

OUR NEWS



November 2007

CEO's Report

As you'll see from this edition of Our News, we have a few busy months ahead with new product offerings that will encourage our customers to save and secure their families' futures.

We're also working through the process of obtaining a credit rating. This is one of the requirements under the Government's proposed reforms of the non-bank deposit taking sector. Currently this is only a pre-condition of bank registration in New Zealand.

PSIS is a strong advocate of these reforms. They're prudent and they'll help ensure all companies in the sector adhere to a set of industry standards.

We have a strong governance structure, conservative risk management practices and continuous reporting and monitoring programmes. PSIS has for

many years sent our financial statements to our Trustee at the end of each month.

While increased regulations are important, they need to be supported by good business practice and strong governance. PSIS is exceedingly fortunate with the calibre of its Board.

The recent elections for directors saw the election of new Board members Joanna Perry, a member of the Securities Commission and Sam Robinson, a respected and experienced director of a number of major New Zealand companies. We're also very pleased with the reappointment of our long-time and experienced chair, David Gascoigne.

Every decision the Board and Management make is designed to place us in an even stronger position to build on our performance and develop future growth, for the benefit of our customers.



Girol Karacaoglu
Chief Executive

New online account makes saving easier

Often savings accounts require a minimum balance before you can reap the benefits of high rates of interest. At PSIS, we're developing a new online account* where you'll earn high interest from the very first dollar you save.

Every dollar you save will earn the same high rate of interest. There'll be no fixed terms so you can transfer money in and out of your account at any time.



The account will have no minimum opening balance and there'll be no account-keeping or transaction fees. You'll be able to access the account anytime via Internet, Telephone and TXT banking.

This new account is due to be launched within the next few months.

Check out our website from December for further information www.psis.co.nz

*No money is being sought or will be received and no applications for securities will be accepted before the product is launched.

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

Saving for a better future

PSIS has teamed up with AXA*, a leading provider of superannuation and investment services, and one of the six default providers selected by the Government to offer a simple and easy-to-manage KiwiSaver scheme.

PSIS product manager, Grant Pritchard, says choosing to partner with AXA was an easy choice.

“AXA can provide our customers with the expertise and global strength they deserve. They’re part of the AXA Group, the 15th largest company in the world. They also have a wealth of expertise, with over 15 years experience of managing superannuation and savings schemes for the Government.”

*The AXA KiwiSaver scheme is managed and promoted by National Mutual Corporate Superannuation Services Limited trading as “AXA New Zealand”, part of the Global AXA Group.

PSIS distributes the AXA KiwiSaver scheme to its customers and receives fees from AXA in respect of customers who become members of the scheme. These fees are payable by AXA. PSIS is not a promoter of the scheme. Investments in the scheme are not guaranteed. Further details can be found in the Investment Statement for the scheme.

Saving for your retirement often takes a back seat, especially when you’re trying to make ends meet for day-to-day living. But with KiwiSaver, saving for your retirement is now a lot easier.

You can choose to save as little as 4% of your total salary or wages before tax into a KiwiSaver scheme if you’re working for an employer, or arrange to make direct payments into a KiwiSaver scheme if you’re not.

AXA’s KiwiSaver scheme will be available to PSIS customers from mid-November.

To find out more about how KiwiSaver can help you prepare for a better future, or to join the AXA KiwiSaver scheme drop in and see us, call 0800 AT PSIS (0800 287 747), or visit www.psis.co.nz

Why join KiwiSaver?



- **A one-off kick-start contribution of \$1,000** – when you first join a KiwiSaver scheme you’ll receive \$1,000 from the Government.
- **Member tax credits** – if you’re 18 or over you may receive a tax credit each year matching your contributions up

to \$20 a week (approximately \$1,040 a year).

- **A fee subsidy** – the Government will contribute \$40 per year into your KiwiSaver account to help cover the administration costs of your KiwiSaver scheme.
- **Contribution holiday** – once you’ve been contributing to KiwiSaver for at least 12 months, you can apply for a contribution holiday. You can stop putting money into KiwiSaver for between three months and five years.

Help buying your first home – after three years in KiwiSaver you may be eligible:

- For a first home deposit subsidy of \$1,000 per year of saving up to a maximum of \$5,000 (a couple could qualify for up to \$10,000).
- To withdraw a lump sum amount to help you buy your first home.

PSIS' new board members

Late last year we announced the appointment of Joanna Perry and Sam Robinson to the PSIS board, both of whom were elected this year.



Joanna Perry joins PSIS after spending 17 years as a partner at KPMG. Joanna is a director of a number of companies, chairs the Financial

Reporting Standards Board and is a member of the Securities Commission.

Sam Robinson joins the board having previously been the chair of Richmond until the successful takeover by PPCS. Currently he is a director of Port of Napier, Farmlands, AsureQuality



(Crown SOE), and Centralines, the Central Hawkes Bay power company. He is also a successful farmer, running 10,000 stock units on 1030 hectares.

