

2023
Annual report

Investing in a new season for the Kingdom



**CHRISTIAN
SAVINGS**

Growing investments, growing churches.



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Who we are

We are New Zealand's only Christian charitable deposit-taker, the leader in lending to churches and Christian charities. We enable New Zealanders to be good stewards of their finances.

Our History

For over 60 years, Christian Savings has existed solely to help churches and Christian charities make the most of their assets for the Kingdom of God.





What we do

We grow the investments of everyday individuals, families, churches and charities, while lending to churches and Christian charities to help build and transform their ministries.

Where people place their money matters and makes a difference. We believe in growing God's kingdom in New Zealand by being more than a loan-giver or a deposit-taker.

- We are trusted guardians of investors' precious financial assets
- We enable infrastructures that create stronger communities in New Zealand.
- We act as a 'fly wheel' for social good, striving for fair returns with a social bonus.



Year in review:

Running the race set before us

Dear Stakeholders,

The tale of Christian Savings in the 2023 financial year has had more twists and turns than a cheap garden hose. Whilst we reached the finish line in a strong position, our wins this year were harder fought than we had anticipated.

The first half started with a bang as lending soared rapidly, demanding a huge effort from our team who worked tirelessly for the many churches and charities applying for finance. Our year-end (31 August 2023) lending target of \$235 million was reached before we had finished putting up our Christmas trees in December. Lending growth was represented by a healthy geographic spread and included an equally diverse range of entities. Examples include Golden Sands Baptist Church in Tauranga, Hamilton Christian School, Onekawa Bible Church in Napier and YWAM Queenstown.

Tragedy struck as we tipped into the second half when we learned that our Lending Manager lost her husband in a car accident just 5 weeks before expecting their first child. The blow struck our staff and clients alike as we collectively felt the pain of seeing someone we loved lose such a significant part of their life. We were deeply moved at the love shown by our clients and our Board who went above and beyond in their support. This display of care was timely for the new staff who joined Christian Savings this year, of which there were many. It's been a privilege to welcome David Osborne (CFO), Sarita Hanif (Operations Manager), Andy Milne (Senior Lender), Lauren Woolerton (Project Manager) and Chipso Green (Executive Assistant).

In the midst of welcoming new team members we found ourselves in an epic arm wrestle over interest rates. Whilst the Governor was ratcheting up the OCR in the war against inflation, we

were doing our best to shelter borrowers from the pain of sky-rocketing interest rates. However, the longer we held back our rate increases for borrowers, the faster we lost ground as our primary cost of doing business (being the interest we pay depositors) rose at an outstanding pace. Managing the tension between the best interests of our borrowers, depositors and shareholders tested the mettle of Senior Management and the Board. This too came at a strange season of stagnation in the growth of our deposits which saw us restricting our lending pipeline to ensure a sensible level of liquidity at a time when Silicon Valley Bank and Credit Suisse were making headlines for all the wrong reasons.

We're pleased to report that we have finally turned the last bend for this year, being a whistle-stop tour through the main cities delivering our annual conference on fruitful governance for churches and charities. This was a fantastic event featuring a lineup of excellent speakers who inspired, challenged and guided people through the task of governing the church in New Zealand in this particular season. The feedback we're receiving is heartwarming and we're already dreaming up new ideas for next year.

We are delighted to have crossed the annual finish line within budget despite the twists and turns of the past 12 months. We're most proud of the way we have earnestly sought to balance the interests of our borrowers, depositors and shareholders, not an easy feat in such times.

It continues to be a privilege serving the Church in New Zealand and we would like to thank our many partners who make our mahi possible.



