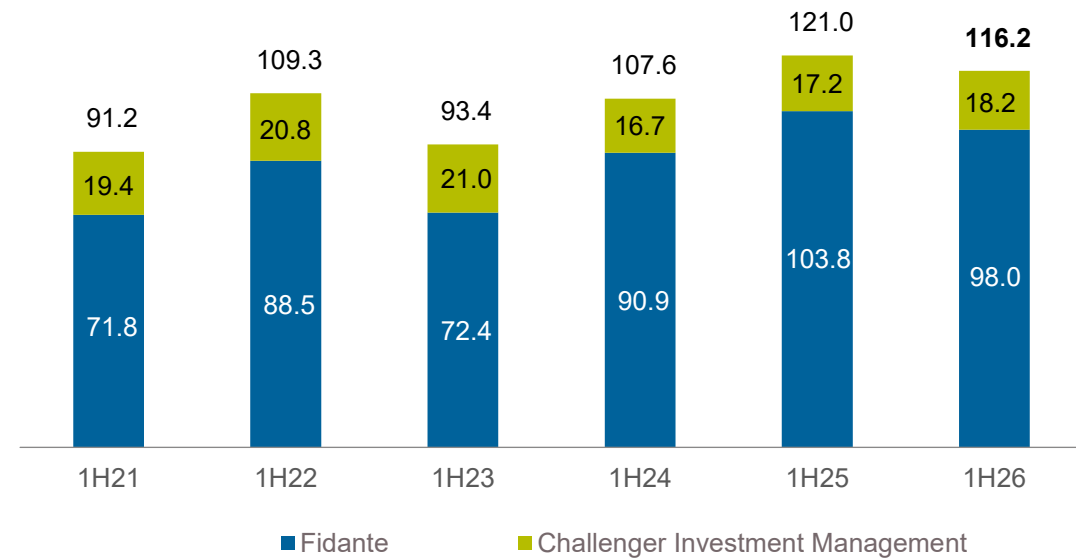
Fidante

- Growing multiple boutique platform
- Located in Australia, UK, Europe and Japan
- Asset class diversification

Challenger Investment Management

- Proven track record in asset origination
- Strong investment performance
- Growing third party credit and property offerings

Funds Under Management (FUM) (\$bn) 5% 5-year CAGR



Fidante – multiple brands and strategies

Unique multi-asset platform supporting better customer outcomes

Investment managers, strategies and asset classes

Fixed Income \$26bn ¹						
Equities \$57bn ¹	Australian equities		 			
	Global, regional & EM equities					
	Sustainable investments					
Alternatives \$15bn ¹						

Market leader

83% Products recognised as high quality²

#4 Domestic equity manager³

 One of the largest active managers⁴

1. Funds Under Management (FUM) as at 31 December 2025.

2. As at 31 December 2025.

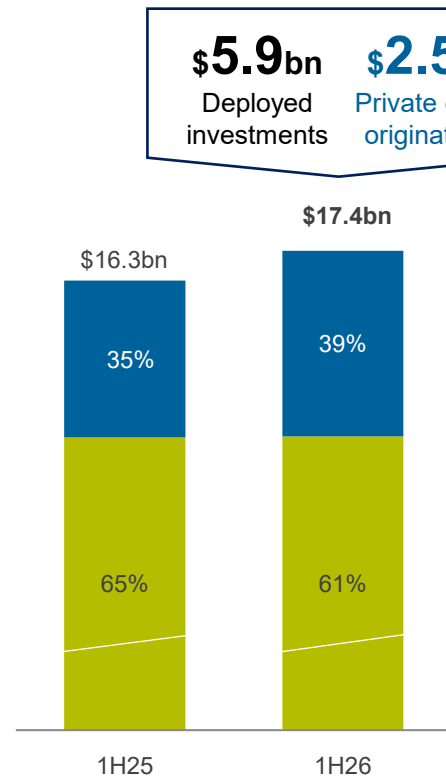
3. Plan for Life – September 2025 – based on fund size.

4. Calculated from Rainmaker Roundup, September 2025 data.

Challenger Investment Management

Leading fixed income originator | Long track record of excellence in credit markets

Challenger IM Fixed Income Portfolio¹



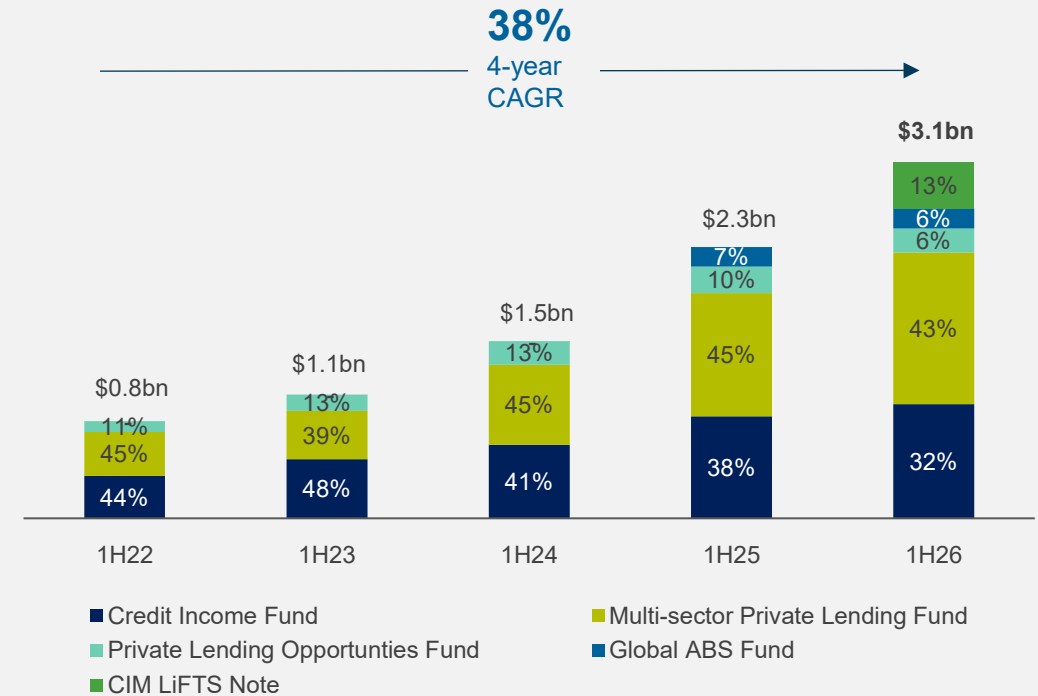
Private opportunities

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

Public opportunities

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

Challenger IM Third Party Funds' FUM



Business and strategy update

Challenger's competitive advantages

Using our advantages to shape the retirement system with our partners and drive future growth

