

# ANNUAL REVIEW

2025



Te Uniana Whakanama Pirihimana  

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POLICE HELPING POLICE



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# Chair's Report 2024/2025

I'm pleased to present my fourth report as Chair of the Police Credit Union. Over the past year, despite economic headwinds, we've remained focused on strengthening our organisation, supporting our members, and positioning ourselves for sustainable growth.

## Membership and Partnerships

It has been heartening to see an increase in new members throughout the year across Police, their families, and the New Zealand Defence Force. Building on the rule changes made in 2022, we also began a new partnership with Wellington Free Ambulance, further extending the Credit Union's reach to those who serve our communities.

Job uncertainty and ongoing cost-of-living pressures have shaped how members have engaged with us. While we've seen a small decline in member savings and a high level of loan repayments, the steady influx of new members reassures us of the ongoing relevance and value of the Credit Union.

## Financial Results

For the 2025 financial year, we achieved an overall surplus of **\$216k**, including returns from our strategic joint venture investment in Finzsoft. Over the last few years, returns from our Finzsoft investment have outperformed investing in bank term deposits.

Given much of our funds are currently placed with bank term deposits, we've begun a prudent programme to diversify our balance sheet. Over FY26, \$10m will be gradually allocated to investment markets, balancing regulatory requirements with opportunities for stronger returns over the longer-term. This change means we expect to see a reduction in risk weighted capital, but would remain well above regulated requirements.



**Lane Todd**  
Chair of the Board

## Legislative changes

In our last Annual Review, we flagged upcoming regulatory changes: The Depositor Compensation Scheme (DCS) and the Conduct of Financial Institutions (CoFI).

The Depositor Compensation Scheme (DCS) came into effect on 1 July 2025, providing government protection for deposits up to \$100k for individual savers. Although this introduces a new expense for the Credit Union in FY26, it provides members even more confidence in saving with PCU for the benefit of all within our membership community.

We were pleased to be issued a new Financial Institution licence by the Financial Markets Authority (FMA) under the CoFI Act, effective 31 March 2025. The legislation introduced increased expectations for financial institutions to treat consumers fairly, and even though your Credit Union has always held itself to a high, member-centric standard, this licence represents hard work by the team at PCU to ensure all standards and requirements were met.

## Future Proofing PCU

During the year we deliberately and strategically reviewed our operating expenses and structure to ensure we're set up to best meet members' needs.

This work has now been completed, and we expect the benefits of these changes to flow through in FY26.

We continued investing in our banking platform, launching a smoother automated onboarding journey to make it easier and faster for new members to join. Further investment has also been made in security, with multi-factor authentication being delivered shortly for online banking.

## The year ahead

We are right-sized and ready to focus on growth and supporting members as interest rates ease. Despite the economic environment, we're already beginning to see early signs of growth and stability emerging, with an increase in home lending activity and a solid financial performance in the first quarter of FY26.

We look forward to welcoming even more members across Police, NZ Defence and Emergency Services, and the opportunity to introduce ourselves to your wider whānau.

In closing, I want to thank our hardworking team at PCU, our partners at NZDF, and our sister organisation the NZ Police Association. I wish Chris Cahill all the best as he heads towards retirement from the NZPA.

I also wish to acknowledge the sad passing of Sally Monk this year. Sally was an integral part of starting the Police and Families Credit Union together with her husband Alan Monk. Their foresight in starting this organisation has benefited thousands of members over the last 51 years.

Lastly, I'd like to thank you, our members. Your ongoing support enables us to deliver on our vision of enhancing the financial wellbeing of our members.



**Lane Todd**  
Chair of the Board





# YEAR IN REVIEW 2024-2025

17,092

Total membership  
number.

14,500

Calls answered by our Member Services  
Team for a total of 876 hours on the  
phone helping members.

*How we're helping members*

\$5.06m

of new personal lending, helping nearly 300  
members to consolidate their debt, make big  
purchases or cover emergency costs.

\$3.71m

of new home loan lending, helping  
9 members into their first home.

\$300k

of equity released through Retire  
Easy, helping 3 members live a  
better retirement.





# YEAR IN REVIEW

2024-2025

*By the numbers*

**\$145m**

Total Credit Union assets

**\$28.5m**

Total equity

**\$216k**

Annual surplus

**\$116m**

Member deposits





# Chief Executive's Report 2024/2025

It's a privilege to present my first full annual review as Chief Executive of the Police Credit Union. I'm pleased to report a solid result with an uplift in surplus despite the tough environment and the costs in resetting our business operations.

