



Te Uniana Whakanama Pirihimana

POLICE HELPING POLICE

ANNUAL REVIEW

2026



Contents

Chair's Report	3
Year in Review	6
Chief Executive's Report	8
Summary Financial Statements	11

Chair's Report 2025/2026

I am pleased to present my fifth report as Chair of Police Credit Union. The deliberate work undertaken over recent years is now beginning to be reflected in our results, our growth, and confidence in our future direction.

For more than 50 years, PCU has helped members and their families get ahead financially, and it remains a privilege to be part of a member-owned, not-for-profit organisation that continues to evolve while remaining committed to that purpose.

Membership Growth and Partnerships

Over the past financial year, membership has grown across Police, the New Zealand Defence Force, and their families. We also began welcoming members through our newer partnerships with Wellington Free Ambulance and Hato Hone St John. While these partnerships are still in their early stages, they demonstrate the strength of PCU's purpose and the opportunity ahead to support more of the people who serve our communities.

The external economic environment has remained challenging. Cost of living pressures, employment uncertainty, and higher household expenses have continued to influence how members save and borrow. Against that backdrop, our membership growth is encouraging and reinforces that PCU remains relevant, trusted, and valued by the members we are here to support.

Financial Results

For the 2026 financial year, I am pleased to report that PCU achieved a full year result of **\$832k**. This result reflects both the resilience of the Credit Union and the hard work undertaken to position PCU for sustainable growth.

Strengthening and diversifying our balance sheet is an important part of our strategy. During the year, PCU began progressively allocating funds into investment markets, alongside our strategic investment in Finzsoft, rather than relying solely on returns from bank term deposits. This measured approach is intended to improve long-term returns from diversified sources while ensuring we continue to meet our regulatory requirements and manage risk prudently.



Lane Todd
Chair of the Board

During FY26, **\$8m** was progressively allocated under this strategy. Although these investments attract higher regulatory risk weightings, PCU remained comfortably above its minimum capital requirements and is forecast to continue doing so.

Investment in our banking platform has remained a priority, particularly as fraud and scams continue to evolve and become more sophisticated.

During the year, we strengthened security to protect members' money through enhancements including multi-factor authentication for online banking, confirmation of payee, and virtual debit card capability. We also launched an automated onboarding platform to make it easier and faster for new members to join.

PCU's results were recognised through the maintenance of our Equifax credit rating at BB stable, which is a pleasing outcome, particularly given the broader economic environment in New Zealand. Equifax noted positive indicators for PCU, including growth in our home loan portfolio, a reduction in the cost of funds, a stable deposit book, and improved profitability.

These observations give us confidence that our strategic priorities are the right ones: growing membership, demonstrating our purpose to make a real difference to members, building our home lending portfolio, diversifying our balance sheet, managing funding and interest rate risk carefully, and maintaining disciplined control of operating expenses.

Looking ahead, we will continue to invest in the way members interact with PCU. Our focus is on making it easier to apply for personal and home loans, expanding our home loan product offering, and delivering value to members whether they are borrowing, saving, or investing with us.

Regulatory Change

This was our first full year operating under the Conduct of Financial Institutions (CoFI) legislation, following the issue of our financial institution licence by the Financial Markets Authority (FMA).

The licence requires PCU to maintain a fair conduct programme and ensure fair treatment is embedded across our products, services and interactions with members.

On 1 July 2025, we became part of the Depositor Compensation Scheme (DCS) under the Deposit Takers Act 2023 (DTA). The DCS protects up to \$100,000 of each individual's money held in DCS-protected accounts in the event that deposit taker fails, providing members with even more confidence in saving with PCU for the benefit of all within our membership community.

The regulatory environment for PCU will change significantly in the coming years under the DTA. Under this framework, the Reserve Bank of New Zealand will transition to becoming PCU's supervisor under a new Deposit Takers licence, with our licence application due by the end of October 2027 and all DTA standards expected to be fully in place by December 2028. This includes new standards for Liquidity, DCS, Governance, Risk Management, Capital, and more.



As part of this transition, the Board has proposed Rule changes to ensure PCU is well positioned to meet our future governance obligations. These changes support a Board structure that is capable, appropriately skilled and experienced, and aligned with emerging regulatory expectations for governance, director suitability, and accountability.

Board Changes

During the year, we farewelled two long-serving and highly valued Directors, Helen Hatchard and Richard Middleton.

Helen and Richard have made an immeasurable contribution to PCU over many years. They brought depth of governance experience, sound judgement, future-focused thinking, and an unwavering commitment to acting in the best interest of members.

On behalf of the Board, I thank them sincerely for their service and dedication to the Police Credit Union.

We also welcomed Nicola Rimmer-Hollyman to the Board as an independent director. Nicola brings extensive experience in risk, banking and financial institutions, governance and internal audit across New Zealand, the UK and Australia. Her appointment strengthens the Board's capability in banking and risk and compliance at an important time as PCU prepares to transition to the DTA framework.



