



2024

ANNUAL REPORT



First Credit Union Staff at the 2024 First Credit Union Fun Friday as part of the Balloons over Waikato event

2024 HIGHLIGHTS

About us



111
employees



12
branches



60,790
members

Financial Highlights



\$1.79M
operating surplus



\$489M
assets



4.48%
net interest margin

Members



\$411.66M
member shares



\$14.47M
interest paid to members

Loans to members



\$97.28M
personal loans



\$263.51M
mortgages

Service to members



224,230
phone calls answered



37,493
online banking
users



26,581
welcome emails
answered

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Chair's Report



Judith Taane

The year ended 30 June 2024 was another busy one for the First Credit Union team and I am extremely pleased with our results- especially given everything we had going on.

Regulatory Update

Conduct of Financial Institutions (CoFI) Act

The Financial Markets Conduct Act 2013 was amended by the passing of the Financial Markets (Conduct of Financial Institutions) Amended Act 2022, better known as the CoFI Act.

The Act was amended to ensure financial institutions treat consumers fairly. The board reviewed and approved its Fair Conduct Programme (FCP) in August 2024. The FCP ensures that First Credit Union abides by the fair conduct principle, which means we will continue to strive to treat our members fairly.

The Act requires financial institutions to be licensed by the Financial Markets Authority by March 2025.

First Credit Union has applied for the CoFI licence and we anticipate to be issued with a licence by March 2025. A key summary of our FCP will be made available on our website by March 2025.

Depositor Compensation Scheme

At the time of writing last years report, the detail about how this scheme will operate had not been finalised.

I can report that the RBNZ has engaged with banks and NBDTs throughout 2024 on the Depositor Compensation Scheme (DCS).

The DCS highlights in 2024 have been the release of the proportionality framework for applying standards to deposit takers in Q1, the release of the third consultation paper on liquidity, second consultation on statement of funding approach and two rounds of consultations for the core standards in Q2 and two rounds of consultations for non core standards in Q3.

The DCS go-live is scheduled for mid 2025 with the standards (core and non core) in place by 2026 and full compliance by 2027/2028.

There are many departments involved with the introduction of the Depositor Compensation Scheme, and everyone is working alongside the RBNZ to ensure that First Credit Union is ready to go once the scheme is ready to implement.

Strategic Planning

The last few years have been hectic for First Credit Union. We have navigated various transfers of engagements and changes to regulatory requirements, all whilst ensuring that our products and services continue to meet our members needs.

In April, the First Credit Union Board met for a Strategic planning session. The session, hosted by an external party allowed for some robust conversations to be had and laid the groundwork for what we want to achieve as an organisation in the coming years.

Incident Response Planning

In May, the Business Continuity Planning Committee met and completed an incident response exercise.

Each year we conduct such an exercise, to test our processes and procedures to ensure that if faced with a real security incident we would know how to react.

Each year the team improves on the previous and this year was no exception. I was really pleased with how this year's exercise went and look forward to doing it all again next year.

I look forward to what the coming 12 months will bring for our credit Union.

Thank you for your continued support,

J a Taane.
JUDITH TAANE

Governance



Judith Taane
Chair



Malcolm Blair
Deputy Chair



Peter Iles
Director



Leaupepe (Rachel) Drent
Director



Rob Pascoe
Director



Phil Todd
Director



Simon Scott
Director & Chief Executive

Director	Board Meetings Eligible to attend	Board Meetings Attended
Judith Taane	11	11
Malcolm Blair	11	11
Peter Iles	11	11
Rachel Drent	11	10
Rob Pascoe	11	11
Phil Todd	11	10
Simon Scott	11	11

2024 Board Committees	
Audit & Risk	Health & Safety
Rob Pascoe (Chair)	Peter Iles (Chair)
Malcolm Blair	Simon Scott
Phil Todd	
Simon Scott	

Chief Executive's Report



Simon Scott

“

It's not until you look back on the year that you realise how much you have achieved.