The FY25 year has been one of streamlining operations, investing in member experience, and continuing to make a tangible difference in members' financial wellbeing.

## How we've helped members

The past year has been challenging for many households. With employment uncertainty and high living costs, we've remained focused on helping members at all stages of their financial journey.

New membership grew by 25.5% year on year, with Police making up 44.7% of new joins, family 27.9% and NZDF members 22.4%.

- » \$5.06m in lending was for nearly 300 members who came to us for a personal loan for their big life purchases, including debt consolidation, car loans, renos and more.
- » We supported nine members with a home loan, including First Home TOGETHER, loans with less than 20% deposit, and those with 20% or more.
- » Three retired PCU members are enjoying a more comfortable retirement with Retire Easy, our reverse mortgage, allowing them to access the equity in their properties to complete home renos, buy a new car, or to have on hand if needed.
- » I've had the privilege of presenting to every Recruit Wing so far this year, and we've had an uplift in Recruits joining PCU to kick-start better savings habits or apply for a personal or home loan.
- » Thousands of other members have made the most of our savings accounts and low-entry point term deposits to invest and grow their savings.



**Mike Davy**  
Chief Executive

## Standing apart from the Banks

One of the most important reasons the Credit Union exists is to use savings invested with PCU to help other members in need. This year, we've continued to see examples where members turned to us after their bank said no.

In one case, we helped a member consolidate several high-interest debts totalling \$17,000 – one loan had an interest rate over 40% p.a. After transferring this debt to a lower-rate personal loan with PCU, the member was better off by over \$400 a fortnight.

In another situation, we worked with a family to secure a home loan that had previously been out of reach. They were able to buy a home close to a school that accommodated their foster kids, giving them the security they didn't think was possible.

This is what makes PCU different: our purpose is not profit, but ensuring members get ahead.

## Investing in our future

This year, we've deliberately focused on optimising costs, streamlining processes, and improving service delivery. We're now fighting fit and ready to scale up as members need.

The work we've completed means that in FY26 we can focus our energy fully on members: helping them establish savings habits, make significant purchases, or get back on track to being debt-free.





We are seeing a seemingly never-ending increase in scam and fraud activity. One member, suspicious they were on the phone with a scammer, called us from another device and our team worked quickly to lock their account before the fraudulent payments went through. In response to the increase in scams, we have invested in further security for our online banking platforms.

## The year ahead

We're already beginning to see 'green shoots' in the first quarter of the new year, and we anticipate helping more members with home and investment property purchases, along with an uplift in requests from members to either help with their big purchases or establish plans to be free from high-interest debt.

We will keep investing in security and digital functionality to ensure doing business with us is simple and safe.

Most importantly, we will remain true to our common bond: pooling member savings to help fellow members. The team at PCU consider it a privilege to support members when they need us, and to live up to our promise to make a real difference to the financial wellbeing of our members.

Lastly, I want to thank our members for their trust, our Board for their guidance, the Police Association, NZ Defence Force and Wellington Free Ambulance for their partnership, our supervisor and many valued business partners, and our dedicated PCU team here in Wellington.



**Mike Davy**  
Chief Executive



# Summary Financial Statements

## Summary Statement of Comprehensive Income for the year ended 30 June 2025

	2025 \$000	2024 \$000
<b>REVENUE</b>		
Interest Revenue	8,110	7,608
Other Income	73	69
<b>Total Revenue</b>	<b>8,183</b>	<b>7,677</b>
<b>EXPENDITURE</b>		
Interest Expenditure	3,516	3,792
Operating Expenses	4,844	4,264
Strategic Objective Expense	60	102
<b>Total Expenditure</b>	<b>8,420</b>	<b>8,159</b>
Share of Equity Accounted Joint Venture Surplus for the Year	453	495
<b>Total Comprehensive Revenue and Expense for the Year</b>	<b>216</b>	<b>13</b>

## Summary Statement of Changes in Equity For the year ended 30 June 2025

	2025 \$000	2024 \$000
Opening Balance	28,252	28,239
<b>Total Comprehensive Revenue and Expense for the Year</b>	<b>216</b>	<b>13</b>
Closing Balance	28,468	28,252