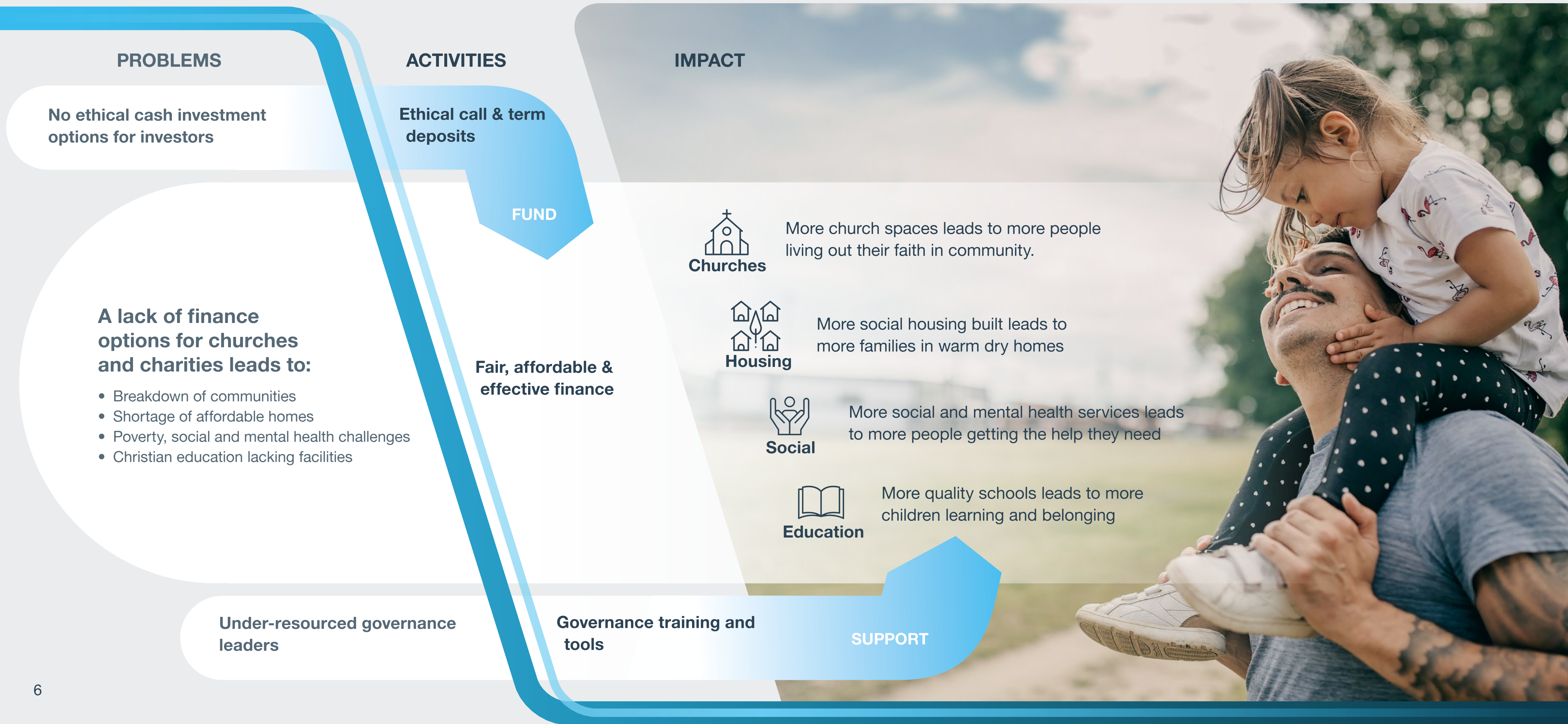

Graham Shaw
CHAIR



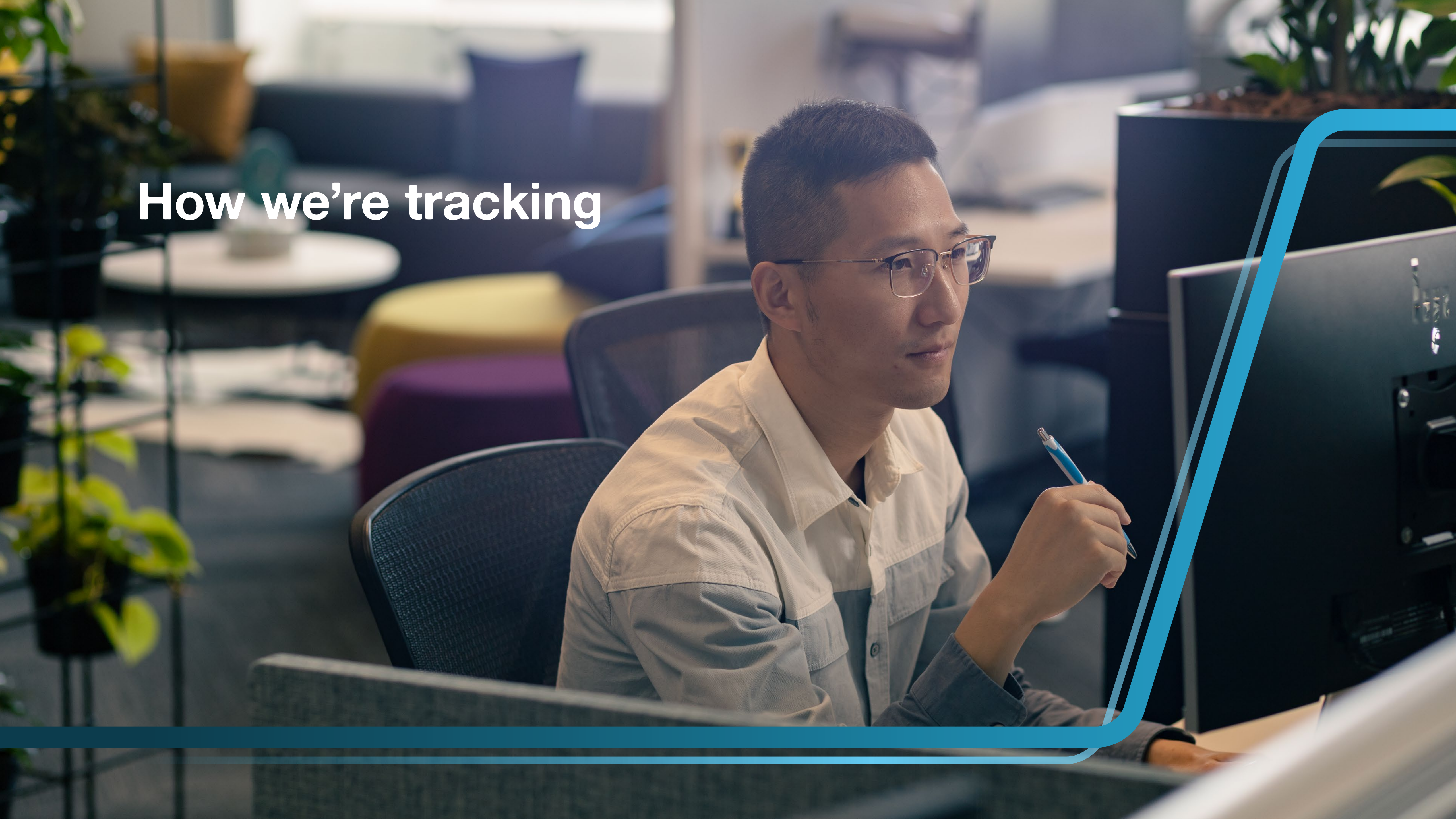

Daniel Mazengarb
CHIEF EXECUTIVE

Theory of change:

Enabling churches & charities to help communities flourish



How we're tracking





Performance

Summary income statement

NZD\$'000	2019	2020	2021	2022	2023	CAGR*
Total revenue	8,150	9,137	8,431	10,188	16,318	19.0%
Finance costs	(5,245)	(5,234)	(3,597)	(4,001)	(9,249)	15.2%
Net margin	2,905	3,903	4,834	6,187	7,069	24.9%
Expenses	(2,059)	(2,478)	(2,777)	(2,376)	(3,465)	13.9%
Other gains/(losses)	6	(101)	(172)	-	(21)	
Net surplus	852	1,324	1,885	3,811	3,583	43.2%

