

**CHRISTIAN
SAVINGS**

Growing investments, growing churches.

Product Disclosure Statement

Dated 31 August 2021

**Replacement Product Disclosure Statement for the
Product Disclosure Statement dated 14 May
2021 for an offer of deposits by
Christian Savings Limited**

This document gives you important information about this investment to help you decide whether you want to invest. There is useful information about this offer on <https://disclose-register.companiesoffice.govt.nz>. Christian Savings Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013.

You can also seek advice from a financial adviser to help you to make an investment decision.

Section 1 - Key information summary

What is this?

This is an offer of call, term, charitable and funeral deposits. The deposits are debt securities issued by Christian Savings Limited (**Christian Savings, we, our or us**). You give us money, and in return we promise to pay you interest (if applicable) and repay the money at the end of the term. If we run into financial trouble, you might lose some or all of the money you invested.

About Christian Savings

Christian Savings is a registered charity (CC47731) and is a licensed non-bank deposit taker. For over fifty-nine years Christian Savings and its predecessors have lent money raised from depositors to New Zealand Christian churches and organisations and associated persons of those groups, for the general broad purpose of growing God's Kingdom. Christian Savings is the entity responsible for issuing deposits and making loans (see section 3 of this PDS "Christian Savings and what it does").

Key terms of the offer

	Call deposits	Term deposits	Charitable deposits	Funeral deposits
Description	Secured debt securities.	Secured debt securities.	Secured debt securities.	Secured debt securities.
Offer opening and closing dates	The offers opened on 1 September 2017. These are continuous offers with no closing date.			
Term	Call deposits are repayable on request.	Term deposits are issued for 30 days, 60 days, 3 months, 6 months, 9 months, 1 year, 18 months, 2 years, 3 years or 5 years. Also, we may issue term deposits that mature on particular dates, for bespoke rates of interest.	Charitable deposits may only be issued for a term of 1 year, 18 months, 2 years, 3 years or 5 years.	Funeral deposits are issued for your lifetime.
Interest rates	The interest rates applicable are on our website and are set on a regular basis (subject to change without notice.)	The interest rates applicable are on our website and are set on a regular basis (subject to change without notice). The interest rate for each term deposit is fixed until maturity.	You do not earn interest on charitable deposits. Instead, we donate an amount equal to the interest which you would have earned on a term deposit of the same term to an eligible charity nominated by you.	The interest rate is the same as for a 9-month term deposit available on our website, as may be varied from time to time.

	Call deposits	Term deposits	Charitable deposits	Funeral deposits
Interest payments	Calculated on your daily balance and paid in arrears on 31 March and 30 September in each year (or on the next business day following these dates), or on closure of the call deposit.	Calculated on the balance of the deposit, and in respect of a deposit for: <ul style="list-style-type: none"> • 6 months or less, is payable in arrears on maturity. • 9 months, is payable quarterly in arrears. • all other terms greater than 9 months, is payable in arrears each 6 months from the date of deposit and on maturity. Interest may be compounded or credited to the nominated bank account. 	We make the donation at such times as agreed with the nominated charity.	Calculated on the balance of the deposit and payable in arrears into the deposit each 6 months from the date of deposit and on maturity.
Early withdrawal	There is no charge for withdrawal.	Early withdrawal of term deposits and charitable deposits is at our sole discretion. No withdrawals of funeral deposits are permitted during your lifetime, except at our sole discretion. Depositors can apply to have all or a portion of those deposits repaid prior to maturity by submitting a request to us and completing the Partial or Full Break Application Form. A request will be reviewed and a decision made at the sole discretion of Christian Savings and we reserve the right to charge break fees. We may charge an administration fee (as at the date of this PDS this fee applies to all deposits, except call accounts, and is the higher of \$50, or 0.1% of the term deposit principal amount) and the interest rate, and the donation amount on charitable deposits, may be adjusted to a reduced rate reflecting the rate offered by Christian Savings for the term nearest to which we have held your funds. See section 2 of this PDS (terms of the offer)		

No guarantee

Christian Savings is solely responsible for repaying deposits. The deposits are not guaranteed by any member of Christian Savings or any other person.

How you can get your money out early

Call depositors may request repayment at any time, without charge.

Term, charitable and funeral depositors may request early repayment, which is at our sole discretion. We reserve the right to charge break fees and reduce interest rates (or donations) as described in section 2 of this PDS (terms of the offer).

The deposits are transferable, however Christian Savings does not intend to quote these deposits on a market licensed in New Zealand and there is no other established market for trading them.

This means that you may not be able to sell your deposits before the end of their term.

How deposits rank for repayment

On liquidation of Christian Savings, claims under the deposits would rank:

- **after** all creditors preferred by law and any permitted prior security interests;
- **equally** with all other depositors and amounts owing to the supervisor; and
- **ahead** of any lesser ranking secured creditors, unsecured creditors and the distribution of surplus assets of Christian Savings.

Further information can be found in section 4 of this PDS (key features of deposits).

What assets are these deposits secured against?

Christian Savings has granted a security interest to Public Trust as supervisor, to secure its payment obligations under the deposits, over all present and after-acquired personal and real property.

Further information regarding the security can be found in section 4 of this PDS (key features of deposits).

Where you can find Christian Savings' financial information

The financial position and performance of Christian Savings are essential to an assessment of Christian Savings' ability to meet its obligations under the deposits. You should also read section 5 of this PDS (Christian Savings' financial information) and the Disclose Register entry that section refers to.

Key risks affecting this investment

Investments in debt securities have risks. A key risk is that Christian Savings does not meet its commitments to repay you or pay you interest (credit risk). Section 6 of the PDS (risks of investing) discusses the main factors that give rise to the risk. You should consider if the credit risk of these debt securities is suitable for you.

The interest rates for these deposits should also reflect the degree of credit risk. In general, higher returns are demanded by investors from businesses with higher risk of defaulting on their commitments. You need to decide whether the offer is fair.