Competitive advantages



1H26 Progress

Longer dated sales +12%

Customer uplift – ALIP¹ live, portals and APIs live in 2H26



\$5.9bn origination volumes

Whole loan origination transactions



Challenger IM external AUM +38% CAGR² / new LiFTS notes platform

Positive total returns – all Life's asset classes



A+/A- S&P credit rating upgrade³

+7% Dividend growth

\$150m buy-back⁴

1. Accenture Life Insurance and Annuity Platform.

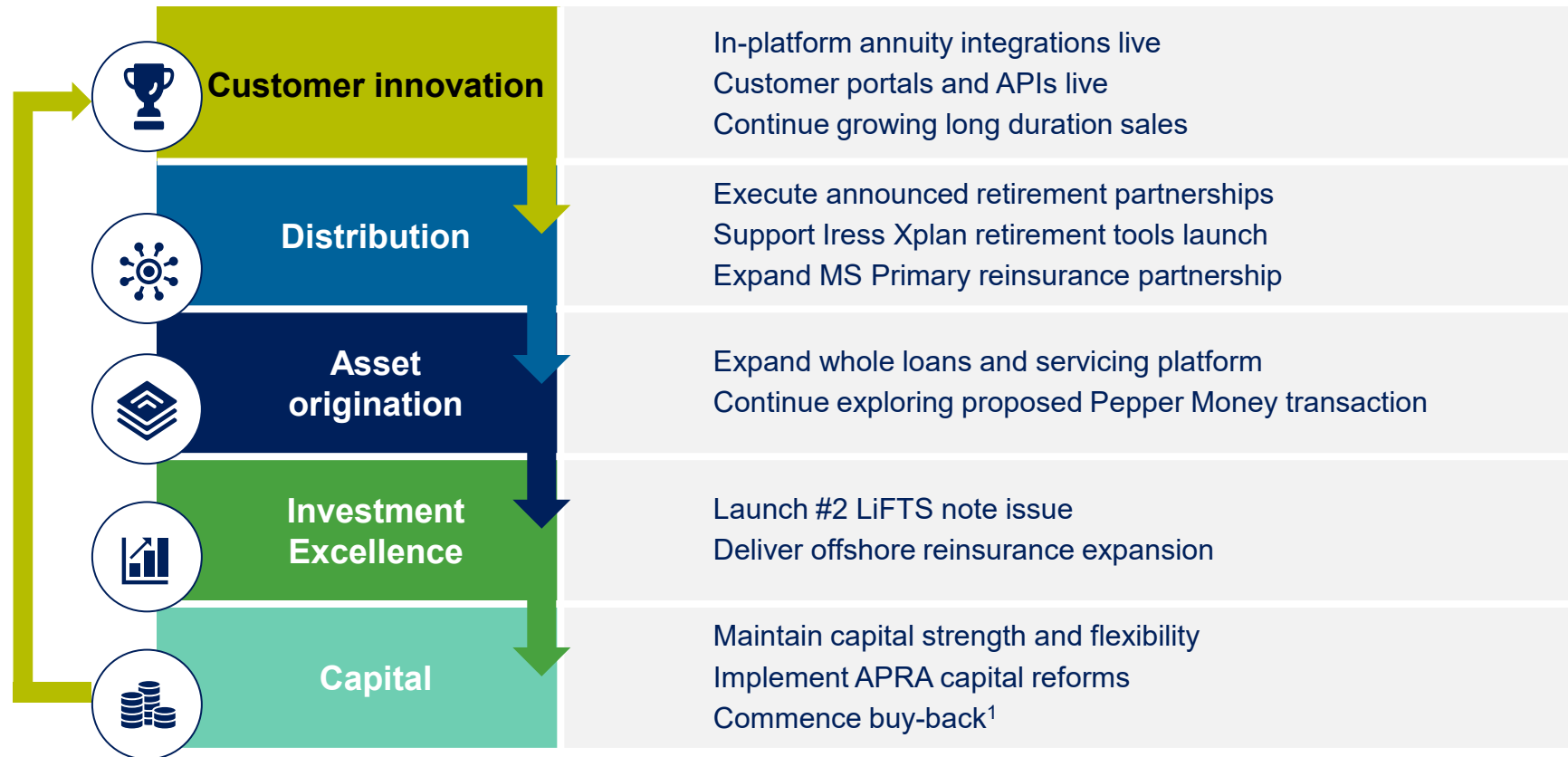
2. 4-year CAGR from 1H22 to 1H26.

3. Challenger Life Company Limited – 'A+' rating (from 'A') with a stable outlook; and Challenger Limited – 'A-' rating (from 'BBB+') with a stable outlook.

4. Subject to market conditions and regulatory approval.

Challenger's competitive advantages

Key priorities



5

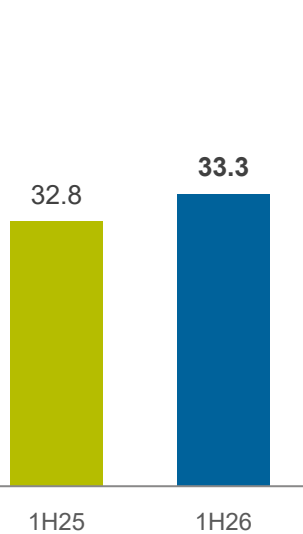
1H26 financial results

1H26 financial performance

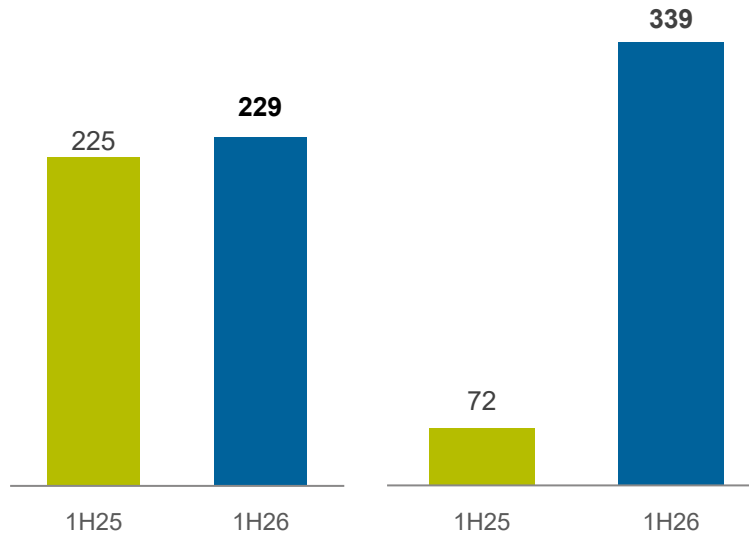
Disciplined execution | Strong statutory NPAT performance

Profitability

Normalised EPS (cps)
33.3 cps +2%

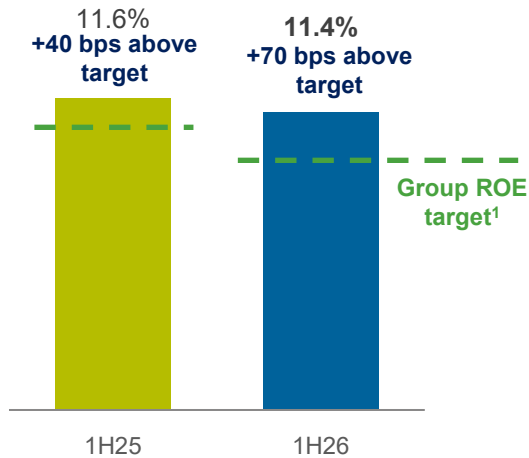


Net Profit After Tax (\$m)
Normalised NPAT
\$229m +2%
Statutory NPAT
\$339m +369%