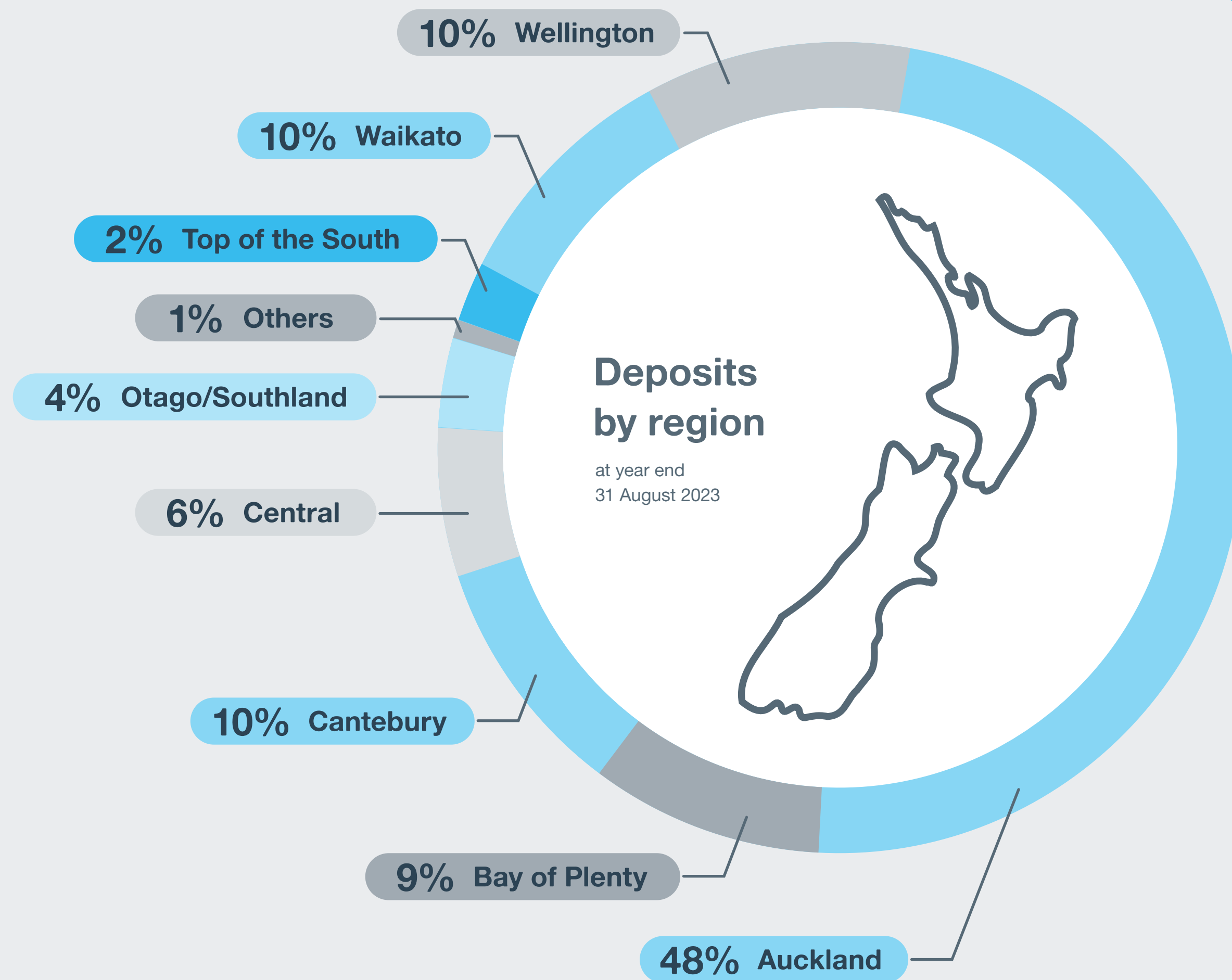
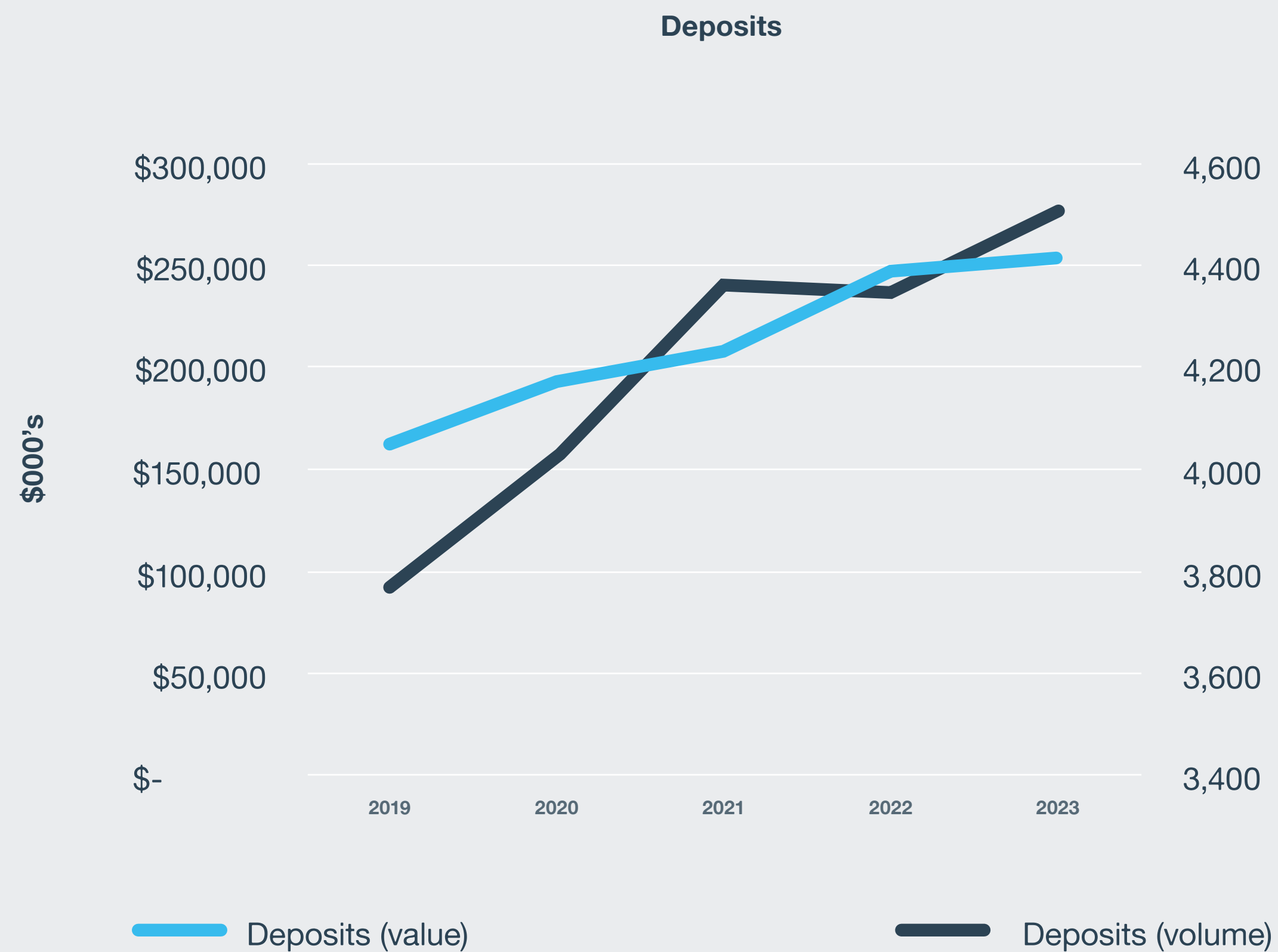
Key balance sheet and regulatory metrics

NZD\$'000	2019	2020	2021	2022	2023	CAGR*
Total deposits	\$162,778	\$191,407	\$207,395	\$248,636	\$252,487	11.6%
Total lending	\$129,609	\$165,469	\$184,349	\$211,113	\$248,861	17.7%
Equity	\$19,192	\$28,156	\$31,231	\$34,971	\$37,232	18.0%
Liquidity ratio	3.18:1	2.88:1	2.77:1	3.24:1	2.74:1	
Capital adequacy	12.6%	14.3%	14.9%	14.7%	14.2%	
Credit rating	BB	BB	BB	BB+	BB+	

*Compound Annual Growth Rate: represents the compound annual growth rate from 2019 through to 2023.
A copy of our audited financial statements is available on our [website](#) and on the [Disclose Register](#).