Christian Savings considers that the most significant risks factors are:

Liquidity risk

Liquidity risk is the risk that Christian Savings may not be able to meet its short term financial obligations, which may be affected by our lending commitments, borrower repayments, ability to raise or retain deposits, or the mismatch between the funds held on short terms for depositors and the longer terms offered to borrowers. We mitigate this risk by actively monitoring our cash inflows and cash outflows and maintaining a Liquidity Ratio of not less than 1.1:1, to ensure that there are sufficient funds available to meet our financial obligations as they fall due. The Liquidity Ratio is the ratio of Cash Inflow over Cash Outflow for the three month period following the date of calculation, all as defined in the amended Master Trust Deed.

Loan default risk

If a number of borrowers default on their loans around the same time, there may be insufficient funds to repay depositors. As at 31 July 2021, the five biggest borrowers represented approximately 30.08% of the loan portfolio. To mitigate this risk, we have conservative lending parameters and a diversified portfolio of borrowers. Our borrowers also increasingly have diversified income streams, so as not to be solely reliant on just one income source.

This summary does not cover all of the risks of investing in the deposits. You should also read section 6 of this PDS (risks of investing).


What is Christian Savings' credit rating?

Christian Savings' credit rating is BB, Outlook Stable (indicated by the shaded row in the table on page 6).

A credit rating is an independent opinion of the capability and willingness of an entity to repay its debts (in other words, its creditworthiness). It is not a guarantee that the financial product being offered is a safe investment. A credit rating should be considered alongside all other relevant information when making an investment decision.

Christian Savings has been rated by Fitch Ratings Inc. (**Fitch**). Fitch gives ratings from AAA through to D.

FITCH'S CREDIT RATINGS

Credit rating	Summary description of the rating	Rate of default statistics — 10 year average of 3 year cumulative default rates (%) 2006-2015 ²	
AAA	Highest credit quality	AAA	1.33
AA	Very high credit quality	AA	0.20
A	High credit quality	A	0.68
BBB	Good credit quality	BBB	0.60
BB	Speculative  entity credit rating BB ("Outlook Stable")	BB	1.30
B	Highly speculative	B	7.78
CCC	Substantial credit risk	Statistics are not available for these ratings.	
CC	Very high levels of credit risk		
C	Exceptionally high levels of credit risk		
RD	Restricted default		
D	Default		

¹ Modifiers "+" or "-" may be added to the above ratings to indicate relative status within the major rating categories. Rate of default statistics for "+" or "-" ratings have been excluded.

² Source: Fitch Ratings Global Corporate Finance 2017 Transition and Default Study. This study is only available to Fitch member issuers who have signed up for an account on the Fitch website

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Letter from the Chair of the Christian Savings Board

Christian Savings represents a special interdenominational partnership that helps Christians throughout New Zealand. For over 59 years Christian Savings and its predecessors have provided investors with an opportunity to support the work of Christian organisations that seek to grow God's Kingdom.

Christian Savings provides an ethical and meaningful investment opportunity for individuals, denominations and organisations by offering a range of on-call, term, charitable and funeral deposit options. The funds that we hold are used to provide loans to Christian churches and charities, small and large. The need for a Christian-based lending provider continues to be as relevant today as it was since our humble beginnings in 1962. Since then, we have grown significantly in our size and scope and have become a common ground for Christian denominations to work together.

It is both a blessing and a privilege to fund the vision of Christian churches and charities in New Zealand. We have funded a wide range of initiatives, from a new church sound system in Dunedin, a new roof for a west Auckland church, a manse in Nelson, a large new urban church in Lower Hutt, to Christian child care centres throughout New Zealand and community housing projects. Christian Savings has become a significant resource for Christian churches and charities who require a faith-based lending partner.

Thank you for your support.

Blessings,

A handwritten signature in black ink, appearing to be 'Graham Shaw', with a long horizontal line extending to the right.

Graham Shaw
Chair

Section 2 - Terms of the offer

Terms of the offer

	Call deposits	Term deposits	Charitable deposits	Funeral deposits
Offer opening and closing dates	The offers opened on 1 September 2017. These are continuous offers with no closing date.			
Description	Secured debt securities.	Secured debt securities.	Secured debt securities.	Secured debt securities.
Minimum investment	\$1,000.	\$1,000.	\$1,000.	\$1,000.
Term	There is no fixed term as the call deposits are repayable on request.	Term deposits are issued for terms of 30 days, 60 days, 3 months, 6 months, 9 months, 1 year, 18 months, 2 years, 3 years or 5 years. Also, we may issue term deposits that mature on particular dates, for bespoke rates of interest.	Charitable deposits may be issued for a term of 1 year, 18 months, 2 years, 3 years or 5 years.	Funeral deposits are issued for your lifetime, and repaid upon your death to your legal representative (e.g. the executor of your estate).
Interest rates	The interest rates on the call deposits are set on a regular basis after considering current market conditions.	The interest rates for term deposits are set as described for call deposits, but by reference to the term of the deposit selected. Once set, the interest rate for each term deposit is fixed until maturity.	You do not earn interest on charitable deposits. Instead, we donate an amount equal to the interest which you would have earned on a term deposit of the same term to an eligible charity nominated by you.	The interest rates for funeral deposits are the same as for a 9-month term deposit, as may be varied from time to time.
	Our current policy is to set the interest rates by reference to the deposit interest rates of the five largest New Zealand banks. The interest rates applicable from time to time are available on our website and are subject to change without notice. Other than for charitable deposits, the interest rate will be confirmed to you by correspondence following your deposit.			
Interest payments	In arrears on 31 March and 30 September in each year (or where relevant, on the next business day following these dates), or on closure of the call deposit.	Interest payable in respect of a term of 6 months or less will be paid in arrears on maturity. For terms of 9 months, interest is payable quarterly in arrears. For all other terms, greater than 9 months, interest is payable in arrears each 6 months from the date of deposit and on maturity. Interest may be compounded or credited to the nominated bank account.	You do not earn interest on charitable deposits. We make the donation to the nominated charity at such times as agreed with the charity.	Interest is payable in arrears each 6 months from the date of deposit and on maturity, paid into the deposit account and compounded.

