



CEO's Report



Last year was an extremely busy one for PSIS, particularly with the official launch of PSIS as the home of "family banking."

We believe focusing on families is the most effective way for us to connect with New Zealanders today.

We're 100 percent owned by our customers. Our emphasis is on providing a personalised service to our customers and their families. We strive to find the best possible solutions for customers, by providing information to help families make the right financial choices. At PSIS we're proud to put people before profits.

Our 2006/07 results tell us we're in great financial shape and our customer satisfaction surveys tell us we're doing a good job. These results stem from the work we've put into developing and revitalising our excellent and competitive financial products and delivery services.

In the last year we've: updated our kids accounts; helped families to consolidate their debt with low fees and fair interest rates; offered excellent, award-winning deposit products; offered more accessible and safer phone and Internet banking; and extended and refreshed our branch network.

We are energised and excited by our progress so far, and I hope that you'll personally feel the benefits of being part of PSIS – the home of "family banking".

Girol Karacaoglu
Chief Executive

Thank-you very much...

To everyone who took the time to respond to our recent Branch Customer Satisfaction survey.

We're thrilled to hear that across New Zealand, 96% of you said you were satisfied with our service.

We take great pleasure in providing you with the high level of service you've come to expect from us.

96%

Customers-get-customers

We've had a huge number of customers referring their friends and family to PSIS.

Remember, if you refer a friend or family member and they join PSIS, you both go into the draw to win \$100 worth of groceries – \$100 for you and \$100 for them.*

There's one draw per branch every month.



* Terms and conditions apply

Family banking winners

To celebrate the launch of family banking last year, we ran a competition for one lucky family to win \$10,000 worth of family banking.

The prize included:

- A \$5,000 Term Deposit
- \$1,000 in a Christmas Saver account
- \$200 in a PSIS kid's account for each child under 18 years
- No transaction fees for one year
- Free Life Plus Life Insurance cover for one year, up to \$1,000
- Free Asset Care home, contents and vehicle insurance for one year, up to \$1,000
- Free Surgery Plus family health cover for one year, up to \$1,000.

John and Pauline Jones, from Palmerston North, were the lucky winners. Well done John and Pauline and thanks for banking with us.



Palmerston North branch manager, Hans Van Bunnik, and Mr John Jones

The PSIS star continues to rise

PSIS' Smile On Call account continues to shine. For the second year in a row it's won a Cannex Five Star Award. This puts it within the top 5% of accounts, in New Zealand, in this category.

Cannex star ratings were designed to be an independent consumer-friendly guide to how good a product is. Star ratings range from one star to five stars.



Are you juggling lots of debt?

According to the Reserve Bank, consumer debt has risen by close to 5%, to \$12 billion in 2006. Many New Zealand families are burdened with deferred repayment store purchases, high-cost loans from finance companies, and credit card bills – often with interest rates of over 20% p.a.

This debt can make it difficult for people to cover their normal household expenses. When something goes wrong – the car or washing machine needs to be replaced or they require expensive repairs – the family's financial problems get even worse.

At PSIS we understand the financial pressures on families today, so we've designed the Debt Consolidation Loan – 14.50% p.a* for unsecured loans of up to \$15,000.

A couple from our Wellington branch are amongst the hundreds of PSIS customers who have reaped the benefits of our Debt Consolidation Loan.

They owed the following:

- A personal loan with a finance company – \$3,000 (at 45% p.a)
- Credit card – \$2,000 (at 19.95 % p.a)
- Store card – \$2,000 (at 26% p.a)
- Finance company card – \$4,400 (at 24% p.a)

By consolidating their debt to a Debt Consolidation Loan they were able to reduce their repayments by \$90 per fortnight.

Through discussions, David at our Wellington branch discovered that the couple, with one child and another on the way, only had an old two-door car. They said they'd like to upgrade it to something more family-friendly but didn't think they could afford it. David worked through some lending options and realised that with the money the couple had saved by consolidating their debts, they could now afford that much needed family-friendly car.

Even with the addition of the car loan our Wellington couple were still repaying \$20 less a fortnight than they had been previously.

Tired of juggling bills?

Get your bills under control. Put them all into one PSIS Debt Consolidation Loan.

- Low interest rate
- Repayments to match your payday
- No penalty for early repayment



PSIS Limited lending and Insurance criteria, and fees apply.
* Interest rate is subject to change.



