

Product Disclosure Statement

Dated 29 July 2019

Replacement Product Disclosure Statement for the
Product Disclosure Statement dated 4 June 2019 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-seven years Christian Savings and Christian Savings Incorporated (together the **Christian Savings Group**) 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.	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 \$50) 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 the Christian Savings Group 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 Heritage Trustee Company Limited 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 maintaining at least 15% of the funds we have invested with banks in liquid short term cash investments and by ensuring the majority of our loan book is on terms less than 15 years.

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 30 June 2019, the five biggest borrowers represented approximately 29.63% 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, 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

Table of Contents

Section 1 - Key information summary	2
Section 2 - Terms of the offer.....	9
Section 3 - Christian Savings and what it does	12
Section 4 - Key features of deposits	16
Section 5 – Christian Savings’ financial information	18
Section 6 - Risks of investing.....	18
Section 7 - Tax.....	20
Section 8 - Who is involved?.....	20
Section 9 - How to complain	21
Section 10 - Where you can find more information	22
Section 11 - How to apply.....	22
Section 12 - Contact information.....	22

Letter from the Chair of the Christian Savings Board

Christian Savings represents a special interdenominational partnership that helps Christians throughout New Zealand. For over 57 years the Christian Savings Group has 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 the humble beginnings of the Christian Savings Group 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 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.	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 \$50) 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 Heritage Trustee Company Limited 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 Heritage Trustee Company Limited 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 90 days 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 five 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 afternoon of 24 July 2019 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 24 July 2019 have credit ratings between A and AA-. Our credit rating at the date of this PDS is BB, StableOutlook.

The credit risk of the non-bank financial institutions included in the diagram below is closer to our credit risk. The five 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 \$5,000 - \$10,000. Interest rates from non-bank financial institutions (encompassing finance companies and credit unions) are based on a minimum deposit range of \$500-\$5,000.

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.

On 1 September 2017, Christian Savings acquired all the assets and obligations of Christian Savings Incorporated as part of the restructure of the Christian Savings Group. The purpose of the restructure was to transfer all the operations of Christian Savings Incorporated (including all deposit obligations, loans (and supporting security), staff, systems and premises) to Christian Savings, with governance and management being undertaken by the same people. The new structure has the benefit of operating in the form of a limited liability company under the Companies Act 1993, which is a more robust, familiar and modern legal framework than the framework applying to Christian Savings Incorporated under the Incorporated Societies Act 1908. In addition, it is easier to raise additional capital using a company structure. Prior to the restructure, Christian Savings Limited was a subsidiary of Christian Savings Incorporated and guarantor of the deposits issued by Christian Savings Incorporated.

Christian Savings Incorporated was originally set up by the Baptist Union of New Zealand in 1962. From March 2015 up to and including 31 August 2017, it operated as a non-bank deposit taker. Following the restructure on 1 September 2017, it had only residual functions and as from 28 August 2018 it has been wound up.

Because Christian Savings acquired all of the assets and obligations of Christian Savings Incorporated on 1 September 2017 (with the result that, as from that date, Christian Savings 'stands in the shoes' of Christian Savings Incorporated) certain parts of the historical information in this document relates to, and has been provided for, the operations of Christian Savings Incorporated.

(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 or projectors. 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 30 June 2019

Type of borrower	Number of borrowers	Percentage of total value of loan portfolio
Christian churches	160	73.48%
Christian charities (other than churches)	23	21.23%
Vehicle loans	22	0.21%
Others	5	5.08%
Total	210	100%

Most property loans are secured over land and buildings used by churches. Our practice is to take an Auckland District Law Society form registered 'all obligations' first ranking mortgage security over 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 30 June 2019

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	\$1.69m	1.90%
40-59%	18	\$23.68m	26.61%
20-39%	56	\$38.87m	43.67%
0-19%	81	\$24.73m	27.79%
Unsecured	1	\$0.03m	0.03%
Total	159	\$89.00m	100%

Loans secured over residential and predominantly residential property as at 30 June 2019

Loan to Value Ratio	Number of borrowers	Total value of loans	Percentage of residential loan portfolio
80%+	0	\$0.00m	0.00%
60-79%	6	\$16.76m	63.68%
40-59%	4	\$1.80m	6.84%
20-39%	9	\$4.63m	17.59%
0-19%	8	\$3.13m	11.89%
Unsecured	0	\$0.00m	0.00%
Total	27	\$26.32m	100%

Notes:

1. If the residential property market price level dropped by 20% then based on the LVR's, none of the borrowers (as at 30 June 2019) would be in a negative equity position (i.e. their loan would not be larger than the value of their property), as none have a loan to value ratio over 80% based on the current valuations.
2. If the commercial property market price level dropped by 20% then based on the LVR's, none of the borrowers (as at 30 June 2019) would be in a negative equity position.