David Gascoigne, chairman of PSIS, said: “Both new directors bring to PSIS a wide range of skills and an engagement with the community and the business sector that will add enormous value to the Board’s deliberations. We have a continuing commitment to deliver a low-risk, sustainable business for our member shareholders that’ll allow us to keep providing excellent value products and services.”

Debts can **outlive** you

Your family shouldn't be left with the burden of a loan to repay if you die early. With PSIS' new life insurance product, Loan Plus, you can now take responsibility for that loan in case of your death.

Loan Plus offers:

- **On the spot approval** – if your loan's approved, you can get Loan Plus on the spot with no health questions or doctor's visits.
- **Get it, then forget it** – we add the one-off premium to your loan up front so there's no more premiums to pay along the way.
- **Joint cover for joint loans** – if your loan is in joint names, Loan Plus can cover both borrowers.
- **Repay your loan early and save** – if you pay your loan off early the unexpired portion of your premium is paid back to you (less our administration fee).

Loan Plus is available to anyone over 17 and under 65 years of age; as long as the amount you're borrowing is no more than \$50,000 and the repayment term of the

loan is no more than five years. Loan Plus can only be taken out when your loan is approved.

This information is only a summary of some of the features of Loan Plus insurance cover. Please refer to the Loan Plus Policy Document for details of the exclusions that apply. The full terms and conditions of Loan Plus are set out in the policy document, which is available from your local PSIS branch.

PSIS offers a full range of insurance policies to cover vehicles and other assets, home and contents, life, major illness, health and travel. For further information about our insurance products call 0800 AT PSIS (287 747) or visit www.psis.co.nz

PSIS insurance products

Asset Care: general insurance cover for your home, contents, vehicle, boat, caravan or trailer.

Holiday Care: travel insurance.

Life Plus: life and trauma insurance.

Loan Instalment Care: disability insurance.

Surgery Plus: health insurance.

PSIS supports new proposed Government legislation

New legislation, strongly backed by PSIS, will put industry standards in place, which all non-bank deposit taking institutions will be required to comply with.

The Government has indicated that under the proposed new legislation, all non-bank deposit takers would need to obtain a credit rating within the next few years. Currently this is only a pre-requisite for banks as part of the bank registration process.

PSIS' chief executive, Girol Karacaoglu, was a member of one of the eight advisory groups set-up by the Ministry of Economic Development to provide feedback and advice on the proposed legislative changes to the non-bank deposit taking sector.

We think this is a wise provision and PSIS is already moving to obtain a credit rating. We expect to have the process completed by early 2008.

River City celebrates



Karin Kitney, Wanganui branch manager, Paul Butler and Neil Kitney

Over 120 of Wanganui's longest serving customers (of 30 years or more), helped staff celebrate the branch's relocation to bigger and more customer-focused premises in September.

Wanganui branch manager, Paul Butler, says it was great to be able to share the moment with some of the branch's many loyal customers.

"It would've been great if we could've had all of our customers at the event, although we've moved to bigger premises, they aren't quite big enough to fit that many people!"

Wanganui's steady increase in customers made its relocation to 148 Victoria Ave, just down the road from its previous location, a necessity.

"Our new location means we can better service our customers," says Paul.

The new branch has dedicated areas for customers to come in and talk in private about their personal finances.

SafeKey on the up and up

Our SafeKey token is proving to be a hit, with over half of our Internet Banking customers taking up this extra security service.



SafeKey provides you with added protection by verifying your identity in two ways when you login. After you enter your customer number and password, you then enter the code displayed on the SafeKey token screen.

These codes change every 60 seconds and synchronise with our system so that we know the code is yours. Each code can only be used once therefore reducing

the risk of identity theft and other online fraud.

Customer security has always been of great importance to PSIS, so much so that we

were one of the first Internet Banking providers to introduce a two-factor authentication system.

SafeKey is free to all PSIS Internet Banking customers.

Ready access for Family Trusts

With the arrival of Internet Banking for Family Trusts earlier this year, trustees can now access their account information online via their personal Internet Banking login.

The service has been developed in response to the growing number of customers with Family Trusts, who want to access their accounts without having to come into the branch.

A fun-filled family event

PSIS was proud to be the naming rights sponsor of the PSIS Family Fun Day, held on Sunday October 28 at the Groynes in Christchurch. It was an action-packed day of entertainment, games and family activities organised by the Christchurch City Council.



In this case, what goes up won't come down.

Term Deposit for 12 months

8.80% p.a.

Minimum investment \$5,000. Interest at Maturity.*

Up until 5pm 7 December 2007, this rate will not be reduced.

To invest call 0800 AT PSIS (287 747), visit www.psis.co.nz or pop in to your local PSIS branch.

*For Term Deposits interest rates may be negotiated for amounts over \$500,000. Interest rates are subject to change and are fixed for the term of the Investment. All deposits are secured by First Ranking Stock and rank equally with all existing deposits with PSIS Limited. An Investment Statement and a registered Prospectus are available from any PSIS branch or from www.psis.co.nz