”

The year ended 30 June 2024 was another busy one for the First Credit Union team and I am pleased to report that First Credit Union is reporting a profit of \$1.79 million for the period.

A lot can change in a year

In the 2023/2024 financial year we:

- Had a further two credit unions transfer to us.
- Leveraged off international relationships to advocate for the NZ Credit Union sector.
- Successfully migrated Steelsands, Fisher & Paykel and Westforce member accounts over to our core banking platform.
- Changed card providers, and rolled out over 25,000 cards to members, with plans to introduce digital wallets in the near future.
- Farewelled our Matriarch, Margaret Hellen (Smith).

Transfer of Engagements

This year we are reporting a further two transfer of engagements for this financial year.

On 01 October 2023 we welcomed Fisher & Paykel Credit Union members, followed by Credit Union Auckland members on 01 June 2024. Unfortunately many of our smaller credit union peers have found it difficult to compete and deliver low cost products and services to their members. A Transfer of Engagements to First Credit Union ensures that they can continue to offer Credit Union membership to their members.

The Credit Union Auckland transfer of engagements is the fourth one we have done in the last two years, and we couldn't have done it without the hard work of our staff.

We are looking forward to a more settled period as we head into the next financial year, and thank all of our members for continuing to choose First Credit Union.

Member Account Migrations

At some point after a transfer of engagements, we need to move the transferring credit union members onto our core banking system. In this financial year the team successfully migrated three credit unions over to First Credit Union.

Both Steelsands and Fisher & Paykel were manual projects completed by our staff and in March 2024 we were able to successfully migrate all Westforce members across. I would like to thank these members for their patience as we worked on these projects.

Unitus Credit Union Staff Exchange, October 2023

In October 2023, Ana Braunias, Member Experience Manager and Herb Wulff, Treasury and Agency Banking Manager represented First Credit Union at Unitus Credit Union in Portland, Oregon.

With an action-packed agenda Ana and Herb were kept busy over the 10 days they were in Portland and enjoyed the opportunity to connect with various Unitus Credit Union employees.

Unitus Credit Union is very similar to First Credit Union in many ways, however like everything American, they are like us on a bigger scale!

Whilst both came away with a long list of what they had learnt and would like to implement at First Credit Union, Ana and Herb enjoyed the opportunity to develop new relationships, cement existing relationships and learn and collaborate further with Unitus.

We look forward to hosting representatives from Unitus again in 2025.



Herb and Ana present Steve Stapp and the Unitus Leadership team with a commemorative FCU plaque

Cooperation at it's finest!

First Credit Union is proud to be one of 82,758 credit unions globally serving 403,976,049 members in 98 countries!*

Over the last few years I have been focused on engaging with representatives from the World Council of Credit Unions (WOCCU) and our global Credit Union peers to advocate for our members and the New Zealand Credit Union sector as a whole.

I attended the World Credit Union Conference in July 2023 and enjoyed presenting on the topic of "Insights into the Digital Transformation Journey". My attendance at the conference also allowed me to purposely engage with people like Thomas Belekevich, WOCCU Director of Members Services to pursue assistance with re-invigorating the Oceania Credit Union League (OCCUL).

I also took the opportunity to meet with Andrew (Andy) Price, Senior Vice President of Advocacy for the World Council of Credit Unions.

Regulators in New Zealand often take rules designed for banks and apply them to Credit Unions without consideration of our unique model. This often prevents us from maximising our service to our members and communities and Andy was able to bring a global perspective of credit unions to regulators.

Andy, at our invitation, visited us in January 2024, meeting with the First Credit Union Board and travelled to Wellington with myself and Asenaca Kaloumaira (Risk & Compliance Manager) to meet with the Financial Services Federation, other Credit Unions, the RBNZ and Minister of Commerce, The Hon Andrew Bayly.

We were very impressed with the level of engagement we received from the team at RBNZ. Andy was able to give a global perspective of Credit Unions and how successful they can be with properly tailored regulations.

