

# Connecting our communities with a better financial future

Newcastle Building Society  
Member Update including  
Summary Financial Statement 2021



# 2021 Performance Highlights



**£28.5m**  
(2020: £14.9m)  
Operating profit before impairments



**£29.1m**  
(2020: £1.4m)  
Profit before tax



**1,300+**  
(2020: 1,200+)  
Colleagues



**8,370**  
(2020: 13,887)  
New savers across the UK



**28**  
(2020: 25)  
Industry awards



**+43**  
(2020: +45)  
Colleague engagement score




**5,300**  
(2020: 5,206)  
New mortgage customers



**1,581**  
(2020: 915)  
First-time buyers



**£861m**  
(2020: £645m)  
Gross residential lending



**13.8%**  
(2020: 14.1%)  
Common Equity Tier 1 capital



**95%**  
(2020: 95%)  
Overall customer satisfaction



**2,875**  
(2020: 854)  
Colleague volunteering hours



**30**  
(2020: 30)  
Branches region-wide



**5,652**  
(2020: 6,069)  
New branch customers



## Introduction

**This is my first opportunity to 'speak' to you, our Members, since taking up the reins as Chair of your Society in August 2021.**

**James Ramsbotham, Chair**

I would like to start by saying how happy I am to assume this role following the excellent work done by your previous Chair, Phil Moorhouse who left the organisation in great shape. I extend my thanks and acknowledgment to Phil for his excellent work in leading the Board and, prior to that, as a Non-Executive Director of the Society.

Newcastle Building Society is a special organisation, at a unique moment in time, serving a superb part of our country. In various roles, particularly in my most recent work, I have come across many businesses (many of them excellent in their field or outstanding in terms of performance) but I am convinced that the purpose-led, engaged, and 'can do' culture of the Society, that I have witnessed first from the outside and since becoming Chair, is quite extraordinary.

National and regional challenges lies ahead but the Society continues to face into these challenges. Working with others, it is making a real and positive difference to the lives of many people while building a long-term, sustainable business for its Members.

I very much look forward to working with your Executive Team, as part of our Board, and with you as Members in the coming years. I am passionate about what being a mutual membership organisation really means and to help ensure that we deliver for you in this regard, by continuing to understand and respond to your needs.

# Chair's Statement

## Continued

### Economic summary

The first half of 2021 saw the country move to a more positive place in terms of the Covid-19 pandemic, with the vaccination programme underway and fewer imposed restrictions. However, the pandemic is far from 'over' and it continued to have an ongoing impact throughout the year with new variants emerging.

While predictions suggest the UK economy could end the year with an annual GDP growth rate of between 7.0% and 7.1%\* (\*PwC UK Economic Outlook December 2021), this figure is from a low 2020 base when the UK economy experienced a significant lockdown across much activity.

Underlying growth is likely to continue to be modest for 2022 as the UK economy, hopefully, resumes more normal economic activity.

The effects of the pandemic are likely to continue to exert an uneven impact across the UK. Lower income households are under pressure, some struggling to get back into work post furlough. Higher income households still have capacity to spend, or surplus to invest. However, all are likely to feel the impact of inflation which is rising, fuelled by increased energy prices, and predicted to reach its highest level in thirty years in the first half of 2022 before a gradual return to its target level. Naturally, rising inflation will be most challenging to those individuals and communities across our region who, for a variety of reasons, are already struggling to make ends meet and to whom we hope we can continue to show both empathy and support as the region's largest building society.

There is a more positive outlook regarding the level of unemployment as this is not expected to rise in the coming months.

While the Bank of England base rate remained at a historic low of 0.1% for much of 2021, a late December increase took it to 0.25% and a further increase in early 2022 took it to 0.5%. Despite the potential for further increases from the Bank of England, savings rates continue to be low with any rate increase feeling very marginal for savers.

The housing market has experienced significant activity and a buoyant year in 2021, as working from home has driven changing needs for some home owners seeking additional room, outside space, or even relocation from cities to towns and more rural environments. Housing market sales and house prices have been running at their strongest levels since the global financial crisis.

The government stamp duty holiday in 2020, and its subsequent extension to June 2021, undoubtedly stimulated the market. While its phased removal has seen some demand cool off in the second half of 2021, a continuing imbalance between supply and demand has seen house prices continuing to rise.

Fierce competition among lenders in the mortgage market has resulted in mortgage rates being driven down over the past year, and this is likely to continue and possibly intensify in 2022.