	Call deposits	Term deposits	Charitable deposits	Funeral deposits
Early withdrawal	At call. Minimum withdrawal amount is \$100. There is no charge on withdrawal.	Early withdrawal of term deposits and charitable deposits is at our sole discretion. Depositors can apply to have all or a portion of those deposits repaid prior to maturity by submitting a request to us and completing the Partial or Full Break Application Form. A request will be reviewed and a decision made at the sole discretion of Christian Savings and we reserve the right to charge break fees. We may charge an administration fee (as at the date of this PDS this fee applies to term deposits and charitable deposits only and is the higher of \$50, or 0.1% of the term deposit principal amount) and the interest rate, and the donation amount on charitable deposits, may be adjusted to a reduced rate reflecting the rate offered by Christian Savings for the term nearest to which we have held your funds.		No withdrawals of funeral deposits are permitted during your lifetime, except at our sole discretion. Depositors can apply to have all or a portion of funeral deposits repaid prior to maturity by submitting a request to us and completing the Partial or Full Break Application Form. Break fees may be charged at our discretion for early withdrawal, as for a term deposit.
Ranking on liquidation	<p>On liquidation of Christian Savings, your rights and claims under the deposits would rank:</p> <ul style="list-style-type: none"> • after all creditors preferred by law and any permitted prior security interests (at the date of this PDS there are no prior security interests); • equally with all other depositors and amounts owing to the supervisor; and • ahead of any lesser ranking secured creditors (at the date of this PDS there are none), all unsecured creditors and the distribution of surplus assets of Christian Savings. 			

Trust deed and supplemental trust deeds

We are bound by the terms and conditions of a trust deed with Public Trust as supervisor, in relation to the deposits and supplemental trust deeds (relating to call deposits, term deposits, charitable deposits and funeral deposits), in each case with Public Trust as supervisor. A copy of the trust deed and each supplemental trust deed may be obtained from the Disclose Register at www.disclose-register.companiesoffice.govt.nz

Interest rate comparison

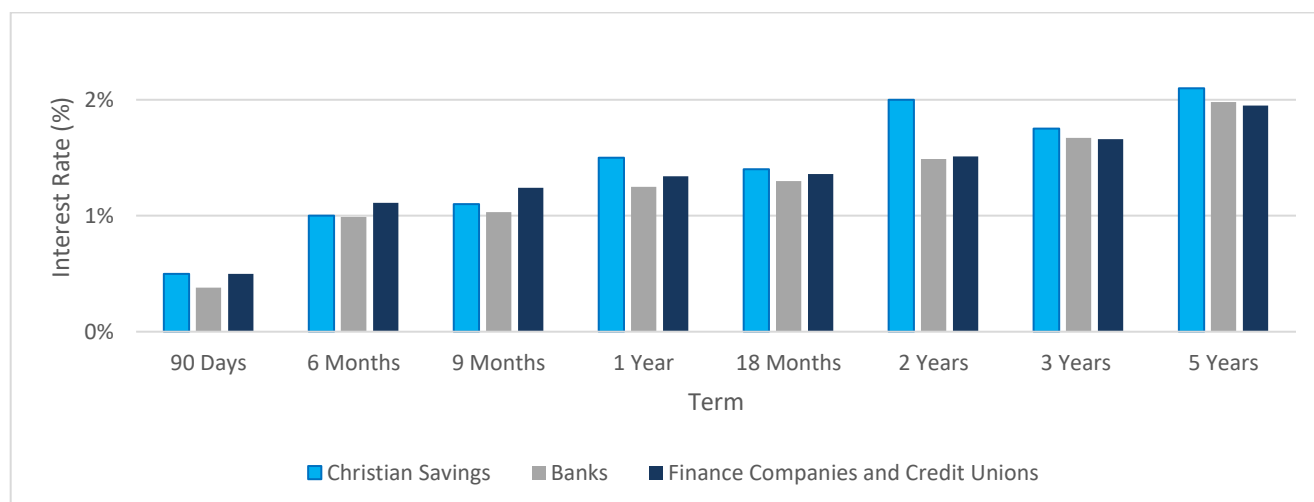
The diagram below demonstrates the interest rates payable on the deposits for terms ranging from 3 months up to five years. The interest rates are compared with the following in relation to each of the terms noted in the diagram below:³

- the average interest rates of the five largest New Zealand retail banks by reference to which we generally set the interest rates for our deposits; and
- other than as noted below, the average interest rates of seven non-bank financial institutions in New Zealand (including finance companies, credit unions and building societies) having a credit rating between BB- and BB+.

Rates are as published in the morning of 20 August 2021 on www.interest.co.nz.

The interest rates for the deposits are generally determined by reference to the deposit rates of selected banks in New Zealand (as illustrated by the red bar in the diagram below). The banks used to set the interest rates on the deposits as at 20 August 2021 have credit ratings between A and AA-. Our credit rating at the date of this PDS is BB, Stable Outlook.

The credit risk of the non-bank financial institutions included in the diagram below is closer to our credit risk. The seven financial institutions used to compile the data represented by the green bar in the diagram below currently have credit ratings between BB- and BB+. Our current credit rating sits within this band.



³ Interest rates from the banks are based on a minimum deposit range of \$2,000 - \$10,000. Interest rates from non-bank financial institutions (encompassing finance companies and credit unions) are based on a minimum deposit range of \$500-\$10,000.

Section 3 - Christian Savings and what it does

Overview of Christian Savings

Christian Savings Limited is a charitable company registered with Charities Services. Christian Savings is licensed by the Reserve Bank of New Zealand as a non-bank deposit taker. It receives deposits and makes loans primarily to New Zealand Christian churches and other Christian organisations, and people associated with them. Its shares are held by various Christian charitable groups and denominations.