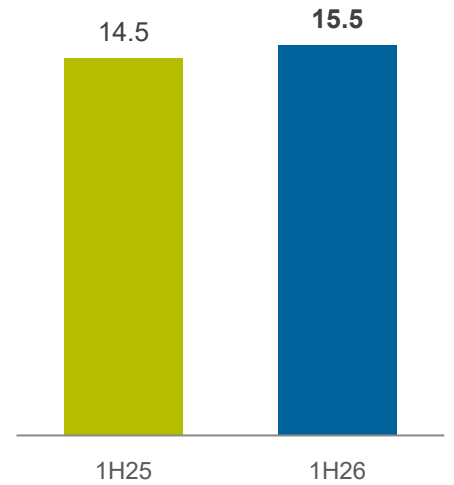


Returns

Normalised ROE after tax
11.4% +70 bps above target¹



Dividend
15.5 cps +7%



Earnings drivers

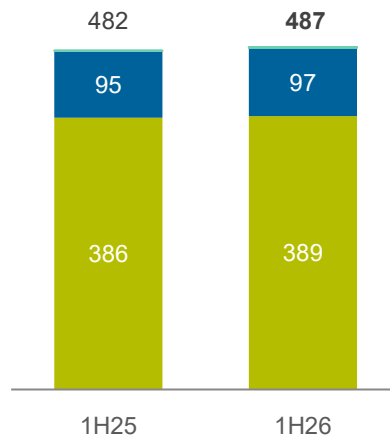
Operational efficiency driving earnings growth

Income \$487m +1%

Corporate other income

FM net fee income

Life normalised cash operating earnings



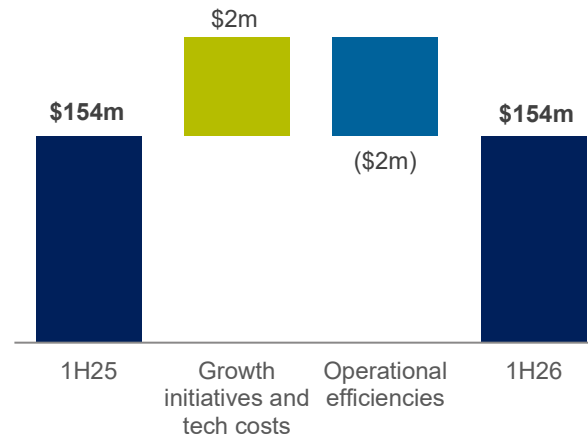
Life +1%

Increase in average AUM offset by lower COE margin

Funds Management +2%

Increase in non-FUM income

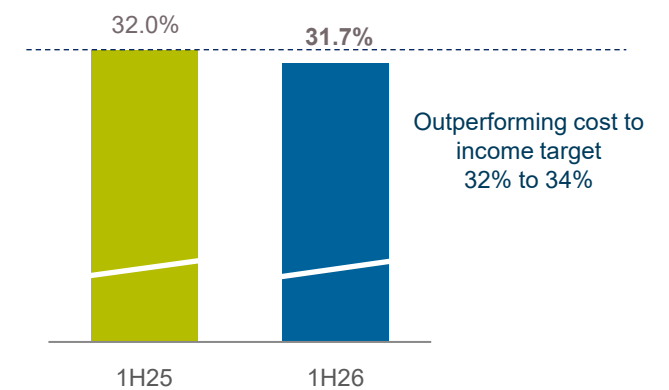
Expenses \$154m stable



Investment in growth initiatives and technology costs driven by inflationary pressures on software licensing and data costs

Offset by lower costs from realised operating efficiencies

Cost to Income Ratio 31.7% -30bps



Cost to Income ratio (CTI) **improved 30bps**

CTI ratio **outperforming target (32% to 34%)**

FY26 CTI ratio expected to be at **lower end of target range**

Disciplined capital management

Focusing on maximising shareholder returns

Delivering
shareholder
value



ORGANIC GROWTH

Invest in core businesses

- ✓ 5.8% Life book growth
- ✓ Investment in scalable platforms – customer technology uplift and investment operations
- ✓ Expand offshore reinsurance platform



DIVIDENDS

Seeking to grow dividends over time
Dividend policy 30% to 50% payout ratio

- ✓ 15.5c interim dividend (up 7%)
- ✓ 46.5% dividend payout ratio



CAPITAL RETURN

Return excess capital above growth needs
to shareholders

- ✓ \$150 million on-market buy-back announced¹



INORGANIC GROWTH

Enhance core businesses

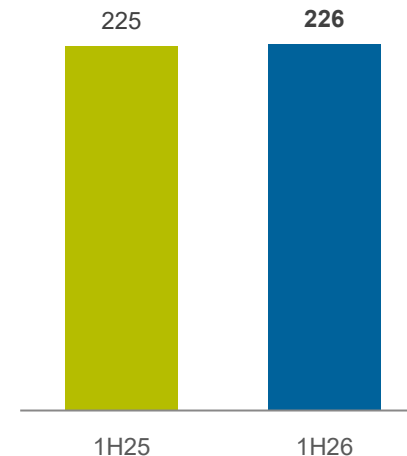
- ✓ 22% stake in  FULCRUM

Life performance

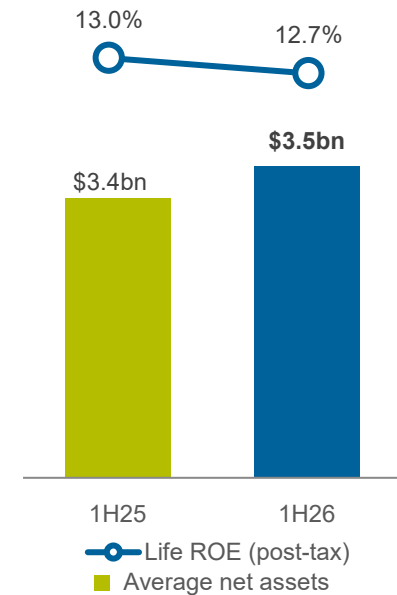
Delivering reliable spread earnings in a tight credit spread environment

	1H26	1H26 v 1H25
Normalised Cash Operating Earnings (COE)	\$389m	1%
Expenses	(\$61m)	3%
Normalised NPBT	\$327m	– %
Normalised Tax	(\$102m)	– %
Normalised NPAT	\$226m	1%
COE margin	2.95%	(16bps)
Normalised ROE post-tax	12.7%	(30bps)
PCA ¹ ratio	1.58x	(0.03x)
Annuity sales	\$3.8bn	32%
Total Life sales	\$5.1bn	11%
Maturity rate ²	14%	(1pp)

Normalised NPAT \$226m +1%



Normalised ROE 12.7% -30 bps



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).
 2. Based on annuity maturities and repayments (excluding interest payments) in the year divided by the opening period undiscounted annuity liability balance.