### Strategy, purpose, performance

Your Society's unique place in the region, its drive to connect and empower others, the talent and skills of its people, and the opportunities this invariably creates, all combine to make it an exciting place to be. I firmly believe there are some great things to come.

I mentioned earlier the positive impact of the Society's purpose, which is to connect our communities with a better financial future. Helping people to own their home, save, and plan their finances; building lasting authentic relationships with customers, clients and partners; empowering people to realise their potential; fostering inclusion, diversity and positive change; and caring for our environment are all important commitments your Society has made as part of its purpose-led delivery.

They are commitments the Society is measuring itself against and of which the Board has oversight. The Society will continue to report back to its Members on all these commitments, which in these challenging times feels more important than ever.

### Financial performance

The Society has delivered a very strong underlying financial performance in 2021. Profitability increased significantly in part due to the market conditions. A number of key non-underlying items also contributed to 2021's strong performance and these are detailed in the Strategic Report. The headlines include:

Operating profit before impairments and provisions increased significantly to £28.5m (an increase of £13.6m on 2020). (Underlying operating profit of £22.0m (2020: £16.9m)).

Profit before tax for the year increased significantly to £29.1m, compared with £1.4m in 2020.

The Group's capital ratios remain robust. The Common Equity Tier 1 ratio, which measures the Society's ability to withstand financial distress, a measure which compares capital against assets, was 13.8% (2020: 14.1%).

Its Tier 1 ratio, a key measure of financial strength was 13.9% (2020: 14.4%). The Group complied with Individual Capital Guidance plus capital buffers, as notified by the Prudential Regulation Authority, throughout 2021.

The overall Group performance is one we should all be proud of, particularly in such uncertain and challenging times. Even more pleasingly, the results have been delivered alongside incredibly high standards of customer care, customer service and sustained consideration of wider community support. Further details of the Society's performance during the year and the positive impact it has had on communities across the region are set out in the Chief Executive's Review.

My sincere thanks go to all the colleagues who make this possible. Those on the front line of customer and community service; those who provide valued financial advice; those supporting the running of the complex systems and processes that create a timely mortgage transfer or enable Members to stay up to date with their savings via the mobile app; those who help maintain a financially robust, well-resourced and resilient Society; those who deliver an outstanding service in savings management for clients of our market-leading subsidiary, Newcastle Strategic Solutions; and those who help create a safe and clean environment for colleagues to work in. All have a critical role to play.

## Regulatory changes

The Financial Conduct Authority plans to introduce a new Consumer Duty for financial firms in 2022. Aiming to focus on supporting customers to make good financial decisions and avoid foreseeable harm, it has been consulting on its proposals this year.

This will be one of the most significant regulatory changes the industry has seen in the last few years and aims to set a standard to which it expects financial services providers to service their customers, from the design of products and their delivery, through to reflective analysis of how well customer needs were met.

With a customer centric culture, a focus and review on the delivery of fair outcomes, and existing analysis that proactively looks for any customer harm, the Group is well placed to meet these requirements. The Society has commenced a full programme of analysis based on the final consultation to ensure it meets the FCA's timelines for implementation.

## Board matters

We have had a number of changes to the Board this year, not least a change of your Chair!

I would like to reiterate, on behalf of many, our gratitude to ex Chair Phil Moorhouse. During his nearly ten years of service, he led the Board through a period of sustained growth for the Group, while providing stewardship through some uniquely challenging periods in the aftermath of the last financial crisis and, more recently, during the most difficult days of the Covid-19 pandemic. As a Board and a Society, we are extremely appreciative of Phil's contribution to the Society's progress.

We also welcomed a new Non-Executive Director, Michele Faull, to the Board. Michele, a former Chief Financial Officer at Coventry Building Society and a Risk Director at Nationwide, is also a member of the Board's Audit and Group Risk Committees.

## Look forward

I am in no doubt that challenging times will continue in 2022. UK households face significant cost of living rises, a stall in real wage increases, and rising tax and energy bills. The planned new social care levy on national insurance and the freezing of personal income tax allowance, combined with rising inflation, will squeeze household budgets.

In addition, at the time of writing, it is becoming clear that events in Ukraine are not only distressing at a human level, but may also have a global economic impact. We will keep a close eye on further developments. Your Society will actively continue to support its Members and the communities we serve.

Working with a clear strategy, your Society is continuing to build success. Growing the Society to achieve greater economies of scale to minimise the impact of the costs associated with increasing regulatory frameworks is key. To secure and maintain this required growth necessitates ongoing investment and your Board is committed to supporting both these requirements.

