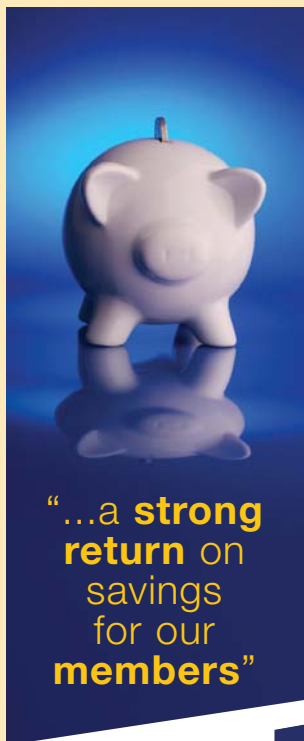


4.2% DIVIDEND PAID

Savers with Police CU have earned 4.2% paid gross on their Rewarder accounts for the year ended 30 September 2006.



“...a strong return on savings for our members”

The announcement was a key highlight of the Annual General Meeting, where members agreed the figure proposed by the Board of Directors.

Peter Evans, Chief Executive of Police CU, said: “This is a strong return on savings for our members and demonstrates a consistent performance by the Police CU over the last few years. With the anticipated growth in membership during 2007, we are confident that we can continue to deliver a dividend that satisfies our saving members, whilst keeping our rates competitive for our borrowers.

“The dividend is applicable to all balances from £10, the minimum requirement for a Rewarder savings account, which for an easy access account compares very favourably against the high street providers.”

The dividend has been credited to all savings accounts and is shown on the statement enclosed with this newsletter. Members are reminded that they are individually responsible for declaring the dividend for tax purposes.

For more on the AGM see page 2.

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ALSO AT THE AGM...

Chris Edmond has retired as Chairman of Police CU after almost five years of dedicated service to credit unions, during which time he led the successful merger of seven credit unions that formed the Police CU.

The role has been awarded to Peter Watson, who was previously the Vice Chair of Police CU. Peter is a Director from the former Merseyside Police Credit Union and is a retired Police Officer who held the post of Federation

Secretary. He is currently employed as a Police Staff Member in the Personnel Department of Merseyside Police.

Vojislav Mihailovic has been appointed as the new Vice Chair. Vojislav is a serving Police Officer with over 25 years service. He is currently the JBB Secretary of the Hertfordshire Police Federation, Chair of the Constables' Branch Board of Hertfordshire and Chair of the 5 region Constables.

TALKING TELEPHONE NUMBERS



A new phone system has been introduced to provide a better service for members. If your local branch manager is unavailable, the new system will automatically divert your call to the next available branch at no extra charge - all at a local call rate.

Make a note of your new local branch number from the list below.

For a limited transition period, members using the previous phone numbers will be automatically diverted to the new number.

Birmingham	0845 241 7501
Bristol	0845 241 7502
Exeter	0845 241 7503
Liverpool	0845 241 7504
Middlesbrough	0845 241 7505
Newcastle	0845 241 7506
Welwyn Garden City	0845 241 7507

OUTPERFORMING THE HIGH STREET

If you're looking for a personal loan*, your first stop should be Police CU. To save you time, we've looked around the high street for deals from names

you know and compared them with Police CU's competitive Resourcer loans. Best value is shown by comparing the monthly payments and total

payable, rather than just relying on the quoted APR that may not apply to the loan you want. It's all summarised in the comparison chart below.

Lender	Typical APR	Monthly repayment	Total amount payable	With PCU, you save
PCU	7.5%	£96.72	£4642.56	-
Nationwide BS†	12.9%	£107.11	£5141.28	£498.72
Alliance & Leicester†	13.9%	£109.11	£5237.28	£594.72
HSBC†	14.9%	£111.12	£5333.76	£691.20
NatWest†	15.4%	£112.14	£5382.72	£740.16

† Redemption penalty applies. Loan comparisons are based on a typical personal loan of £4,000 arranged over 48 months, excluding optional payment protection insurance. Competitor information source: MoneyFacts as at January 2007.

DEBT ON CREDIT CARDS?

The Resourcer loan offers a way out of increasing credit card balances and high interest rates, helping members pay off debts in a secure and managed way at a much lower rate of interest.