The year ahead

The past year has demonstrated that PCU's strategy is delivering tangible progress. We have improved our financial performance, strengthened and diversified our balance sheet, and extended our reach to more future members. This strategic execution will continue in the years ahead with a real focus on meeting more members' needs, helping them build great savings habits, helping them in their home ownership journey, and being there when they need us. We aspire to be the first-choice banking service provider for our members, and a natural result of

this will be a Credit Union that sustainably grows and scales over time.

We look forward to welcoming more members from across Police, New Zealand Defence Force and Emergency Services, together with their wider whānau.

I would like to thank our hardworking team in Wellington, our partners at Defence, Wellington Free Ambulance and Hato Hone St John, and our sister organisation, the New Zealand Police Association, for their continued contribution and support.

Most importantly, thank you to our members. Your ongoing support enables us to deliver on our vision of making a real difference to members' financial wellbeing. We look to the year ahead with confidence, ready to build on our progress, respond to changing conditions and ensure PCU remains a strong, sustainable and trusted Credit Union for generations to come.

Lane Todd
Chair of the Board

2025–2026

YEAR IN REVIEW

17,257

Total membership number.

11,342

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

How we're helping members

\$6.51m

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

\$16.62m

of new home loan lending.

\$1.14m

of equity released through Retire Easy, helping 4 members live a better retirement.



2025 – 2026

YEAR IN REVIEW

By the numbers

\$145m

Total Credit Union assets

\$29.3m

Total equity

\$832k

Full year result

\$115.1m

Member deposits



Chief Executive's Report 2025/2026

It is a privilege to present my third annual review as Chief Executive of Police Credit Union.

Last year, I described PCU as being “fighting fit” following a year of focus on optimising costs, streamlining processes, and improving service delivery. This financial year, that work has translated into real momentum. We have delivered a strong result, supported more members, and continued building a Credit Union ready to go further for the people who protect and serve our communities.

Our purpose is simple: to make a real difference to the financial wellbeing of our members. That means helping members establish great savings habits, accelerating their journey into home ownership, and standing beside them when they need support.

Being member-owned allows PCU to operate differently from traditional banks. Every dollar we earn stays within the Credit Union and supports our membership community.

At PCU, what we do is always in service of who we do it for. Our members have our backs, and we will always have theirs.

How we've helped members

We have remained focused on ways to help members move forward by taking the time to understand each member's circumstances and look for solutions that improve their financial position.

We were there for members to achieve a range of financial goals:

- » More than **100 members** took an important step towards becoming debt-free by moving \$2.07m of high interest debt to PCU, restructured onto a much more reasonable interest rate.
- » We supported **27 members** with a home loan, including first-home buyers, members with smaller deposits, members buying investment properties, and those refinancing from another lender.
- » **Three members** used First Home Together and its interest-free deposit boost to overcome the deposit barrier and purchase a home sooner than they otherwise could have.



Mike Davy
Chief Executive



- » Over **270 members** borrowed \$4.44m through personal loans to buy a new vehicle, book a holiday, complete home improvements and cover other significant purchases.
- » **Four retired members** accessed the equity in their homes through Retire Easy, helping them make home improvements, replace a vehicle or create greater financial flexibility in retirement while continuing to live in their own home.
- » **Over 100 Recruits** joined PCU during their time at Police College, giving them an early opportunity to establish strong savings habits.
- » **Thousands of members** used our fee-free savings accounts and accessible term deposits to build financial resilience and grow their savings.

Going further for members

The numbers show how many members we supported during the year, but individual stories show what that support can mean. Going further is often about listening, removing unnecessary complexity, and acting quickly when it matters.

One member came to PCU after finding it difficult to obtain a top-up on their existing home loan with a bank. The additional funds were needed for important renovations, including remodelling the kitchen, replacing an ageing hot-water cylinder, and repairing the roof. Despite having strong income, an excellent credit history and no other debt, the process had become time-consuming and complicated, with multiple quotes and supporting documents requested.

After hearing about another member's home loan experience with PCU, they approached us about refinancing. Our team moved quickly, approving and settling the refinance and additional renovation funding within a week.

The refinance allowed the member to move ahead with improving their home. They were so happy with their experience that they recommended PCU to their daughter when she was ready to purchase her first home. Her home loan has since been approved, and she is busy house hunting.

It's just one simple example, but this demonstrates the value of real people providing real service, making a difference not only for individual members, but for their families too.

Investing in our future

As we have grown, we have continued investing in the systems, services and capability needed to support members well.

Security has remained a significant priority. Scam and fraud activity continues to grow in both volume and sophistication, and protecting members requires ongoing investment. During the year, we introduced multi-factor authentication and progressed with other security initiatives, such as confirmation of payee, enhanced card-payment authentication, and dynamic CVV digital cards.

