



Financial Results
2022

challenger 

16 August 2022

Overview

Building a more diversified business and meeting more customer needs



Business performance

Nick Hamilton – Managing Director and Chief Executive Officer



Financial results

Rachel Grimes AM – Chief Financial Officer



Strategy and financial outlook

Nick Hamilton – Managing Director and Chief Executive Officer

Highlights

Strong financial result with shareholder returns increasing

Building a more diversified business and meeting more customer needs



Financial performance

Towards upper end of guidance range and strongly capitalised
Normalised ROE and dividend growth



Operating performance

Strong Life and annuity sales
Broadening customer and product reach to meet more customer needs



Macro environment impact

Investment markets resulting in unrealised investment experience
Rising interest rates supportive for Life sales, margin and ROE



Executing growth strategy

Building a more diversified business and meeting more customer needs
Strategic partnerships to build long-term growth

Business performance

Nick Hamilton
Managing Director & Chief Executive Officer



Financial performance

Strong financial result with shareholder returns increasing

Normalised NPBT

\$472m

▲ 19%

Towards upper end of guidance range

Statutory NPAT

\$254m

▼ 57%

Investment experience
-\$81m post-tax

Group AUM

\$99bn

▼ 10%

Life AUM +3%
Funds Management FUM -12%
from markets and outflows

Group Reg. Capital

1.68x

CLC PCA ratio 1.60x¹

Strong Group capital position
Towards top of 1.3x to 1.7x
target range²

Life sales

\$9.7bn

▲ 40%

Strong Life sales and
annuity sales

Group ROE

11.9%

▲ 70bps

Earnings growth
Above ROE target ex. Bank³

Dividend

23.0cps

▲ 15%

In-line with payout policy

FY22 – 30 June 2022

1. Challenger Life Company (CLC) PCA ratio represents CLC total Tier 1 and Tier 2 regulatory capital base divided by the Prescribed Capital Amount (PCA).
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 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.
3. Normalised ROE (pre tax) target of RBA cash rate (FY22 average: 0.2 per cent) plus a margin of 12 per cent. Excluding the Bank, Normalised ROE would have been 12.5% and above target (12.2%).

Operating highlights

Building a more diversified business and meeting more customer needs

One Challenger

challenger 

Brand

- ✓ Leading retirement brand
- ✓ Fidante brand refresh
- ✓ CIPAM rebrand
Challenger Investment Management
- ✓ MyLife MyFinance rebrand
Challenger Bank



Capability

- ✓ New market-linked lifetime annuity
- ✓ New FM products
- ✓ Fidante – Zenith Distributor of the year¹
- ✓ Establishing Bank lending capability



Customers

- ✓ New Customer division
- ✓ Institutional partnerships focus
- ✓ New Bank deposit distribution channels



Partnerships

- ✓ New FM affiliates
- ✓ MS&AD
- ✓ Apollo
- ✓ SimCorp

FY22 – 30 June 2022

1. Fidante awarded 2021 Zenith Investment Partners 'Distributor of the year'.

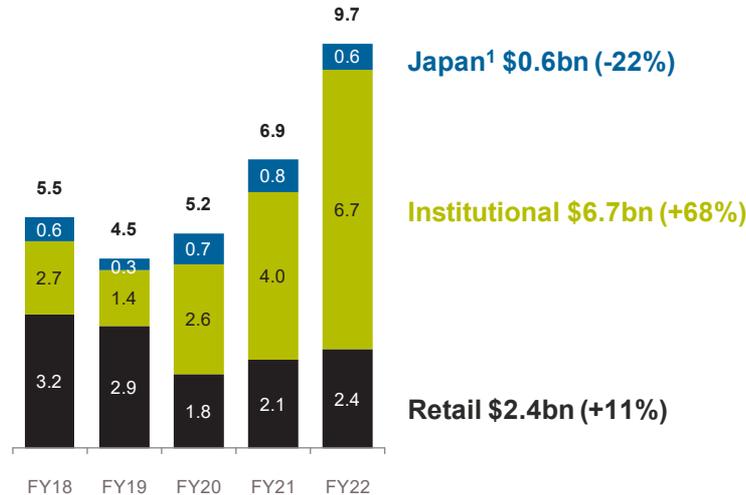
Life sales and book growth

Strong sales driving book growth

Life and annuity sales (\$bn)

Life sales \$9.7bn +40%

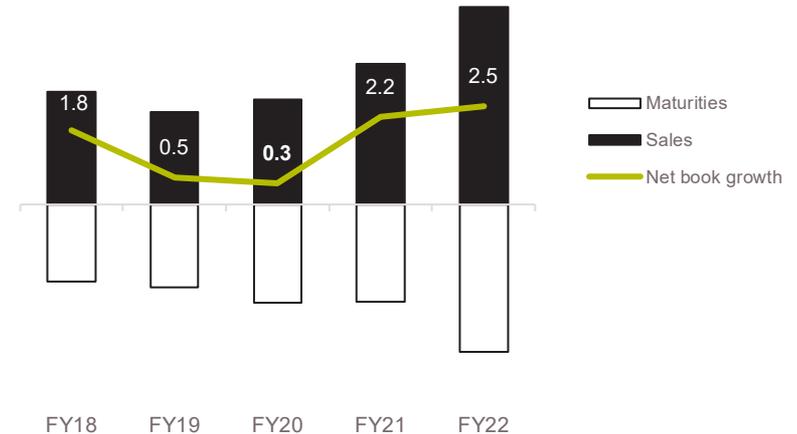
Annuity sales \$5.1bn +12%



Life book growth (\$bn)

Total Life net flows +\$2.5bn (+14% book growth)

Annuity net flows +\$1.1bn net flows (+8% book growth)



FY22 – 30 June 2022

1. Under the reinsurance arrangement, MS Primary provides Challenger an amount of reinsurance, across both Australian and US dollar denominated annuities, of at least ¥50b (~A\$590m based on FY22 average exchange rate calculated on a monthly basis) per year for a minimum of five years. This is subject to review in the event of a material adverse change for either MS Primary or Challenger.

Macro environment

Higher interest rates supportive for sales, margin and ROE

Rising interest rates

Positive for annuity rates¹



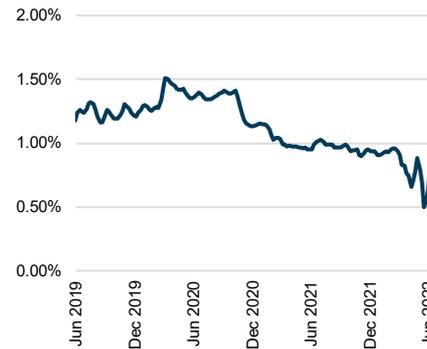
3-YEAR ANNUITY RATE

4.30%³

▲290bps since start of FY22

Higher annuity rates

Opportunity to manage funding cost²



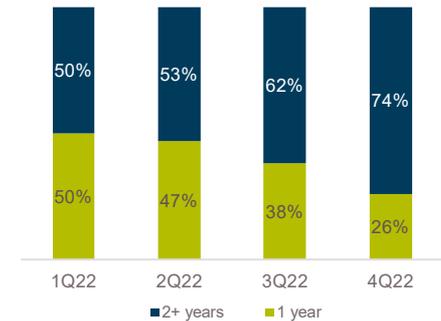
3-YEAR FUNDING RATE

~70bps³

▼~20bps on FY22⁴

Steeper yield curve

Extend product tenor⁵



NEW BUSINESS TERM SALES

2 years+ 74%

▲24ppt Q422 vs 1Q22

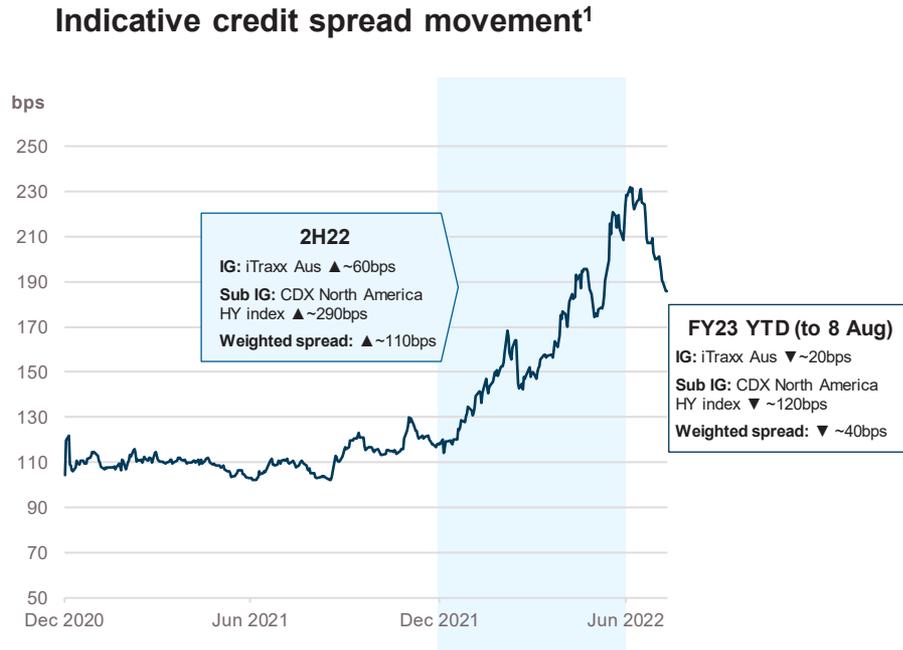
FY22 – 30 June 2022

1. 3-year term annuity rate and 3-year swap rates.
 2. 3-month rolling 3-year term annuity rate versus 3-year swap rate.
 3. As at 15 August 2022.

4. FY22 average 3-year funding rate of ~90bps.
 5. Quarterly new business term annuity sales by tenor excluding reinvestments.
 New business represents 58% of FY22 new sales.

Macro environment

Unrealised investment experience from credit spread expansion Challenger remains strongly capitalised



- Credit spread expansion results in unrealised mark-to-market investment losses
- Fixed income investment experience consistent with Life P&L sensitivities
- More defensive portfolio settings in place – no need to de-risk portfolio
- Remain strongly capitalised – 1.60x PCA²
- Credit spreads contracted in July 2022
- Wider credit spreads supportive for new business margins

FY22 – 30 June 2022

1. Credit spread movement calculated using the investment grade iTraxx Australia index and sub-investment grade CDX North America High Yield index weighted for fixed income portfolio's mix of investment grade/sub-investment grade.
2. Challenger Life Company (CLC) PCA ratio represents CLC total Tier 1 and Tier 2 regulatory capital base divided by the Prescribed Capital Amount (PCA)..

Funds Management

Leading platform with diversified asset classes and managers

Leading active manager platform



Diversified across asset classes

Equities 38%; Fixed income 55%; Alternatives 7%

Market leading domestic distribution

2021 Zenith Distributor of the Year

New affiliates

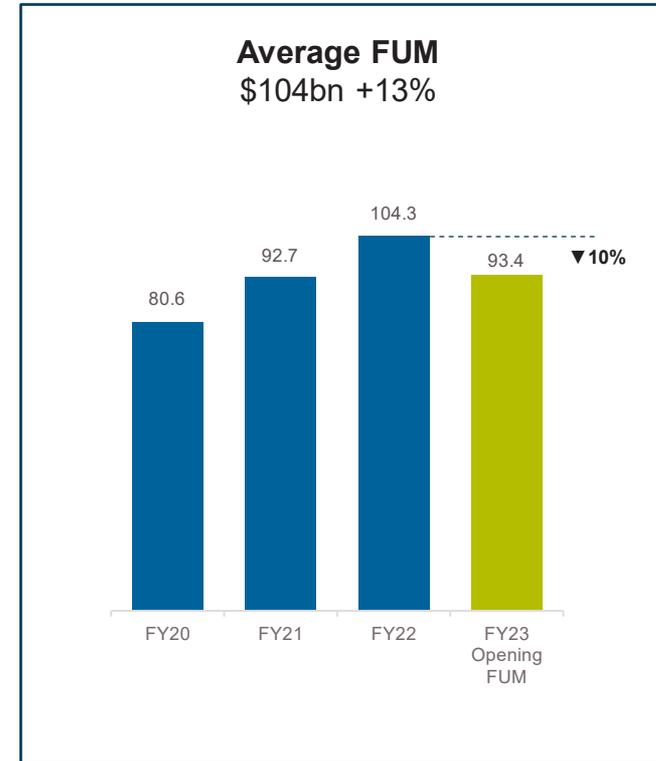


Award-winning investment strategies¹



Strong pipeline

Strong affiliate and new product pipeline



FY22 – 30 June 2022

1. Bentham Global Income Fund – Morningstar Australasia Awards, Fund Manager of the Year – Fixed Interest (2022); Greencape Broadcap Fund – Financial Standard Investment Leadership Awards, Australian Equities – Active Core (2022); Ardea Real Outcome Fund – Financial Standard Investment Leadership Awards, Fixed Income – Aggregate Bonds (2022); Alphinity Sustainable Share Fund – Financial Standard Investment Leadership Awards, ESG – Australian Equities (2022).

Strategic partnerships

Enabling growth to core activities

MS&AD

MS&AD Insurance Group

#1 Japanese general insurer

- ✓ MS Primary annuity sales above target¹
- ✓ MS Primary Japanese real estate mandate
- ✓ Supporting product development

APOLLO

Global alternative asset manager

- ✓ Investment program established providing Life investment opportunities
- ✓ Joint product collaboration underway
- ✓ JV progress
 - 50% Challenger; 50% Apollo
 - Shareholder agreement signed
 - Establishing business structure

SimCorp

Leading investment management solutions provider

- ✓ Board established with independent Chair
- ✓ Discussions with potential clients underway
- ✓ Targeting operational in 1H23

FY22 – 30 June 2022

1. Under the reinsurance arrangement, MS Primary provides Challenger an amount of reinsurance, across both Australian and US dollar denominated annuities, of at least ¥50b (~A\$590m based on FY22 average exchange rate calculated on a monthly basis) per year for a minimum of five years. This is subject to review in the event of a material adverse change for either MS Primary or Challenger.

Financial results

Rachel Grimes AM
Chief Financial Officer



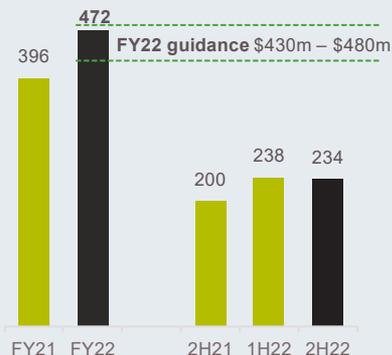
Group snapshot

Normalised profit towards upper end of guidance range

	FY22	Change
Net income	\$777m	14%
Expenses	(\$301m)	7%
EBIT	\$476m	19%
Interest & borrowing	(\$4m)	-18%
Normalised NPBT	\$472m	19%
Normalised tax	(\$151m)	29%
Normalised NPAT¹	\$321m	15%
Investment experience	(\$81m)	-126%
Significant items	\$14m	n.a
Statutory NPAT¹	\$254m	-57%
Group AUM	\$99bn	-10%
Normalised EPS	47.6cps	+15%
Normalised ROE ²	11.9%	+70bps
Dividend	23.0cps	+15%

Normalised NPBT \$472m +19%

Life \$472m +18%
FM \$83m +17%
Bank (\$11m)
Corporate (\$72m) +3%



Normalised ROE 11.9% +70bps

FY22 target 12.2%²
ROE excluding Bank 12.5%³



FY22 – 30 June 2022

1. Normalised profit framework and a reconciliation to statutory net profit after tax is disclosed in the 2022 Annual Report – Operating and Financial Review.

2. Normalised ROE (pre tax) target of RBA cash rate (FY22 average: 0.2 per cent) plus a margin of 12 per cent.

3. FY22 Normalised ROE (pre tax) excluding Bank is calculated by dividing FY22 Normalised NPBT excluding Bank (\$483m) by FY22 Average Net Assets excluding Bank (\$3,874m).