Get Connected

Part of PSIS' family banking ethos is for our branches to be at the heart of their communities. So when the opportunity arose for us to support Library Week 06 we saw it as a perfect fit, since both libraries and PSIS branches place a strong emphasis on families and local communities.

Library Week 06 included a number of events in libraries throughout the country, including a national mass book reading of Margaret Mahy's popular children's book – *Down the Back of the Chair*.

You may recall that PSIS invited children from all over the country to draw what they might find down the back of their chair. 32 branch winners won \$100 in a PSIS Dollars and Sense savings account. Eight-year-old Holly Madden, from Rotorua, was chosen by Margaret Mahy as our national winner. Holly was presented with \$500 worth of book vouchers for her school, by



Holly Madden and her winning entry

Margaret Mahy on TVNZ's *Good Morning* show. She also received \$100 in a PSIS Dollars and Sense savings account.

We were very excited by the number of entries. A big thanks to all of the kids that entered the competition.

The judges found it a difficult task to select just one winner as everyone's drawings were so fantastic.

We're looking forward to our continued sponsorship of the Library Week in October.

Congratulations to...

Paul Savage, from the Dunedin branch, who was selected as **Branch Manager of the Year** for 2006/07. The commitment and performance from Paul over the last year has been outstanding. He has consistently achieved results through his leadership qualities and positive attitude towards customers.

Wanganui branch was chosen as **Branch of the Year** for its consistently high performance. Paul Butler and his team have excelled at building relationships with customers and have developed a strong community presence.

Congratulations to you all.



PSIS chief executive, Girol Karacaoglu, Dunedin branch manager, Paul Savage and his team

Have you checked all of your insurance requirements lately?

Over 67% of New Zealand families have either no life insurance at all or have inadequate cover for their long-term needs, according to research undertaken last year by AMP. Many New Zealanders also fail to adequately insure their homes and contents, which are usually their greatest assets.

The first question you must ask yourself is – what needs protecting? Quite simply, it's your health, your life, your income, and your assets.

At PSIS we offer a full range of insurance policies to cover vehicles and other assets, home and contents, health and travel. We also offer our very own excellent life insurance policy – PSIS Life Plus.

It's critical for the long-term well-being of your family that you work out the value of your assets and insure them appropriately. More important still is to ask yourself what level of cover your family needs to carry on in the event of your premature death.

New look – new branches

PSIS now has 33 branches nationwide with the recent addition of a new branch in Paraparaumu. We've also recently relocated Gisborne, Taupo, Blenheim, Armagh Street (Christchurch), Nelson and Rotorua branches, as well as upgrading Manukau. Our next branch scheduled for relocation is Wanganui.

The new branches are modern and informal, designed to make customers feel at home. They now have more dedicated areas for customers to come in and talk in private about their personal finances.



Branch manager, Jon Palmer, and his team in their new home.

Making sure you are you

At PSIS we take security seriously. You'll remember that last year we launched SafeKey, becoming one of the first Internet banking providers to introduce a two-factor authentication system, that enables us to make sure that you are you over the internet.

Last year we introduced an identification process for customers phoning our branches, so we can complete more transactions (i.e. changing automatic payments) over the phone. The authentication involves a simple question-and-answer process, designed so only you'll be able to pass it.

In line with our service philosophy the process has been designed to be as friendly and responsive as possible, while also ensuring we're taking our responsibilities to safeguard your money seriously.

No longer engaged...

Speaking of phones... from now on we'll be answering more calls, more quickly in a number of branches.

PSIS has installed some of the latest technology for small contact centres in our Levin branch to help answer phones during branch hours.

The service was originally piloted with just Levin branch customers, but has proven so successful we've added Palmerston North, Nelson, Paraparaumu, Rotorua and Wanganui to the service.

The new phone service approach is aimed at improving customer service as the phone service team handles the call "overflow" (i.e calls not immediately answered) from branches.



We're not looking to divert incoming branch calls to a large group call centre in one or two locations, like the big banks. The main difference is that a branch-trained and experienced PSIS staff member will answer the phone. Staff will rotate between dedicated phone answering and the local branch environment. They'll be able to help with many of the enquires a branch commonly deals with.



If we can help, just call 0800 AT PSIS (287 747), visit www.psis.co.nz or pop in.

PSIS is not a registered bank, but a very co-operative co-operative.