Christian Savings has invested in Community Finance Limited. Community Finance Limited is an impact investment platform which provides low cost finance predominantly to New Zealand's Community Housing Providers to build new, safe and affordable homes for New Zealanders. Community Finance Limited enables investors, philanthropists and foundations to invest in a meaningful and ethical way to help develop thriving, diverse and inclusive communities.

Christian Savings recognises the changing landscape arising from the Covid-19 Pandemic and has taken into consideration the forecasted changes in unemployment rates and gross domestic production in New Zealand in the preparation of its accounts. Christian Savings will continue to reassess the appropriateness of any provisions made as further economic impacts materialise.

(a) Loan application and loan assessment policies

Christian Savings finances New Zealand Christian churches and other registered charities with a Christian purpose, and persons associated with them. These can include acquiring new property, developing existing property or financing new equipment such as vehicles. All approved loans are reported to the full board at the next board meeting. The board is also advised of applications that are declined and the reasons for those decisions.

Before approving and advancing a loan to a church or charity, Christian Savings requires the following:

- details of the borrower's financial position and operations, including financial statements;
- details of the security that will be provided;
- registered valuations (where applicable);
- details pertaining to the borrower's management, governance and reputation; and
- details of its community impact and performance e.g. meeting of key objectives, church attendance numbers.

(b) Security

On or before settlement, we require:

- a completed loan agreement;
- a certificate confirming appropriate insurance is in place;
- for loans secured by land and/or buildings, we require confirmation that all mortgage(s) have been registered on settlement; and
- for loans that are not secured by a mortgage, such as car loans, we register a security interest on the Personal Property Securities Register.

(c) Engaging with borrowers who are struggling to meet their obligations to us

In default situations, we immediately make contact with the borrower, progressing to a face-to-face meeting if problems continue and, when appropriate, we may also engage with the relevant denominational or other applicable leadership groups.

We support borrowers in difficulty by providing resources and external expertise to help them manage their financial situation.

(d) Loan portfolio

The table below summarises borrower type as at 31 July 2021

Type of borrower	Number of borrowers	Percentage of total value of loan portfolio
Christian churches	178	65.51%
Christian charities (other than churches)	25	33.40%
Residential mortgage	1	0.22%
Vehicle loans	19	0.12%
Others	5	0.75%
Total	228	100%

Most property loans are secured over land and buildings used by churches. Our practice is to take a first registered 'all obligations' mortgage to secure all advances.

The tables below summarise loan to value ratio split between commercial and residential loans. The loan to value ratio is the amount borrowed divided by the value of the secured property, \$100,000 (loan) / \$500,000 (value of security) = 20% loan to value ratio. The lower the loan to value ratio is, the higher the degree of comfort that the security should be sufficient to cover the amount of the loan in the event of a default. We require a registered or government valuation as evidence of the value of the property.

Loans secured over commercial and predominantly commercial property as at 31 July 2021

Loan to Value Ratio	Number of borrowers	Total value of loans	Percentage of commercial loan portfolio
80%+	0	\$0.00m	0.00%
60-79%	3	\$2.68m	2.01%
40-59%	29	\$28.03m	21.03%
20-39%	51	\$73.85m	55.42%
0-19%	90	\$28.70m	21.54%
Unsecured	0	\$0.00m	0.00%
Total	173	\$133.26m	100%

Loans secured over residential and predominantly residential property as at 31 July 2021

Loan to Value Ratio	Number of borrowers	Total value of loans	Percentage of residential loan portfolio
80%+	1	\$0.41m	0.82%
60-79%	14	\$33.18m	66.68%
40-59%	5	\$9.44m	18.97%
20-39%	11	\$5.28m	10.61%
0-19%	12	\$1.45m	2.92%
Unsecured	0	\$0.00m	0.00%
Total	43	\$49.76m	100%

Notes:

1. If the residential property market price level dropped by 20% then based on the LVR table above, only one borrower (as at 31 July 2021) would be in a negative equity position (i.e. their loan would be larger than the value of their property). This is because one borrower has a loan to value ratio of over 80% (but less than 90%) based on the current valuations. Having considered the relevant factors and risks involved, the according loan provisioning has been taken against the loan despite the fact that the loan value is less than half a million dollars and its percentage to the residential loan portfolio is less than 1%.
2. If commercial property prices dropped by 20% then based on the LVR table above, none of the borrowers (as at 31 July 2021) would be in a negative equity position.

The table below summarises loans secured by a PPSR Charge over a motor vehicle and/or other assets.

Loans secured by a PPSR Charge as at 31 July 2021

Loan secured by a PPSR Charge	Number of borrowers	Total value of loans	Percentage of residential loan portfolio
Individual loans secured over a motor vehicle	17	\$0.19m	90.48%
Christian church loans secured over a motor vehicle	2	\$0.02m	9.52%
Total	19	\$0.21m	100%

The industry in which we operate

For over 59 years, Christian Savings and its predecessors has been offering deposits to the public. Anyone can invest with us. We are classified as a non-bank deposit taker and are licensed under the Non-bank Deposit Takers Act 2013. We are part of the financial services industry and operate alongside banks and other non-bank deposit takers which issue deposits.

We are also a registered charity. Our charitable purpose is the advancement of religion, and more particularly, the Christian religion. This means we actively work with churches and Christian charities from a variety of denominations.

Our borrowers are primarily churches and other charities with a Christian purpose. Many rely on donations as their primary source of income. However, increasingly churches that borrow from us have other sources of income which are available to service our loans. We lend to individuals where we believe the loan will be supportive of their Christian endeavours. This includes a small car loan portfolio, which allows us to support pastors and ministers and other Christian ministries into more affordable finance for cars. As at 31 July 2021, this represented 0.12% of the total lending portfolio.