EBIT up 19%

Earnings growth driven by average AUM growth and stable margins
Strong expense management

Income \$777m +14%

Average AUM +14%
Life COE¹ \$583m +14%

Average FUM +13%
FM net income \$192m +13%

Bank deposit book \$228m
Bank net income \$2m

Expenses \$301m +7%
+2% ex. Bank



Personnel \$205m +14%

- Higher FTE driven by Bank
- lower annual leave taken

Other \$96m -5%

Cost ratio 38.7% -250bps



2H22 37.1% excluding Bank

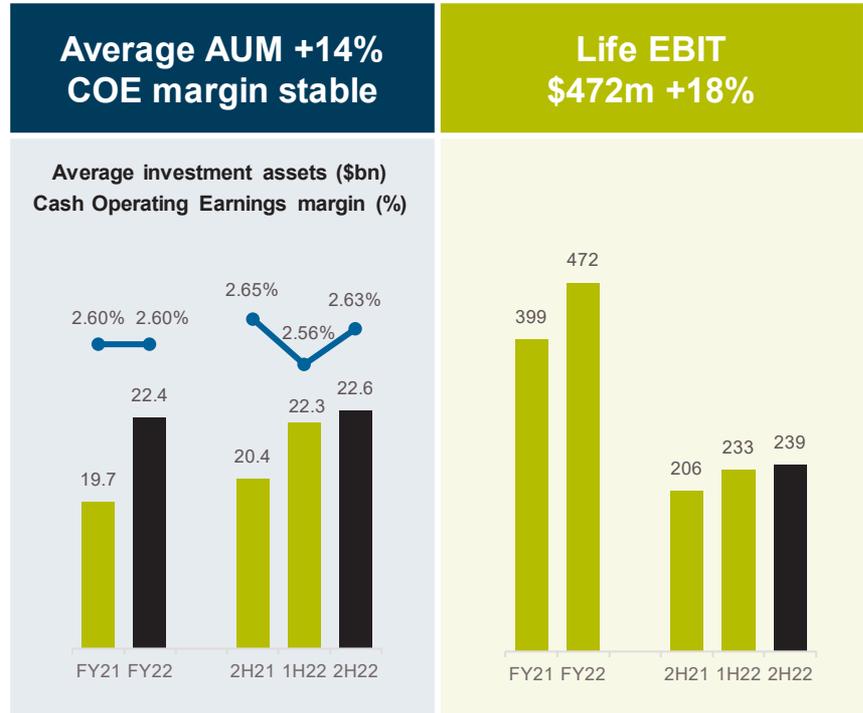
FY22 – 30 June 2022

1. Normalised Cash Operating Earnings (COE).

Life performance

Strong sales and stable margin

- ✓ Life sales \$9.7bn +40%
Annuity sales \$5.1bn +12%
- ✓ Life book growth +14%
Annuity book growth +8%
- ✓ Cash Operating Earnings \$583m +14%
Cash Operating Earnings margin 2.60%
- ✓ Expenses \$111m -3%
EBIT \$472m +18%
- ✗ Investment experience pre-tax -\$115m
Driven by 4Q22 investment markets
- ✓ PCA ratio¹ 1.60x
Significant capital flexibility



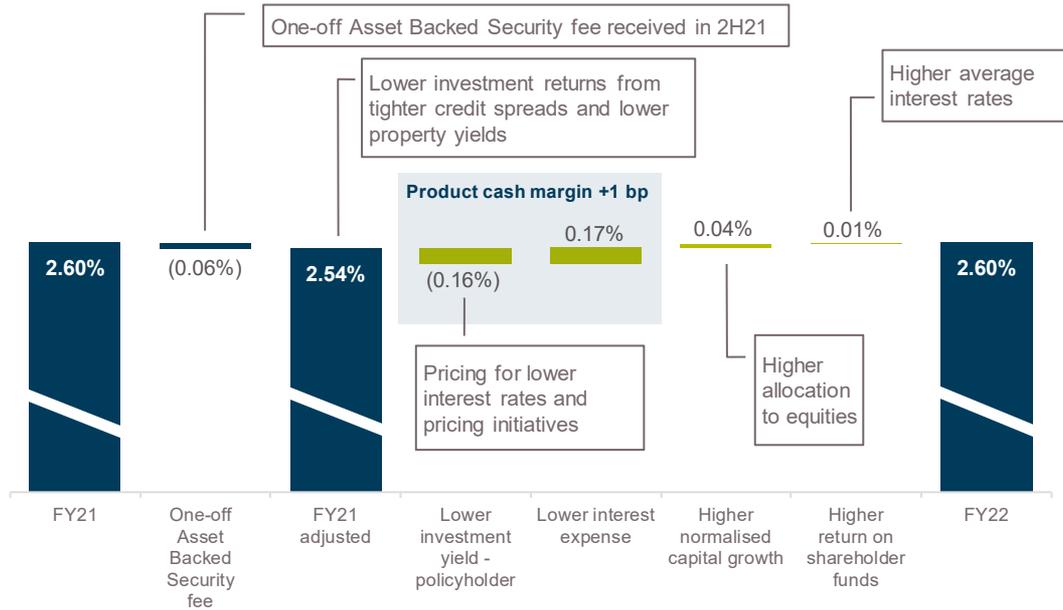
FY22 – 30 June 2022

1. Challenger Life Company (CLC) PCA ratio represents CLC total Tier 1 and Tier 2 regulatory capital base divided by the Prescribed Capital Amount (PCA).

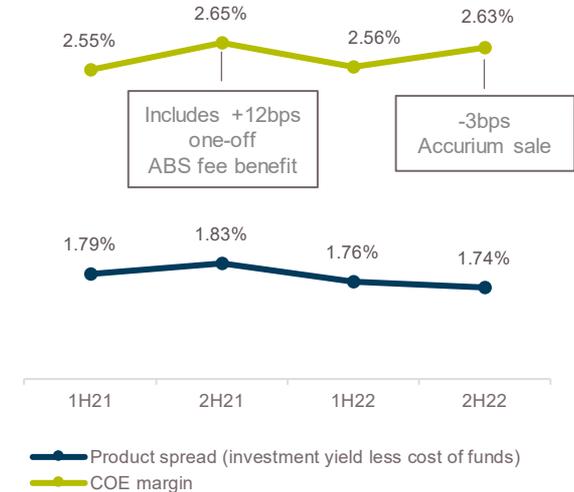
Life COE margin

Stable margin with lower investment yields offset through pricing

FY22 COE¹ margin stable



COE¹ margin and product spread²



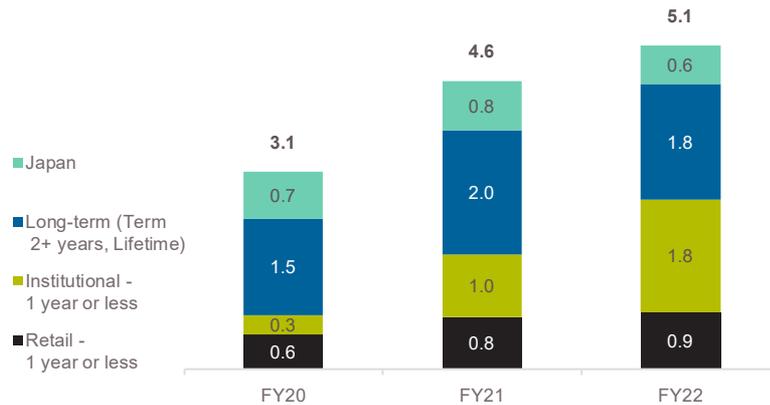
FY22 – 30 June 2022

1. Normalised Cash Operating Earnings (COE).
 2. Product spread represents investment yield (policyholder) less interest expense.

Life sales

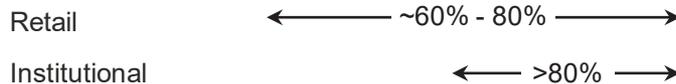
Strong institutional sales driving greater maturity rate
High reinvestment rate extends effective tenor

Life annuity sales by tenor (\$bn)¹



Maturity rate ²	24%	25%	28%
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1-year reinvestment rate³



Sales

- Benefiting from diversification strategy
- FY22 term annuity sales: 52% 1-year
- Shorter duration sales reflect flat yield curve (no premium for tenor) Q122 to Q322
- Duration extending as yield curve steepens (Q422: 74% new business term annuity sales 2+ years)

Maturities

- FY23 ~34% (\$5.2b, up \$1.2bn on FY22) – due to \$0.8bn increase in 1-year institutional sales in FY22
- FY23 Retail maturities 24%⁴
- Effective duration longer due to strong reinvestment rates

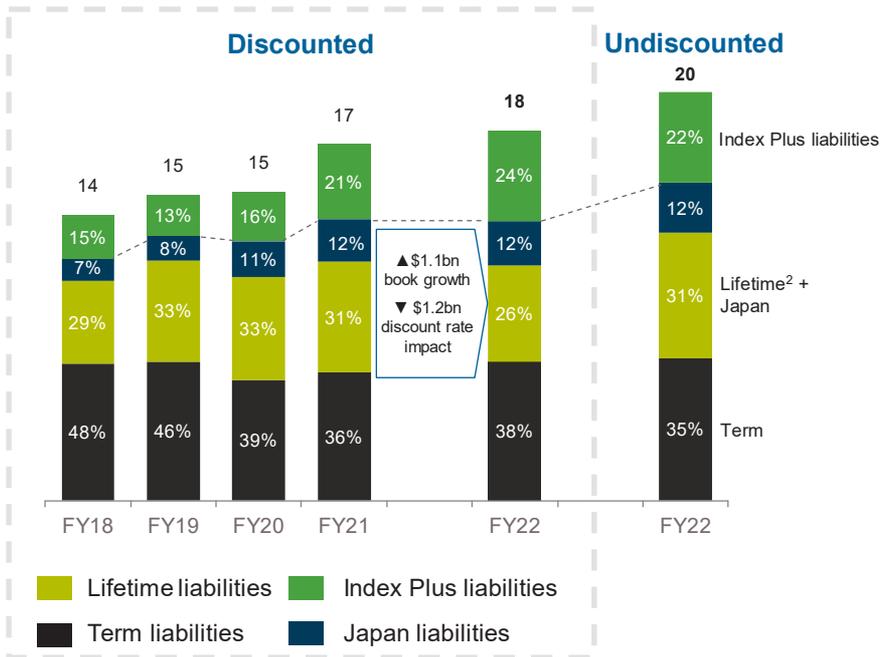
FY22 – 30 June 2022

1. Illustrative of impact of sales trends on maturity rate.
 2. Maturity rate represents the value of Life annuities maturing (undiscounted) in the following year as a proportion of total undiscounted Life annuity liabilities.
 3. Reinvestment rate represents the proportion of annuities maturing that are reinvested.
 4. Includes Japanese sales.

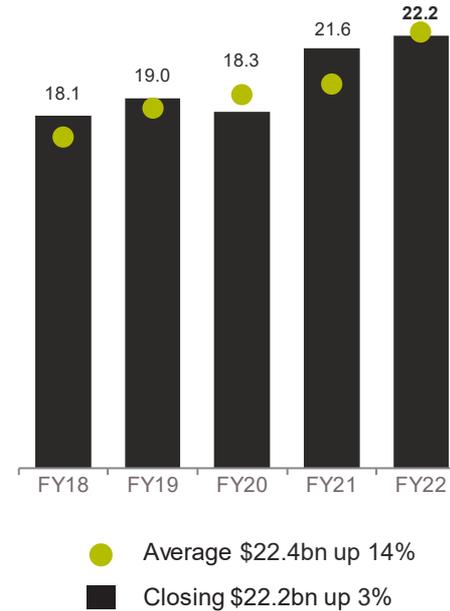
Life liabilities and assets

Strong sales driving asset growth

Life annuity and other liabilities (\$bn)¹



Life investment assets (\$bn)

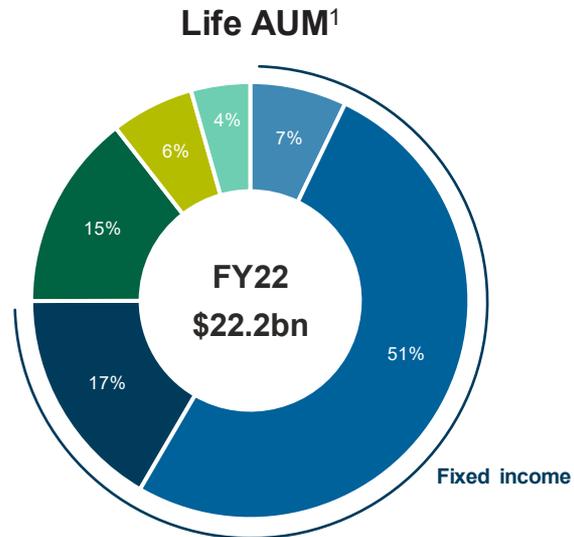


FY22 – 30 June 2022

1. Discounted Life annuity liabilities and Challenger Index Plus liabilities.
2. Lifetime liabilities item includes CarePlus, a product that pays income for life and is specifically designed for the aged care market.

Life investment assets

No material changes to portfolio settings



- Cash
- Fixed income (investment grade)
- Fixed income (sub investment grade)
- Property
- Alternatives
- Equities and infrastructure

Fixed income 75% down 1%

- Cash and investment grade² 58% down 2%
 - Represents 78% of fixed income (above 75% target)
- Sub-investment grade² 17%: up 1%

Property 15% down 1%

- 1 property sold with proceeds redeployed to other asset classes
- All properties independently valued in FY22

Alternatives 6% up 1%

- Increase in absolute return funds and general insurance

Equities and infrastructure 4% up 1%

- Increase in low beta investments

FY22 – 30 June 2022

1. All comparisons FY22 versus FY21.
2. Investment Grade (IG) represents BBB or higher.

Investment experience

Asset experience (-\$261m); Liability experience (+\$146m)

Investment Experience (pre-tax)

ASSET	Fixed income	-\$384m	Expansion in credit spreads, particularly in 4Q22 ¹ Valuation loss -\$434m; normalised growth +\$59m; Credit default experience ² -\$9m (-5bps)
	Property	\$153m	All properties independently valued Australian cap. rate tightened 31bps to 5.33% ³
	Equities & Infrastructure	-\$119m	Unrealised investment loss (-\$81m) in line with Australian dollar equity benchmarks
	Alternatives	\$89m	Strong absolute return fund gains (+11% p.a. post-distributions)
LIABILITY		\$146m	Illiquidity premium (+\$165m) New business strain (-\$42m) Other movements (+\$23m)
Total		-\$115m	-\$81m after tax

FY22 – 30 June 2022

1. Investment grade iTraxx Australia increased by ~60bps and sub-investment grade CDX North America High Yield index increased by ~290bps from 31 December 2021 to 30 June 2022.

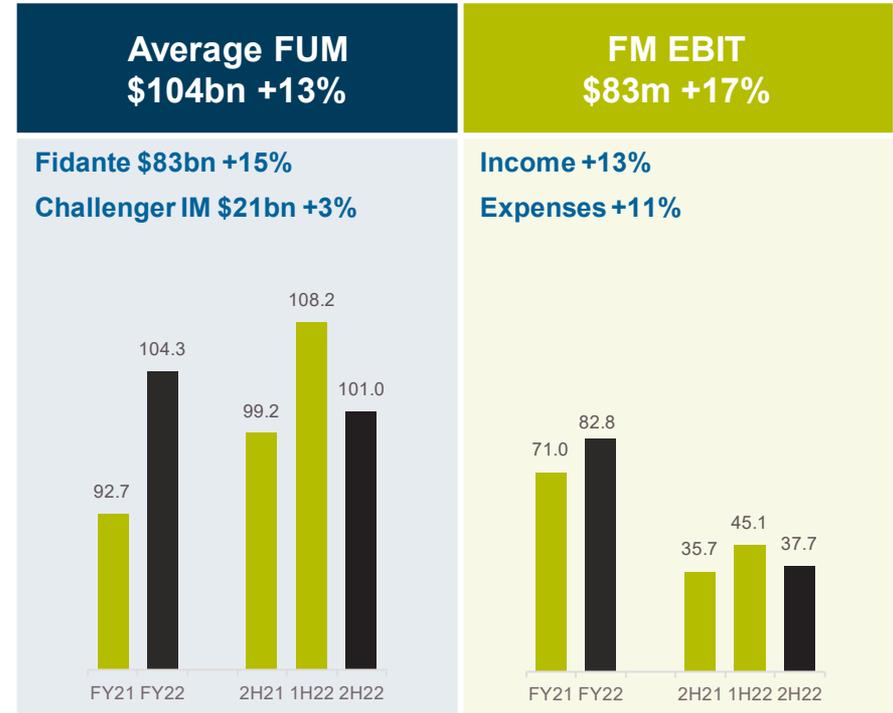
2. Credit default experience of -\$9m (-5bps) recognised in FY22 investment experience.