Life sales

Strong book growth driven by annuities | Continued momentum in longer duration sales

Strong 1H26 Sales performance



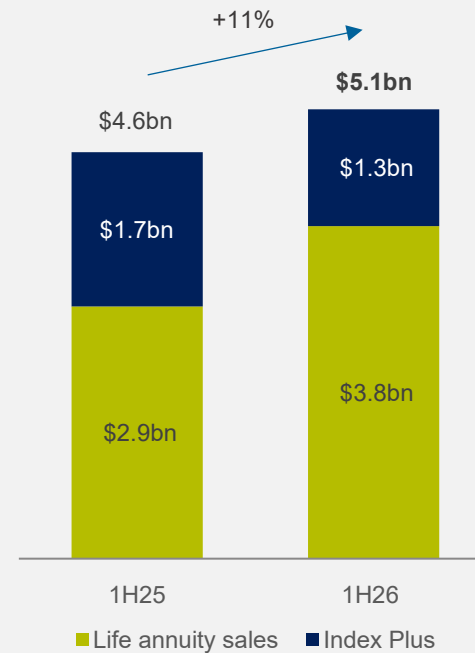
\$5.1bn ↑ 11%
Total Life sales

7.4%
Annuity book growth¹

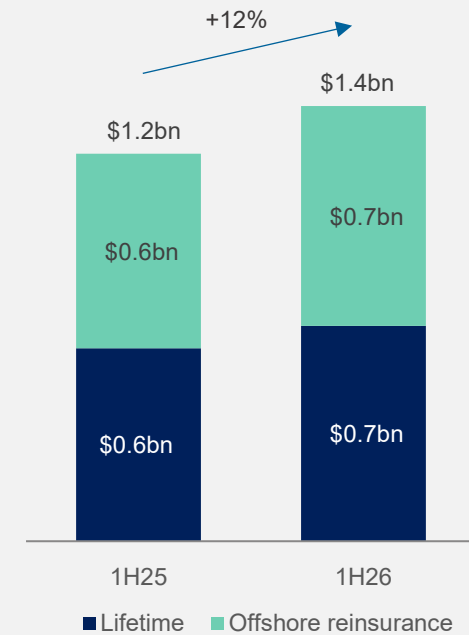
\$0.7bn ↑ 12%
Strong lifetime annuity sales²

\$0.7bn ↑ 13%
Record offshore reinsurance sales

Life sales



Longer duration annuity sales



1. Book growth percentage represents net flows for the period divided by opening liability balances for the financial year.

2. Includes CarePlus sales of \$0.4bn.

Life product overview

Providing customers with guaranteed income

Domestic fixed term

31% of total book¹

Provides regular guaranteed payments for a fixed rate, fixed term

Average policy size² ~\$290,000

Guaranteed Annuity

- Guaranteed rate
- Payment frequency options
- Inflation protection options
- Ability to draw capital as part of regular payment⁴
- Tax free income⁴

Long term (incl. lifetime)

46% of total book¹

Provides income for life

Average policy size^{2,3} ~\$307,000

Liquid Lifetime

- Payment options – fixed, indexed to inflation, linked to RBA cash rate, or indexed to markets
- Liquidity options⁴
- Tax free income⁴

CarePlus

- Designed for aged care
- Up to 100% death benefit

MS Primary

Other

23% of total book¹

Institutional product providing guaranteed returns

Challenger Index Plus Fund

- Institutional product providing guaranteed excess return above a chosen index
- Index Plus is available on traditional indices and customised indices

1. Based on discounted policy liabilities excluding Life Risk.

2. Average 1H26 annuity policy size for a retail customer.

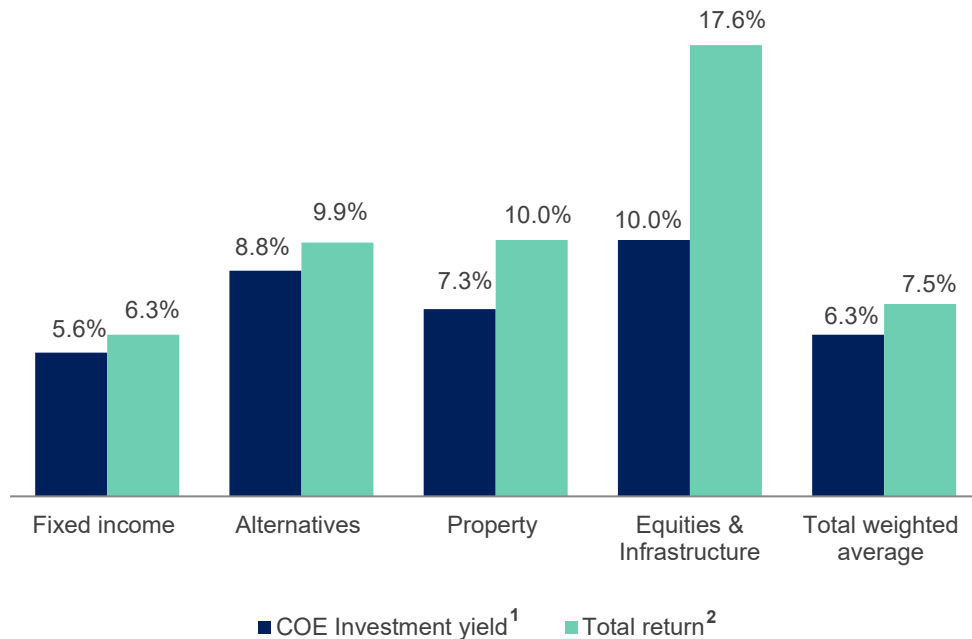
3. Average policy size for Liquid Lifetime and CarePlus retail customers and excludes MS Primary.

4. If bought with superannuation money and in retirement phase.

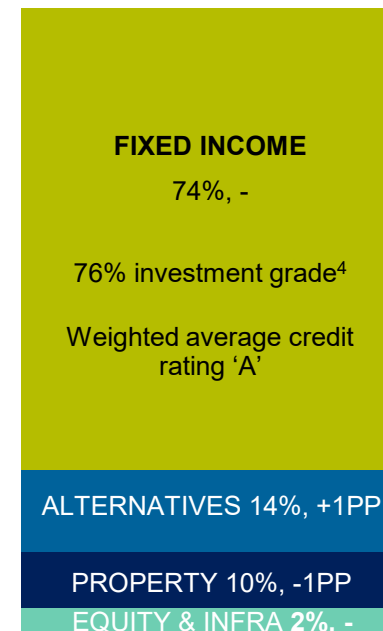
Life investment portfolio

Positive asset experience across all asset classes | Balance sheet growth driven by strong Life book growth