Keys to generating income

The basic keys for us to generate income are:

- **Interest rate margin:** the preservation of the rate margin between what we pay our depositors, and what we can lend those funds out for, or alternatively, what we can invest any surplus funds with the banks for.
- **Growing new lending:** between 31 August 2017 and 31 July 2021, \$82.67 million of loans has been added to Christian Savings' portfolio.
- **Growing deposits:** between 31 August 2017 and 31 July 2021 the total deposit base of Christian Savings and its predecessors has grown by \$75.96 million.

Board of directors and senior management

The chair of our board is **Graham Shaw** BCom, a member of Wellington Central Baptist Church. He is a chartered accountant and a professional director including nearly nine years on the board of Xero Ltd and is currently Chair of Pushpay Holdings Ltd as well as a number of private companies and not-for-profits.

He is a Fellow of Chartered Accountants Australia and New Zealand, a Chartered Member of the Institute of Directors in New Zealand, a member of the Institute of Managers and Leaders and a Companion of Engineering New Zealand.

John Roberts BCA, CA has his own chartered accountancy business (for around 25 years) with a mix of charitable and business clients, prior to which he was CFO for a national hotel chain. He has also been involved in property consultancy for both private and public sector clients. He is a trustee for a number of not-for-profit organisations.

Steven Moe LLB(hons) / BA, attends Hope Rolleston Presbyterian Church in Christchurch. He has worked as a lawyer in New Zealand, Australia, Japan and England and is a Partner at Parry Field Lawyers in Christchurch with a particular focus on companies, impact investing, churches, charities and not for profits. He is the author of "Social Enterprises in New Zealand: A Legal Handbook", and assists us on compliance and regulatory issues.

Kim Thibault MBA, PGDip BusAdmin, BA, attends Whangaparaoa Baptist in Auckland and was previously Finance Ministry Leader. A serial entrepreneur, Kim spent 7 years with Youth With a Mission, helped pioneer a church plant in Siberia, and has lived in New Zealand since 1998. She currently works in the IT sector.

Glenn Teal MSc (Hons), BTP, Grad Cert Mgmt, MNZPI, is a member of the Auckland Baptist Tabernacle Church. He is a consultant to private and public sector clients with extensive experience in Property, Planning and Transportation. Glenn is the Executive Chairperson of the TabTrust. The TabTrust manages commercial properties and other investments, the surpluses from which are used to advance Baptist projects/ministries throughout New Zealand. Among other roles he undertakes, he is a director of several agricultural investment operations.

John McDougall has been a member of Matua Community Baptist Church since 1991 and currently serves as an elder at the church. He has vast experience in business and property development, having been a director of over 20 privately owned companies and trading trusts. John is the director of the Matua Foundation (formerly Matua Charitable Trust) and was a Trustee of the Christian Education Trust from 2007-2016 with four years as chairperson during that time.

James Stewart BCom Management, Post Grad Diploma in International Development and is an experienced commercial and investment professional. For the past ten years has been a Director of Gemelli Consulting and is currently Board Chair of YMCA Christchurch. Previously, James was the Director of Development Christchurch Limited and worked for over four years with the Canterbury Earthquake Recovery Authority (CERA). Prior to joining CERA in March 2012 his primary focus was in infrastructure finance, both in New Zealand with PwC and in developing countries with Ridgway Capital Projects, working with the World Bank, ADB and UNDP.

Senior managers

Our Chief Executive Officer (CEO) is **Daniel Mazengarb**, LLB, BA. He currently attends Mangere Bridge Baptist Church in Auckland. As a lawyer, his areas of practise included commercial and property law. He was previously the Lending Manager at Christian Savings, having taken on that role in March 2018 after commencing as in-house counsel in 2017.

Our Chief Financial Officer is **Bruce Anderson** BCom, BAcc, who has held that position since early 2017. He currently attends Windsor Park Baptist Church. He is a qualified chartered accountant with over 25 years' experience working in senior financial positions including eight years at the ANZ Bank (including roles as Head of Finance and a director on the board of UDC Finance Limited). Bruce has significant experience in the implementation of new software solutions and the development of management information systems.

Section 4 - Key features of deposits

Ranking and security


We offer deposits secured by a security interest over all our assets granted under the terms of the trust deed. This is granted in favour of Public Trust, as supervisor. The security interest secures all amounts payable by us on the deposits and all other moneys payable by us under the terms of the trust deed. As at 31 July 2021, the amount of the liability secured by the security interest was \$206,048,234 (being aggregate deposits of \$205,346,580 and accrued interest on those deposits of \$701,654) and the total value of the assets subject to the security interest was \$235,724,988 (this figure excludes goodwill and any intangible assets and equity investment in a related party). In the event of our liquidation, the deposits would rank equally with all other deposits and behind all preferred claimants and any permitted prior security interests (at the date of this PDS there are no prior security interests).

We may incur further liabilities which rank equally with, or in priority to, the deposits on our liquidation, including by issuing further deposits. This could include fees payable to our supervisor, the Public Trust under the trust deed and any fees payable to a receiver appointed in respect of our assets, statutory based claims such as employee entitlements, outstanding interest payments and amounts owing to trade creditors.

We are also permitted under the trust deed to secure any borrowing or money owed in purchasing or acquiring assets, by creating security interests over our assets. This security would rank in priority to the security interests granted in favour of Public Trust under the trust deed, provided that the amount secured by all prior ranking security interests does not exceed 2% of our total tangible assets. Apart from this, the trust deed prevents us from creating any security interest which ranks in priority to, or equally with, the security interest granted to Public Trust.

As at the date of this PDS, we have not granted any security interests which rank in priority to, or equally with, Public Trust's security interest.

The diagram below illustrates the ranking of the deposits on our liquidation and is based on \$206,048,234 of deposits being on issue by Christian Savings as at 31 July 2021 together with accrued interest to that date.