3. FY22 valuation movement for Australian direct property portfolio.

Funds Management performance

FUM growth and higher margins

- ✓ Average FUM \$104bn +13%
Net income \$192m +13%
- ✓ FUM based-income \$178m +18%
Performance & transaction fees \$14m -23%
- ✓ Income margin 18bps +0.1bps
FUM-based margin 17bps +0.8bps
- ✗ Expenses +11% – investing for growth
- ✓ EBIT \$83m +17%
- ✓ ROE 31.2% +350bps
- ✓ Superior investment performance¹



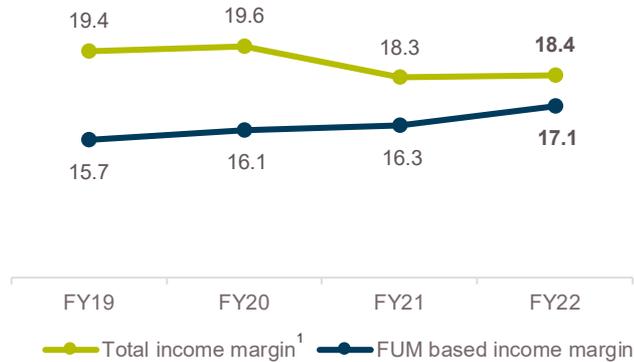
FY22 – 30 June 2022

1. 98% of FUM outperforming benchmark over 3-year period.

Funds Management

Higher margins

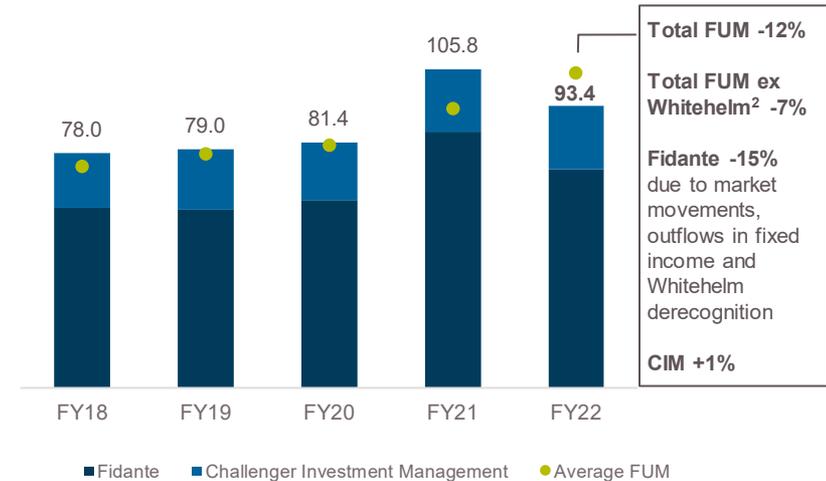
Funds Management income margin (bps)



FUM-based margin +0.8bps reflecting change in product mix, including higher margin retail business

Total income margin +0.1bps from higher FUM-based income¹ offset by lower performance and transaction fees

Funds Under Management (\$bn)



FUM decline -12%

Equities -5%

Fixed income -10%

Alternatives and Other -40%

FY22 – 30 June 2022

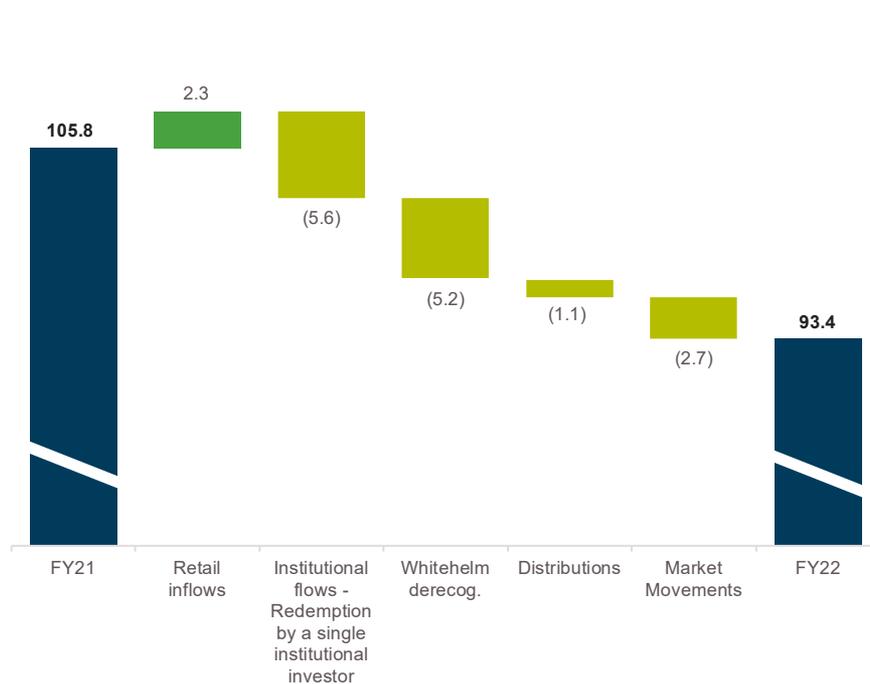
1. FUM-based income includes net income excluding performance and transaction fees.

2. In February 2022 Whitehelm Capital (Whitehelm) was sold and \$5.2bn of FUM was derecognised. Fidante continues to distribute Whitehelm products to retail clients.

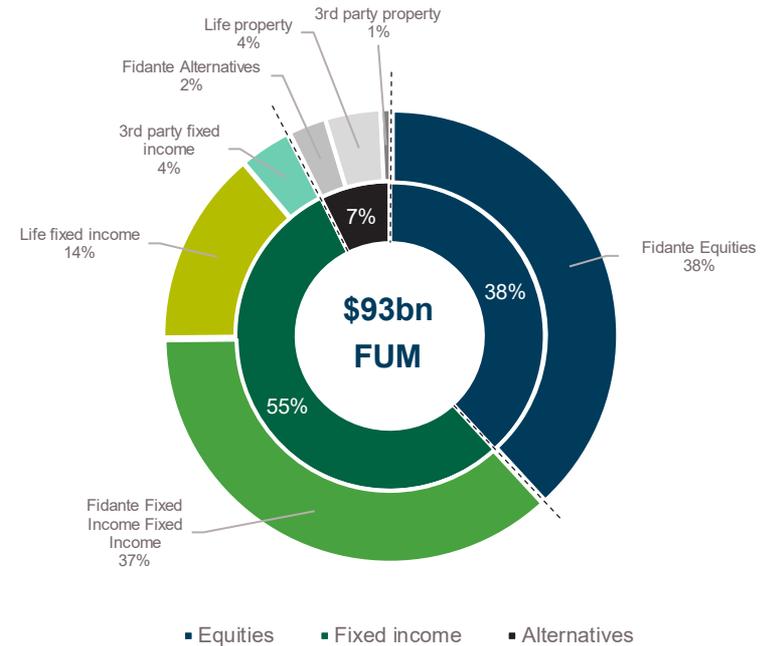
Funds Management

Markets and derecognition of Whitehelm Capital impacting FUM
Well positioned with diversified model

Funds Under Management (\$bn)



Diversified asset mix



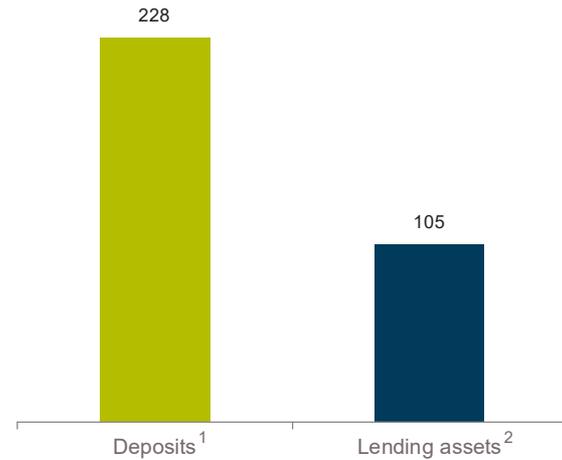
FY22 – 30 June 2022

Bank performance

Strategic review commenced

- ✓ Deposit sales \$219m
- Net interest income \$2m
NIM 0.93%
- ✗ Expenses (\$13m)
- ✗ EBIT (\$11m) – Breakeven not achieved in FY22
- Term deposit book \$163m

Deposit book¹ and
Lending assets² (\$m)



FY22 – 30 June 2022

1. Deposits includes At Call accounts and Term Deposits.
2. Excludes Cash and cash equivalents and Fixed income securities.

Capital management

Strongly capitalised

Strongly capitalised

Challenger Group capital position

1.68x

Group minimum regulatory requirement ratio (times)¹

Challenger Life Company PCA ratio^{2,3}

1.60x

PCA ratio range
1.30x to 1.70x⁴

Additional financial flexibility

S&P credit rating

Challenger Life 'A'

stable outlook

Challenger Limited 'BBB+'

stable outlook

Group debt

Nil

\$400m undrawn facility

FY22 – 30 June 2022

1. Group Minimum Regulatory Requirement (MRR) ratio represents total regulatory capital base divided by Challenger Group regulatory capital requirement.

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

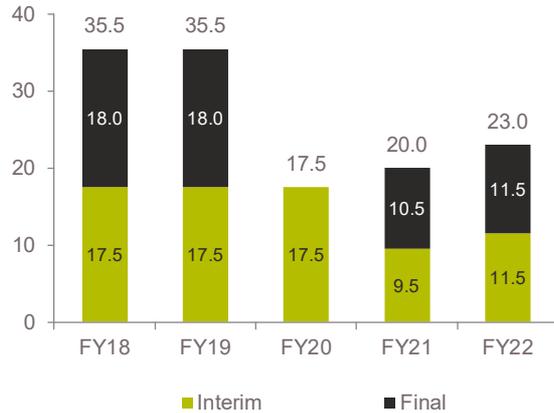
3. As at 30 June 2022.

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 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.

Dividend

Increasing and within payout guidance range

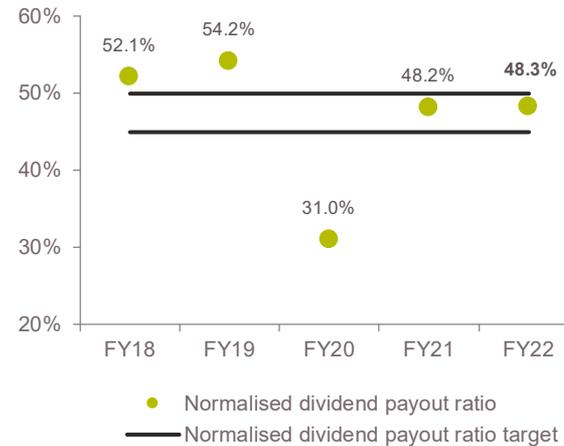
Fully franked dividends (cps)



FY22 total dividend 23.0cps +15%

2H22 11.5cps stable on 1H22

Dividend payout ratio¹



Dividend payout ratio 48.3%

Within target payout ratio range 45% to 50%

FY22 – 30 June 2022

1. Normalised dividend payout ratio based on normalised EPS.

Strategy and financial outlook

Nick Hamilton
Managing Director & Chief Executive Officer



Business well positioned

Competitive advantages and tailwinds supporting growth

Challenger competitive advantages

Strong brands	Leading origination and investment capability	Exceptional distribution footprint	Investment operations excellence	Highly capable and engaged team
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Supportive long-term tailwinds

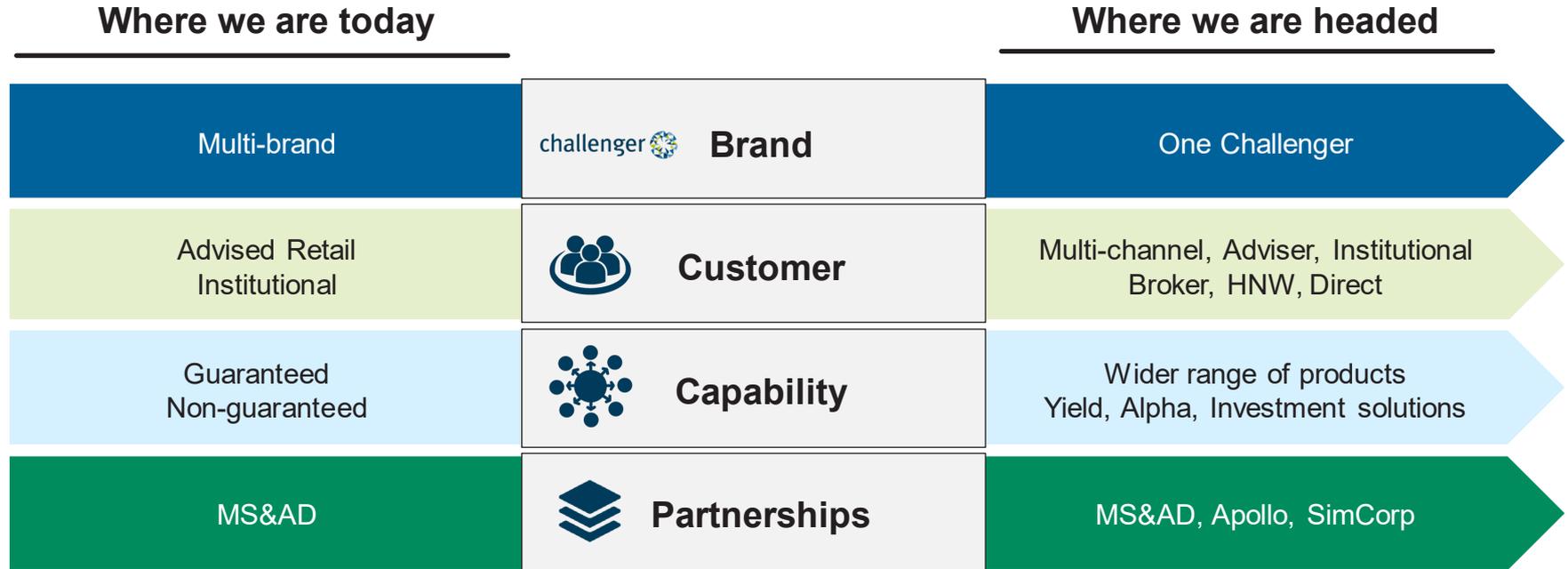
 World class accumulation system Assets to triple over next 20 years ¹	 Significant wealth transfer Intergenerational wealth driving demand	 Supportive macro environment Rising interest rates and credit spreads normalising	 Investors seeking yield Both guaranteed and non-guaranteed income	 Active management Benefits in periods of higher market volatility
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FY22 – 30 June 2022

1. Deloitte Dynamics of the Australian Superannuation System: The Next 20 Years to 2041.

Challenger growth strategy

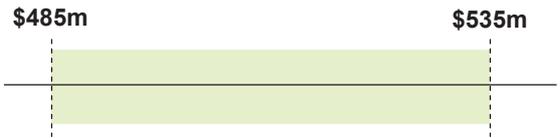
Building a more diversified business and meeting more customer needs



FY23 guidance and targets

Earnings to benefit from a higher rate environment

Continue to remain disciplined on costs

NORMALISED NET PROFIT BEFORE TAX GUIDANCE	 <p>A horizontal bar chart with a light green bar. The left end is marked with a vertical dashed line and labeled '\$485m'. The right end is marked with a vertical dashed line and labeled '\$535m'. A horizontal line runs through the center of the bar.</p>	Guidance considerations Life: COE margin increasing FM: Opening FUM 10% lower than FY22 average ¹ Bank: ~\$10m EBIT loss – Commenced strategic review Expenses: 5% to 6% growth
TARGETS	Normalised pre-tax ROE target Dividend payout ratio CLC² excess regulatory capital	RBA cash rate plus margin of 12% Expected to be below target in FY23 due to Bank 45% to 50% normalised dividend payout ratio ^{3,4} Strongly capitalised within 1.30x to 1.70x PCA target range ⁵

FY22 – 30 June 2022

1. Opening Funds Under Management (FUM) 10% lower than FY22 average FUM
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 Life Company Limited (CLC).
5. CLC maintains a target level of capital representing APRA's Prescribed Capital Amount (PCA) plus a target surplus and does not target a fixed PCA ratio. The target PCA ratio range is currently 1.30 times to 1.70 times with a preferred operating level of 1.60 times.