1H26 Performance by asset class Annualised, pre-tax



Life investment assets³ \$26.5bn +4%



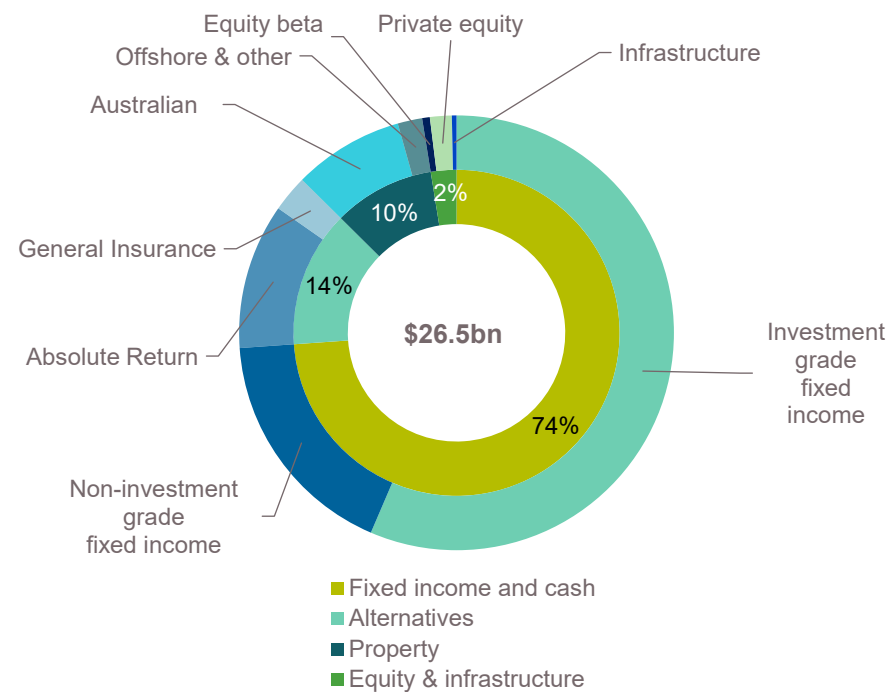
- Holding more liquid assets \$3.3bn cash & equivalents (1H25/2H25 \$2.6bn/\$3.2bn)
- Increase in IG ABS and decrease in HY corporate credit
- Increase in absolute return funds and reduction in general insurance and life insurance
- Weighted average capitalisation rate 6.80%, down 7bps
- 4 direct property sales at around carrying value

1. COE investment yield includes investment yield and normalised capital growth.
2. Total return includes COE investment yield and asset experience.
3. All comparisons 1H26 versus 2H25.
4. Investment grade represents BBB or higher.

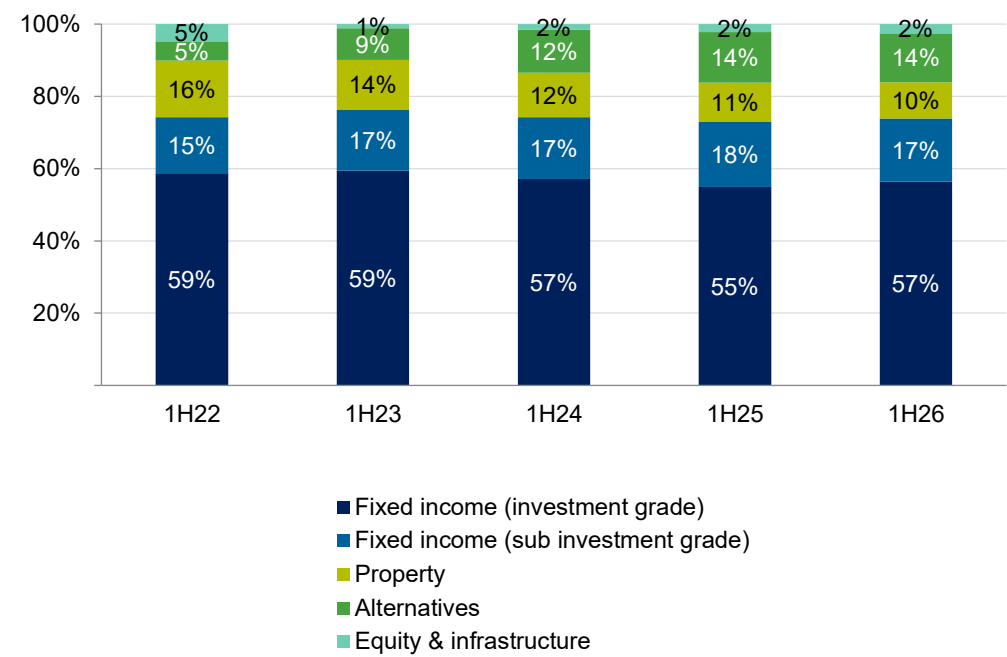
Life investment portfolio

High quality portfolio providing reliable income

Life investment portfolio¹



Life investment portfolio – asset allocation



Fixed income portfolio

High quality and diversified portfolio



Track record

- One of the largest credit managers in Australia
- Delivered illiquidity premiums of 1-2% per annum
- Low loss rate with 5-year rolling credit default loss (net of recoveries) -14 bps as at 1H26 – well below Challenger's -35bps per annum assumption.



Strong governance

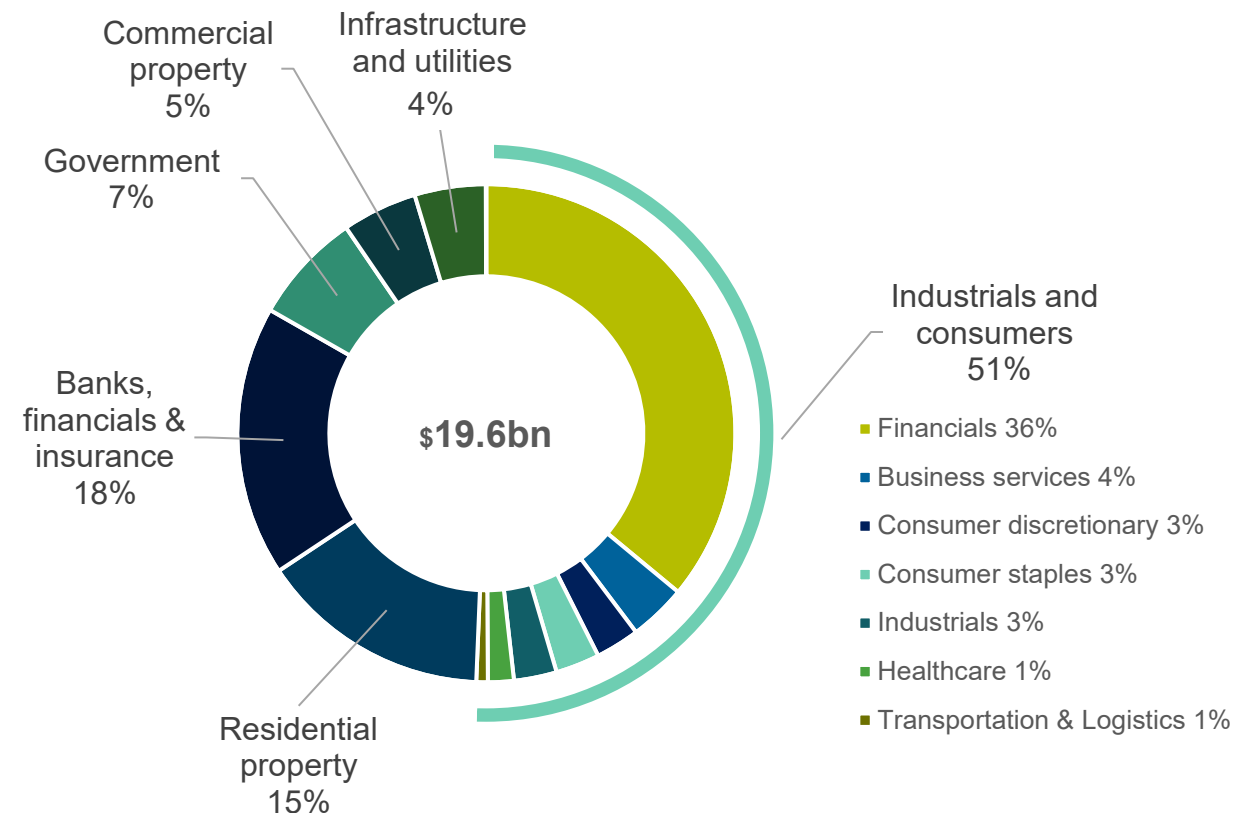
- Strong governance and risk management framework underpinned by independent valuations and credit, market and operational risk functions



