

Product Disclosure Statement

17 October 2024

**Replacement Product Disclosure Statement
for the Product Disclosure Statement dated
19 October 2023 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 at <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



**CHRISTIAN
SAVINGS**

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 sixty 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 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. 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 and repaid upon your death to either your funeral director or your legal representative (e.g., the executor of your estate).
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 our 9-month term deposit rate, available on our website (subject to change without notice).

	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 the closure of your 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 every 3 months in arrears. • all other terms greater than 9 months, are payable in arrears every 6 months. Interest may be compounded or credited to your nominated bank account.	We make the donation at such times as agreed with the nominated charity.	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 the closure of your funeral deposit.
Early withdrawal	There is no charge for 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, and the term deposit interest rate, and 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.

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 and charitable 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 (call deposits, term deposits, charitable deposits and funeral deposits) are not transferable. .

How do deposits rank for repayment

On liquidation of Christian Savings, claims by depositors 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 information on our Disclose Register entry under Financial Information.

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 a higher risk of defaulting on their commitments. You need to decide whether the offer is fair.

Christian Savings considers that the most significant risk 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 trust deed with our supervisor, Public Trust.

Loan default risk

If a number of borrowers default on their loans around the same time, there may be insufficient funds to repay depositors. 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 below). Christian Savings has been rated by Fitch Ratings Inc. (Fitch). Fitch gives ratings from AAA through to D.

A credit rating is an independent opinion of the capability and capacity of an entity for timely payment of financial obligations and repayment of 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.

FITCH'S CREDIT RATINGS

Credit rating ¹	Summary description of the rating	Rate of default statistics — 10 year average of 3-year cumulative default rates (%) 2010-2019 ²	
AAA	Highest credit quality	AAA	0
AA	Very high credit quality	AA	0
A	High credit quality	A	0
BBB	Good credit quality	BBB	0.13
BB	Speculative  entity credit rating BB+	BB+ BB BB-	0.74 0.94 2.65
B	Highly speculative	B	8.26
CCC	Substantial credit risk	Statistics are not available for these ratings.	
CC	Very high levels of credit risk		
C	Near default		
RD	Restricted default		
D	Default		

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

² Source: Fitch Ratings Global Corporate Finance 2021 Transition and Default Study. This study is only available to Fitch member issuers.

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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. 2024 marked the 62nd year of our work. 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 has been since our humble beginnings in 1962. Our very first loan was used to help a church acquire pews for its congregation. Since then, we have grown significantly in our size and scope and have become a common ground for Christian denominations to work together where we currently have approximately \$250 million in lending.

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, including the construction of a new church in Papamoa, a large development of affordable homes in Christchurch, significant extensions to a school in Hamilton and a new church complex for a Chinese congregation in Auckland. Christian Savings has become a significant resource for Christian churches and charities that require a faith-based lending partner.

Blessings,

Graham Shaw

Chair

17 October 2024

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.			
Minimum investment	Each deposit product has a minimum amount that can be invested which can change from time to time. The current minimum investment amount is available on our website or by contacting us.			
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 either your funeral director or 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 that 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 our 9-month term deposit rate, available on our website (subject to change without notice).
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 the 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 every 3 months in arrears. For all other terms greater than 9 months, interest is payable in arrears every 6 months. Interest may be compounded or credited to your 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 every 6 months on 31 March and 30 September in each year (or on the next business day following these dates) and is compounded, or on the closure of your funeral deposit.

	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, and the term deposit interest rate, and 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.
Ranking on liquidation	On liquidation of Christian Savings, your rights and claims under the deposits would rank: <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. 			

Christian Savings reserves the right to charge a fee for additional information requests related to all deposits, such as audit confirmations and paper copies of historical statements and transactions.

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

Interest rate information on deposits can be found on our website www.christiansavings.co.nz or by calling our helpline at 0508 728 464. Our interest rates are also published on www.interest.co.nz where you may find information on competitor interest rates to assist with your financial investment decision.

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 registered charities with a Christian purpose, and people associated with these entities. Its shares are held by various Christian charitable groups and denominations. In addition, Christian Savings has invested in several local businesses that are helping to develop thriving, diverse and inclusive communities.

(a) Loan application and loan assessment policies

Christian Savings finances New Zealand Christian churches and other registered charities with a Christian purpose. This can include acquiring new property, developing existing property or the construction of new buildings.

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.

(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, confirmation that all mortgage(s) have been registered on settlement; and
- for loans that are not secured by a mortgage, a security interest to be registered on the Personal Property Securities Register.

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

In default situations, we immediately contact 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

Our primary borrower types are Christian churches and Christian charities other than churches. Most property loans are secured over land and buildings used by churches and other Christian charities. Our practice is to take a first registered 'all obligations' mortgage to secure all advances over both commercial and residential property. We require a registered or government valuation as evidence of the value of the property.

As at 31 August 2024, our exposure to lending was as follows (as a percentage of the gross

total Loan receivables owned by us as at 31 August 2024):

Christian Churches	\$146,806,038	57%
Community and wellbeing care services	\$27,869,778	11%
Housing providers	\$33,763,775	13%
Education services	\$19,181,111	8%
Other	\$29,115,629	11%

You can get more information on our lending exposure in our Annual Report which is available on our website or on the Disclose Register.

The industry in which we operate.

For over sixty years, Christian Savings and its predecessors have 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 that 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 that are available to service our loans.

We generate income from our interest rate margin, growing new lending and growing new deposits. You can get more information on how we generate income from these sources from our Annual Report which is available on our website or on the Disclose Register.

Board of directors and senior management

Graham Shaw B.Com, FCA, CFInstD is the chair of our board and is 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 and eight years on the Pushpay board, the last four as Chair. He also serves on a number of private companies and not-for-profit boards. Graham is a Fellow of Chartered Accountants Australia and New Zealand, a Chartered Fellow of the Institute of Directors in New Zealand and a former Companion Member of Engineering New Zealand.

John Roberts BCA, CA is a Chartered Accountant and Associate of the Institute of Directors of New Zealand and has been a director of Christian Savings since 2017. John has 50 years of experience in finance and accounting for public and private companies, together with a lifetime of involvement in church management, finance and property. He recently retired from 20 years in public practice, prior to which he was CFO of an international tourist hotel chain. John has also been involved in property consultancy for both private and public sector clients. He attends Elim Christian Centre in Auckland City.

Steven Moe LLB (Hons) / BA brings a legal lens with a particular expertise in legal structures and governance and is regarded by many as New Zealand's leading lawyer for purpose-driven organisations. He has worked as a lawyer in very large law firms for 23 years in New Zealand, Australia, Japan and England and is a Partner at Parry Field Lawyers heading the Impact Team. He is a member of the Institute of Directors and is a facilitator for their company director course on legal risks and hosts their governance and leadership podcast 'Board Matters'. He has been appointed to the XRB Advisory Panel, is on Charities Services sector group and was the first chair of the Global Alliance of Impact Lawyers APAC region. He has a particular focus on impact

investing, churches, charities and for-purpose organisations. He wrote "Churches in Aotearoa New Zealand: A Legal Handbook" and is the author of "Social Enterprises in New Zealand" and assists us on compliance and regulatory issues. He convened the Christian Lawyers of New Zealand conference, hosts the podcast 'seeds', interviewing inspiring people across New Zealand which has 400+ episodes and founded the Seeds Impact Conference. He attends Hope Rolleston Presbyterian Church in Christchurch.

Kim Thibault MBA, PGDip BusAdmin, BA, has built her career on a foundation of purpose and innovation. After spending several years working internationally with YWAM, she settled in Whangaparaoa, New Zealand, where she is an active member of the local Baptist church. Kim is a co-founder of BoardPro, a tech startup focused on making governance tools accessible to small businesses and for-purpose organizations worldwide. She also served as Finance Ministry Leader at Whangaparaoa Baptist for six years, improving financial administration and helping modernize the church's constitution. Kim holds an MBA from the University of Auckland and is a Member of the Institute of Directors in New Zealand.

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 over multiple decades. John is a current office holder and co-founder of the Matua Foundation. He is currently serving as a Trustee of the Christian Education Trust. John also served on the Christian Education Trust from 2007-2016 with four years as chairperson during that time.

James Stewart has over 20 years' experience in the infrastructure finance sector providing financial and commercial strategy advice to governments, charitable trusts, Community Housing Providers, faith-based groups and utility providers. He has a passion for seeing capital used to unlock social and environmental impact. He is the General Manager at Home Capital Partners (a housing impact investment fund manager) and serves on the board of Money SweetSpot (a debt consolidation social enterprise, financed by impact investment), Baptist Resources Limited, Restorative Venture Capital and the Chatham Islands Electricity Authority. He attends Ōpāwaho - The River church in Christchurch.

