

MARKET RELEASE

TRADING IN CHALLENGER SECURITIES

22 January 2016, Sydney – Challenger Limited (ASX: CGF) refers to the recent trading in Challenger securities and confirms that it is in compliance with ASX listing rules and, in particular the continuous disclosure requirements contained in Listing Rule 3.1.

Challenger will release its financial report to the market for the half year ending 31 December 2015 (1H16) on 16 February 2016. Whilst the financial report is still being finalised and subject to audit review, Challenger expects to report –

- 1H16 normalised profit after tax¹ in the range of \$180 million to \$185 million;
- 1H16 statutory profit after tax in the range of \$225 million to \$235 million, including positive investment experience and profit on the sale of Kapstream; and
- a Prescribed Capital Amount ratio for Challenger Life Company (post LAGIC transition) at the upper end of Challenger Life Company's target range of 1.4 times to 1.6 times.

In addition, Challenger confirms its FY16 Life COE guidance range of \$585 million to \$595 million.

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¹ The normalised profit figure is a non-statutory amount and in Challenger's view better reflects the underlying operating performance of the business. The normalised profit figure excludes investment experience, being the difference between actual asset and liability valuation gains and losses (both realised and unrealised) and the normalised gains and losses (being based on Challenger's long term assumed returns). The normalised profit framework has been disclosed in section 4.3 of the Directors' Report included in the 2015 Annual Report. A reconciliation of normalised profit to statutory profit will be included in the 2016 Interim Financial Report.