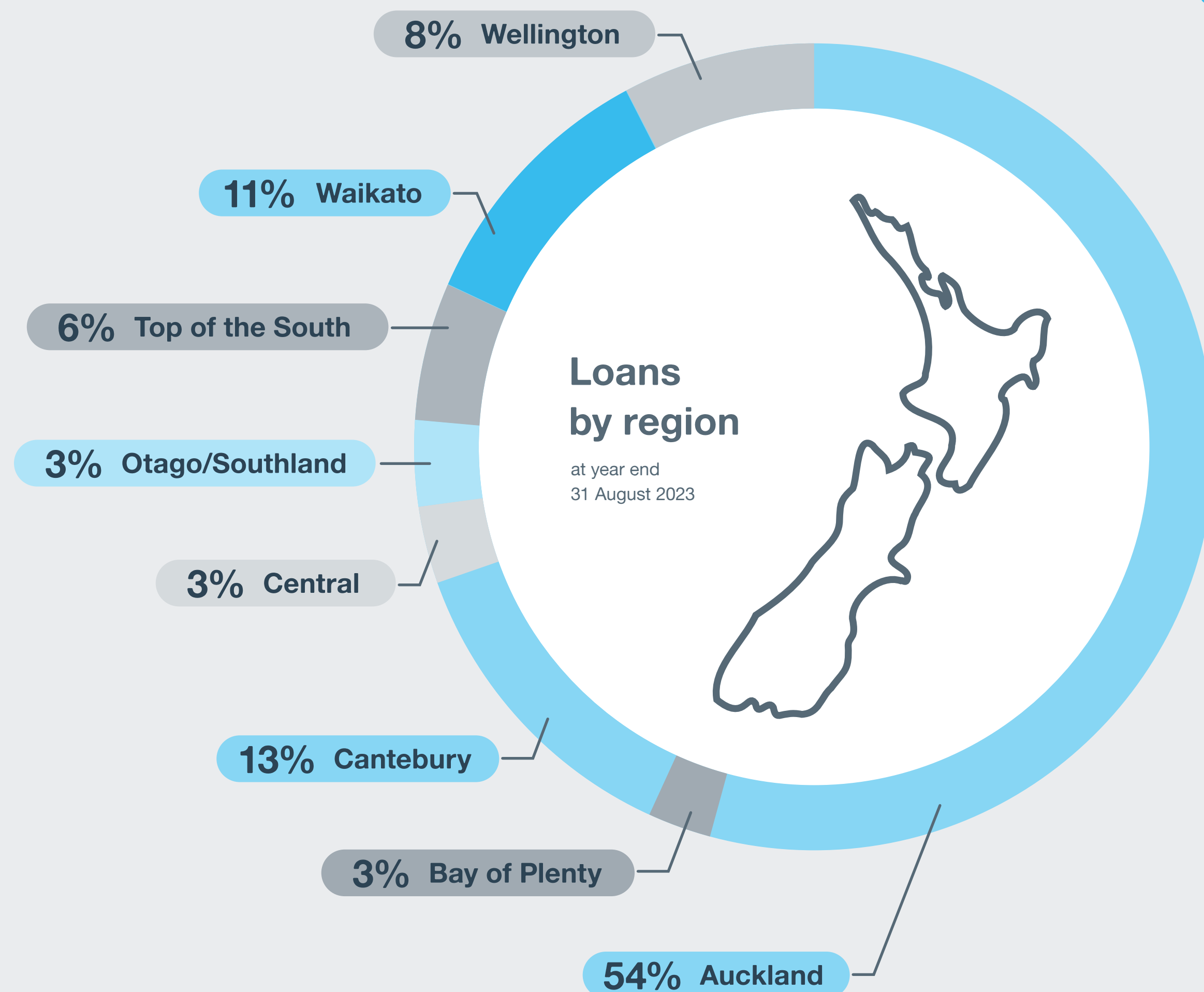
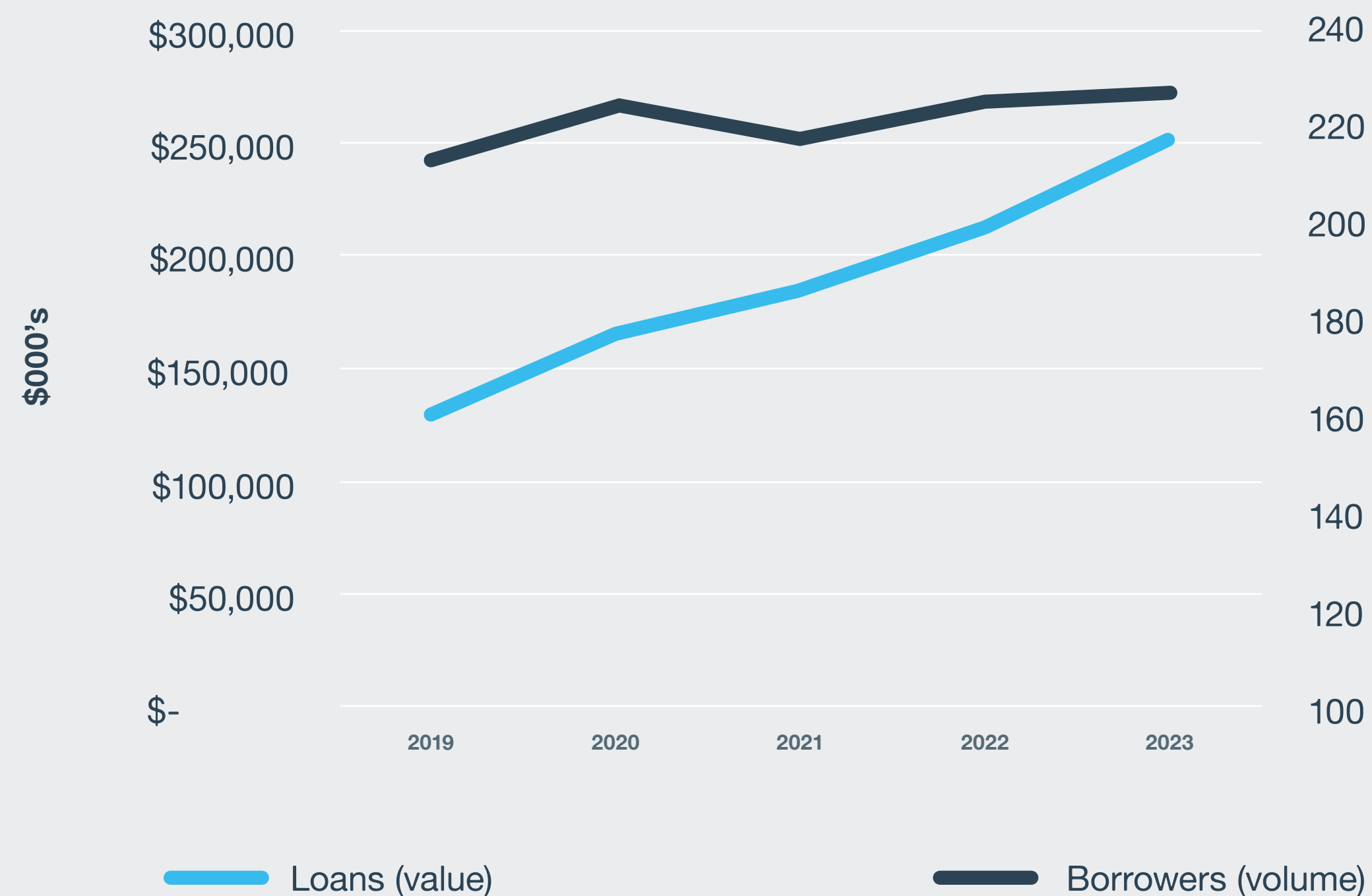
Growing deposit base