I look forward to our colleagues continuing to deliver excellent service, innovation, and success on behalf of our Members.

**James Ramsbotham**

**Chair**

**1 March 2022**

Note: Certain 2020 figures have been restated, see note 35 of the 2021 Annual Report and Accounts.



**Throughout 2021 the Covid-19 pandemic continued to cast a shadow over various aspects of our lives and work. As the year progressed, the second pandemic wave in the UK asserted its hold through the highly infectious Omicron variant, and once again individuals, families and communities were forced to reassess how to be together.**

**Andrew Haigh, Chief Executive**

## Strength through purpose

The majority of our colleagues continued to work remotely as we delayed our return to our new head office location at Cobalt Park until the first half of 2022. In this period the housing market maintained unusually high levels of transactions and house prices continued on their upward trajectory, relatively immune from the wider economic impacts of the pandemic. Meanwhile the base rate remained at its historically low level until the very end of the year, and the unwelcome prospect of rising inflation started to materialise.

At the end of 2020, I stated that we aspired to exit this period of crisis and recovery in a stronger position than we might have expected to achieve without having gone through this experience, and I'm very proud that we have delivered on this. For your Society despite the many challenges, 2021 was a year of achievement, characterised by a spirit of can do, innovation, agility, responsiveness, ongoing commitment and investment, which I will cover in more detail in the body of my review.

The underlying financial performance has been strong with record pre-tax profit and operating profit. The Group's operating profit before impairments and provisions for 2021 was £28.5m, an increase on last year by £13.6m. This resulted in a pre-tax profit of £29.1m, compared to £1.4m for 2020 and ahead of what was budgeted. This position reflects the ongoing success of our purpose-led strategy and the tireless commitment of our colleagues to deliver for customers, regardless of the challenging environment.

Also during the year, I was delighted to join my colleagues in extending a very warm welcome to James Ramsbotham, who joined us as our new Chair in August following our previous

Chair, Phil Moorhouse, stepping down. I am hugely grateful to Phil for the leadership he provided to our Board through a very challenging period and the significant personal contribution he made to the success of the Society during that time. We consider that we are very fortunate to have James on our Board. He has extensive experience and clear focus on both customers and communities, and we very much look forward to working with him in the years ahead.

## Key highlights include:

- Profit for the year before taxation increased significantly to £29.1m (2020: £1.4m)
- Operating profit before impairments and provisions increased significantly by £13.6m to £28.5m (2020: £14.9m)
- Underlying operating profit of £22.0m (2020: £16.9m)
- Gross mortgage lending for the year was £861m and net core residential lending £330m (£645m gross and £228m net in 2020)
- Market-leading mortgage innovation through Deposit Unlock – the first lender to market with a successful pilot and rollout of an innovative new build homes initiative supporting those with a small deposit to get a foot on the housing ladder
- First Homes – participation in the government scheme to support affordable home ownership on new homes developments
- Over £82m of funds invested for Members through our advice subsidiary, Newcastle Financial Advisers Limited
- Customer satisfaction score at an all-time high of 95% and net promoter score (NPS) improved further to +82 (2020: +78)

- More than £750,000 in community funding through charity partnerships, community grants, and colleague fund raising matches

### Awards

- Best Regional Building Society – 5th consecutive year (What Mortgage)
- Best Building Society for Mortgages (Credit Strategy Lending Awards)
- 4\* Mortgage Provider rating (Financial Advisor Service Awards)
- Best Community Services (Mortgage Finance Gazette)
- Best Use of Customer Insight (International Engage Awards 2021)
- North East Apprentice of the Year
- Gold Better Health At Work Status
- 21 additional awards our Solutions subsidiary helped their clients to win

### Purpose

We are the North East's largest building society with assets of £4.9bn and 30 branches across the North East, Cumbria and North Yorkshire. We are committed to the people and places that make up our region and believe in the power and value of lasting, authentic customer relationships.

We are a purpose-led, Member-owned organisation. Our purpose is to connect our communities with a better financial future. This informs our strategy, our decision making, and defines how we measure our success.

During 2021 we evolved the pillars which support delivery of our purpose to emphasise our commitment to diversity, inclusion and the environment. This includes introducing a new pillar "Caring for our environment and ensuring sustainability for future generations". This brings emphasis to our inter-generational commitment to longer term sustainability to take account of the challenges we face as a Society, in particular the need to protect and preserve our environment, a key focus for us in 2022 and beyond.