The industry in which we operate

For over 57 years, the Christian Savings Group 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 into more affordable finance for cars. As at 30 June 2019, this represented 0.21% 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 2016 and 30 June 2019, over \$41.94 million of loans has been added to Christian Savings' portfolio.
- **Growing deposits:** between 31 August 2016 and 30 June 2019, total deposit base of Christian Savings and its predecessors has grown by over \$23.21 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 Chairman 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 is an Elder of the Elim Christian Centre in Auckland and oversees their finances. He 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.

Andrew Allan BProp BCom (CA), attends Life Church in Manukau. He is a Financial Accounting Manager at Vodafone New Zealand, within the financial operations. Previously he was a Senior Auditor at Ernst & Young.

Elizabeth Johnstone RPharmNZ, FPS is an elder of Karori Baptist Church in Wellington. She is a New Zealand registered pharmacist, and since 2004 has been the National Manager of the Professional Development programme for New Zealand pharmacists, and has continued to work as a community pharmacist. Previously she was the National Moderator, Pharmacy Industry Training Organisation, and the Assessor/Moderator of New Zealand national pharmacist registration exams. She is currently a member of the International Federation of Pharmacy (FIP The Hague) Education Committee (FIPEd).

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.

Rod Robson LLB BAppTheol (Carey), is the Pastor of Opawa Baptist Church in Christchurch. He has been a pastor, a youth pastor, the chief legal advisor for Work and Income, and also 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.

Senior managers

Our Chief Executive Officer (CEO) is **James Palmer** BA, LLB, who has held that position within the Christian Savings Group since 2015. He currently attends St Columba Presbyterian Church in Auckland. As a lawyer, his areas of practise included commercial and property law and the not-for-profit sector. He was previously on our board and was a lawyer at Palmer & Associates.

Our Chief Financial Officer is **Bruce Anderson** BCom, BAcc, who has held that position within the Christian Savings Group 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 Heritage Trustee Company Limited, 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 30 June 2019, the amount of the liability secured by the security interest was \$157,877,162 (being aggregate deposits of \$156,560,086 and accrued interest on those deposits of \$1,317,076) and the total value of the assets subject to the security interest was \$176,811,259 (this figure excludes goodwill and any intangible assets). 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, Heritage Trustee Company Limited 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 Heritage Trustee Company Limited 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 Heritage Trustee Company Limited.

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

The diagram below illustrates the ranking of the deposits on our liquidation and is based on \$157,877,162 of deposits being on issue, being the number of deposits issued by Christian Savings as at 30 June 2019 together with accrued interest to that date.

	Ranking on liquidation of Christian Savings	Examples	Indicative amount as at 30.06.2019
<p>Higher ranking/earlier priority</p>  <p>Lower ranking/later priority</p>	Liabilities that rank in priority to the deposits	Creditors preferred by law (including IRD for unpaid tax) and any permitted prior ranking security interests	\$89,890
	Liabilities that rank equally with the deposits	Deposits, including the accrued interest	\$157,877,162
	Liabilities that rank below the deposits	Lesser ranking secured creditors and unsecured creditors	\$272,620
	Equity	Distribution of surplus assets	\$20,673,101 ⁴

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.

⁴ The figure for Equity provided in this table is higher than, and calculated differently to, the figure calculated for Capital pursuant to section 10 of the Deposit Takers (Credit Ratings, Capital Ratios, and Related Party Exposures) Regulations 2010

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 the Christian Savings Group, 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 Heritage Trustee Company Limited 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 Heritage Trustee Company Limited 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 Christian Savings 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 30 June 2019, the five biggest borrowers represented approximately 29.63% 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 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, including MinterEllisonRuddWatts. We also maintain an internal compliance committee, comprising members from 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% and 33% 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 (33% at the date of this PDS, increasing to 45% from 1 April 2020). If you do not provide us with your resident withholding tax rate, you will automatically have resident withholding tax deducted at the maximum rate (33% at the date of this PDS), 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	Heritage Trustee Company Limited	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, Graham Shaw, who can be contacted at the address and phone number set out above.