Highlights

Strong financial result with shareholder returns increasing

Building a more diversified business and meeting more customer needs



Financial performance

Towards upper end of guidance range and strongly capitalised
Normalised ROE and dividend growth



Operating performance

Strong Life and annuity sales
Broadening customer and product reach to meet more customer needs



Macro environment impact

Investment markets resulting in unrealised investment experience
Rising interest rates supportive for Life sales, margin and ROE



Executing growth strategy

Building a more diversified business and meeting more customer needs
Strategic partnerships to build long-term growth

Appendix

**Additional background
information**

Appendix

Providing our customers with financial security for a better retirement

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Corporate purpose and strategy

Building a more diversified business to meet more customer needs

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

Broaden
customer access
across multiple
channels

Leverage the
combined
capabilities of
the group

Expand the range of
financial products
and services for a
better retirement

Strengthen
resilience and
sustainability of
Challenger

I ACT values



Act with
integrity



Aim high



Collaborate



Think
customer

Challenger overview

Providing customers with financial security for a better retirement

Challenger Limited (ASX:CGF)¹

Life

challenger 

#1 Australian retirement
income business²

Guaranteed³ retirement income products
Japanese reinsurance partner
Longevity risk transfer business
APRA⁴ regulated

Funds Management

fidante challenger 

One of Australia's largest
active fund managers⁵

Fidante
Affiliate investment manager platform
Challenger Investment Management
Originates and manages assets for Life
and third-party clients

Bank

challenger 

Australian-based digital
banking platform

Offers range of saving and lending products
Broadens product and distribution reach

Customer division focused on meeting the needs of more customers

Strategic partnerships

Centralised functions

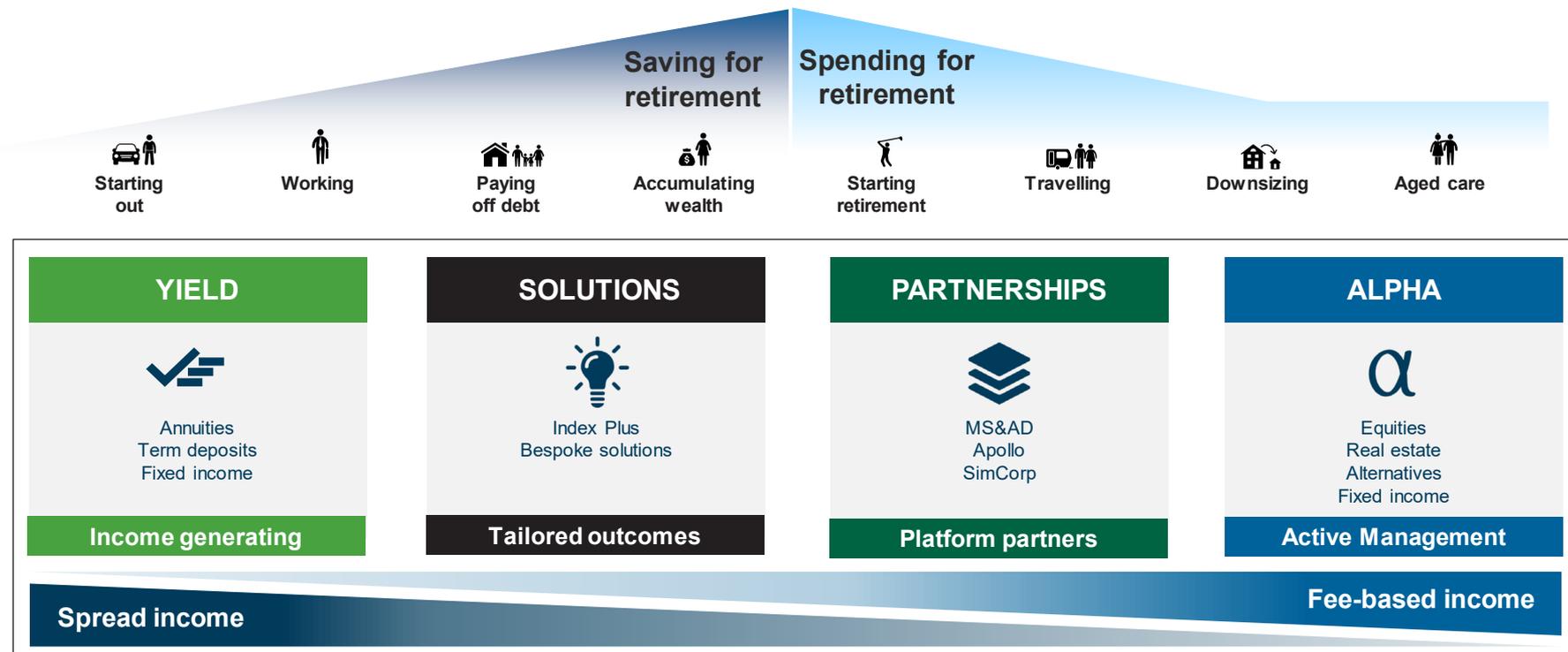
FY22 – 30 June 2022

1. Australian Securities Exchange (ASX) and trades under code CGF.
2. Plan for Life – March 2022 – based on annuities under administration.
3. The word 'guaranteed' means payments are guaranteed by Challenger Life Company Limited (CLC) from assets of its relevant statutory fund.

5. Australian Prudential Regulation Authority (APRA).
6. Calculated from Rainmaker Roundup, March 2022 data.

Meeting the needs of more customers

Through yield, alpha, solutions and partnerships



FY22 – 30 June 2022

Australian superannuation system

Attractive market with long-term structural drivers

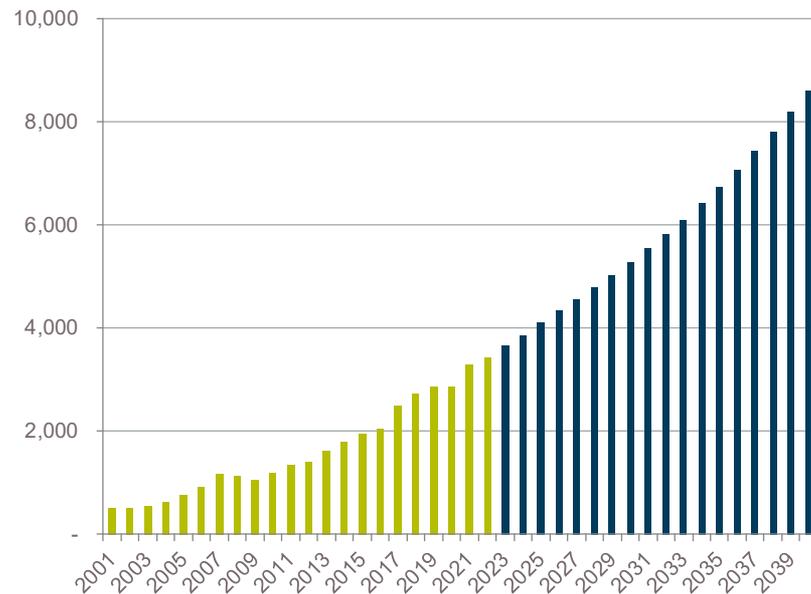
Market growth supported by

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

Resulting in

- 11% CAGR growth over last 20 years¹
- 5th largest global pension market¹
- Assets expected to increase from \$3.4 trillion² to \$9.2 trillion over next 20 years³

Australian superannuation growth^{2,3} (\$bn)



FY22 – 30 June 2022

1. Willis Towers Watson Global Pension Assets Study 2022.

2. APRA Quarterly Superannuation Performance as at March 2022

3. Deloitte Dynamics of the Australian Superannuation System: The Next 20 Years to 2041.

Australian superannuation system

Attractive market with long-term structural drivers

Pre-retirement (superannuation savings) phase

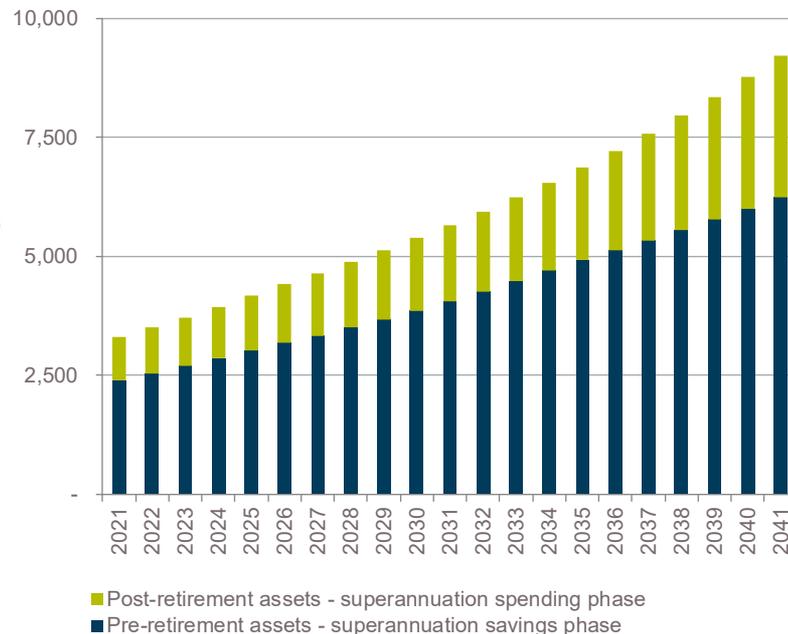
- Funds Management target market
- Supported by mandated and increasing contributions

Post-retirement (superannuation spending) phase

- Life target market and supported by
 - ageing demographics
 - rising superannuation savings
 - Government and industry enhancing retirement phase

Annual transfer from pre- to post-retirement phase ~\$76bn¹ per year

Projected superannuation assets² (\$bn)

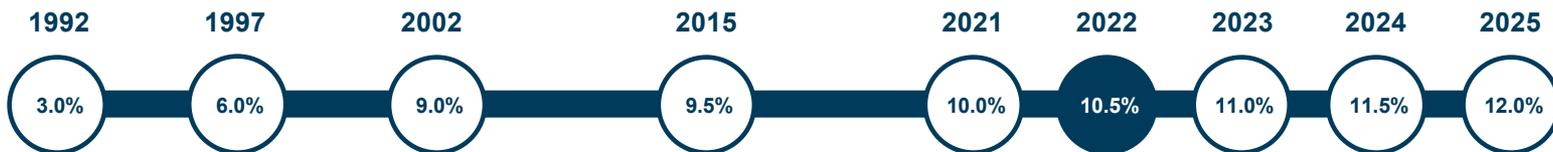


Australian superannuation system

Attractive market with long-term structural drivers

Mandatory and increasing contributions – increasing from 10.5% to 12.0%¹

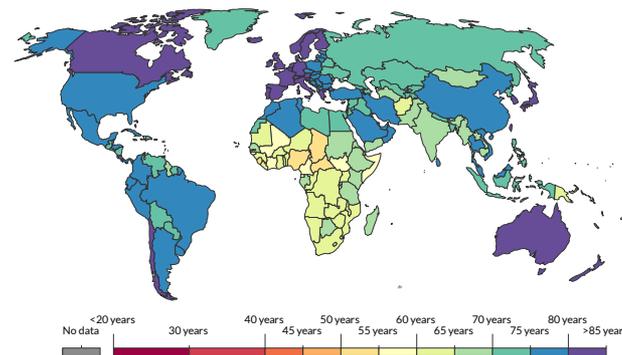
Superannuation Guarantee contribution rate¹



Demographics

- Ageing population
- Medical and mortality improvements increasing longevity

Australians have one of world's longest life expectancies²



Number of Australians over 65 increasing³

+28% over next 10 years

+47% over next 20 years

FY22 – 30 June 2022

1. Percentage of gross wages required to be contributed to superannuation. Contribution rate increased to 10.5% on 1 July 2022 and increases by 0.5% per annum until reaching 12% in 2025.

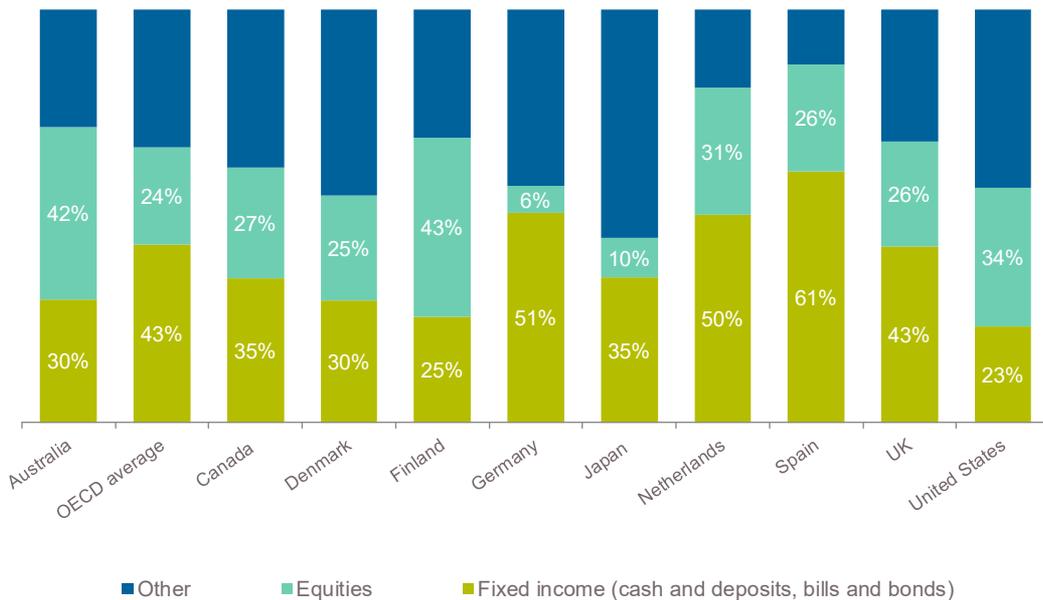
2. World Health Organisation.

3. Australian Bureau of Statistics population projections (Cat No. 3222.0 Series B middle projections).

Australian superannuation system

High allocation to equities and low allocation to fixed income

Australia has low fixed income and high equity allocations¹



Fixed income allocation

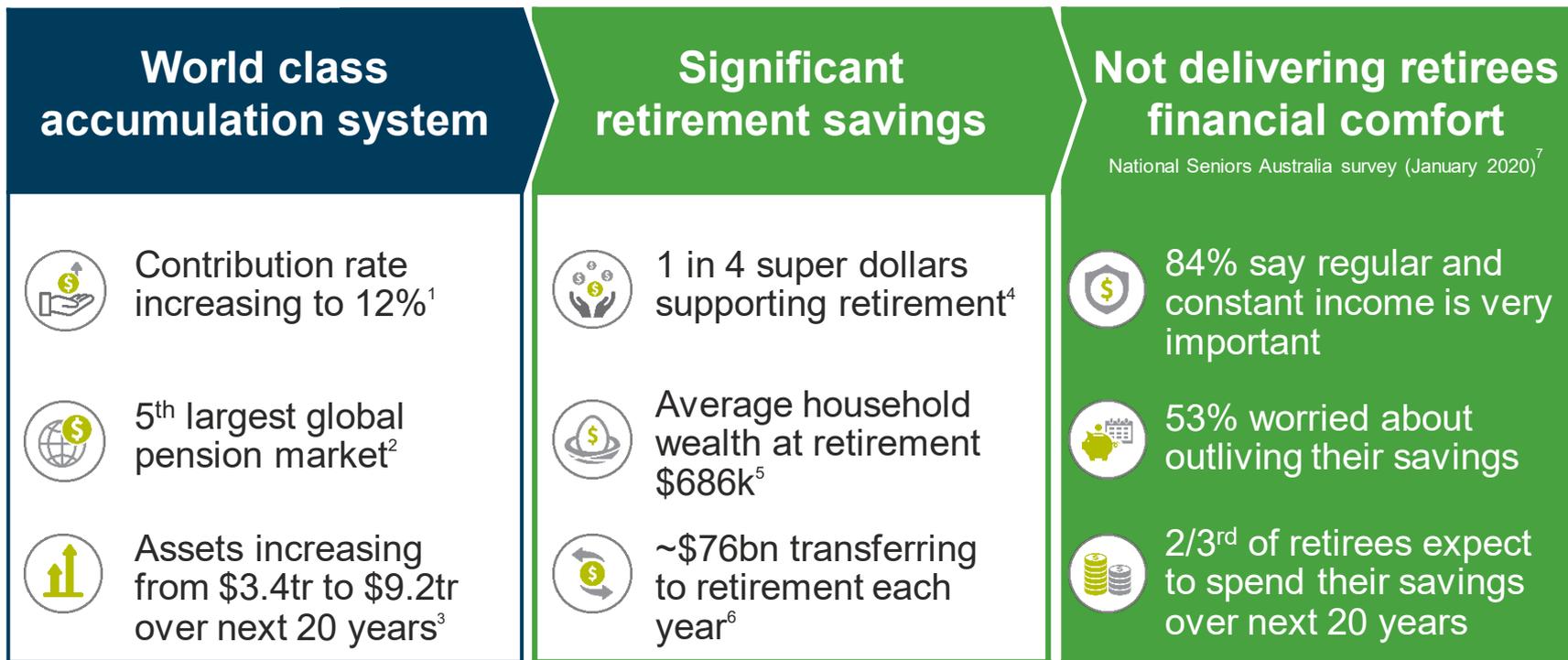
- Australia 30%
- OECD average 43%

Equities allocation

- Australia 42%
- OECD average 24%

Australian superannuation system

World class accumulation system with significant retirement savings



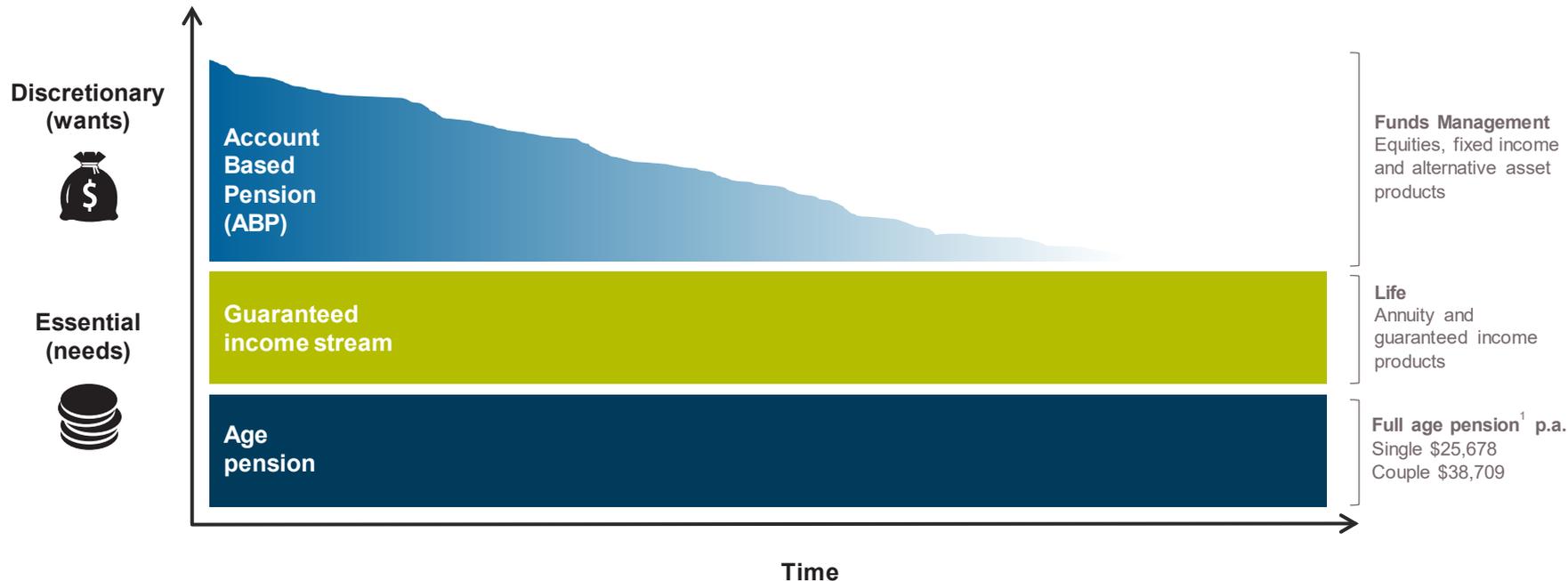
FY22 – 30 June 2022

1. Increased to 10.5% on 1 July 2022 and increases by 0.5% p.a. until reaching 12% on 1 July 2025.
 2. Willis Towers Watson Global Pension Study 2022.
 3. Deloitte Dynamics of the Australian Superannuation System: The Next 20 Years to 2041.
 4. Based on APRA and ATO data.

5. Australian Bureau of Statistics. Includes superannuation and non-superannuation assets and excludes the family home.
 6. Based on Taxation Statistics 2019-20 from Australian Taxation Office.
 7. <https://nationalseniors.com.au/research/retirement/retirement-income-worry-who-worries-and-why>

Retirement phase of superannuation

Combining products provides better outcomes for retirees



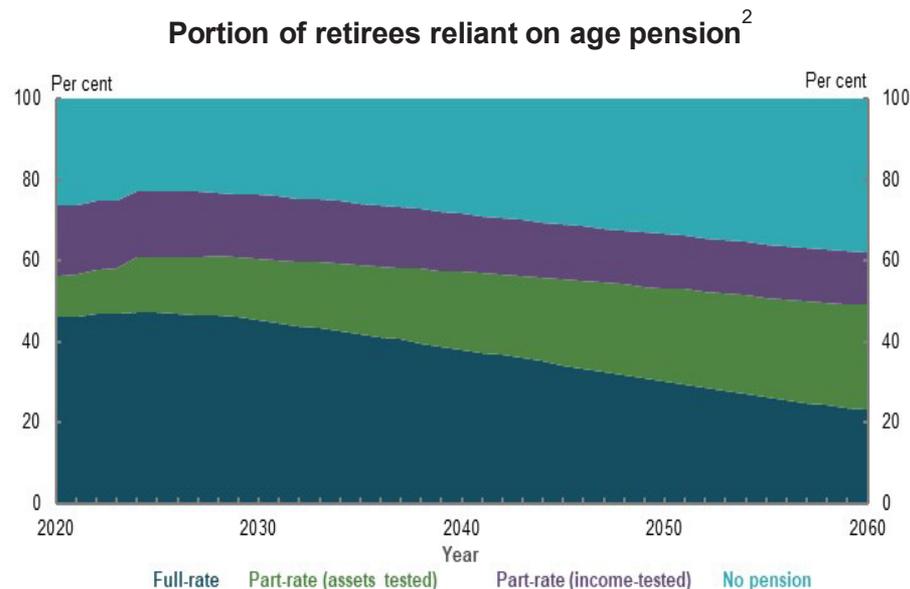
FY22 – 30 June 2022

1. Australian Government Department of Human Services and current as at 6 June 2022.

Retirement phase of superannuation

Superannuation starting to reduce reliance on age pension

- Average household wealth at retirement \$686,000 (excluding family home)
- Age pension subject to assets and income tests
- 2.6m Australians receiving some age pension support
- Portion of retirees on full age pension expected to reduce to 2060
- Super system increasingly supplementing or substituting age pension



Note: Includes service, carer and disability pensioners. Source: Treasury estimates for the review using MARIA.

Overview of age pension system

Social safety net for those unable to support themselves

- Qualification age 66.5 (increasing to 67¹)
- Age pension based on lower outcome under assets and income tests
- Many retirees move from assets to income test through retirement
- Different age pension outcomes when products held in combination (e.g. Lifetime Annuity with an ABP³)

Maximum age pension rates ²			Per fortnight	Per annum	
			Single	\$987.60	\$25,678
			Couple	\$1,488.80	\$38,709
Assets test ⁴			Income test		
Asset limits before pension starts to reduce			Income limits before pension starts to reduce (p.a.)		
	Homeowner	Non-homeowner			
Single	\$280,000	\$504,500	Single	\$4,940	
Couple	\$419,000	\$643,500	Couple	\$8,736	
Taper rate – age pension reduces by \$78 (p.a.) per \$1,000 of assets above these thresholds			Taper rate – age pension reduces by \$500 (p.a.) per \$1,000 of income above these thresholds		
Asset limit where pension reduces to nil			Income limit where pension reduces to nil (p.a.)		
	Homeowner	Non-homeowner			
Single	\$609,250	\$833,750	Single	\$56,295	
Couple	\$915,500	\$1,140,000	Couple	\$86,154	

FY22 – 30 June 2022

1. Age Pension eligibility age increasing to age 67 on 1 July 2023.

2. Centrelink rates and thresholds current as at 1 July 2022.

3. Account Based Pension (ABP).

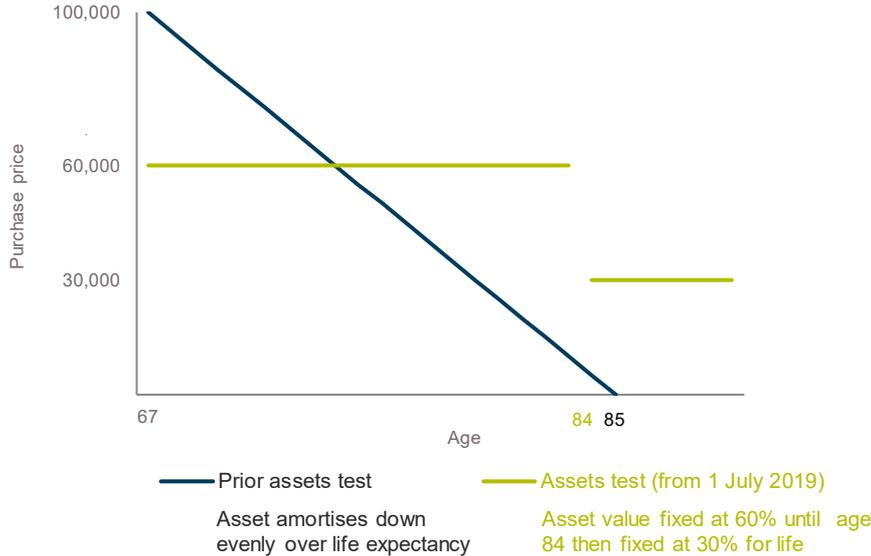
4. Assets test excludes the family home.

Government enhancing post-retirement phase

New means test rules for lifetime income products commenced 1 July 2019

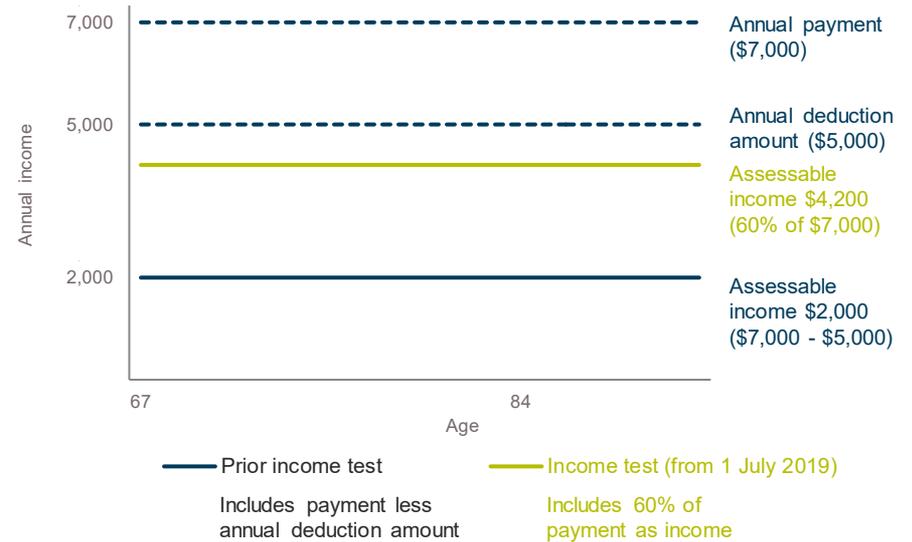
Pension assets test

Example - \$100,000 lifetime income stream purchase price at age 67 (male)



Pension income test

Example - \$100,000 lifetime income stream paying \$7,000 per year



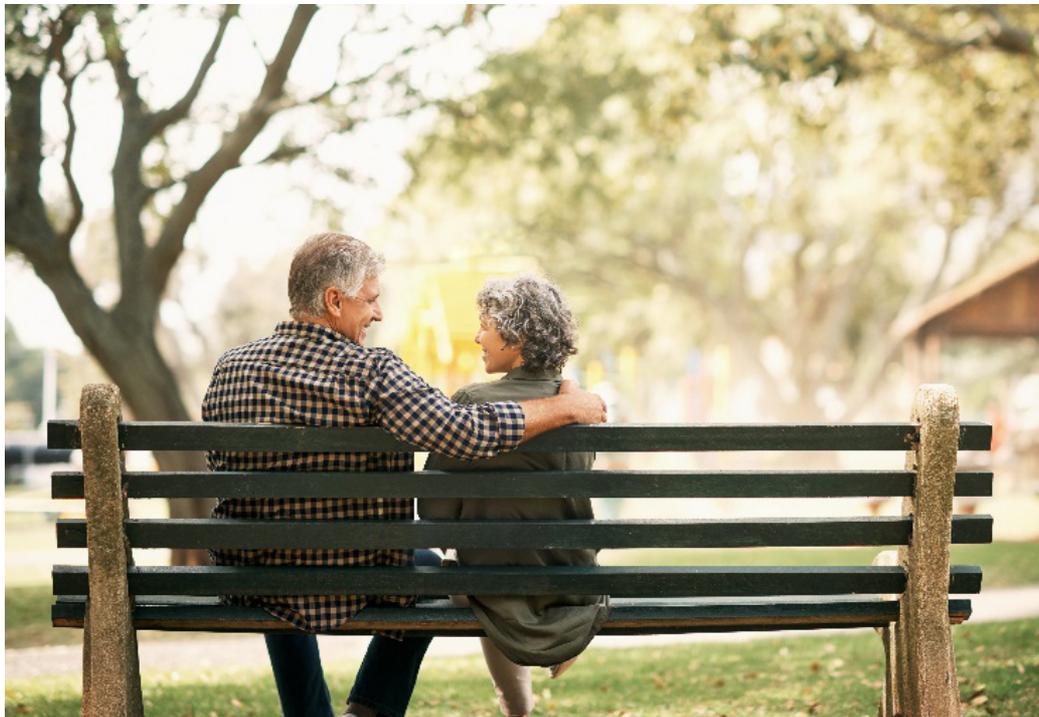
Retirement income strategies – combined products

Enhances income and provides longevity and inflation protection

Case study

Jenny and John

- Homeowning couple
- \$600,000 of super (in addition to family home)
- 67 years old
- Approaching retirement
- Target income \$65,445¹ p.a.
- Status quo 100% ABP²
- Combined product
 - 70% ABP²; and
 - 30% Lifetime Annuity³



FY22 – 30 June 2022

1. Based on ASFA's retirement standards March quarter 2022 for a couple (comfortable).

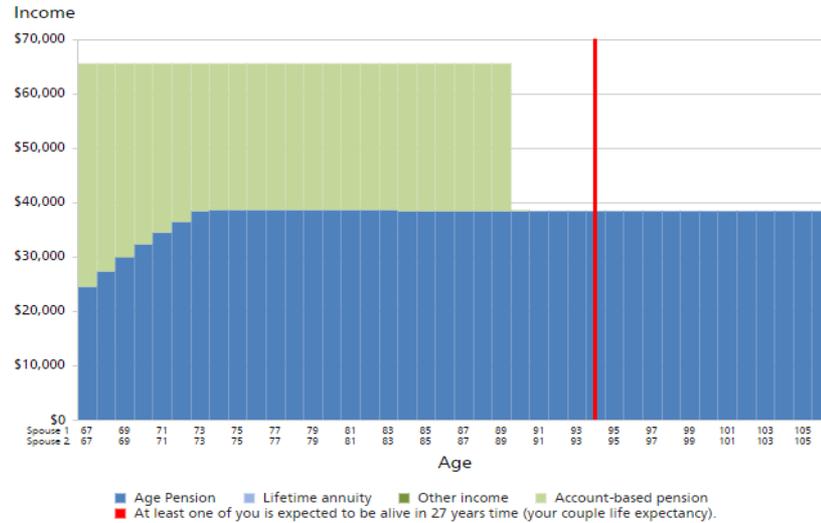
2. Account Based Pension (ABP).