	Ranking on liquidation of Christian Savings	Examples	Amount as at 31.07.21
Higher ranking/earlier priority 	Liabilities that rank in priority to the deposits	Creditors preferred by law (including IRD for unpaid tax) and any permitted prior ranking security interests	\$144,498
	Liabilities that rank equally with the deposits	Deposits, including the accrued interest	\$206,048,234
	Liabilities that rank below the deposits	Lesser ranking secured creditors and unsecured creditors	\$866,767
Lower ranking/later priority	Equity	Distribution of surplus assets	\$28,665,489

Transfer

The deposits are transferable, however Christian Savings does not intend to quote the deposits on a market licensed in New Zealand and there is no other established market for trading them. This means that you may not be able to sell the deposits before the end of their term.

The trust deed permits Christian Savings to delay a transfer of the deposits to undertake customer due diligence on the transferee to its satisfaction, in accordance with the requirements of the Anti-Money Laundering and Countering Financing of Terrorism Act 2009, and may charge a fee to you for conducting the customer due diligence.

Section 5 – Christian Savings’ financial information

Christian Savings is required by law and its trust deed to meet certain financial requirements. Christian Savings must maintain a minimum capital ratio, ensure its aggregate exposures to related parties do not exceed certain maximum limits, and maintain minimum liquidity requirements. Detailed information showing how Christian Savings is meeting these requirements, and financial information relating to Christian Savings and its predecessors, is set out in the Disclose Register in the document entitled “Financial Information”. The Disclose Register is available at www.disclose-register.companiesoffice.govt.nz

Meeting the minimum requirements does not mean that Christian Savings is safe. Section 6 of this PDS (risks of investing) contains specific risks relating to Christian Savings’ creditworthiness that could cause Christian Savings’ financial position to deteriorate.

Other Financial covenants

In addition to the requirements referred to above, the trust deed with Public Trust also requires that:

- The maximum amount owing by any one borrower or a related group of borrowers (such as organisations or charities which are related through common membership or control) cannot exceed 10% of our total tangible assets. However, the supervisor has the power to waive this requirement when appropriate.
- We may only borrow on the security of a security interest that ranks in priority to that granted to Public Trust under the trust deed up to the value of 2% of our total tangible assets.

Section 6 - Risks of investing

General risks

Your investment is subject to the general risk that we become insolvent and are not able to meet our obligations to you to pay interest and to repay the principal when due under the deposits. If you wish to sell or transfer your deposit before maturity (where applicable), you may be unable to find a buyer or the amount received may be less than the principal amount of the deposit.

In the event we experience significant losses through banks that we have invested in becoming insolvent, and/or we experience significant losses through our lending, we may not have the funds to meet our obligations to our investors under the terms of any deposit.

Specific risks relating to Christian Savings' creditworthiness

Liquidity risk

Liquidity risk is the risk that Christian Savings may not be in a position to meet its short term financial obligations. Examples of these financial obligations include loan drawdowns, interest payments to depositors, repaying matured deposits and operating expenses. Our ability to meet these obligations is determined by our lending commitments, borrower repayments, and our ability to raise new deposits and retain existing deposits.

Liquidity risk is also created by the mismatch that exists between the funds we hold for depositors for short terms and the longer terms offered to borrowers.

There is therefore a risk that at any one time there might not be enough cash to fully meet our financial obligations to our depositors when they fall due.

We mitigate our liquidity risk by actively monitoring our cash inflows and cash outflows and maintaining a Liquidity Ratio of not less than 1.1:1, to ensure that there are sufficient funds available to meet our financial obligations as they fall due. The Liquidity Ratio is the ratio of Cash Inflow over Cash Outflow for the three month period following the date of calculation, all as defined in the amended Master Trust Deed.

Loan default risk

If a number of borrowers defaulted on their loan obligations at or around the same time, there may be insufficient funds to fully repay our depositors.

As at 31 July 2021, the five biggest borrowers represented approximately 30.08% of the loan portfolio. If all or a majority of the borrowers under these loans defaulted at or around the same time, this could significantly increase the risk of default on our payment obligations to depositors.

A registered first mortgage and/or security interest on the Personal Property Securities Register provides security for us in the event of a default by a borrower. The risk is that we may not be able to realise the value of those secured assets in a timely manner and/or the value of those assets may have materially reduced.

In the event of a default, if the proceeds of a mortgagee sale were insufficient to discharge a borrower's total debt, then it is likely that we would take a loss in relation to the loan.

To mitigate these risks, we have conservative lending parameters and loan to value ratios. Our borrowers also increasingly have diversified income streams, so as not to be solely reliant on just one income source, such as donations. We also lend our funds to borrowers from a variety of denominations and in locations throughout New Zealand to help reduce our geographical and concentration risks. We are also engaged in an on-going exercise of seeking new investors to grow our capital base, so that we are less vulnerable to loan default risk.

Operational risk

Christian Savings has a smaller team relative to larger finance companies and is therefore reliant on the competency and availability of each team member. Managing our compliance obligations is vital, as failure in this area may result in a fine or sanction by either the Reserve Bank of New Zealand or the Financial Markets Authority. Suffering damage to our reputation could negatively impact our ability to generate a surplus and the level of deposits we hold.

Christian Savings mitigates this risk by our intentional investment in capable staff and by utilising external service providers to supplement our team. This includes using external legal specialists. We also maintain internal compliance committees, comprising members from the board.

Christian Savings also has an operational Risk Management Framework, which provides for regular review of internal policies and risk areas. The Risk Management Framework is approved by Christian Savings' supervisor and the board.

Section 7 - Tax

New Zealand residents, or non-residents who derive the interest for the purposes of a business they carry on in New Zealand through a fixed establishment in New Zealand, will have resident withholding tax deducted from their interest payments on call, term and funeral deposits, and there may be other tax consequences from acquiring or disposing of the deposits. We do not pay you interest on charitable deposits. Instead, we donate an amount equal to the interest which would have been payable to you on a term deposit of the same term, to a charity nominated by you. The donation is not made on your behalf but rather in our name. As such, no withholding tax will arise in relation to donations made on charitable deposits, and you will not be able to claim a donation tax credit from Inland Revenue for amounts paid to a charity.

The resident withholding tax rates at the date of this PDS are 28% for companies (other than corporate trustees) and 10.5%, 17.5%, 30%, 33%, 39% and 45% for all other investors. If you do not provide us with your IRD number, you will automatically have resident withholding tax deducted at the maximum rate (45% at the date of this PDS). If you do not provide us with your resident withholding tax rate, you will automatically have resident withholding tax deducted at 33%, unless you are a company, in which case it will be deducted at 28%.

Non-resident withholding tax (**NRWT**) will be deducted from interest payments on call, term and funeral deposits to non-resident investors who do not derive the interest for the purposes of a business they carry on in New Zealand through a fixed establishment in New Zealand. The rate of NRWT deducted from your interest payments will depend on your country of residence and whether a double taxation agreement applies and can be up to 15%. Instead of deducting NRWT, Christian Savings may agree (where permitted by law) to deduct the approved issuer levy from the interest paid to non-residents. The current rate of the approved issuer levy is 2%. As no interest is paid on charitable deposits, no withholding tax will arise in relation to donations made on charitable deposits.

If you have queries relating to the tax consequences of your investment, then you should seek independent financial and tax advice which is specific to your circumstances before deciding to invest.

Section 8 - Who is involved?

Who is involved?

	Name	Role
Issuer	Christian Savings Limited	Issuer of the deposits
Supervisor	Public Trust	Provides independent oversight of us in relation to the deposits
Solicitor to the issuer	MinterEllisonRuddWatts	Legal adviser to the issuer

Section 9 - How to complain

We endeavour to maintain a very good relationship with all of our investors. If you are unhappy with the service you receive from us, please contact our CEO:

Chief Executive
Christian Savings Limited
55 Hugo Johnston Drive
Penrose
AUCKLAND 1061

Telephone: 0508 SAVING (0508 728 464)

Email: ceo@christiansavings.co.nz

If after talking to the Chief Executive you are not satisfied, you have the right to ask him to refer the matter to the Chair who can be contacted at the address and phone number set out above.

Complaints may also be made to Public Trust at:

Public Trust
Level 9, 34 Shortland Street
AUCKLAND 1010

Phone: 09 985 6838

Toll Free: 0800 371 471

Christian Savings is a member of a dispute resolution scheme, Financial Services Complaints Limited (**FSCL**). If Christian Savings cannot agree on how to resolve your issue, you can refer the matter to FSCL:

Financial Services Complaints Limited
Level 4, 101 Lambton Quay
PO Box 5967
WELLINGTON 6145

Telephone: 0800 347 257

Email: complaints@fscl.org.nz

Financial Services Complaints Limited will not charge you a fee for investigating or resolving a complaint.

Complaints can also be made to the Financial Markets Authority through its website www.fma.govt.nz

Section 10 - Where you can find more information

Further information regarding Christian Savings and the deposits is available free of charge by request to us at the details and information contained in section 12 of this PDS (contact information), on Christian Savings' website at www.christiansavings.co.nz and on the Disclose Register at <https://disclose-register.companiesoffice.govt.nz>, and can also be obtained by request from the Registrar of Financial Service Providers at:

Financial Service Providers Register (FSPR) Northern Business Centre, Private Bag 92061
Victoria Street West, Auckland 1142

Section 11 - How to apply

To apply for the call, term, charitable or funeral deposits, you need to complete an application form and submit it to us. An application form is attached to this PDS and an online version can be found at www.christiansavings.co.nz

Section 12 - Contact information

Christian Savings Limited
55 Hugo Johnston Drive, Penrose Auckland 1061

PO Box 12738
Penrose,
Auckland 1642

Toll free phone 0508 SAVING (0508 728 464) www.christiansavings.co.nz

DEPOSITOR APPLICATION FORM



This application is for an: Individual Joint Account

If you would like to set up an account for an entity including a trust, company, church or society, please call 0508 SAVING (0508 728 464), visit our website www.christiansavings.co.nz or email office@christiansavings.co.nz for an application form.

Take your time completing this form. If you have any questions about the required information or don't have a current NZ Passport or NZ Drivers Licence please contact us.

01a

INDIVIDUAL 1 DETAILS

Full Legal Name (As stated on NZ Drivers Licence or Passport)

Title First Name/s Middle Name/s Surname

Preferred Name (Optional)	Date of Birth (dd/mm/yyyy)	IRD Number	Occupation
Home Phone	Mobile	E-mail	
How did you hear about Christian Savings? (Optional)		Tick One	I am only a tax resident in New Zealand
Church (Optional)			I am also a tax resident in another country/countries
What country/countries are you currently/ have previously been a resident/citizen of?		If you are also a tax resident in another country/ countries, please specify what country/countries and Tax Income Number/s:	
<p>You can complete this form online by visiting our website www.christiansavings.co.nz which will enable your identity to be verified electronically.</p>			
Residential Address		IDENTITY VERIFICATION For the purposes of complying with the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 and FATCA/CRS, if you are unable to verify your identity electronically, please provide: Certified copy current NZ Passport OR certified copy current NZ Drivers Licence + Certified bank card (showing embossed name) AND a utilities bill or bank statement or government letter issued within the last three months to the customer's home address (not a PO Box). The utilities bill does not need to be certified. Refer section 8 for certification wording.	

Tick if this person is the primary contact

SIGNATURE

Under the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (AML/CFT), Christian Savings is required to verify your identity and address when you become an investor or borrower. To help us complete this, you authorise Christian Savings to use such online information sources as Christian Savings considers necessary in the circumstances to confirm any information relating to you for AML/CFT purposes or as otherwise required.

DEPOSITOR APPLICATION FORM

01b

INDIVIDUAL 1 DETAILS

Full Legal Name (As stated on NZ Drivers Licence or Passport)

Title

First Name/s

Middle Name/s

Surname

Preferred Name (Optional)	Date of Birth (dd/mm/yyyy)	IRD Number	Occupation
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Home Phone	Mobile	E-mail
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How did you hear about Christian Savings? (Optional)	Tick One I am only a tax resident in New Zealand
---	--

Church (Optional)	I am also a tax resident in another country/countries
-------------------	--

What country/countries are you currently/ have previously been a resident/citizen of?	If you are also a tax resident in another country/ countries, please specify what country/countries and Tax Income Number/s:
--	--

You can complete this form online by visiting our
website www.christiansavings.co.nz which will
enable your identity to be verified electronically.

Residential Address

IDENTITY VERIFICATION

For the purposes of complying with the Anti-Money Laundering and
Countering Financing of Terrorism Act 2009 and FATCA/CRS, if you are
unable to verify your identity electronically, please provide:
Certified copy current NZ Passport **OR** certified copy current NZ Drivers
Licence + Certified bank card (showing embossed name)
AND a utilities bill or bank statement or government letter issued within
the last three months to the customer's home address (not a PO Box).
The utilities bill does not need to be certified.
Refer section 8 for certification wording.

Tick if this person is the primary contact

SIGNATURE

Under the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (AML/CFT), Christian Savings is required to verify your
identity and address when you become an investor or borrower. To help us complete this, you authorise Christian Savings to use such online
information sources as Christian Savings considers necessary in the circumstances to confirm any information relating to you for AML/CFT
purposes or as otherwise required.

02

SIGNING AUTHORITY (JOINT ACCOUNTS ONLY)

How many individuals will be required to authorise transactions on your Christian Savings account(s)?

Any one alone

Any two together

Other (please state)

Name of Operating Authorised Signatory	Both Individuals Signatures	LEVEL OF AUTHORITY	
		Obtain Information	Transfer or Withdraw Funds

DEPOSITOR APPLICATION FORM

03

INITIAL DEPOSIT DETAILS

Type of Deposit	Investment Term			Amount to be Invested
Call Deposit	On-Call Deposit			\$
Funeral Deposit	Lifetime Deposit			\$
Term Deposit	30 days	9 months	2 years	\$
	60 days	1 year	3 years	
	3 months	18 months	5 years	
	6 months			
Our rates are reviewed regularly and subject to change. Visit www.christiansavings.co.nz or call us on 0508 728 464 for up-to-date investment rates				
Charitable Deposit	1 year	2 years	5 years	\$
	18 months	3 years		

Nominated Charity (as chosen from list of charities available at www.christiansavings.co.nz)

Tick if you agree to have your contact details released to your nominated charity.

MATURITY INSTRUCTIONS

(Christian Savings will contact investors prior to maturity of all term and charitable deposits)

Reinvest principal

Repay principal

INTEREST INSTRUCTIONS

(Excludes Charitable Deposits)

Add interest to principal

Direct credit bank account

I wish to forego interest

04

COMPLIANCE WITH THE ANTI-MONEY LAUNDERING AND COUNTERING FINANCING OF TERRORISM ACT 2009 (AML/CFT)

As part of our obligations under the AML/CFT Act, please help us understand the purpose and nature of your account transactions better, by describing the following:

Please describe: **The nature and purpose** of your business relationship with Christian Savings.
For example: investment purposes, saving for retirement, saving for a house...

Please describe: **Source of funds**. This refers to the origin of the particular funds.
For example: funds are from an existing savings or term deposit with a bank, funds are from sale of a property, funds were received from a deceased estate...

Please describe: **Source of wealth**. This refers to the origin of the customer's entire body of wealth.
For example: wealth is from rental income, wealth is from salary, wealth is from inheritance, wealth is from interest on investments...

Note: We may require additional documentation for verification of source or funds or source of wealth.

DEPOSITOR APPLICATION FORM

05

BANK ACCOUNT DETAILS

Nominated bank account details: please provide copy of bank deposit slip or bank statement for account verification

This is your nominated NZ bank account that you would like your investments interest/principal to be paid to

Please state which Resident Withholding Tax rate applies:

10.5% 17.5% 30% 33% 39% NRWT (Non-Resident Withholding Tax)

If you do not select a Resident Withholding Tax rate, interest paid on call, term and funeral deposits will be taxed at 33%. From 1 April 2020, if you do not provide an IRD number interest will be taxed at 45%.

If you are unsure which tax bracket you fit into visit www.ird.govt.nz or give us a call on 0508 728 464

06

DEPOSIT COMMUNICATION

Postal address (if different to residential address)

Please select one method of receiving account statements and other communication from Christian Savings—you are welcome to change this at any time.

I wish to receive statements by email, or I wish to receive statements by post

How would you like to be addressed in account communications? e.g. Mr J Smith, John

07

DECLARATION

YOUR PRIVACY

Personal information gathered on this form will be held securely by Christian Savings and in accordance with any applicable provisions of the Privacy Act 2020 as amended or replaced by subsequent legislation. The information will be used to administer your investments or loan with us. Certain information will be released to Inland Revenue to comply with tax requirements. You have the right to access your information that we hold at any time and to correct it.

DECLARATION

I/We have read, understood and accept the terms of the updated Product Disclosure Statement dated 31 August 2021. I/We agree to the terms outlined above in relation to document certification and the Privacy Act 2020. I/We agree to Christian Savings obtaining information for AML/CFT purposes as authorised above. I/We agree to Christian Savings disclosing information as required in accordance with any applicable law.

I/We hereby declare that all information I/we have submitted in this form is true and correct.

Name	Name
Signature	Signature
Date	Date

08

CERTIFICATION WORDING FOR YOUR JP/LAWYER

I [full name], [solicitor/JP], certify that I have sighted [name]'s photo ID and/or proof of address. I met [name] face to face on [date] and certify that these scanned documents are a true and correct copy of the original, and any photo ID provided is a true representation of the named individual.

FOR OFFICE USE ONLY

Name	ID Complete	Address Complete
Date Received	Signing Authority	PEP Checked
Initial Deposit	Source of F/W	Bank Verification