Complaints may also be made to Heritage Trustee Company Limited at:

Heritage Trustee
Level 28, Lumley Centre
88 Shortland Street
Auckland 1010

Telephone: (09) 930 9770

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

Application form

Version: 4.0

Product Disclosure Statement dated: 29 July 2019

ACCOUNT DETAILS

This application is for an: Individual Account 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 info@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

1a. INDIVIDUAL 1 DETAILS

What is your 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 Email Address

What country or countries are you currently/have previously been a resident/citizen of?

Tick one: I am only a tax resident in New Zealand I am also a tax resident in another country/countries

If you are also a tax resident in another country/countries, please specify what country/countries and TIN number/s:

Please note that we will be attempting to verify your identification and address using our online verification software, Verifi Cloudcheck. We may request further documentation if we are unable to fully verify New Zealand Passport / Driver Licence / Address details. If you do not have either a valid NZ Passport or a valid NZ Drivers Licence please contact us to discuss alternate ID options.

Full Residential Address:

IDENTITY VERIFICATION

Please contact us if you are unable to provide either

NZ Passport
Number

Signature (please sign clearly in the centre of the box below)

Expiry Date

NZ Driver's
Licence Number

Card Version
Number

Expiry
Date

Tick if this person is the primary contact

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.

**For Joint Accounts, please complete page 2,
For Individual Accounts, continue to page 3**

1b. INDIVIDUAL 2 DETAILS

What is your 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 Email Address

What country or countries are you currently/have previously been a resident/citizen of?

Tick one: I am only a tax resident in New Zealand I am also a tax resident in another country/countries

If you are also a tax resident in another country/countries, please specify what country/countries and TIN number/s:

Please note that we will be attempting to verify your identification and address using our online verification software, Verifi Cloudcheck. We may request further documentation if we are unable to fully verify New Zealand Passport / Driver Licence / Address details. If you do not have either a valid NZ Passport or a valid NZ Drivers Licence please contact us to discuss alternate ID options.

Full Residential Address:

IDENTITY VERIFICATION
Please contact us if you are unable to provide either

NZ Passport
Number

Signature (please sign clearly in the centre of the box below)

Expiry Date

NZ Driver's
Licence Number

Card Version Expiry
Number Date

Tick if this person is the primary contact

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.

2. 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

Password
(Optional)

Password must be 8 characters minimum, and a combination of letters and numbers. Your password won't be active until discussed over the phone with you.

3. INITIAL DEPOSIT DETAILS

Type of Deposit	Investment Term	Amount to be Invested
<input type="checkbox"/> Call Deposit	On Call Deposit	\$
<input type="checkbox"/> Funeral Deposit	Lifetime Deposit	\$
<input type="checkbox"/> Term Deposit	<input type="checkbox"/> 30 days <input type="checkbox"/> 9 months <input type="checkbox"/> 2 years <input type="checkbox"/> 60 days <input type="checkbox"/> 1 year <input type="checkbox"/> 3 years <input type="checkbox"/> 3 months <input type="checkbox"/> 18 months <input type="checkbox"/> 5 years <input type="checkbox"/> 6 months	\$ <i>Please contact us when making multiple initial investments</i>

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

<input type="checkbox"/> Charitable Deposit	<input type="checkbox"/> 1 year <input type="checkbox"/> 2 years <input type="checkbox"/> 5 years <input type="checkbox"/> 18 months <input type="checkbox"/> 3 years	\$
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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

4. 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

5. 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% NRWT (Non-Resident Withholding Tax)

If you do not provide your IRD number and/or select a Resident Withholding Tax rate, interest paid on call, term and funeral deposits will be taxed at 33%. From 1 April 2020, this rate will increase to 45% in instances where no IRD number has been provided.

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

6. 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

7. 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 1993. 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 29 July 2019 . I/We agree to the terms outlined above in relation to document certification and the Privacy Act 1993 and the use of personal information. 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 consent to Christian Savings undertaking electronic verification for my personal details through an electronic verification service ("Verifi Cloudcheck"). Electronic verification may use check information with the document issuer, official record holder, credit bureau or authorised third parties. Please see Verifi's website for the applicable terms and policies that apply to electronic verification: www.verifidentity.com.

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

Name

Name

Signature

Signature

Date

Date

FOR OFFICE USE ONLY

Name:

ID Complete:

Address Complete:

Date Received:

Signing Authority:

PEP Checked:

Initial Deposit:

Source of F/W:

Bank Verification: