



**Christian Savings' financial information
relating to, and forming part of, the Product Disclosure Statement
for an offer of deposits by Christian Savings Limited dated**

27 May 2020

Christian Savings' financial information

Christian Savings Limited (**Christian Savings, we, or us**) is required by law and its trust deed to meet certain financial requirements. This table shows how Christian Savings is currently meeting those requirements. These are minimum requirements. Meeting them does not mean that Christian Savings is safe. The section on specific risks relating to Christian Savings' creditworthiness in the Product Disclosure Statement dated 27 May 2020 (**PDS**) sets out risk factors that could cause its financial position to deteriorate. The offer register provides a breakdown of how the figures in this table are calculated, as well as full financial statements.

As described in the PDS, with effect from 1 September 2017, Christian Savings acquired all of the assets and obligations of Christian Savings Incorporated as part of a restructure of the Christian Savings group. The restructure transferred all operations (and obligations) of Christian Savings Incorporated to Christian Savings, with governance and management being undertaken by the same people. Accordingly, the historical information (prior to 1 September 2017) set out in the following tables show financial information for Christian Savings Incorporated, on the basis that, following the restructure, Christian Savings is substituted for Christian Savings Incorporated.

Key Ratios

Capital Ratio	Half year to 29.02.2020	Year to 31.08.2019	Half year to 28.2.2019	Year to 31.08.2018	Year to 31.08.2017
Capital ratio	11.4%	12.6%	13.1%	13.7%	11.2%
Minimum capital ratio as per the trust deed	8% with a credit rating, 10% without a credit rating	8% with a credit rating, 10% without a credit rating	8% with a credit rating, 10% without a credit rating	8% with a credit rating, 10% without a credit rating	8% with a credit rating, 10% without a credit rating
Minimum capital ratio that must be set out in the trust deed under the Deposit Takers (Credit Ratings, Capital Ratios, and Related Party Exposures) Regulations 2010	8% with a credit rating, 10% without a credit rating	8% with a credit rating, 10% without a credit rating	8% with a credit rating, 10% without a credit rating	8% with a credit rating, 10% without a credit rating	8% with a credit rating, 10% without a credit rating
	<p>The capital ratio is a measure of the extent to which Christian Savings is able to absorb losses without becoming insolvent. The lower the capital ratio, the fewer financial assets Christian Savings has to absorb unexpected losses arising out of its business activities.</p> <p>The financial information for 29 February 2020 is not audited but has been reviewed by our auditors, with the approval of our supervisors. The financial information provided for all the other periods is derived from financial statements that have been audited by a qualified auditor.</p>				

Related Party Exposures	Half year to 29.02.2020	Year to 31.8.2019	Half year to 28.2.2019	Year to 31.8.2018	Year to 31.8.2017
Aggregate exposure to related parties as calculated under the Deposit Takers (Credit Ratings, Capital Ratios, and Related Party Exposures) Regulations 2010	5.7%	5.1%	8.9%	5.9%	7.5%
Maximum limit on aggregate exposures to related parties under trust deed	15%	15%	15%	15%	15%
Maximum limit on aggregate exposures to related parties under trust deed that must be included under the Deposit Takers (Credit Ratings, Capital Ratios, and Related Party Exposures) Regulations 2010	15%	15%	15%	15%	15%

Related party exposures are financial exposures that Christian Savings has to related parties. A related party is an entity that is related to Christian Savings through common control or some other connection that may give the party influence over Christian Savings (or Christian Savings over the related party). These related parties include loans to churches where our directors have a requisite degree of influence.

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Liquidity Ratio ²	Half year to 29.02.2020	Year to 31.8.2019	Half year to 28.2.2019	Year to 31.8.2018	Year to 31.8.2017
Liquidity calculated in accordance with the trust deed	3.00:1	3.18:1	n/a	n/a	n/a
Minimum liquidity requirements under the trust deed	1.1:1	1.1:1	n/a	n/a	n/a

Liquidity requirements help to ensure that Christian Savings has sufficient realisable assets on hand to pay its debts as they become due in the ordinary course of business. Failure to comply with liquidity requirements may mean that Christian Savings is unable to repay investors on time, and may indicate other financial problems in its business.

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¹ Changes in the composition of the board of directors, together with repayment of a related party loan, meant that Christian Savings Incorporated complied with the 15% related party exposures test which applied under the trust deed from 1 November 2016.

² As required under the Master Trust Deed (as amended on 29 July 2019), Christian Savings has adopted a new liquidity ratio of 1.1:1, which 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. Liquidity ratios calculated for financial periods from 29 July 2019 onwards will be calculated using the new ratio.

Selected financial information³

	Half year to 29.02.2020	Year to 31.8.2019	Half year to 28.2.2019	Year to 31.08.2018	Year to 31.8.2017
Total assets	\$196.6m	\$183.5m	\$166.1m	\$155.7m	\$145.9m
Total liabilities	\$176.6m	\$164.3m	\$147.7m	\$137.9m	\$131.8m
Net profit after tax	\$0.8m	\$0.9m	\$0.4m	\$1.2m	\$0.7m
Net cash flows from operating activities	\$1.0m	\$0.9m	\$0.3m	\$1.4m	\$1.1m
Cash and cash equivalents	\$8.2m	\$42.4m	\$45.6m	\$41.8m	\$41.6m
Capital ⁴	\$19.1m	\$19.1m	\$18.3m	\$17.7m	\$14.1m
The financial information for 29 February 2020 is not audited but has been reviewed by our auditors, with the approval of our supervisors. The financial information provided for all the other periods is derived from financial statements that have been audited by a qualified auditor.					

Notes: Christian Savings Limited is exempt from income tax due to its charitable status. All items in the financial statements are presented exclusive of GST, except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

³ The selected financial information in the above table has been calculated in accordance with Generally Accepted Accounting Practices (GAAP). Capital has been calculated in accordance with the Deposit Takers (Credit Ratings, Capital Ratios, and Related Party Exposures) Regulations 2010.

⁴ In June 2018 Christian Savings redeemed all preference shares on issue for \$2.3 million. This reduced Christian Savings' capital. However, Christian Savings continued to meet its minimum capital ratio requirements.

Key Ratio Workings as at 29 February 2020

Capital Calculations

<u>Capital</u>	<u>(\$000)</u>
Retained earnings	2,340
Ordinary Share Capital	19,636
Less: Goodwill and Intangibles	(2,146)
Less: Share capital in related parties	<u>(705)</u>
Total Capital (E)	<u>19,125</u>

Exposures

	Exposures (\$000)	Risk weighting	Risk Weighted Exposures (\$000)	
Cash with Banks	50,195	20%	10,039	
Residential Mortgage Loans				
LVR 70% and under	29,866	35%	10,453	
LVR 80% and under	3,340	50%	1,670	
Second or subsequent ranking	82	150%	123	
Commercial Mortgage Loans				
LVR 70% and under	110,577	100%	110,577	
LVR between 70% and 100%	-	150%	-	
Personal loans	261	100%	261	
Other assets	1,387	350%	4,855	
Deduction from capital ⁵	<u>2,851</u>	0%	-	
Total Assets (A)	<u>198,559</u>			
Total Risk Weighted Exposures			<u>137,978</u>	(B)
Operational & Market Exposures (A+B)/2 x 0.175			29,447	(C)
Total exposures (B+C)			167,425	(D)
Capital Ratio at 29 February 2020				
Total Capital (E) /Total Exposure (D)			11.4%	

Related Party Calculations

Related borrowers

Total	\$1,091,775
Total capital (excluding goodwill, intangibles and share capital in related parties)	\$19.1m
Related party exposure	5.7%

Liquidity Calculations

		Credit rating	Discount %	Subtotal
Cash Inflow				
Liquid Assets				
Call	\$7,195,024		0%	\$7,195,024
Term Deposits <= 12 months				
ASB	\$2,000,000	AA-	10%	\$1,800,000
ANZ	\$8,000,000	AA-	10%	\$7,200,000
BNZ	\$0	AA-	10%	\$0
Heartland	\$33,000,000	BBB	20%	\$26,400,000
Loan Repayments	\$3,506,000			\$3,506,000
Undrawn Facility	\$50,000			\$50,000
<u>Total Cash Inflow</u>				<u>\$46,151,024</u>
				Percentage included %
Cash Outflow				
Call	\$9,859,000		20%	\$1,971,800
Term Deposits	\$50,884,000		20%	\$10,176,800
Undrawn Approved Loans	\$12,863,000		25%	\$3,215,750
<u>Total Cash Outflow</u>				<u>\$15,364,350</u>
Liquidity Ratio (Cash Inflow/Cash Outflow)				3.00

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