3. Applying means test rules for lifetime income products that took effect from 1 July 2019.

Retirement income strategies – combined products

Enhances income and provides longevity and inflation protection

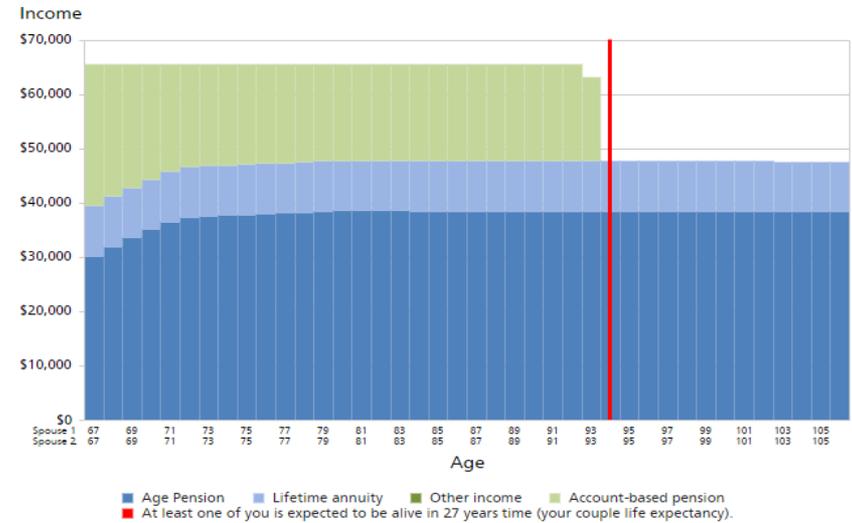
Case study – Jenny and John 100% Account Based Pension (ABP)



All values are shown in today's dollars

- Provides \$65,445 p.a. until age 90 then \$38k p.a. thereafter
- 50% chance one is alive at age 94

Combined product (70% Account Based Pension; 30% Lifetime Annuity)



All values are shown in today's dollars

- Provides \$65,445 p.a. until age 92 then \$47k p.a. thereafter
- Income at least as good as 100% ABP – better the longer you live

FY22 – 30 June 2022

Assumptions – 1. Applying means test rules for lifetime income products that took effect from 1 July 2019; 2. 67 year old couple, homeowners, \$300,000 each in super (\$600,000 combined) drawing \$65,445 per annum; 3. Account Based Pension assumptions – Growth 4.8%, Defensive 2.20% (net of fees); 4. Lifetime Annuity – Flexible income option, CPI indexation, monthly payments. Portfolio allocation of 50% growth / 50% defensive; 5. Challenger annuity pricing as at July 2022; 6. Centrelink rates and thresholds as at 1 July 2022.

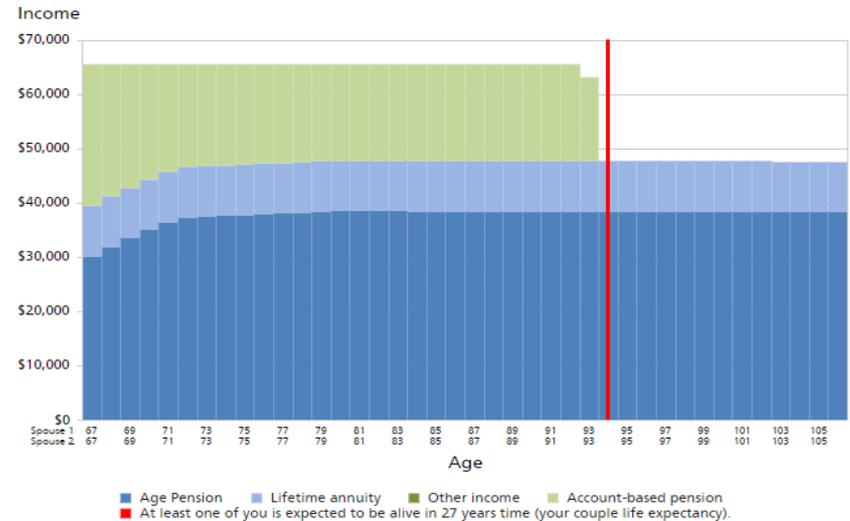
Retirement income strategies – combined products

Enhances income and provides longevity and inflation protection

Income from combined product enhanced through

1. mortality credits
2. interaction with age pension
3. growth assets left to grow
4. likely annuity outperformance against defensive alternatives

**Combined product
(70% Account Based Pension; 30% Lifetime Annuity)**



All values are shown in today's dollars

- Provides \$65,445 p.a. until age 92 then \$47k p.a. thereafter
- Income at least as good as 100% ABP – better the longer you live

FY22 – 30 June 2022

Assumptions – 1. Applying means test rules for lifetime income products that took effect from 1 July 2019; 2. 67 year old couple, homeowners, \$300,000 each in super (\$600,000 combined) drawing \$65,445 per annum; 3. Account Based Pension assumptions – Growth 4.8%, Defensive 2.20% (net of fees); 4. Lifetime Annuity – Flexible income option, CPI indexation, monthly payments. Portfolio allocation of 50% growth / 50% defensive; 5. Challenger annuity pricing as at July 2022; 6. Centrelink rates and thresholds as at 1 July 2022.

MS&AD strategic relationship

Diversifying and increasing access to Japanese market

Strategic relationship with MS&AD Group

- Increases access to Japanese market through MS&AD
- Opportunities for both Challenger and MS&AD
- Broadens Challenger's existing Japanese footprint

MS&AD shareholding in Challenger

- Shareholding ~15%¹
- Representative (and an alternate) joined Challenger Board
- MS&AD remains committed to its strategic relationship and being a major Challenger shareholder²



FY22 – 30 June 2022

1. Shareholding as at 30 June 2022.

2. MS&AD reserves the right to change its intentions and to acquire, dispose and vote Challenger shares as it sees fit.

MS Primary annuity relationship

Diversifying and increasing access to Japanese market

MS Primary

- MS&AD subsidiary
 - leading provider of foreign currency life products in Japan
 - extensive distribution footprint via bancassurance channel

MS Primary annuity relationship

- Reinsurance agreements with MS Primary covering A\$ and US\$ 20 year term annuity, and A\$ lifetime annuity
- A\$ reinsurance commenced November 2016
- Expanded reinsurance to include US\$ term annuity¹
 - commenced 1 July 2019
 - at least ¥50 billion (~A\$530 million) in total A\$ and US\$ sales per year for minimum of five years²
 - provides reliable and diversified sales contribution

Mitsui Sumitomo Primary Life Insurance

MS&AD INSURANCE GROUP

Product overview

Term annuities – A\$ and US\$

- Australian and US dollar single premium product
- Whole-of-life product with annuity payment period of 3, 5, 7, 10, 15 or 20 years plus benefit payable on death
- Product provides insurance (whole-of-life) – provided by MS Primary at end of 20 year fixed annuity term
- Challenger providing fixed rate amortising annuity – MS Primary assumes residual policy value at end of 20 year period

Lifetime annuity

- Australian dollar single premium product
- An immediate lifetime annuity delivering fixed annuity payments for life
- A minimum guaranteed benefit of 80% or 100% of the single premium sum repayable via the annuity stream or as a death benefit upon early death

FY22 – 30 June 2022

1. Challenger Life has entered into an agreement with MS Primary to commence reinsuring the US dollar version of the 20-year term product. Challenger provides a guaranteed interest rate and assume the investment risk in relation to those policies issued by MS Primary and reinsured by Challenger.

2. Subject to review in the event of a material adverse change for either MS Primary or Challenger Life. A\$ amount based on 30 June 2022 exchange rate.

Life product overview

Providing customers with guaranteed income

Fixed term	Long term (including lifetime)	Other
<p>35% of total book¹</p> <p><i>Provides regular guaranteed payments for a fixed rate, fixed term</i></p> <p>Average policy size² ~\$320,000</p> <p>Guaranteed Annuity</p> <ul style="list-style-type: none"> • Guaranteed rate • Payment frequency options • Inflation protection options • Ability to draw capital as part of regular payment • Tax free income⁴ 	<p>43% of total book¹</p> <p><i>Provides income for life</i></p> <p>Average policy size^{2,3} ~\$200,000</p> <p>Liquid Lifetime</p> <ul style="list-style-type: none"> • Payment options – fixed, indexed to inflation, linked to RBA cash rate, or indexed to markets • Liquidity options • Tax free income⁴ <p>CarePlus</p> <ul style="list-style-type: none"> • Designed for aged care • Up to 100% death benefit <p>MS Primary (refer page 49)</p>	<p>22% of total book¹</p> <p><i>Institutional product providing guaranteed returns</i></p> <p>Challenger Index Plus Fund</p> <ul style="list-style-type: none"> • Institutional product providing guaranteed excess return above a chosen index • Index Plus is available on traditional indices and customised indices

FY22 – 30 June 2022

1. Based on undiscounted policy liabilities.

2. Average FY22 annuity policy size.

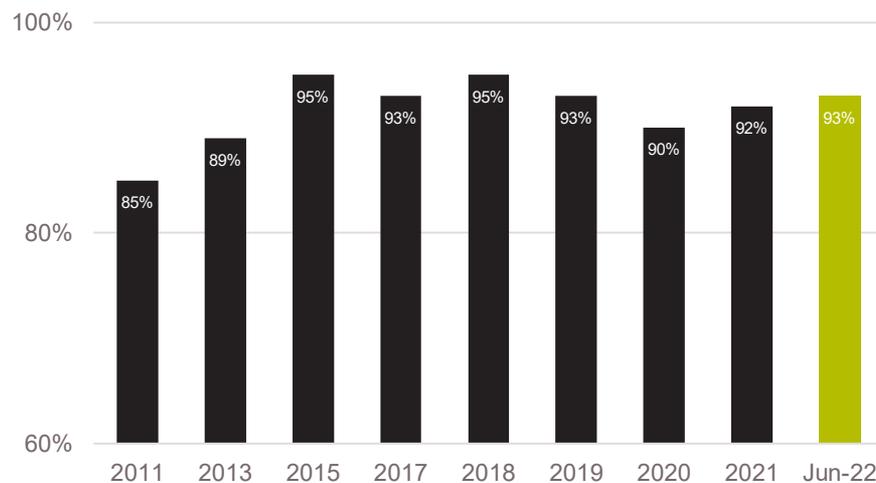
3. Average policy size for Liquid Lifetime and excludes CarePlus and MS Primary.

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

Clear leader in retirement incomes

Strong Challenger reputation within the market

Brand strength: Leaders in Retirement Income¹



Market Leader in Australian retirement incomes

84% Annuity market share²



'Annuity Provider of the Year'³



Winner of the Plan for Life Overall
Longevity Cover Excellence
Award 2021

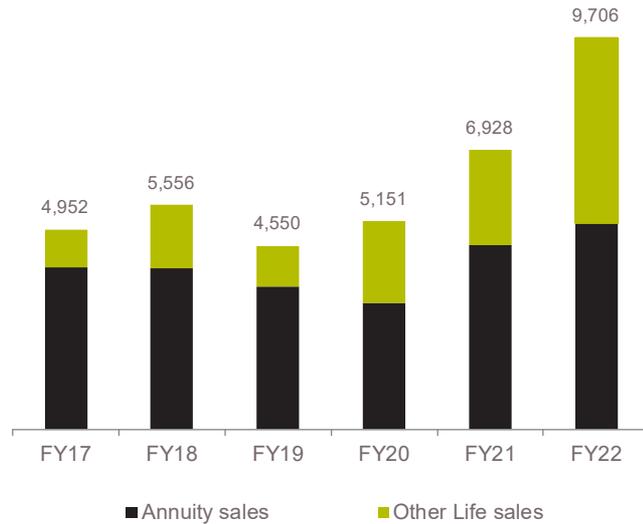
FY22 – 30 June 2022

1. Marketing Pulse Adviser Study June 2022 (2011 to June 2022).
2. Plan for Life – March 2022 – based on annuities under administration.
3. Association of Financial Advisers 'Annuity Provider of the Year' for the last 14 years.