*Information from the World Council Website www.woccu.org



Simon Scott with Hon. Andrew Bayly and Andy Price

Supporting the NGO Sector

Our non-profit peers in Non-Governmental Organisations (NGO) have been on the hunt for a 'golden unicorn' to help them serve their community groups. In this case, the golden unicorn they are seeking is staff who understand the inner workings of not-for-profits and their banking needs.

NGO's are reporting adverse experiences when dealing with banks, facing difficulty when trying to do simple tasks such as opening an account, or changing signatories.

As a not for profit organisation ourselves, we know how tough it can be to have to fit into a one size fits all type of regulation. As such, we have reached out to some of the community networks to see how we can help.

I am pleased to report that at the end of 2023 we launched a pilot scheme with some local NGO's to assist them with their banking needs. We have managed to do this by providing them with one staff member who will assist them with their banking needs from opening accounts/ term deposits to changing signatories, all whilst remaining compliant. We look forward to offering this scheme to more NGO's in the future.

In memory...

On Thursday 19th October 2023 (which remarkably happened to be International Credit Union Day), the New Zealand Credit Union movement lost it's Matriarch- Margaret Hellen (Smith).



Margaret was the wife of the late Colin Smith, who played a pivotal role in establishing the New Zealand Credit Union League. Colin was also the General Manager of St Mary's Credit Union (now First Credit Union) from 1966 to 1986.

Without the unwavering support of Margaret, Colin wouldn't have been able to achieve so much for New Zealand Credit Union's.

Thank you Margaret for everything you have done for NZ Credit Unions!

We're about to turn 70!

Next year we're excited to be celebrating 70 years of putting our members first. We have been working with a local author on a book that highlights our 70 years and we look forward to sharing this special milestone with you next year.

Thank you to the Board, Management, Staff and Members for your continued support- we wouldn't be where we are today without it.


SIMON SCOTT

Treasurer's Report



Peter Iles

“
As Treasurer of the First Credit Union Board of Directors, it is a pleasure to present this report for the year ended 30 June 2024
”

As at 30 June 2024, First Credit Union is reporting:

- * An increase in total assets of 6.65%, resulting in year end assets of \$489 million
- * Member shares of \$411.65 million. This is an increase on last year's balance by 6.52%
- * A loan book of \$360.79 million.
- * A net profit of \$1.79 million, which is very pleasing after another very busy year

I look forward to what the next 12 months will bring and celebrating 70 years of putting members first with everyone in 2025.

PETER ILES



Statement of Service Performance

Who are we?

First Credit Union is a not-for-profit financial co-operative that has been helping everyday Kiwi's achieve their financial goals, within their means for over 65 years. Our products and services are designed to make managing your personal finances easy. Members come first at First Credit Union, every strategic decision made by our Board and Senior Management team has the best interests of our members in mind.

We also have our own fully owned subsidiary- First Insurance Limited, which provides loan protection and funeral insurance to our members. Our common bond allows us to accept members from across New Zealand, we have a large call centre, and online services to support our members and this is backed up with a branch network from Whangarei to Invercargill.

Why do we exist?

We exist for our members. Our purpose is to provide our members with a low cost alternative to the banks. We promote savings amongst our membership and we use these savings for the mutual benefit of our members.

What we intend to achieve- our medium/ long term objectives

- a) Continue to put our members first by providing everyday Kiwis with reliable products and services to help them achieve their financial goals, within their means through a low fee structure and competitive interest rates.
- b) Promoting "thrift" within the membership
- c) 'People helping people'- supporting and giving back to our local communities

We have considered our objectives and have determined that the service performance information presented is considered appropriate and meaningful in measuring the service performance of the Credit Union.

How we measure our performance

Putting members first, providing reliable products & services

	FYE 30 Jun 24	FYE 30 Jun 23
 Number of Members	60,790	56,000
 Number of NO fee personal loans disbursed	11,648	9,149
 Member Shares	\$412 million	\$386 million
 Number of member calls answered	224,230	218,658*
 Number of members registered for online banking	37,493	30,698
 Number of members with a debit card	20,208	23,879
 First Insurance Limited-claims paid out to members	\$871,000	\$1,064,000

*Does not include NZCU Steelsands member phone calls answered and does not include Westforce Credit Union calls from 1 August to 30 November 2022

Statement of Service Performance

Continued

Promoting "thrift" within the membership

	FYE 30 Jun 24	FYE 30 Jun 23
 Number of Jimmy Jumper accounts	2,189	2,513
 Loan Provider Accounts (our cornerstone savings account)	22,877	20,624

'People helping people'

	FYE 30 Jun 24	FYE 30 Jun 23
 Sponsorship	\$142,796	\$125,914
 Community Donations	\$8,250^^	\$10,000^
 Global Donations (WOCCU, relief funds etc)	\$3,855	\$10,298
 Social Housing: Number of developments the approved funding covers	63	65
 Social Housing: Amount approved for funding in the year	\$29,235,000	\$29,187,000
 Staff community volunteer hours	410	255

^Our members helped raise funds to support those impacted by Cyclone Gabrielle by contributing \$3,500

^^ Included in this is a vehicle donated to Kāute Pasifika valued at \$6,000 to assist with their community work



UPDATE

As at 30 June 2024, First Insurance Limited (FIL) has insured 7,727 First Credit Union members (Funeral and Loan Protection).

As always, the First Insurance Limited team continues to look for a way to approve member claims, rather than decline.

GOVERNANCE

The Board is responsible for the overall governance and strategic direction of First Insurance Limited. The First Insurance Board comprises of five directors with a diverse range of backgrounds and skills:



Steve Nichols
Chair
First Insurance Limited Director since 2018



Judith Taane
Deputy Chair
• First Insurance Limited Director since 2018
• Chair of the First Credit Union Board



Mark Joblin
Director
• First Insurance Limited Director since 2018
• Chair of the FIL Audit Committee



John Harvey
Director
• First Insurance Limited Director since 2023



Simon Scott B.A., LL.B.
Chief Executive/ Board Observer
• First Insurance Limited Director since 2018-2023
• Director & Chief Executive of First Credit Union



Michael Cathro Dip.Bus.Fin
General Manager



STATEMENT OF SERVICE PERFORMANCE (Unaudited)

Who are we?

First Insurance Limited (FIL) is a fully licensed New Zealand insurance company that is 100% owned by First Credit Union (FCU).

We currently provide loan protection and funeral insurance to members of FCU:

- Funeral Insurance- simple, affordable funeral cover with claims that are paid quickly, this cover can help our members families cope financially at an already stressful time.
- Loan Protection Insurance- protects our member's loans against unforeseen events such as death, disability, critical illness and bankruptcy.

Why do we exist?

The purpose of the insurer is to underwrite and manage the insurance products on behalf of FCU and it's members.

Whilst ensuring we are financially sustainable is an important priority for the Board, we are conscious of delivering benefits to our membership 'family', with our unique approach to claims- looking for ways to approve a claim, rather than decline it.

The close co-operative relationship between FIL and FCU ensures that claims can be managed promptly, and with full knowledge of the Credit Union member's history and current circumstances.

What we intend to achieve- our medium/ long term objectives

- 100% acceptance for all Funeral Insurance claims
- 75%+ net promoter score in Loan Insurance Claimant Survey*

How we measure our performance

Funeral Insurance		FYE 30 Jun 24	FYE 30 Jun 23
	Claim's accepted	59 (98%)	60 (100%)
Loan Protection Insurance			
	Claim's accepted	97	109
Loan Insurance- Claimant Survey*			
	Net Promoter Score (target 75%)	77%	85%
Claims			
	Amount paid out to members	\$871,000	\$1,064,000

*Note: Claimant Survey completed via Survey Monkey. All claimants with a current open Disability claim were surveyed.

community [noun]

a group of people who come together for a common purpose



We're in your community

We know community support and involvement is not just about donating money, but also lending a hand when needed.