Wide breadth of credit investments

- Multi-sector approach blending public and private credit
- Direct private credit exposure limited to Australian & New Zealand, originated and managed by a team of experienced investment professionals
- No direct exposure to US private credit
- Corporate credit portfolio is well diversified across financials and non-financials sectors de minimis direct exposure to technology and software
- De minimis exposure to CRE debt
- ABS portfolio is well diversified across collateral types as well as by issuer/borrower

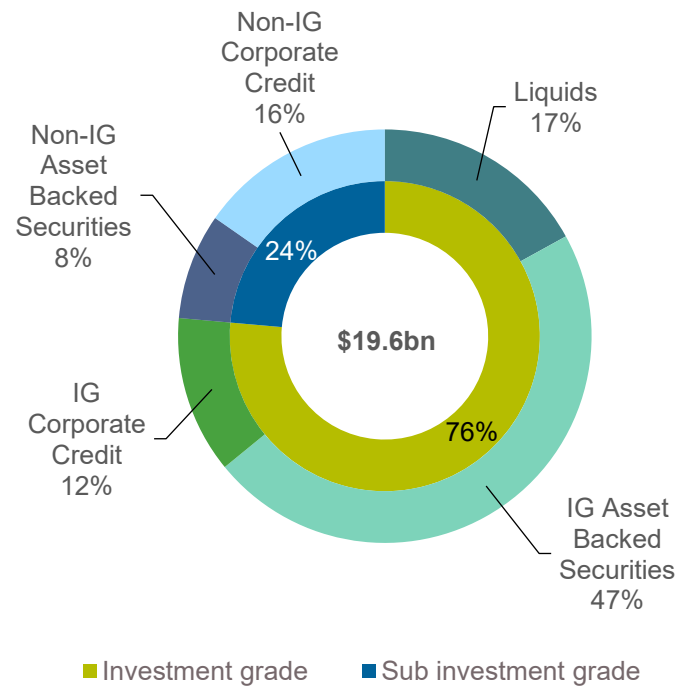
Fixed income portfolio by sector¹



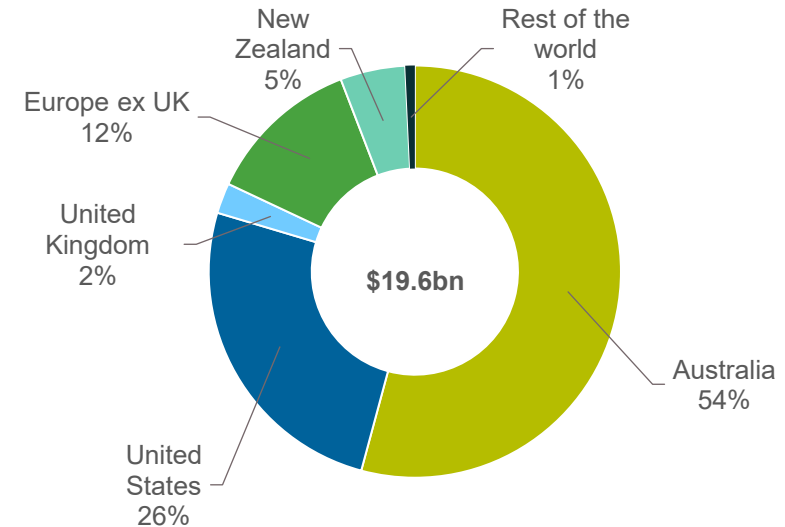
Fixed income portfolio

Represents 74% of total portfolio of which 76% is investment grade¹

Fixed income portfolio by asset class¹



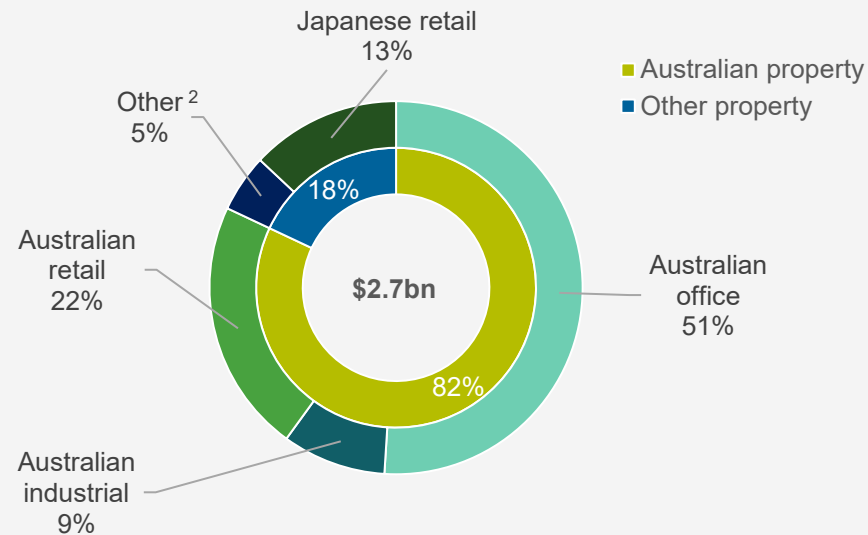
Fixed income portfolio by geography¹



Property portfolio

Represents 10% of portfolio | Defensive property portfolio with a focus on long-term income streams

Property portfolio¹



- Occupancy rate 90%
- Strong re-leasing activity with increasing rental income
- Long WALE 5.9 years
- 63% leases expiring FY30+

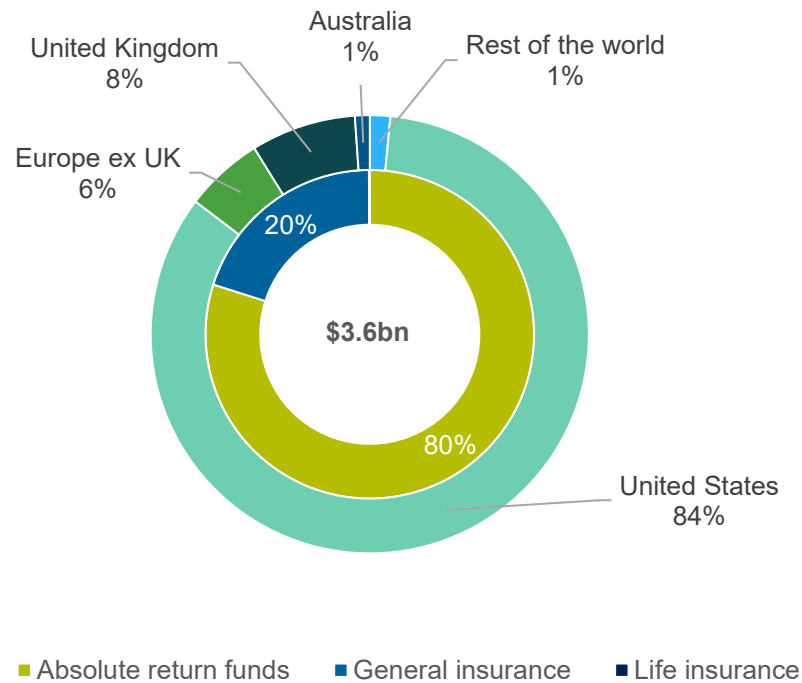
Key metrics	Australian office	Australian retail	Australian industrial	Japan
# properties	10	6	1	18
% of total portfolio ³	51%	22%	9%	13%
Rental income	~51% from Federal and State governments	~53% from convenience and essential service based tenants	-	~47% from supermarkets and pharmacies
WALE ⁴	5.7 years	4.6 years	5.5 years	8.7 years
Average cap rate ⁵	7.4%	6.3%	4.8%	4.9%

1. Property portfolio as at 31 December 2025.
2. Includes indirect property holdings and real estate funds in Australia (2%) and offshore (3%).
3. 5% of Other Property not included in this table.
4. Weighted Average Lease Expiry as at 31 December 2025. Assume tenants do not terminate leases prior to expiry of specified lease terms.
5. The movement reflects the change in cap rates between June-25 and December-25.

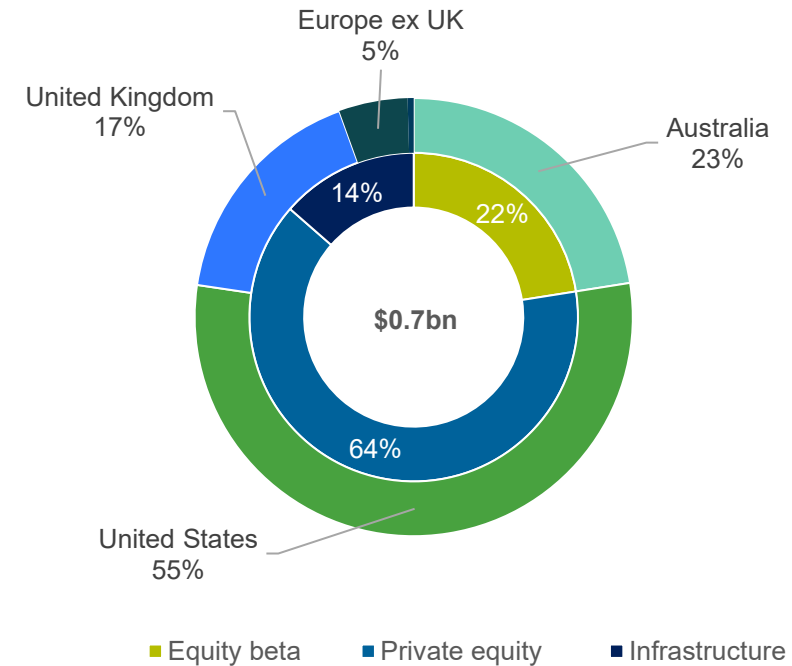
Alternatives and Equity & infrastructure portfolios

Alternatives 14% of portfolio | Equity and infrastructure 2% of portfolio

Alternatives portfolio¹



Equity and infrastructure portfolio¹



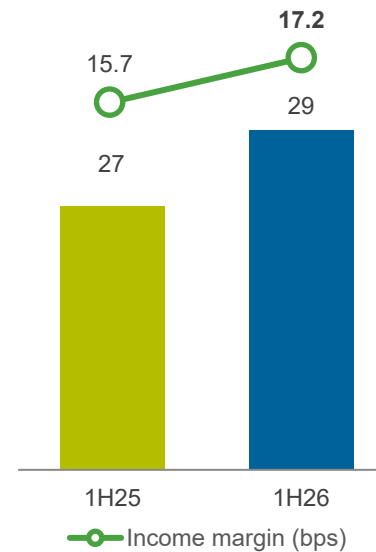
Funds Management performance

Earnings growth driven by operational efficiencies

	1H26	1H26 v 1H25
FUM-based income & transaction fees	\$96m	8%
Performance fees	\$1m	(80%)
Net income	\$97m	2%
Expenses	(\$54m)	(5%)
Normalised NPBT	\$42m	12%
Normalised Tax	(\$13m)	22%
Normalised NPAT	\$29m	7%
FUM-based margin	14.4bps	0.5bps
Income margin	17.2bps	1.5bps
Normalised ROE post-tax	16.2%	(1.6pp)
Cost to income ratio	56.2%	(3.8pp)
Average FUM ¹	\$111.6bn	(7%)

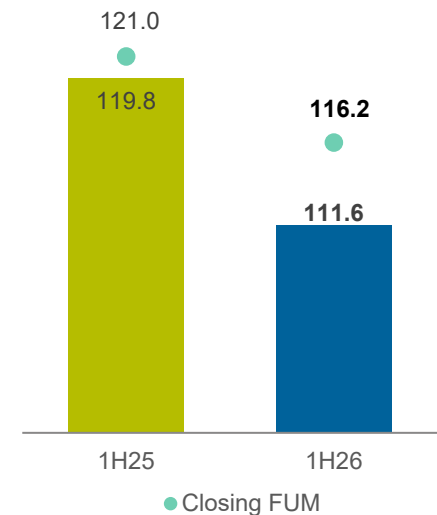
Normalised NPAT \$29m +7%

Net income +2%
Expenses -5%



Average FUM \$112bn -7%

Fidante \$94bn -8%
Challenger IM \$18bn +2%



FY26 guidance and targets

Reaffirming earnings guidance and targets under current prudential settings

Normalised Basic EPS guidance



66_{cps} to 72_{cps}

On track to achieve FY26 guidance with
1H26 Normalised Basic EPS of 33.3cps

Consistent through the cycle targets



Normalised ROE

RBA cash rate +12%
after tax¹

Cost to income ratio

32% to 34%

Dividend payout ratio

30% to 50%²

CLC PCA ratio

1.30x to 1.70x³

1. 1H26 Normalised ROE (post-tax) target of 10.7% being the RBA cash rate plus a margin of 12% less tax (equivalent to a Normalised ROE pre-tax target of 15.7% and assumes tax rate of ~31.4%).