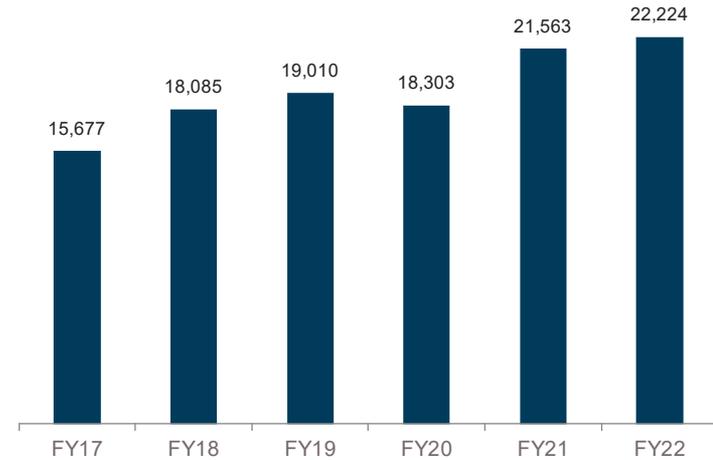
Life

Diversified distribution driving sales and AUM growth

Total Life sales (\$m)
14% 5-year CAGR



Life AUM (\$m)
7% 5-year CAGR



Asset allocation framework

Consistently applied with strong risk management

- Fundamental principle – assets and liabilities cash flow matched
- Managed by dedicated team
- Liability maturity profile drives asset tenor

- Investment returns considered relative to base swap rates
- Illiquidity premium contributes to relative value



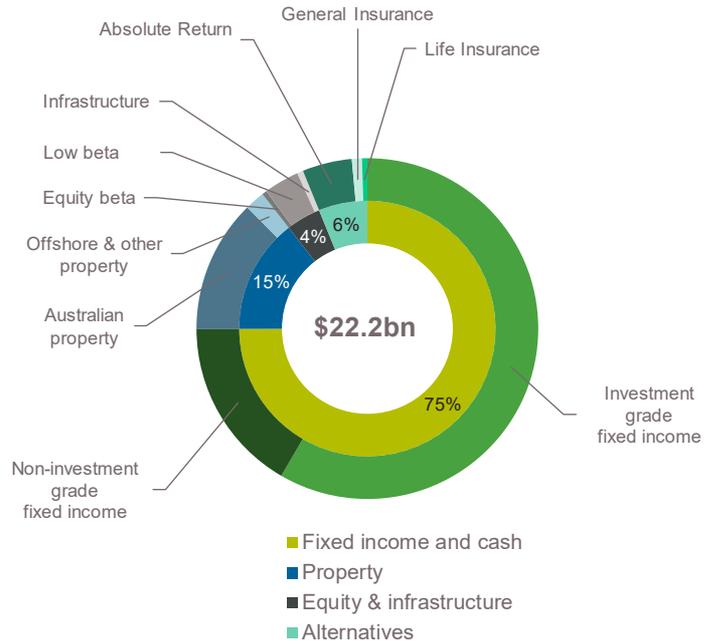
Risk management

- Strong governance framework
- Risk management entrenched in corporate culture
- Minimise unwanted risks such as interest rate, currency and inflation risks
- Manage asset allocation to capital and ROE targets
- Investment decisions based on risk-adjusted returns

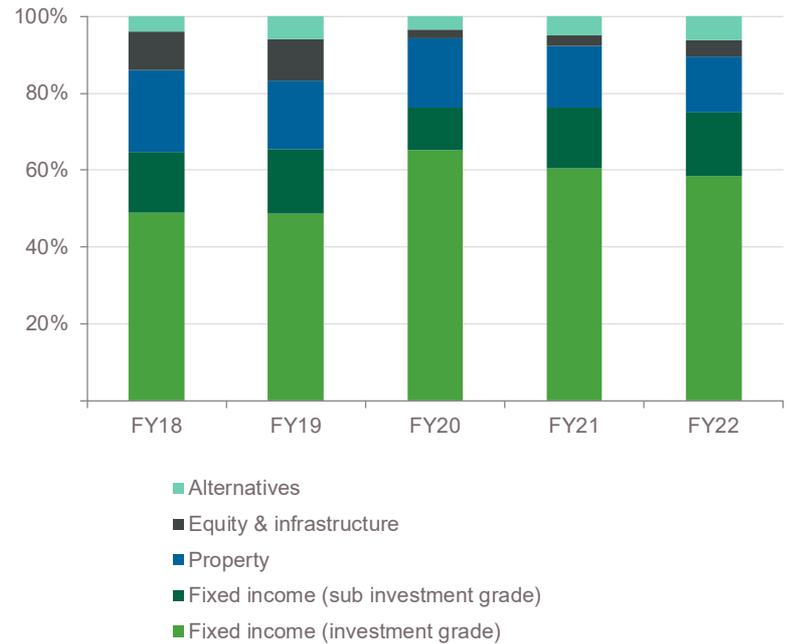
Life investment portfolio

High quality portfolio providing reliable income

Life investment portfolio¹



Life investment portfolio – asset allocation



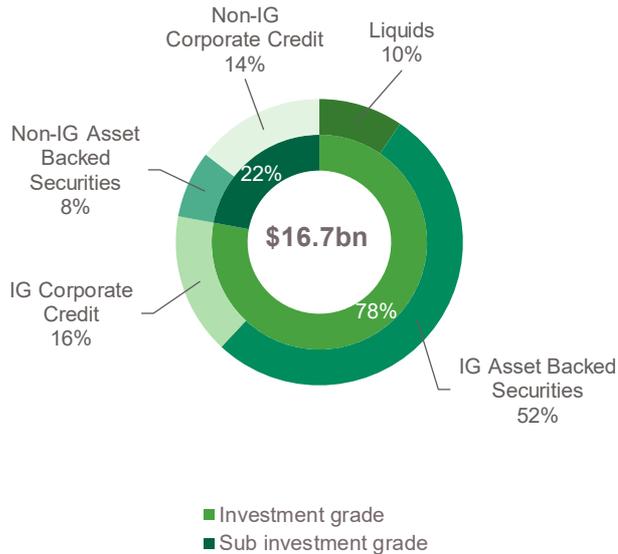
FY22 – 30 June 2022

1. As at 30 June 2022.

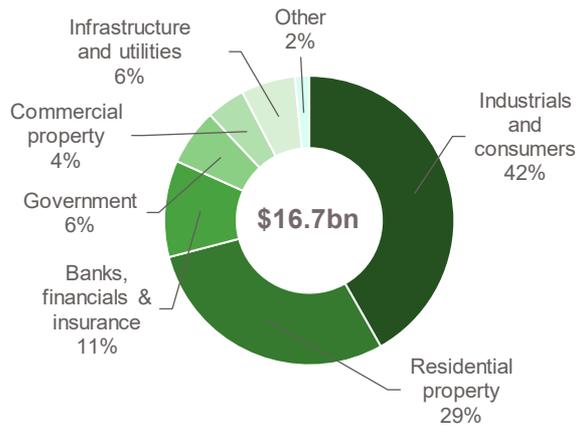
Fixed income portfolio

Represents 75% of portfolio¹ with 78% investment grade

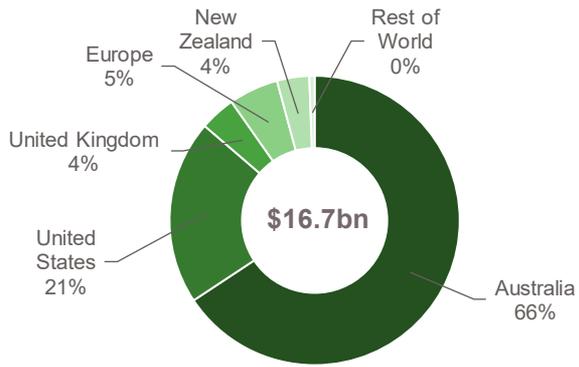
Fixed income portfolio by asset class¹



Fixed income portfolio by sector¹



Fixed income portfolio by geography¹



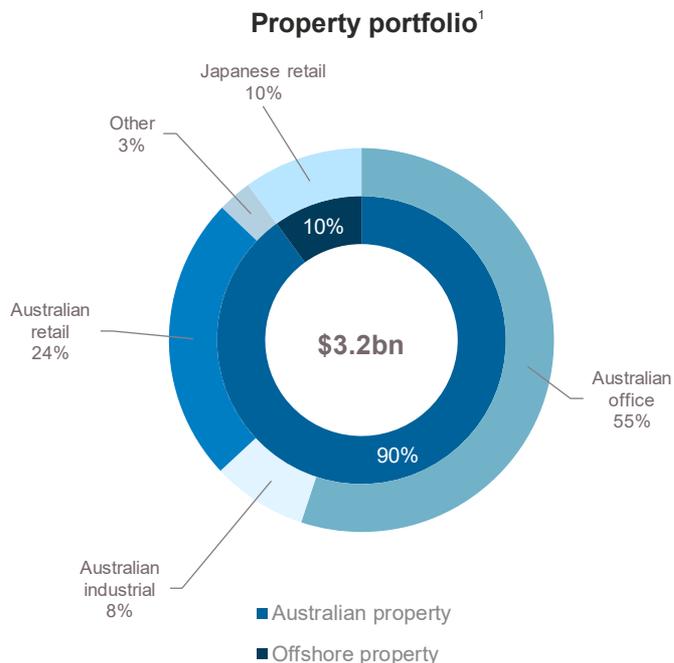
FY22 – 30 June 2022

1. As at 30 June 2022.

Property portfolio

Represents 15% of portfolio

Defensive property portfolio with a focus on long-term income streams



Australian office 55%; industrial 8%

- 10 office assets; 3 industrial assets
- Average cap rate 5.1% (office) & 4.6% (industrial); WALE² 5.7 years
- ~54% of office rent from Government

Australian retail 24%

- 8 grocery anchored convenience based shopping centres
- Average cap rate 6.1%; WALE² 4.3 years
- ~50% of rental income from supermarkets, major banks, discount department stores and essential services

Japan retail & retail logistics 10%

- 19 predominantly grocery anchored neighbourhood centres
- 1 retail logistics facility
- Average cap rate 5.0%; WALE² 8.6 years
- ~50% of rental income from supermarkets and pharmacies

FY22 – 30 June 2022

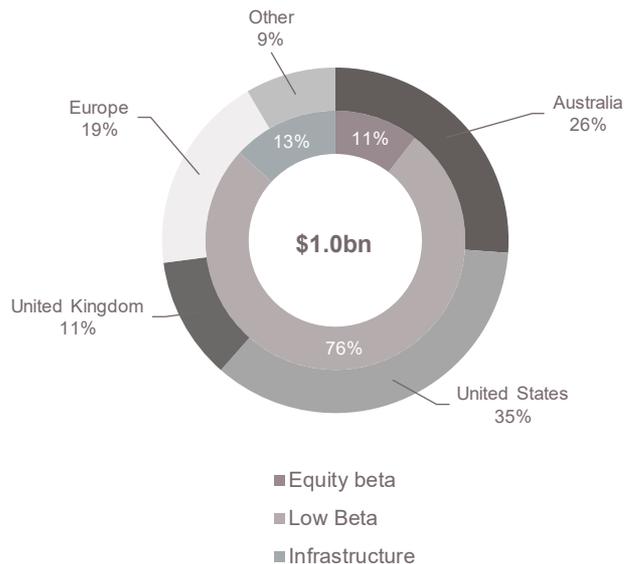
1. Property portfolio as at 30 June 2022. Cap rates on direct property and excluding County Court with its carrying value determined by references to the sale agreement rather than the capitalisation of net market income.

2. Weighted Average Lease Expiry as at 30 June 2022. Assume tenants do not terminate leases prior to expiry of specified lease terms.

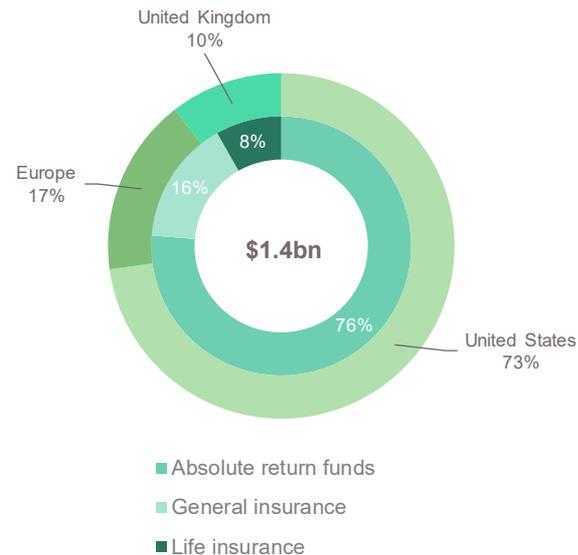
Life investment portfolio

Equity and infrastructure 4% of portfolio; Alternatives 6% of portfolio

Equity and infrastructure portfolio¹



Alternatives portfolio¹



FY22 – 30 June 2022

1. As at 30 June 2022.

Normalised profit framework

Reflects underlying performance of Life business

Investment Experience

Asset and policy liability valuation movements plus net new business strain

Asset and policy liability experience

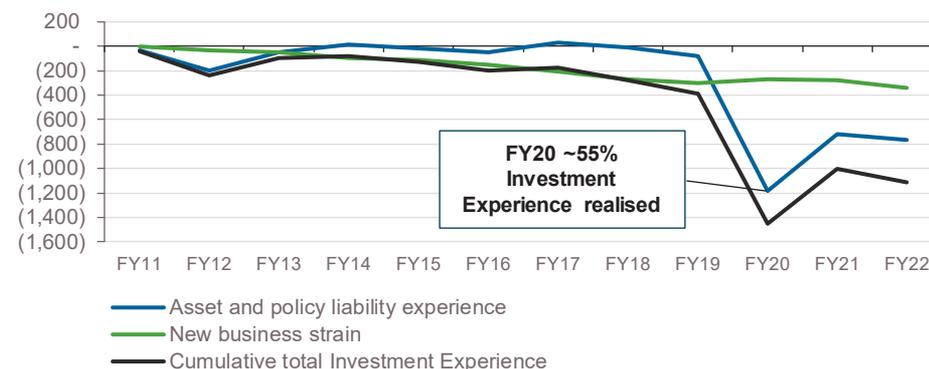
Difference between expected capital growth¹ for each asset class compared to actual investment returns

Includes impact of changes in macroeconomic variables² on the valuation of Life's liabilities

New business strain

New business strain is a non-cash accounting adjustment recognised when annuity rates on new business are higher than the discount rate (risk free rate plus an illiquidity premium³) used to fair value annuities. New business strain unwinds over the life of the annuity contract

Cumulative Investment Experience (pre-tax) (\$m)



FY22 normalised assumptions p.a. ¹	FY21	FY22
Fixed income (allowance for credit default)	-35 bps	-35 bps
Property	2.0%	2.0%
Equity and infrastructure (from 1 July 2020)	4.0%	4.0%
Alternatives (from 1 July 2020)	0.0%	0.0%

FY22 – 30 June 2022

1. Based on normalised assumptions. Normalised profit framework and a reconciliation to statutory net profit after tax is disclosed in the 2022 Annual Report - Operating and Financial Review. Normalised growth assumptions were updated in FY21 for category changes and to ensure they reflect both the nature of the investments and long-term expected investment returns.
 2. Macroeconomic variables include changes to bond yields, inflation factors, expense assumptions and other factors.
 3. Annuities are fair valued using a risk-free discount rate, based on the Australian Commonwealth Government bond curve plus an illiquidity premium.