A new automated onboarding journey made joining PCU faster and easier, while giving our team more time to focus on the conversations and personal support that matter most to members.

Technology is an important part of our future, but it is not a substitute for real human service. Our aim is to use technology to remove unnecessary friction so our people can spend more time doing what they do best – helping members.

The year ahead

We enter the coming year with confidence in our direction and ambition for how PCU can be there for more and more members.

Our focus will remain on helping more members build lasting savings habits, move into home ownership sooner, and improve their overall financial wellbeing.

Our partnerships with Police, the New Zealand Defence Force, Wellington Free Ambulance and Hato Hone St John enable us to support the people who protect and serve New Zealand. While the foundations are in place, we have more work to do to deepen these relationships and build awareness of PCU within each community.

Growth is important because it strengthens our ability to support the whole membership community. Growing the Credit Union allows us to increasingly provide value to members and continue our investment in the people and systems that serve them, keeping profits in New Zealand, benefitting our community.

This is also why we're so grateful to the members who entrust their savings with PCU. They play an important role in our ability to help other members when they need us, so thank you for continuing loyalty and willingness to support the wider community of members.

I want to thank our members for their continued trust and support; our Board for its guidance; the New Zealand Police Association, New Zealand Defence Force, Wellington Free Ambulance and Hato Hone St John for their valued partnerships; our supervisor and business partners; and the dedicated PCU team here in Wellington.

Together, we are building a stronger Credit Union, one that always puts people first, goes above and beyond, and continues to back the future of our members.

Mike Davy
Chief Executive

Summary Financial Statements

Summary Statement of Comprehensive Income

for the year ended 30 June 2026

	2026 \$000	2025 \$000
REVENUE		
Interest Revenue	6,851	8,110
Other Income	253	73
Total Revenue	7,104	8,183
EXPENDITURE		
Financing Expenses	2,331	3,516
Operating Expenses (including loan impairment)	4,473	4,904
Total Expenditure	6,804	8,420
Share of Equity Accounted Joint Venture Surplus for the Year	427	453
Surplus for the Year Attributable to Members	726	216
Other Comprehensive Revenue and Expense	106	-
Total Comprehensive Revenue and Expense for the Year	832	216

Summary Statement of Changes in Equity

For the year ended 30 June 2026

	2026 \$000	2025 \$000
Opening Balance	28,468	28,252
Total Comprehensive Revenue and Expense for the Year	832	216
Closing Balance	29,300	28,468

Summary Statement of Financial Position

As at 30 June 2026

	2026 \$000	2025 \$000
ASSETS		
Cash and Cash Equivalents	4,235	6,020
Term Deposits	74,408	95,054
Managed Funds	8,283	-
Loans to Members	46,750	33,281
Prepayments	1,690	1,545
Property, Plant and Equipment	573	479
Investment in Joint Venture	9,024	8,598
Total Assets	144,963	144,977
LIABILITIES		
Trade and Other Payables	436	610
Employee Benefits	120	89
Members' Deposits	115,107	115,810
Total Liabilities	115,663	116,509
Net Assets	29,300	28,468

Summary Statement of Cashflows

For the year ended 30 June 2026

	2026 \$000	2025 \$000
Net Cash Provided by/(Used in) Operating Activities	(13,633)	(1,291)
Net Cash Provided by/(Used in) Investing Activities	11,847	4,803
Total Net Increase (Decrease) in Cash and Cash Equivalents	(1,785)	3,512
Cash and Cash Equivalents at the Beginning of the Period	6,020	2,508
Cash and Cash Equivalents at the end of the Period	4,235	6,020

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 2026.

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

	2026 \$000	2025 \$000
Secured by Mortgage Over Real Estate with LVR <70%	6,775	4,212
Secured by Mortgage Over Real Estate with LVR 70%> <80%	17,533	5,357
Secured by Mortgage over Real Estate with LVR 80%> <90%	1,961	1,917
Secured by Mortgage over Real Estate with LVR 90%> <100%	929	934
Partially Secured by Motor Vehicles or Other Collateral	1,602	6,594
Secured by Police Superannuation or Government Superannuation	17,507	14,129
Unsecured	542	240
Credit Quality of Gross Loans to Members	46,848	33,383
Less Loan Impairment Allowance	(98)	(102)
Total Loans to Members	46,750	33,281

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 2026							
Total Financial Assets 30 June 2026	5,600	51,764	27,098	19,640	28,779	795	133,676
Total Financial Liabilities 30 June 2026	64,492	34,511	12,802	3,738	-	-	115,543
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 10 August 2026 (2025 BB with a stable outlook).

[Back to
contents](#)

**POLICE
CREDIT
UNION**

Te Uniana Whakanama Pirihimana

POLICE HELPING POLICE

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