## Summary Statement of Financial Position

As at 30 June 2025

	2025 \$000	2024 \$000
<b>ASSETS</b>		
Cash and Cash Equivalents	6,020	2,508
Term Deposits	95,054	101,125
Loans to Members	33,281	34,123
Prepayments	1,545	1,324
Property, Plant and Equipment	479	443
Intangible Assets	-	1
Investment in Associate	8,598	8,145
Subordinated debt	-	-
<b>Total Assets</b>	<b>144,977</b>	<b>147,669</b>
<b>LIABILITIES</b>		
Trade and Other Payables	610	314
Employee Benefits	89	99
Members' Deposits	115,810	119,004
<b>Total Liabilities</b>	<b>116,509</b>	<b>119,417</b>
Accumulated Revenue and Expense	28,468	28,252
<b>Total Members' Funds</b>	<b>28,468</b>	<b>28,252</b>
	<b>144,977</b>	<b>147,669</b>

## Summary Statement of Cashflows

For the year ended 30 June 2025

	2025 \$000	2024 \$000
<b>Net Cash used by Operating Activities</b>	<b>(1291)</b>	<b>(10,269)</b>
<b>Net Cash Provided by Investing Activities</b>	<b>4,803</b>	<b>4,787</b>
Total Net Increase (Decrease) in Cash and Cash Equivalents	3,512	(5,482)
Cash and Cash Equivalents at the beginning of the Period	2,508	7,990
<b>Cash and Cash Equivalents at the end of the Period</b>	<b>6,020</b>	<b>2,508</b>



1. Policies

These summary financial statements are those of the reporting entity the Police and Families Credit Union (PCU) for the year ended 30 June 2025.

The summary financial statements were extracted from the draft financial statements. The presentation currency is New Zealand Dollars rounded to the nearest thousand.

As the summary financial statements do not include all the disclosures that are in the full financial statements they cannot be expected to provide a complete understanding as produced by the full financial statements. These summary financial statements have been prepared in accordance with Financial Reporting Standard No 43 ‘Summary Financial Statements’. The full financial statements have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP) and comply with Public Benefit Entity Accounting Standards (PBE Standards) as appropriate for Tier 1 not for profit public benefit entities.

2. Credit Risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Credit Union incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the entity.

Loan Security Analysis

	2025 \$000	2024 \$000
Secured by Mortgage Over Real Estate with LVR <70%	4,212	2,517
Secured by Mortgage Over Real Estate with LVR 70%> <80%	5,357	5,152
Secured by Mortgage over Real Estate with LVR 80%> <90%	1,917	3,244
Secured by Mortgage over Real Estate with LVR 90%> <100%	934	
Partially Secured by Motor Vehicles or Other Collateral	6,594	3,307
Secured by Police Superannuation or Government Superannuation	14,129	19,929
Unsecured	240	83
<b>Credit Quality of Gross Loans to Members</b>	<b>33,383</b>	<b>34,230</b>
Less Loan Impairment Allowance	(102)	(109)
<b>Total Loans to Members</b>	<b>33,281</b>	<b>34,123</b>

3. Liquidity Risk

Liquidity risk is the risk that PCU may encounter difficulties raising funds to meet commitments associated with financial instruments, e.g. borrowing repayments. It is the policy of the Board of Directors that PCU maintains adequate cash reserves so as to meet the member withdrawal demands when requested.

Financial assets and liabilities have differing maturity profiles depending on the contractual term, and in the case of loans, the repayment amount and frequency. The associated table shows the period in which different financial assets and liabilities held will mature and be eligible for renegotiation or withdrawal.





Maturity Profile

	On Call \$000	Within 6 Months \$000	6 Months to 1 Year \$000	1 to 5 Years \$000	Over 5 Years \$000	No Maturity	Total \$000
30 June 2024							
Total Financial Assets 30 June 2024	2,508	54,857	40,261	24,170	15,599	361	137,756
Total Financial Liabilities 30 June 2024	66,804	33,696	15,893	2,611	-		119,004
30 June 2025							
Total Financial Assets 30 June 2025	6,020	38,116	38,369	35,198	16,008	644	134,355
Total Financial Liabilities 30 June 2025	64,166	34,414	14,852	2,378	-	-	115,810

4. Credit Rating

The Credit Union has been rated by Equifax. Equifax gives ratings from AAA through to C. The Credit Union has a long-term issuer default (IDR) rating of BB with a stable outlook, issued on 23 July 2025 (2024 BB+ with a negative outlook).



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**POLICE  
CREDIT  
UNION**

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