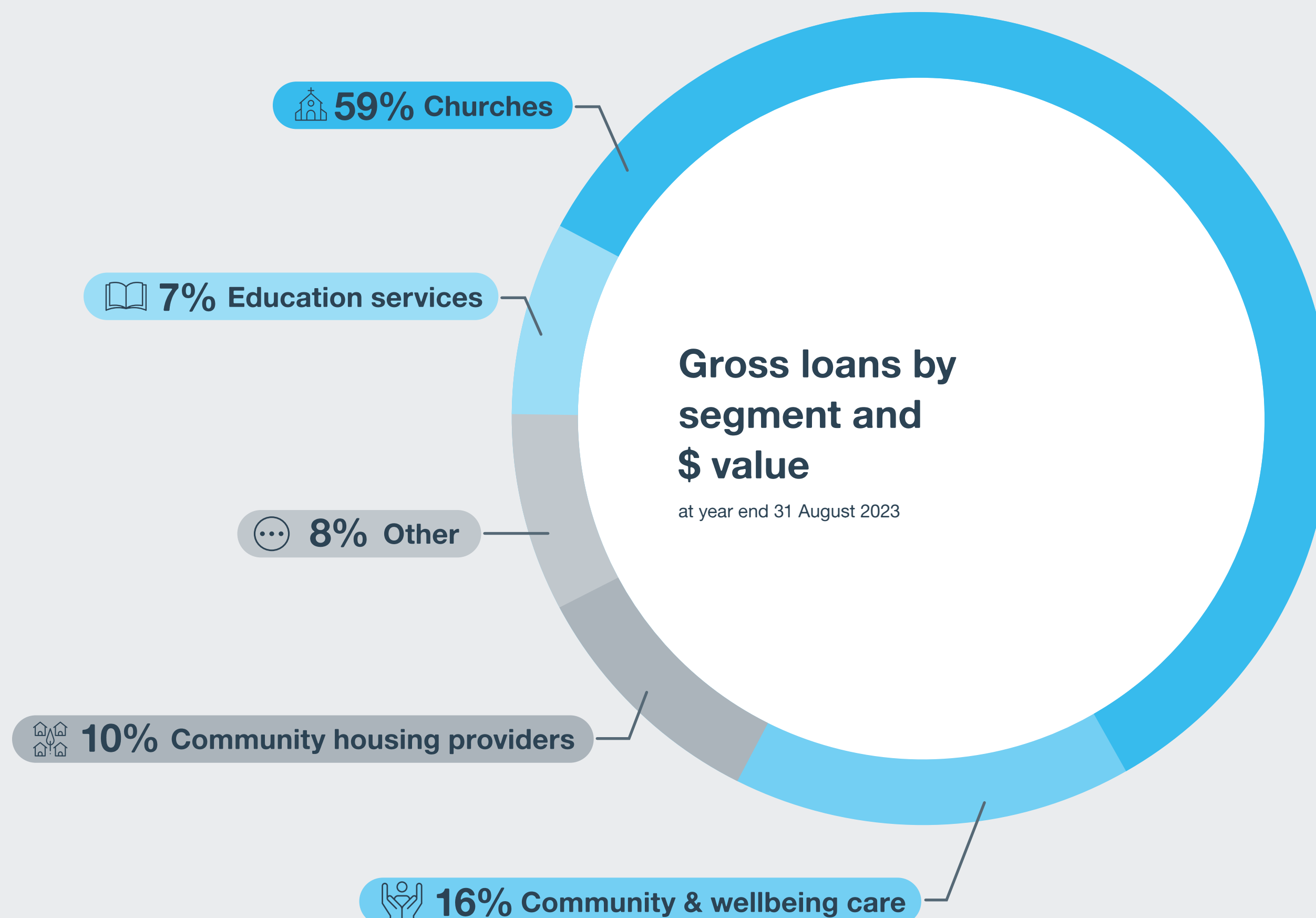
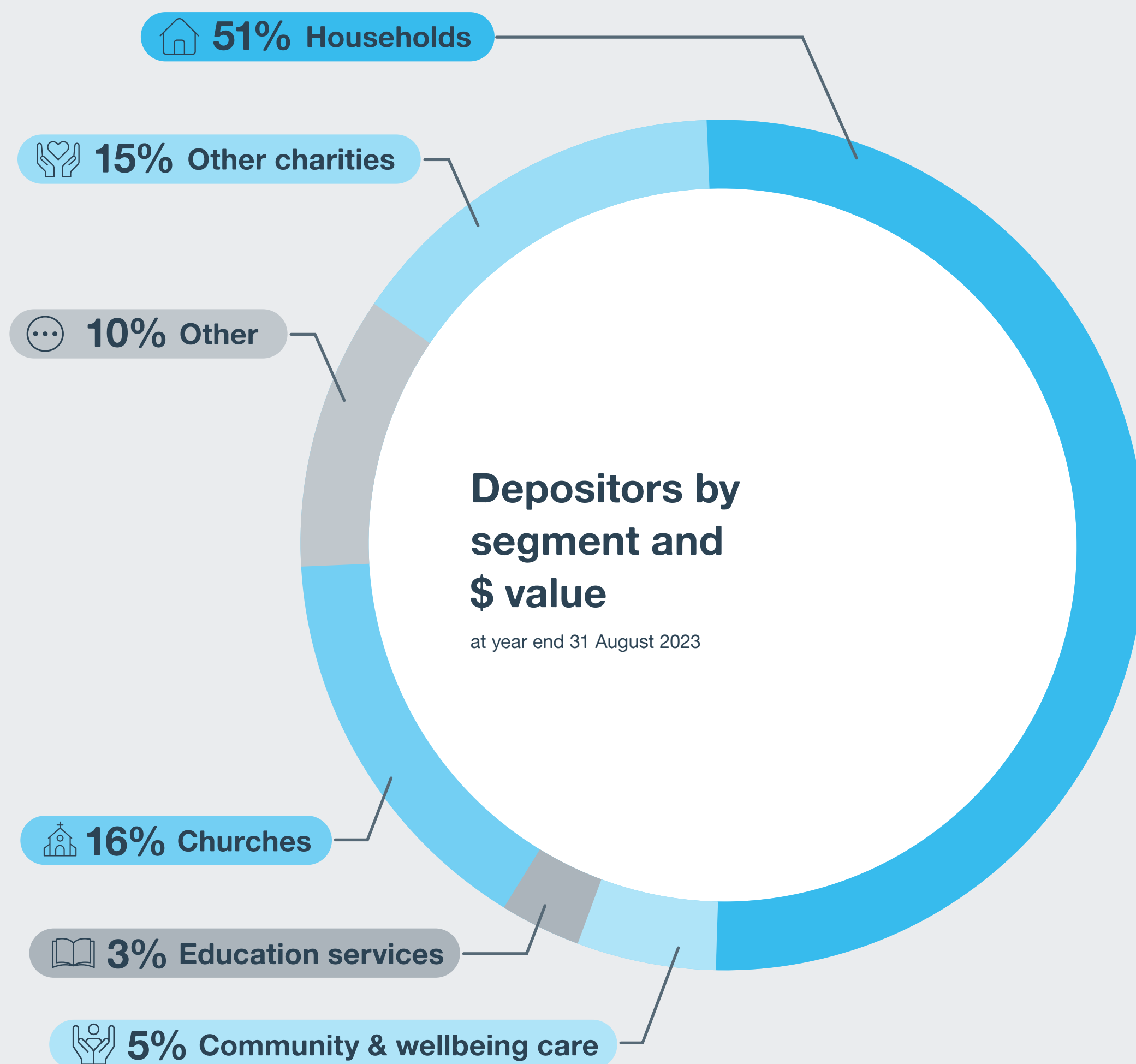
Growing lending base

Loans





Diversification



What we've been up to



Case studies:

How we've helped our community



Partnering to serve the community for years to come

Golden Sands Baptist Church has enjoyed strong and consistent growth since it was planted in 2018 in Papamoa East, one of the fastest-growing regions in the country. Golden Sands Baptist saw a unique opportunity to be part of shaping this new community, and designed a purpose-built, custom-designed church and community centre that will become a hub of spiritual, community and commercial activity in Papamoa East for decades to come. Opened in mid-2023, construction of the church and community centre utilized thousands of volunteer hours, as well as the generous financial support of church members and a development loan from Christian Savings.



Aligning with shared values for shared success

Hamilton Christian School (HCS) opened as a private school in 1983, and its steady growth in demand for enrolments accelerated sharply after it became a state-integrated school in 2020. HCS' Operations Executive Esré Bezuidenhout says "Christian Savings has been instrumental in assisting with our school's development through their funding of the construction of our next double-story classroom block. Their commitment to seeing our project succeed and their values-driven approach have helped enhance our school infrastructure significantly. With the new classroom block accommodating an additional 200 students, our school has grown to a student body of 850 in 2023, thereby providing many more students with the opportunity to experience the enriching benefits of a Christian education".



Case studies:

How we've helped our community



Supporting churches to make the most of their assets

Due to the sustained growth of its congregation, Onekawa Bible Church has outgrown its current site and is currently meeting in a nearby school hall. The entrepreneurial and commercially-savvy trust board saw an opportunity to re-develop the existing church site into six residential dwellings, with the profits from the development going towards the building of a new church building. Thanks to Christian Savings' support, the project is nearing completion, with all units pre-sold to Kainga Ora.

Onekawa Bible Church Trustee Mark McLintock says that "Without the support of Christian Savings Ltd, we would not have been able to undertake such a significant development and unlock the benefits of the project, which is a key part of establishing a new church property for the future. Christian Savings were excellent to deal with from beginning to end. Our thanks go to Christian Savings for their professional but easy to deal with approach. They became our partners in this project, and we are very grateful for their support."



Understanding churches need a different approach to assessment

Christian Savings has partnered with Legacy Community Church since 2018. Located in North-East Christchurch, The church serves a diverse local community that is still recovering from the effects of the region's earthquakes in 2010/2011. The Church is undergoing a major redevelopment of its main campus, as well as developing nearby residential properties for social and community housing. Lead Pastor Nigel Ripley says "Christian Savings is a great option for churches seeking financial support. You guys have a unique understanding of how churches operate and approach risk assessment differently than commercial banks. Christian Savings not only conducts thorough due diligence but also has a genuine desire to aid churches in a way that aligns with their values."



Conference:

Building the Church for Today and Tomorrow



Volunteers are the back-bones of our churches and charities. Their service is often unseen, un-thanked, and in many ways, unsustainable. For those in governance roles, it's usually under-resourced too. Hosting our governance Conference is one way we give back.

Designed to help trustees, elders, and officers better understand and live out their governance duties, our Conference "Building the church for today and tomorrow" was held in Auckland, Wellington, and Christchurch in August and September. The conference goes from strength to strength, with 300 people attending this year—a significant leap from last year. Our networks across the faith-based community are unique and powerful.

We're firm believers that good governance is vital for the future of our churches and charities, that's why we chose the theme of Fruitful Stewardship this year. How can we best use our property, people, and money for the Kingdom? We were blessed with some high-quality speakers to explore this, including:

- Rev. Frank Ritchie on Stewardship in the current season of the Church;
- Kirsten Patterson (KP) on Governance as service,

- Ven. Dr. Lyndon Drake on What is biblical stewardship?;
- Jenny Collings on Stewardship of people;
- Steven Moe on Structuring for impact; and
- Chris Clarke hosting a panel sharing on-the-ground examples of innovations.

It was well-received, with over two-thirds of those surveyed saying it exceeded their expectations. One attendee captured this spirit when they called us "not just a financial institution," but "a solution provider." Another felt "empowered to lead courageously and seek to leverage the resources we have for furthering the kingdom," and yet another "loved the challenge to be prioritising future thinking and legacy in our board meetings."

This is what it is all about. We're helping to provide inspiration and solutions to the day-to-day governance challenges of those in our community now so they might flourish in the decades to come.

"Christian Savings is recognising the critical strategic coordinating function that it can play bringing together Churches/Christian trusts that would otherwise never get into the same room as one another. In an increasingly divided [and] atomised world, this is becoming more important than ever!"



Where to next



Developments:

Making space for our growing team



Spring is a time for New Things. We're in the business of growing investments and growing Christian charities, with our deposits up by \$116 million (85%) and volume of loans up by \$144 million (138%) in the last 5 years. To support that growth and prepare us for the season ahead our team has grown too, with a thirty percent increase in the past few years.

- We have been blessed with a seasoned financial captain as CFO, David Osborne. David has over 35 years of experience within the Banking and Finance industry and a decade of supporting charities and in governance roles, such as his current role as chair of Alpha NZ.
- Sarita Hanif has also joined as our new operations Manager. Coming from a senior management position in a company that grew from 20 staff to 120, Sarita knows how to keep up the momentum in a sustainable and innovative way. This year Sarita will be overseeing a significant refresh in our marketing and technology functions.
- With significant experience working in the banking sector, Senior Lender Andy Milne is yet another safe pair of hands for us with expertise we can trust.

Which leads us to our new space. We realised it was time to move on from our Penrose office which we called home for many years. We'd simply out-grown it. New staff had nowhere to sit, and our "lunch table" was a row of filing cabinets. We didn't even have meeting spaces of our own. It was time for a change.

We have since moved into our new home on Heather Street in Parnell, Auckland.

Parnell is a delight for our staff, with our new offices nestled between the stunning Auckland Domain and the tempting cafes of the Parnell Rise. Not only can we be more welcoming to guests, it is also closer to financial heart of Auckland with the Reserve Bank and FMA offices just a few minutes away.

New people and a new space are signs of a new season here at Christian Savings. We are confident we are in the right place with the right people for the right season, with many years of growth for us—and for the Kingdom—to come.





Developments:

Getting behind some good changes in the finance sector

We know that changes to regulatory frameworks are not something most people get excited about. We get it. Just mentioning the word compliance is enough to kill the mood.

But here at Christian Savings we're looking forward to upcoming changes that get our financial sector up to speed with other OECD countries and give you even more confidence to invest with us.

Passed into law this year, the Deposit Takers Act (DTA) 2023 was introduced by government to protect the deposits of ordinary New Zealanders, promote a more stable financial system, and strengthen the Reserve Bank's powers to intervene earlier to prevent system-wide failures. The DTA will also combine the bank and non-bank regulatory regimes into one.

The Depositor Compensation Scheme (Scheme) stands out as a key part of the DTA. The provision protects up to \$100,000 per depositor, per institution. The Scheme is set to go live from late 2024, so nothing changes for now. We continue to have a place at the consultation

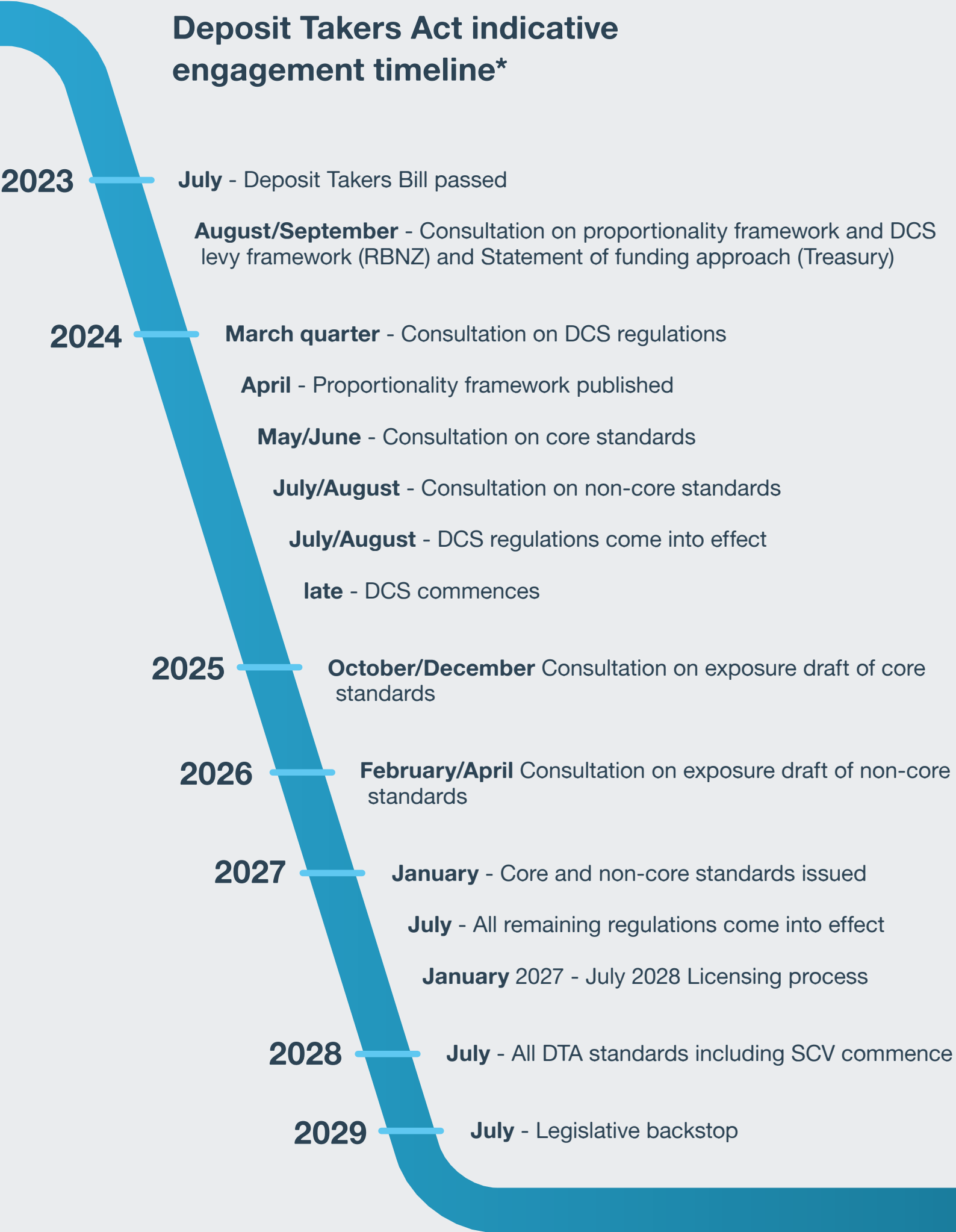
table, taking part in the sector workshops as we head towards implementation of the Scheme.

While this is good news for the sector, our team has had to work hard to get ready. The Scheme is backed by a government guarantee; however, it will primarily be funded by levies paid by deposit-takers like us. The levy will add costs for us, although we're happy to make the investment for the benefit of our depositors. In preparation for the changes we've been investing in new staff, IT capabilities, and legal and governance frameworks to ensure we're compliant and doing the best we can for our depositors and shareholders.

We care about a stronger financial sector because we're all about giving our borrowers, depositors and shareholders more confidence in their investments. We're thankful we're in a place to take things to the next level for you.

To learn more about the Deposit Takers Act, visit the RBNZ's [website](#).

Deposit Takers Act indicative engagement timeline*





Staying ahead with risk management

Cyber security & privacy

Experienced team protocols. Experienced Privacy officer & protocols.

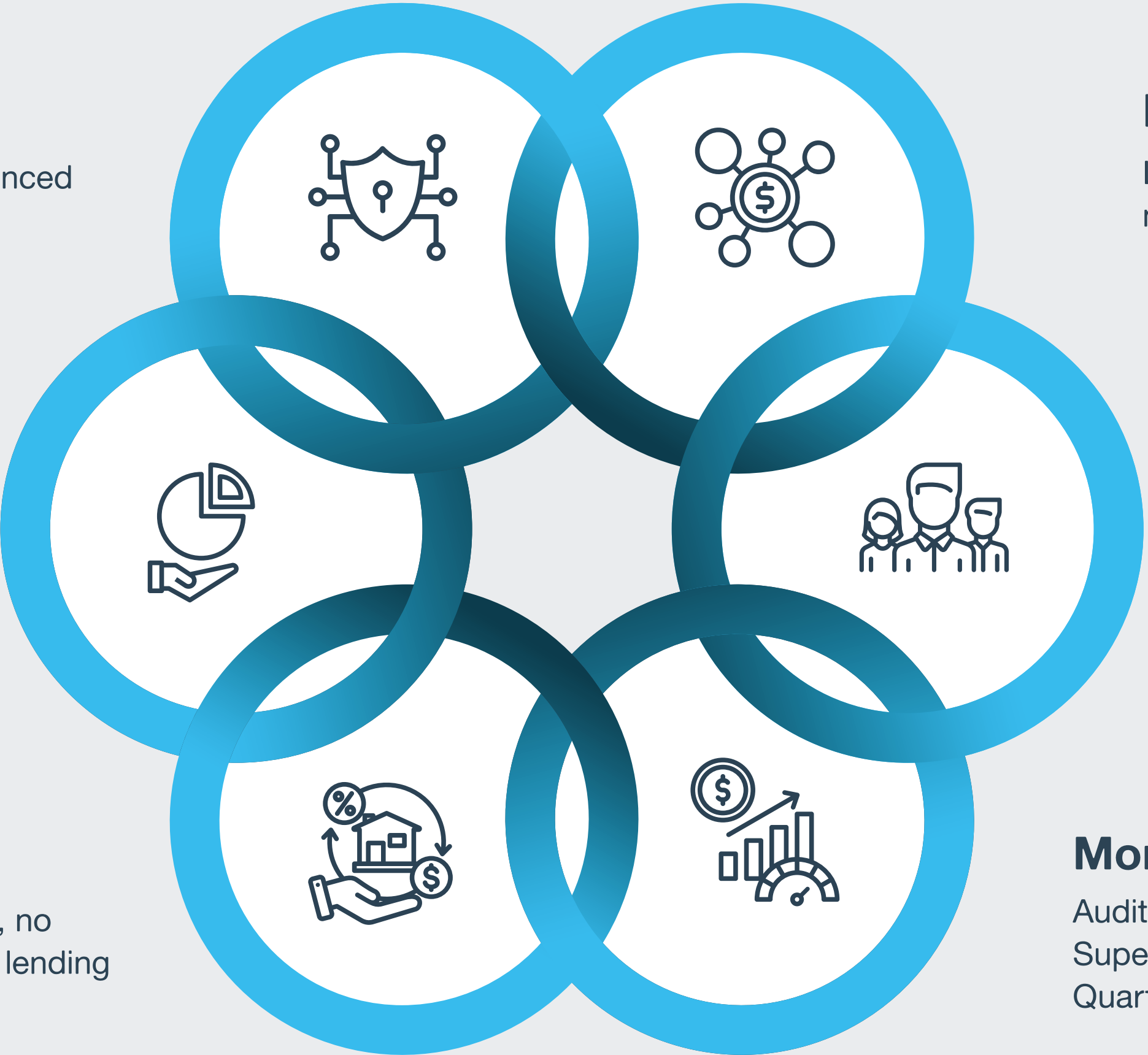
Security and capital adequacy & liquidity

Capital adequacy and liquidity ratios maintained.
Term deposits secured by Public Trust.



Risk control

Mortgage security only, no cashflow or unsecured lending



Diversified

Lending is geographically spread across multiple market segments.

Experienced team

Highly qualified with “The big four” bank experience.

Monitoring & reporting

Audited bi-annually by RSM.
Supervised by Public Trust.
Quarterly returns reviewed by RBNZ.



Staying true to our values



Faith

- We demonstrate compassion through love and prayer
- We share God's word in our conversations
- We strive to see things through God's eyes



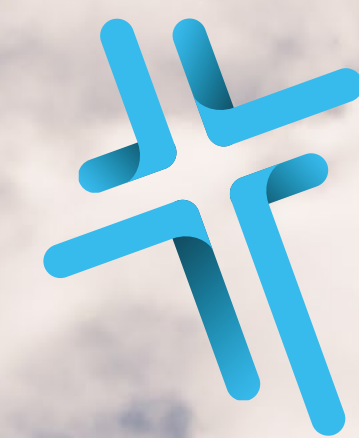
Care

- We recognise and celebrate excellence
- We hold ourselves accountable for our choices and actions
- We go the extra mile for each other and our clients



Stewardship

- We are committed to learning, growing and sharing knowledge
- We take pride in our work always aiming for excellence
- We balance our generosity with commercial prudence



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