2. Normalised dividend payout ratio represents dividend per share divided by normalised earnings per share (basic).

3. 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.

6

APRA capital standard changes

APRA capital standards consultation

Creating the settings for a more innovative and competitive retirement income market |
Significant benefit to retirees

APRA objectives

Potential impacts

1

Ensuring capital requirements for life insurers are not a disincentive to the development and competitive pricing of annuity products

2

Maintaining the financial resilience of life insurers

3

Improving alignment with comparable peer jurisdictions



**Improved
customer
outcomes**



**Capital
resilience**



**Excess
capital to
create
strategic
optionality**



**Platform
for growth**

APRA's proposed capital standard changes

Principles-based approach to the illiquidity premium

	CURRENT STANDARDS	PROPOSED STANDARDS
Illiquidity premium (ILP) formula	Standard ILP = 33% x (A-rated yield 3-year – CGS ¹ yield 3-year)	Advanced ILP = Spread on ILP reference portfolio less Risk allowance (greater of either cost of default and downgrades or 45% of long-term average spread)
Benchmark / reference portfolio	3-year Australian A-rated spreads	Single reference index or weighted average of up to 3 indices ²
Long-term rate implementation	10-years	Last point insurer can achieve cashflow matching
Long-term (ultimate) rate	20 bps	Subject to a cap of 50 bps
Cap	150 bps	No cap during cashflow matching period
Asset Risk Charge – Credit Spread Stress (LPS 114 change)	30 bps increase in ILP in first 10 years	Portion of the increase in ILP to flow through to credit spread stress charge in LPS 114
Cashflow matching requirement	Not applicable	Cumulative cashflow test with Appointed Actuary attestation

1. Commonwealth Government Securities.

2. Can include international indices. Must be corporate or government bond index rated by APRA-recognised rating agencies, calculated by independent provider, published daily.

APRA capital standard changes

A reminder of what to expect on Day 1

PCA Ratio – Current standards

1.58x

PCA Ratio
31 December
2025



Pro forma PCA ratio – Proposed standards¹

Current tight spread
environment

1.74x

Pro forma PCA Ratio
31 December 2025



CLC total regulatory capital

CET1 stable as Standard ILP approach applies due to tight credit spread environment and risk allowance floor of 45%



PCA requirement

Lower Asset Risk Charge driven by increase in liability offset within credit spread stress charge

If spreads matched
long-term
average spreads

1.82x

Pro forma PCA Ratio
31 December 2025



CLC total regulatory capital

CET1 would increase in a normalised credit spread environment as Advanced ILP approach would apply

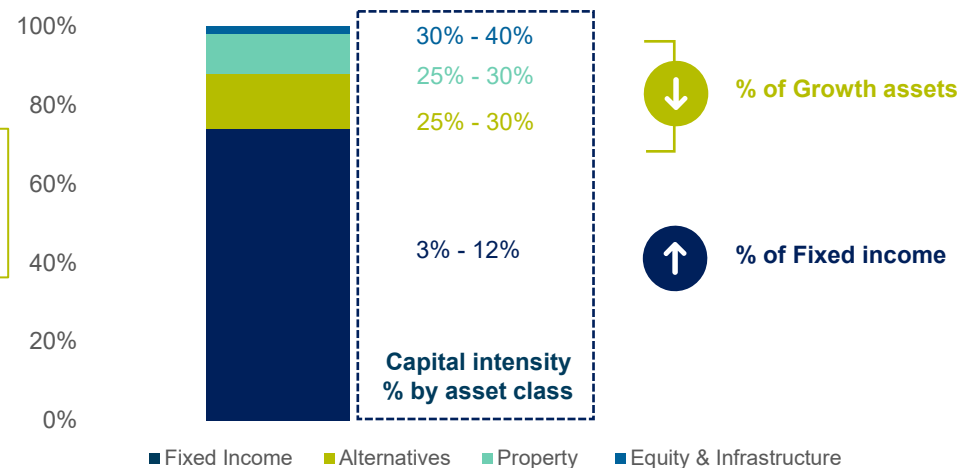
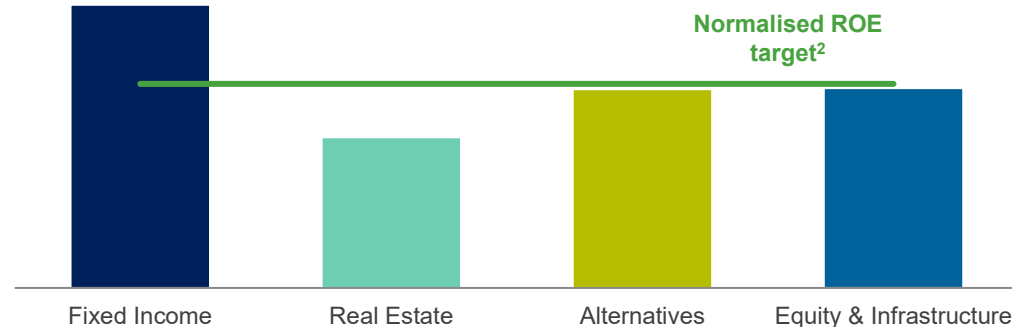


PCA requirement

Lower Asset Risk Charge driven by increase in liability offset within credit spread stress charge

APRA capital standard changes

What to expect over time – building blocks of shareholder value



Directional change in building blocks of shareholder value

Spread income

Low volatility and steady growth



Fee income

High growth, capital light



Investment gains

Variable but positive through cycle

Lower volatility expected due to lower allocation to growth assets

Principal investments

Group balance sheet investments

Offshore reinsurance

ROE and EPS

Less capital intensive



Appendix

Additional background information

Assumed application of draft capital standards

As at 31 December 2025

Item	Comment
Standard Illiquidity Premium	Illiquidity Premium: 0.25% (Yrs 0-10); 0.20% (Yr 10+)
Advanced Illiquidity Premium	
Reference Index	Bloomberg US Corporate Statistics Index (LUACSTAT) Credit spread = 0.78%
Risk Allowance	Long-term LUACSTAT spread = 1.29% (based on year 1990 onwards) Risk allowance = 45% x 1.29% = 0.58%
Illiquidity Premium	0.78% - 0.58% = 0.20% (subject to a floor of the Standard Illiquidity Premium) <u>Standard Illiquidity Premium dominates over the first 10 years, with Advanced Illiquidity Premium dominating beyond that point</u>
Long-term illiquidity premium implementation period	Maximum cashflow matching term = 30 years Advanced Illiquidity Premium cap of 0.50% after 30 years does not apply at 31 December 2025
Asset Risk Charge (LPS 114)	Calculation based on the credit ratings of index constituents Average credit spread increase of index = 1.37% Credit spread increase with LPS 114 Adjustment Factors = 0.81%
Products included	All illiquid products including lifetime and fixed term annuities

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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 2026 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 2026 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 2026 Interim Financial Report was not subject to independent review by Ernst & Young.

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