Asset and liability matching

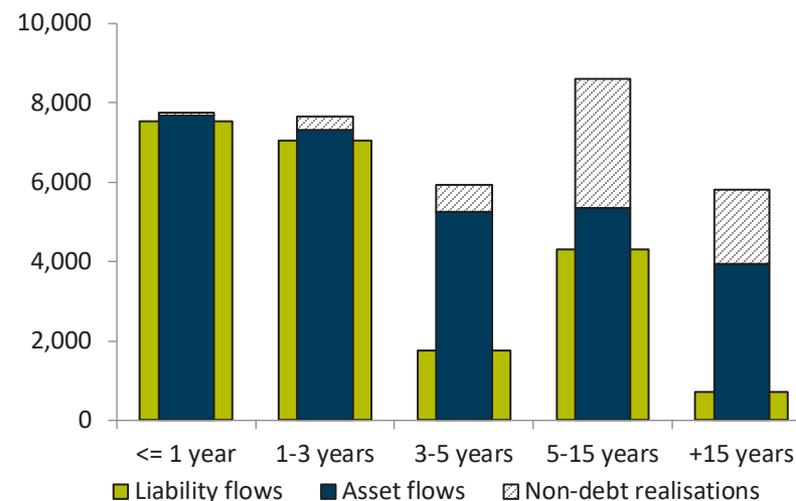
Unwanted risks mitigated with assets and liabilities cash flow matched

- Assets deliver contracted cash flows to match liability flows
- Risk appetite seeks to minimise duration mismatch
- Asset and liability matching impacts asset allocation

Minimise exposure to

- Foreign exchange risk
- Interest rate risk
- Inflation risk
- Liquidity risk
- Licence risk
- Operational risk

Asset and liability cash flow matching (\$m)¹



Funds Management

Strong FUM growth track record

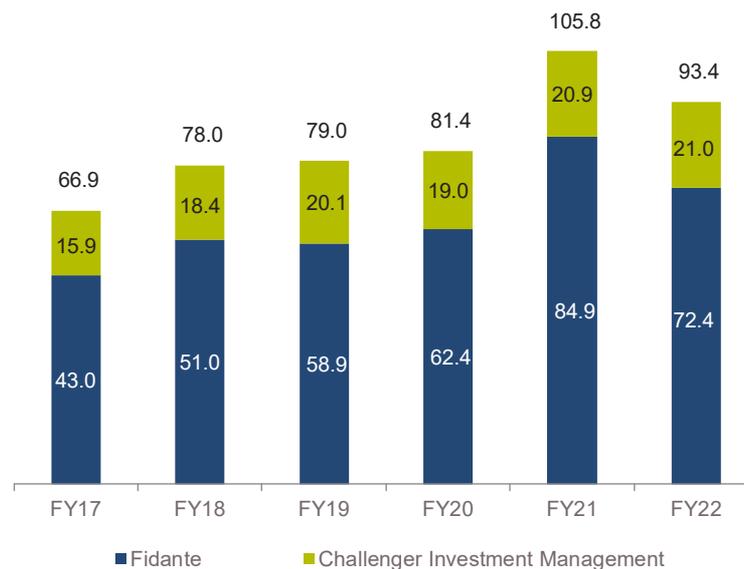
Fidante

- growing multiple boutique platform
- located in Australia, UK, Japan and Singapore
- asset class diversification

Challenger Investment Management

- proven track record in asset origination
- strong investment performance
- growing 3rd party credit and property offerings

Funds Under Management (FUM) (\$bn)
7% 5-year CAGR



Funds Management

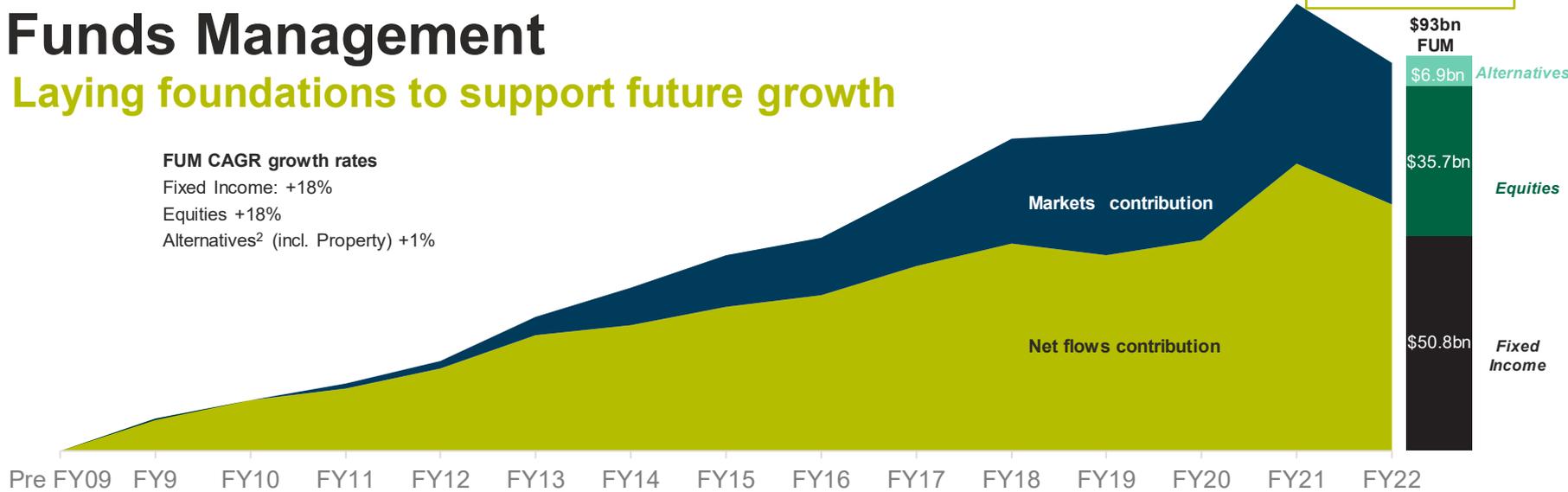
Laying foundations to support future growth

FUM CAGR growth rates

Fixed Income: +18%

Equities +18%

Alternatives² (incl. Property) +1%



fidante

challenger

challenger
Credit Income
Fund

challenger
Multi-sector Private
Lending Fund

challenger
Private Lending
Opportunities Fund

BUILD
high active
affiliate
managers

Greencape
CAPITAL

BENTHAM
ASSET MANAGEMENT

ARDEA
Investment
Management

alphinity

Kapstream
- JANUS HENDERSON -

MERLON
CAPITAL PARTNERS

LENNOX
CAPITAL PARTNERS

eiger capital

OX
CAPITAL
MANAGEMENT

Cultiv8

PARTNER
with best-in-
class
capability

WaveStone
CAPITAL

NOVA PORT
CAPITAL

Resonance
Asset Management

ARES
ARES AUSTRALIA
MANAGEMENT

IMPAX Asset
Management

PROTERRA
INVESTMENT PARTNERS

NOMURA

FY22 – 30 June 2022

1. In July 2015 Kapstream was sold and \$5.4bn of institutional FUM was derecognised. Fidante continues to distribute Kapstream products to retail clients.
2. In February 2022 Whitehelm Capital (Whitehelm) was sold and \$5.2bn of FUM was derecognised. Fidante continues to distribute Whitehelm products to retail clients.

challenger

Funds Management – multiple brands and strategies

Diversified offering generating strong returns for clients

Affiliate brands, strategies and asset classes

Equities \$35.7bn ¹	Australian equities	 alphinity	 WaveStone CAPITAL	 MERLON CAPITAL PARTNERS	 LENNOX CAPITAL PARTNERS
	Global, regional & EM equities	 Greencape CAPITAL	 NOVA PORT CAPITAL	 eiger capital	
	Sustainable investments	 IMPAX Asset Management	 alphinity		
Fixed Income \$50.8bn ¹	challenger 	 ARDEA Investment Management	 Kapstream - JANUS HENDERSON -	 BENTHAM ASSET MANAGEMENT	 ARES AUSTRALIA MANAGEMENT
Alternatives \$6.9bn ¹	challenger 	 Resonance Asset Management	 PATRIZIA	 Cultiv8	

FY22 – 30 June 2022

1. Funds Under Management (FUM) as at 30 June 2022.

Fidante affiliate managers and partnerships

Diversified managers and investment strategies

Affiliate	Partnership commenced	Asset class
 alphinity	Aug 2010	Affiliate – Australian and global equities
 ARDEA Investment Management	Nov 2008	Affiliate – Australian fixed income
 ARES ARES AUSTRALIA MANAGEMENT	Oct 2019	Affiliate – Global credit & alternative portfolios
 BENTHAM ASSET MANAGEMENT	Jun 2010	Affiliate – Global credit portfolios
 Cultiv8	May 2022	Affiliate – Australian agriculture technology
 eiger capital	Apr 2019	Affiliate – Australian small cap equities
 Greencape CAPITAL	Sep 2006	Affiliate – Mid and large cap Australian equities
 IMPAX Asset Management	April 2021	Partnership – Impact investing
 Kapstream — JANUS HENDERSON —	Feb 2007	Affiliate – Global fixed income

Affiliate	Partnership commenced	Asset class
 kinetic	Oct 2005	Affiliate – Australian small cap equities
 LENNOX CAPITAL PARTNERS	Mar 2017	Affiliate – Australian small cap equities
 MERLON CAPITAL PARTNERS	May 2010	Affiliate – Australian equities (income focus)
 NOMURA	Mar 2021	Partnership – Equities and global credit
 NOVAPORT — BY CAPITAL —	Aug 2010	Affiliate – Australian small and micro cap equities
 OX CAPITAL MANAGEMENT	Jul 2021	Affiliate – Emerging markets equities
 PATRIZIA	Feb 2022	Partnership – Global real estate
 PROTERRA INVESTMENT PARTNERS	Nov 2020	Partnership – Asian food strategy
 Resonance — JANUS HENDERSON —	Jul 2015	Affiliate – Renewable energy and infrastructure
 WaveStone CAPITAL	Nov 2008	Affiliate – Australian equities (long only & long/short)

FY22 – 30 June 2022

Fidante

Contemporary model with strong alignment of interests

Administration services

- Investment operations
- Client operations
- Risk and compliance
- IT infrastructure
- Finance
- Human Resources
- Company Secretarial
- Facilities



Distribution services

- Asset consultant & research
- Strategic positioning
- Product development
- Brand & marketing
- Sales planning & execution
- Investor relationships
- Client services
- Responsible Entity (RE)

Partnership

- Equity participation and revenue share (Fidante non-controlling interest)
- Business planning, budgeting, strategic development, succession planning

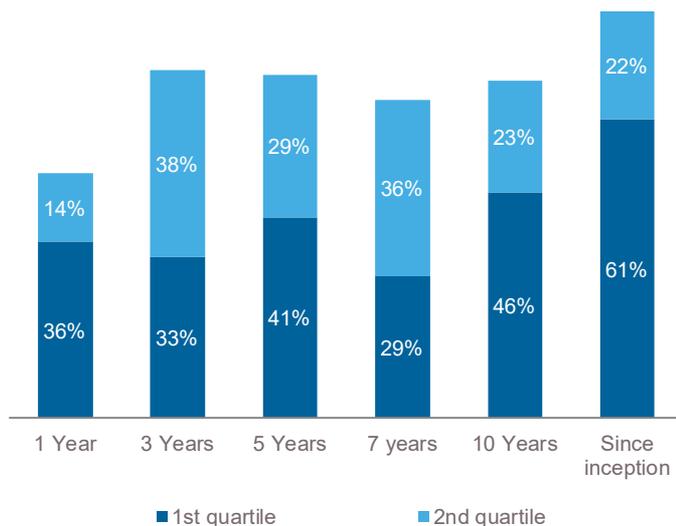
FY22 – 30 June 2022

1. As at 30 June 2022.

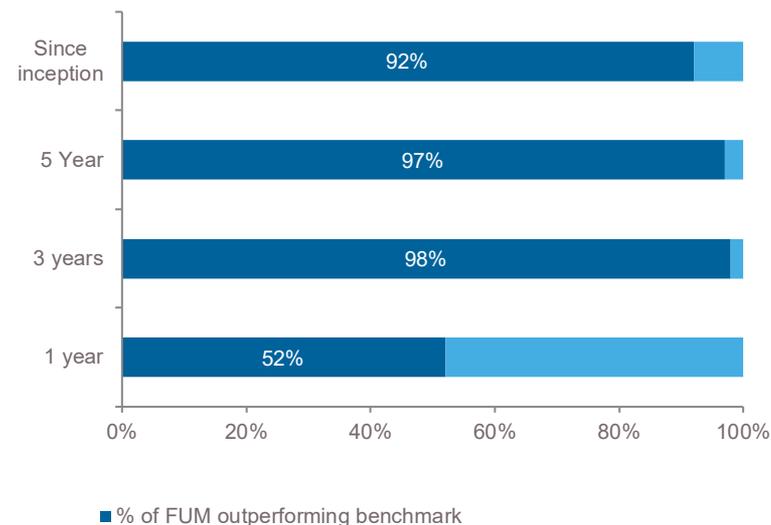
Fidante investment performance

Strong performance underpinning FUM growth

Fidante percentage of funds 1st or 2nd quartile¹



Fidante performance relative to benchmark²



FY22 – 30 June 2022

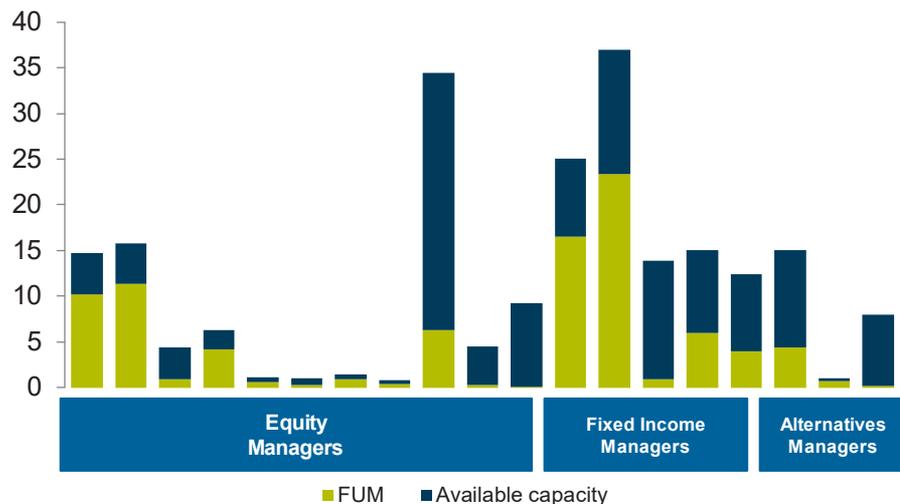
1. Source: Mercer as at 30 June 2022.

2. As at 30 June 2022. Percentage of Fidante Australian affiliates meeting or exceeding the performance benchmark, with performance weighted by FUM.

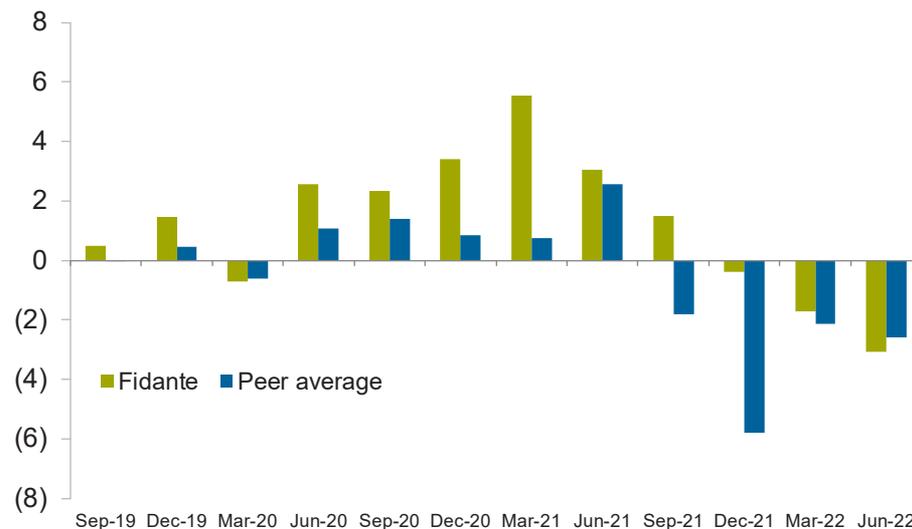
Funds Management

Growth supported by available capacity

Manager capacity (\$bn)



Quarterly net flows vs peers² (\$bn)



- ~\$130bn of available capacity¹
- Capacity provides platform for growth

FY22 – 30 June 2022

1. As at June 2022.

2. Yearly net flows for peers, including AMP Capital Investors, Magellan, Pental, Pacific Current Group, Perpetual, Platinum and Pinnacle. June 2022 peer net flows includes only those that have reported data prior to 16 August 2022. Fidante 3Q22 (Mar-22) net flows excludes the impact of Whitehelm Capital following Fidante's sale of its 30% equity interest in Whitehelm Capital to PATRIZIAAG (\$5.2b derecognition of FUM).

Challenger Investment Management

Proven long-term investment track record and capability

- \$21 billion of FUM¹
- Investment manager for Challenger Life and third party institutions
- Clients benefit from experience and market insights through breadth and scale of mandates

Trusted partner	Asset specialisation ¹	Institutional clients
<ul style="list-style-type: none"> • Local relationships • Asset origination capability • Proven track record • Strong execution • Risk management expertise • Excellent client service • Strong compliance culture 	 <p>Property 21%</p> <p>Fixed income 79%</p> <p>challenger Investment Management</p>	<ul style="list-style-type: none"> • Sovereign wealth funds • Government bodies • Australian superannuation funds • International funds • International insurance companies • Pension funds • Large family offices • Manage ~80% of Life's portfolio

FY22 – 30 June 2022

1. As at 30 June 2022.

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 2022 Annual Report is available from Challenger's website at www.challenger.com.au. 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 has been disclosed in the Operating and Financial Review section of the Directors' Report in the Challenger Limited 2022 Annual 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 2022 Annual 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.