

CHALLENGER ANNOUNCES AGREEMENT TO SELL CHALLENGER BANK

Challenger Limited (ASX:CGF) today announced it has signed a share sale agreement with Heartland Group Holdings Limited (NZX/ASX:HGH) (Heartland) to sell Challenger Bank Limited (Bank) for consideration of approximately \$36 million¹.

The sale of the Bank follows the completion of a strategic review announced in August 2022, which concluded a sale was the best option for Challenger.

Key transaction details:

- Cash sale of the Bank to Heartland for approximately \$36 million²;
- Purchase price is approximately \$11 million in excess of the Bank's net assets (approximately \$25 million)³;
- Excess capital of approximately \$100 million is expected to be returned to Challenger prior to completion, subject to APRA approval; and
- Completion is subject to regulatory approvals in Australia and New Zealand.

Challenger Chief Executive, Nick Hamilton, said: "We have conducted extensive analysis and considered the future strategic value of the Bank and its ability to contribute to Challenger's purpose of providing our customers with financial security for a better retirement.

"The sale will allow us to focus on our Life and Funds Management businesses and leverage the scale we can achieve through strategic partnerships.

"The Bank will now be positioned for long term success under Heartland's ownership and will benefit both the Bank's employees and its customers."

ENDS

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

¹ Price subject to completion adjustments and based on a net asset value of approximately \$25m.

² Challenger acquired Challenger Bank Limited (formerly MyLifeMyFinance Limited) for \$35m.

³ Any difference between purchase price and net assets will be reduced by transaction costs and other costs associated with the sale and will be reported as a significant item on completion.

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, an APRA-regulated Life division and an APRA-regulated authorised deposit-taking institution. Challenger Life Company Limited (Challenger Life) is Australia's largest provider of annuities.

About Heartland

Heartland Group Holdings Limited (Heartland) is a financial services group with operations in Australia and New Zealand. Heartland has a long history with roots stretching back to 1875, and is listed on the New Zealand and Australian stock exchanges (NZX/ASX:HGH) with a market cap in excess of approximately NZ\$1 billion.

In Australia, Heartland's main business is in reverse mortgages through [Heartland Finance](#) which is a market leader. Heartland also operates [StockCo Australia](#), a specialist livestock financier, which was acquired by Heartland in May 2022. Heartland's New Zealand business, [Heartland Bank](#), provides customers with savings and deposit products, reverse mortgages, business loans, car loans and rural loans.

Heartland's point of differentiation is its best or only strategy – where it focuses on providing products which are the best or only of their kind through scalable digital platforms. Heartland is committed to delivering financial solutions through speed and simplicity, particularly via digital platforms which reduce the cost of onboarding and make it easier for customers to open accounts or apply for funds when they need it.

More about Heartland: shareholders.heartland.co.nz

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