This year we are proud to have contributed **\$142,796**, and **over 400** volunteer hours to our local communities:

- Community planting days
- Sports clubs
- Community events
- Sports teams
- School environmental projects
- Prizegivings
- Walking track maintenance
- Kapa Haka Festival
- School galas/ events
- Dance competitions
- Awards ceremonies
- Arts festival
- Balloons over Waikato
- Christmas parades
- Iron Kidz Taupo
- Tertiary O'Week events
- Tournaments
- Graduations
- The Rotorua Marathon

As an organisation, we remain committed to supporting our teams make a difference.

To assist staff make more of an impact, we have recently introduced special leave options which will enable our teams to do more volunteering/ community work both during and after work hours.



Thanks, First Credit Union! Your donation fuels our community work

The team K'aute Pasifika are deeply grateful for the generous donation of a vehicle from Simon Scott, chief executive and his team at [First Credit Union](#). The team acknowledge the donation isn't just a vehicle – it's a catalyst for K'aute Pasifika's essential community work.

"First Credit Union share our dedication to assisting people in realising their aspirations – financial or otherwise, including home ownership. Our organisation supports communities to thrive and prosper in ways that are meaningful for them and this includes supporting their financial literacy and capability. We firmly believe that financial empowerment is a key enabler of community wellbeing," says Leaupepe Rachel Karalus, chief executive of K'aute Pasifika.

Simon Scott, chief executive of First Credit Union says, "K'aute Pasifika plays a vital role in our community, this donation reflects First Credit Union's core philosophy of people helping people." [#donation #](#)



SUMMARY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

Summary Consolidated Statement of Comprehensive Revenue & Expense

For the year ended 30 June 2024

	2024 \$000	2023 \$000
REVENUE		
Interest Revenue	34,878	26,790
Interest Expenditure	(14,474)	(8,212)
Net Interest Revenue	20,404	18,578
Other Income	7,853	8,060
Insurance Service Result	639	638
Gross Contribution from Activities	28,896	27,276
EXPENDITURE		
Operating Expenses	(17,171)	(15,139)
Employee Benefits	(8,238)	(8,831)
Loan Impairment Expenses	(2,168)	(1,605)
Total Operating Expenditure	(27,577)	(25,575)
Share of Surplus/(Deficit) of Joint Venture	495	627
Surplus before Taxation	1,814	2,328
Income Tax Expense	(17)	(1)
Surplus for the Year Attributable to Members	1,797	2,327
Revaluation of Property	0	0
Total Comprehensive Revenue and Expense for the year	1,797	2,327

Summary Consolidated Statement of Financial Position

As at 30 June 2024

	2024 \$000	2023 \$000
MEMBERS' FUNDS		
Accumulated Revenue and Expense	66,877	64,665
Property Revaluation Reserve	3,463	3,447
TOTAL MEMBERS' FUNDS	70,340	68,112
ASSETS		
Cash and Cash Equivalents	23,738	21,821
Term Deposits and Other Investments	81,064	80,456
Loans to Members	357,775	330,398
Property, Plant and Equipment	16,051	16,410
Prepayments and Other Assets	2,793	2,326
Investment in Joint Venture	8,120	7,625
TOTAL ASSETS	489,541	459,036
LIABILITIES		
Trade and Other Payables	7,145	4,088
Employee Entitlements	400	364
Members' Deposits	411,656	386,472
TOTAL LIABILITIES	419,201	390,924
NET ASSETS / EQUITY	70,340	68,112

Summary Consolidated Statement of Changes in Net Assets/ Equity

For the year ended 30 June 2024

	2024 \$000	2023 \$000
Opening Balance	68,112	63,967
Total Comprehensive Revenue and Expense for the Year	1,797	2,327
Revaluation of Property	0	0
Amalgamation of Steelsands Credit Union	0	1,481
Amalgamation of Westforce Credit Union	0	337
Amalgamation of Fisher and Paykel Credit Union	423	0
Amalgamation of Auckland Credit Union	8	0
Closing Balance	70,340	68,112

Summary Consolidated Statement of Cash Flows

For the year ended 30 June 2024

	2024 \$000	2023 \$000
Net Cash Provided by Operating Activities	(82)	(36,462)
Net Cash Used in Investing Activities	(781)	13,953
Total Net Increase (Decrease) in Cash and Cash Equivalents	(863)	(22,509)
Cash and Cash Equivalents at the Beginning of the Period	21,821	26,610
Cash Received on Amalgamation of Steelsands and Westforce Credit Union	0	17,720
Cash Received on Amalgamation of Fisher & Paykel	510	0
Cash Received on Amalgamation of Auckland Credit Union	2,270	0
Cash and Cash Equivalents at the End of the Period	23,738	21,821

1. Corporate Information

These summary consolidated financial statements comprise First Credit Union Incorporated ("the Credit Union") and its controlled entity First Insurance Limited ("the Insurer"), together comprise the Group ("the Group") and the Groups investment in equity accounted investees for the year ended 30 June 2024.

Transfer of Engagements - a process known as a transfer of engagement was completed during the year, with Fisher & Paykel Credit Union (F&P) on 30 September 2023, and with Auckland Credit Union (ACU) on 31 May 2024, whereby F&P and ACU transferred all of their engagements to First Credit Union Incorporated. The transfer of engagements means that First Credit Union Incorporated assumed all assets and liabilities of F&P and ACU and now operates as a single merged entity, with F&P and ACU both de-registering.

Further details are in the full financial statements.

The summary financial statements were extracted from the full financial statements authorised for issue by the directors on 8 October 2024. The statement of service performance from the full financial statements is published within this annual report (see pages 9-10). 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.

The full financial statements received an unqualified audit opinion.

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 Group incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the entity.

Loan Security Analysis:

	2024	2023
	\$000	\$000
Credit Quality - Security Dissection		
Secured by Mortgage Over Real Estate with LVR < 80%	229,439	230,798
Secured by Mortgage Over Real Estate with LVR > 80%	34,073	22,618
Secured by Members Shares	13,242	13,839
Partially Secured by Motor Vehicles or Other Collateral	57,829	46,406
Unsecured Loans	26,207	18,665
Gross Loans to Members	360,790	332,326
Less: Allowance for Impairment	(3,015)	(1,928)
Net Loans to Members	357,775	330,398

	2024	2023
	\$000	\$000
Impairment of Loans and Advances		
Provision for Impairment - Increase / (decrease) in the Year	(678)	(105)
Bad Loans written off	2,846	1,710
Loan Impairment Expenditure	2,168	1,605

3. Liquidity Risk

Liquidity risk is the risk that the Group 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 the Group maintains adequate cash reserves so as to meet the member withdrawal demands when requested.

The table below shows the period in which different financial liabilities held will mature and be eligible for renegotiation or withdrawal.

Maturity Profile of Financial Liabilities:	Within 12		1 to 5	Over 5	2024	2023
	On Call	Months	Years	Years	Total	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Financial Liabilities 30 June 2024						
Payables	0	7,145	0	0	7,145	4,088
Members Call Shares	171,456	0	0	0	171,456	183,880
Members Term Shares	0	235,641	4,559	0	240,200	202,592
Total Financial Liabilities 30 June 2024	171,456	242,786	4,559	0	418,801	390,560

The table below shows net financial assets held by the Group for the purpose of managing liquidity risk.

Liquidity Management:

	2024	2023
	\$000	\$000
Cash and Cash Equivalents	23,738	21,821
Term Deposits and Other Investments - Current	78,093	75,036
Term Deposits and Other Investments - Non-Current	2,971	5,420
Total Liquidity	104,802	102,277

4. Credit Rating

The Credit Union has been rated by Fitch Ratings. Fitch Ratings 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 21 January 2024 (2023: BB with a stable outlook).

The Insurer has a long-term issuer default (IDR) rating of BB with a stable outlook, issued on February 7 2024 (2023: BB+ negative outlook).



www.firstcu.co.nz



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