To qualify for a Resourcer loan* with Police CU and apply for up to £5,000 instantly in an unsecured fixed term loan over three years, you only need to be a member, by making a first savings deposit of £10 and

committing to invest at least £10 per month in a Police CU Rewarder account. The Resourcer loan will also allow members with at least £250 in savings to borrow up to twenty times the level of their savings balance, up to £20,000 over a fixed term of up to five years.

Serving or retired police officers and staff or any relative aged over 18, who is living in the same household as the member, are eligible to apply and the Resourcer's current



typical APR is 7.5% p.a. Police CU only charges interest on the reducing balance and repayments may be paid by payroll deduction, where the facility exists, or by direct debit.

For more information, contact your local branch office or log on to www.policecu.co.uk.

NEW MEMBER FORCES

What it means to you

Police CU is growing and that means extra benefits for all. Not only are we presenting the Credit Union to thousands more police staff and officers across the country but more members also means potentially better dividends for existing and new savers.

Three new police forces are about to join us with payroll deduction, making it easy for new members to save and borrow. There are even more UK forces keen to join and by increasing our income while controlling running costs, we aim to offer better dividends for savers.

Look out for more announcements in the next newsletter and on the website.

CHANGING

Departing Chairman Chris Edmond reflects on the achievements of Police CU over the last three years.



It has been my honour to serve the Police Credit Union as its Chairman since its inception.

During this period the organisation has developed into one of the leading Credit Unions in the country.

This development reflects the commitment, dedication and enthusiasm of everyone involved with Police CU.

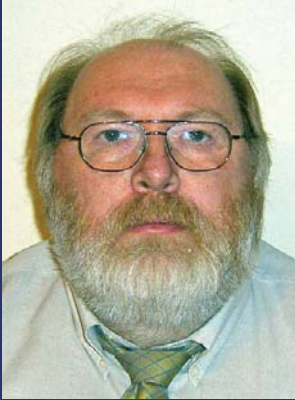
The Board of Directors, staff, supervisory committee, auditors and the FSA have supported, helped and, on many occasions, challenged me as I led this organisation towards what has always been my goal - 'To create the leading financial institution for the whole police family'.

"...the future looks very promising for staff and members alike"

I honestly believe that the foundations are now laid to ultimately achieve this goal and that the future looks very promising for staff and members alike.

TIMES

Incoming Chairman Peter Watson looks to the future.



As I joined the Police Service some 39 years ago, to envision that I would hold this role, in an organisation with £25 million in assets and over 14,000 members, would have seemed a pipe dream. Nevertheless it has happened and to be elected chair of Police Credit Union is a great honour.

My election follows the resignation of Chris Edmond, who had retired from the Police

Service and felt unable to continue as a Director and meet the demands of his new employment. I thank Chris on behalf of all of the Board of Directors for his efforts in ensuring that Police Credit Union bonded together and actually worked properly, following our formation in 2003.

“...we should all feel proud of everything that has been achieved in our first three years”

We should all feel proud of everything that has been achieved in our first three years, at a time when the market place in which we operate is becoming ever more competitive.

I believe that Police Credit Union is the Police Service's best-kept secret and that many potential members do not have a clue as to who we are or what we do. Whilst there are other credit unions available to the Police Service, I believe that our structure of regional branch offices is the best way to serve the needs of our members.

With approximately 140,000 Police Officers and 40,000 Police Staff members within England and Wales, there is ample opportunity to strengthen Police Credit Union further and hopefully exceed the expectations of our members. The immediate challenge is let more people in on the secret. To do so, we all have a part to play.

NEW YEAR RESOLUTIONS

A message from the Financial Capability Team of the Financial Services Authority.



Every New Year we start off with the best of intentions, maybe joining a gym, cutting down on alcohol, eating less or giving up smoking. However only a few see things through. Why?

Too tough, too time consuming, lack of willpower or a decision to bury your head in the sand. Well your finances are no different to any other resolution, if you want to make it happen you will.

Many millions of people are paying well over the odds for their financial products but do nothing about it. It's similar to going to the cash machine each month, drawing out some hard-earned cash and burning it.

How happy would you be if you spent just a few hours reviewing your finances and saved over £1000 in 2007 as two financial reporters did in the Daily Mail in 2006?

(Daily Mail, Wed Dec 20th, page 57)

Now, is an ideal time to review your finances following the Christmas festivities, which has left us with feather light wallets and purses.

So will you do something about it and take control of your finances or will you do nothing? The decision is yours.

To find out what else you can do visit the FSA's website **www.moneymadeclear.fsa.gov.uk** or access it via the PCU website at **www.policecu.co.uk** via the link on the homepage.

Here are a few resolutions to get you started:

"I am going to sit down and work out where all my money goes each month."

"I am going to check the interest rates on my borrowing and get some advice on how I can save money."

"I am going to check that my mortgage is the best one for me."

"I am going to plan for my future and my children's future."

"I am going to make sure that my wife and I have sufficient protection."

"I am going to shop around for buildings and contents insurance and car insurance."

"I am going to find out if I can pay less for my electricity."

CHANGE OF ADDRESS FOR EXETER

The Exeter branch office is moving back to the Devon and Cornwall Police Federation offices on 5 February. Branch Manager Chris Parker can then be contacted by calling 0845 241 7503 or by using the website.



IT COULD BE YOU

A lucky member from Merseyside Police scooped £1,000 in the Friends of Police CU Lottery in the recent monthly draw. A member in West Midlands Police took second prize, while another member from Merseyside Police won third prize.

For just £1 per month per number, members of Police CU can enter the Friends of PCU Lottery and have the chance to win £1000, £500 or £250 in the monthly draw.

The subscription can be paid through payroll deduction along with regular savings. The proceeds of the lottery are passed by the Friends of Police CU for staff development and training.

Police CU Wager leaflets, which include a Lottery application, are available from any of the PCU's branch offices or may be downloaded from the Police CU website at www.policecu.co.uk

ARE YOU ONLINE?

More than 1,400 members are now regularly using the website. That's double the number who logged on at its launch.

All members can register for access to the Secure Members' Area simply by contacting your local branch. Sign up to make withdrawals by secure email, check balances, download loan application forms and use a loan calculator.

Making it even easier to access information, there's news headlines and updated financial



healthchecks from the Financial Services Authority (FSA) on the homepage.

Police CU is no longer able to accept email requests for withdrawals via the open email system due to its insecure nature. Anyone wishing to make a withdrawal by email should log on to the secure facility via the website, unless your force intranet can offer secure access arrangements.

REWARDING EXCELLENCE

Richard Abbotts, an administrator at Police CU's Birmingham branch office, has won the first Excellence Award, voted for by members.

We invited members to nominate Police CU staff who had gone above and beyond the call of duty to deliver

great service. Judged by an independent panel, Richard was the clear winner, attracting a great deal of praise from a number of members. He is rewarded with a bottle of bubbly.

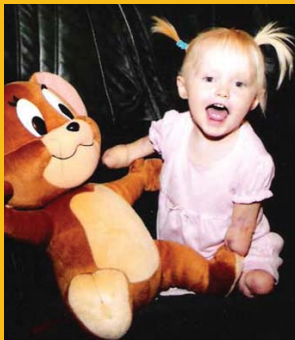


RAISING CASH FOR ELLIE MAY

Police CU has teamed up with the West Midlands Police Federation and the Police Healthcare Scheme, who share the offices at Guardian House in Birmingham, to help raise money for Ellie May Challis.

Ellie May Challis is a very happy three-year-old girl who 18 months ago suffered meningococcal septicaemia. This resulted in Ellie May having her arms and legs amputated.

In aid of this very worthy cause and with tremendous prizes, a charity raffle will be drawn at the Police Federation Conference in May.



The following raffle prizes have already been donated:

1st	Two Centre Holiday in Australia for two
2nd	City Break to Boston USA for two
3rd	Weekend in Rome for two

Tickets will be available from WMP Federation Office, Guardians House, 2111 Coventry Road, Sheldon, Birmingham B26 3EA after 1st March at a cost of £1 per ticket. Cheques should be made payable to WMP Federation.

BEWARE FRAUDSTERS

Please do not divulge any of your personal details to any organisation that claims to be linked with us. Police CU will not authorise any organisation to seek information on our behalf or, supposedly, with our approval. We strongly recommend that our members do not respond in any way to any third party approach about Police CU, however plausible.

POLICE CREDIT UNION LTD HEAD OFFICE

GUARDIANS HOUSE,
2111 COVENTRY ROAD,
SHELDON,
BIRMINGHAM B26 3EA

TEL: 0845 241 7501

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EMAIL: enquiries@policecu.co.uk

www.policecu.co.uk

The Police Credit Union is authorised and regulated by the Financial Services Authority

(FIN0207)

