



SAVINGS INSTITUTIONS' REPORT



NZ Savings Institutions Association launched

The New Zealand Savings Institutions Association has been launched to promote seven long-established building societies - CBS Canterbury, Hastings Building Society, Heretaunga Building Society, Napier Building Society, Nelson Building Society, Southern Cross Building Society, and Southland Building Society; and PSIS.



NZSA CEOs' meeting: Seated Left to Right: Girol Karacaoglu - PSIS; Bob Smith - Southern Cross Building Society; Ross Smith - SBS Bank. Standing Left to Right: David Street - CBS Canterbury; George Speedy - Heretaunga Building Society; Ken Beams - Nelson Building Society. Absent: Darryn Thomas - Hastings Building Society; Morris Williams - Napier Building Society.

Established to look after ordinary New Zealanders and provide them with the means to own their own homes, the NZSA member organisations today have total assets of around \$5 billion and provide banking services to around 300,000 New Zealanders.

"Membership of the New Zealand Savings Institutions Association (NZSA) is a hallmark of quality, and a recognition of our member organisations' long, stable and successful service to heartland New Zealand," says Ross Smith, chair of the association and CEO of Southland Building Society. "We have a history that cannot be matched by any other group in the financial services sector. We've all experienced the economic

cycle many times over, including share market crashes, depressions and recessions, boom and bust."

"Our tradition of conservative, prudent management is the basis of our reputation as safe havens for the savings of the communities and customers we serve. We're not known for chasing a quick buck. We're known for New Zealand ownership, community focus, strong values and a commitment to providing outstanding face-to-face service."

Association members offer a similar range of personal banking products and services to the big banks in New Zealand. NZSA members fund lending largely

from retail deposits, and lend primarily on first mortgages on residential property.

Mr Smith said that their low-key, ethical approach to banking has helped NZSA members maintain "business as usual."

"Customer confidence is high. A good measure of the level of trust we are given by our customers is that our retention rate for deposits is unchanged, despite the turmoil in financial markets over the last couple of years.

"That is the best signal we can have that our customers approve of the way we serve them and their communities."



Celebrating 660 years of service

Happy 660th! Ross Smith cuts the NZSA's birthday cake, celebrating the combined 660 year history of Southland Building Society, Southern Cross Building Society, Nelson Building Society, Napier

Building Society, Heretaunga Building Society, Hastings Building Society, CBS Canterbury, and PSIS.

While all the NZSA members have been around for a while, the senior of the group is the Nelson Building Society which was founded in 1862 - 146 years ago. At a youthful 75 years old, Heretaunga Building Society is the baby of the family.

A framework for trust - the values, the rules, the regulations, and the guarantee

Finance company failures over the last year or two have seen the savings of thousands of New Zealanders disappear.

"New Zealanders' trust has been shaken by what has been revealed about many high-profile, high-risk members of the finance sector over the last year," NZSA chair Ross Smith says. "Kiwis have not liked what they have seen of the business ethics of some in the sector."

Ross Smith says New Zealand's reputable, established building societies, and PSIS, work within a framework of values, rules and regulations that distinguish them from other segments in the finance sector.

The NZSA members are all New Zealand owned societies or cooperatives, which meet high standards of governance and ethics. All source their funding largely from retail deposits, and all enjoy strong liquidity, reserves and good quality assets. Lending is largely for first mortgages on homes. A commitment

to face-to-face service through a branch network in the community or region they serve is another feature common to all NZSA members.

In addition to this, all of the organisations operate within the rules and regulations established under the Building Societies Act, or the Cooperative Companies Act.

The Government's Deposit Guarantee Scheme

The NZSA welcomed the Government's move to guarantee all savers' deposits and all its members were among the first to apply to opt in to the Government's Deposits Guarantee scheme.

NZSA chair Ross Smith said: "We believe it is both prudent and sensible to reassure local investors who have become unsettled by the worsening international crisis, and to co-ordinate actions with Australia.

"The associations' members welcome the opportunity to enter into a Deed of Guarantee with the Crown, and each

commenced this process immediately on announcement by the Minister of Finance," Mr Smith said.

New regulations

New regulations for the non-bank finance sector are also welcomed by the NZSA members.

"NZSA members are in a strong position, and have not experienced the same loss of customer confidence as a result of the finance company failures, as others in the sector," Ross Smith says. "But we are also concerned to see public confidence in the quality finance companies maintained as well. They play a vital role in funding small businesses, property development, and consumer lending.

"That's why the NZSA supports the regulatory changes the Government has achieved. These will help promote a sound and efficient financial system, improve the quality of information available to investors, and promote more consistent supervision across the non-bank sector."



Dr Michael Cullen at the launch at Parliament of the New Zealand Savings Institutions Association congratulated the Building Societies and PSIS on forming the organisation and welcomed it as an important step for the many thousands of New Zealanders they serve.

A LONG TRADITION IN THEIR COMMUNITY



- Nelson Building Society founded in 1862



- SBS founded in 1869



- Canterbury Building Society founded in 1875



- Hastings Building Society founded in 1885



- Napier Building Society founded in 1887



- Southern Cross Building Society founded in 1923



- PSIS founded in 1928



- Heretaunga Building Society founded in 1933

A tradition built on your investment in your community

Getting a home loan wasn't always easy for ordinary New Zealanders. We're proud to say that building societies, and PSIS, helped change that. We were set up as not-for-profit mutual and cooperative organisations that could keep customers' savings safe and secure - and help other customers get into, or improve, a home of their own.

CBS Canterbury, Hastings Building Society, Heretaunga Building Society, Napier Building Society, Nelson Building Society, Southern Cross Building Society, Southland Building Society, and PSIS remain true to that history today. As largely cooperative or mutual organisations owned by all the New Zealanders who deposit money with us, we don't have to deal with overseas shareholders demanding a return on their investment.

When you deposit money with a member of NZSA, you become a 'member' of an organisation which exists solely for the benefit of you and the other depositors. That means we can focus on protecting your interests, rather than having to chase after higher risk business to get higher returns to keep up

a share price on a stock market.

The savings institutions sector is conservative and risk-averse, with the vast majority of our loans being secured by first mortgages over residential property, while still offering a competitive return on deposits.

Our ability to attract and retain deposits from ordinary New Zealanders who like the way we do business also helps us withstand a downturn in credit quality during slower growth periods.

For the most part the members are owned by the people we serve, we aim to deliver a high standard of service to everyone who deals with us. Whether you have money deposited with us, you have a home loan, or you simply use our transactional banking services, we will give you the friendly, approachable, face-to-face branch service that New Zealanders value.

Of course, that's what you would expect when you are dealing with regionally and community-based organisations with a long proud tradition of helping New Zealanders.

A SNAPSHOT OF THE MEMBERS OF THE NZ SAVINGS INSTITUTIONS ASSOCIATION

What makes us the first choice for personal banking for so many New Zealanders? Here are just a few of the advantages we enjoy:

- ✓ Owned by New Zealanders for New Zealanders
- ✓ Strong governance and ethical standards
- ✓ Conservative, risk-averse lending criteria
- ✓ Strong liquidity, reserves and asset bases.
- ✓ Funded largely from retail deposits.
- ✓ Loans primarily for first mortgages secured against New Zealand homes
- ✓ A full range of products and services. Nearly all offer online and branch services for day-to-day transactional banking.



The first purpose built premises of CBS Canterbury then known as "The Ashburton Permanent Building and Investment Society". This building was erected in 1892, 17 years after the society was started.



Trafalgar Street, Nelson 1890 - home to the first branch of Nelson Building Society that was established there 28 years earlier.