Jenny Collings EMBA, LLB (Hons), Dip.Bib.Studies, CG (Affiliated), is a seasoned Christian church leader, currently serving as National Director of The Christian Medical Fellowship of New Zealand. Having been an ordained minister and local charity director for 15 years with The Salvation Army, Jenny is a champion of mission integrity across church life and professional social services. In her daily work with CMFnz she now leads a community of medical practitioners across Aotearoa who encourage and equip each other in living wholeheartedly for Christ through medicine. With an Executive MBA and Affiliate Membership of the Chartered Governance Institute NZ, Jenny aims to utilise strategic thought and the principles of good governance to help lift the impact of Christian churches and charities. She is a member of Northcote Baptist Church, where her husband serves as Senior Pastor.

Senior managers

Our Chief Executive Officer (CEO) is **Daniel (Dan) Mazengarb** LLB, BA. He currently attends Tauranga Central Baptist Church. As a lawyer, his areas of practice included commercial and property law. Dan 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 (CFO) is **David Osborne** BBS, and he commenced his role in January 2023. He is a Fellow Chartered Accountant and a Chartered Member of the Institute of Directors of New Zealand. David has over 35 years of experience within the Banking & Finance industry, in NZ, Australia, and the UK. He spent 18 years at Westpac NZ working across a range of roles within

the Institutional Bank and the Finance Team. Prior to joining us David was self-employed as a contractor for 10 years helping a range of charities with their business and finance team development. He has worked in governance for the last 12 years and is currently the Chair of Alpha NZ. He attends Elim Botany in East Auckland.

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 August 2024, the amount of the liability secured by the security interest was \$273,566,079 (being aggregate deposits of \$269,857,223 and accrued interest on those deposits of \$3,708,856) and the total value of the assets subject to the security interest was \$314,600,040 (this figure excludes intangible assets and equity investments in related entities). 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. Indicative amounts of prior ranking securities based on the financial position of Christian Savings as at its most recent balance date are incorporated by reference into this document and are available on the Disclose Register at www.business.govt.nz/disclose.

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, Public Trust, under the trust deed, any fees payable to a receiver appointed in respect of our assets, and 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:

	Ranking on liquidation of Christian Savings	Examples	A ranking diagram, including indicative amounts based on the financial position of Christian Savings as at its most recent balance date is incorporated by reference into this document and is available on the Disclose Register at www.business.govt.nz/disclose .
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	
	Liabilities that rank equally with the deposits	Deposits, including the accrued interest	
	Liabilities that rank below the deposits	Lesser ranking secured creditors and unsecured creditors	
Lower ranking/later priority	Equity	Distribution of surplus assets	

Transfer

The deposits (call deposits, term deposits, charitable deposits and funeral deposits) are not transferable.

Section 5 – Christian Savings’ Financial Information

Christian Savings is required by law and its trust deed to meet certain financial requirements. Detailed information showing how Christian Savings is meeting these requirements, and financial information relating to Christian Savings and its predecessors, is available on the Disclose Register in the section “Financial Information” at www.disclose-register.companiesoffice.govt.nz and are incorporated into this document by reference.

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.

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. In the event 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 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.

If all or a majority of our largest borrowers 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 locations throughout New Zealand to help reduce our geographical and concentration risks. We are also engaged in an ongoing 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 through 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 an internal risk / compliance committee, comprising members of the board.

Christian Savings has a 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 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. 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 depending on an individual's gross income. If you do not provide us with your IRD number, you will automatically have resident withholding tax deducted at the maximum rate of 45%. 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%.

There may be other tax consequences from acquiring debt securities. 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	The issuer of the deposits
Supervisor	Public Trust	Provides independent oversight of us in relation to the deposits

Section 9 - How to Complain

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

Chief Executive
Christian Savings Limited
Level 3, 12 Heather Street
Parnell
AUCKLAND 1052
Toll Free: 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
Private Bag 5902
Wellington

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 various deposit products is available from us using the contact details in section 12 of this PDS, on Christian Savings' website at www.christiansavings.co.nz and also on the Disclose Register at <https://disclose-register.companiesoffice.govt.nz>. Additionally, a copy of our PDS can 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 any of our deposit products, you will need to complete an application form. An application form is available online at <https://christiansavings.aplyid.com/forms/onboarding> or contact our helpdesk on 0508 728 464.

Section 12 - Contact Information

Christian Savings Limited
Level 3, 12 Heather Street, Parnell, Auckland 1052

PO Box 37011
Parnell,
Auckland 1151

Toll Free: 0508 728 464
Website: www.christiansavings.co.nz