We employ over 1,300 people and continuously invest in our colleagues, creating opportunities for talented individuals from a wide variety of backgrounds to succeed. We work with like-minded partners who share our aim, not just to make a positive difference, but to help create environments where people can overcome disadvantage and ultimately thrive.

Using our 'always on' customer feedback tool, insight, and daily conversations we try to anticipate our Members' needs, building authentic relationships that stand the test of time.

Alert to the challenges faced by potential and existing home owners, we innovate products and propositions to help people move on and up the property ladder. We employ digital technology to enhance choice and convenience, to support but not replace our face-to-face, personal service. We develop supportive services in tune with our customers' needs to help them through life's most challenging

moments. We make financial advice you can trust accessible and convenient on the high street, available in a network of 30 branches that come with a commitment to maintaining and enhancing our high street presence.

We bring our communities with us. We share our success as part of our shared future. Whether building our Newcastle Building Society Community Fund at the Community Foundation to more than £2.5m in value as a permanent legacy to support charities across the region through grant funding; or the involvement of colleagues in hundreds of local volunteering missions; or creating meaningful career opportunities for talented individuals who may not otherwise have had a chance; or providing our best (in some instances high street market-leading) savings rates to those in our heartland via our branches; or helping people on to the housing ladder for the first time, with innovative products such as Deposit Unlock and First Homes.

This is what a purpose-led mutual business looks like; this has driven our 2021 success.

### Our financial performance

Our gross mortgage lending for the year was £861m (2020: £645m) and our net core residential lending was £330m (2020: £228m).

Group profit for the year before tax was £29.1m for the year ended 31 December 2021, compared to £1.4m for 2020.

The business performed very well with a 91% increase in operating profit before impairments and provisions of £13.6m, taking the total for the year to £28.5m (£14.9m in 2020). Key underlying adjustments of £6.5m resulted in operating profit on an underlying basis of £22.0m. (2020: £16.9m).

At 2020 year end, we reported a significant increase in our credit and legacy provisions which resulted in a pre-tax profit of £1.4m. During 2021 we have seen a write-back of impairment charges on our residential and commercial books, reflecting a more positive outlook. We continue to be watchful in this respect.

Impairment charges on property and equipment was £2.0m in 2021 (2020: £3.8m), relating to charges in relation to IT equipment and leasehold property.

In addition to positive headlines in our financial performance, we remain strongly capitalised and continue to operate with appropriate levels of liquidity.

In comparison to the significant impairment and provisions for 2020 of £13.5m and as a result of the positive economic environment, impairments and provisions were a write-back of £0.6m for 2021.

Total operating income increased by 28% to £99.5m in 2021 (£77.7m in 2020). Offsetting income is overall management expenses, which include business administration and depreciation expenses. Management expenses increased to a cumulative £71.0m from £62.8m in 2020, reflecting continued investment in our colleagues and infrastructure during the year.

# Chief Executive's Review

## Continued

The Society's net interest margin increased to 1.21% from 1.04% in 2020 and net interest income increased by £10.7m to £59.0m (2020: £48.3m).

The Group's capital ratios remain robust with Common Equity Tier 1 ratio of 13.8% (2020: 14.1%) and Tier 1 ratio was 13.9% (2020: 14.4%). The Group complied with Individual Capital Guidance plus capital buffers, as notified by the Prudential Regulation Authority, throughout 2021.

The Society continued its focus on core residential lending while winding down legacy portfolios. The net increase in customer loans and advances was £228m overall in 2021 and included a £330m net increase in core residential, of which £48m was in buy to let, and a £102m reduction in our non-core legacy mortgage portfolio.

The percentage of mortgages in arrears by three months or more remains at low levels for 2021. Overall number of loans in arrears have seen an increase of 0.06% to 0.42%.

The Group's liquidity, excluding encumbered assets, ended the year at 171% compared to 19.1% in 2020. This is comfortably in excess of the Society's minimum operating level.

In December 2021, we significantly increased our funding capability and diversification as well as our access to both external funding and government funding schemes. Through our newly created Tyne Funding No. 1 plc. which utilises buy to let loans, we completed and fully retained our first Residential Mortgage Backed Securities (RMBS) issuance.

### Continuing to build authentic relationships

Our continued prioritisation to provide good value products and high standards of service to our customers, in branch, on the phone, or when dealing with us online, has seen us deliver an outstanding year.

I'm extremely pleased that our 2021 customer satisfaction score of 95% has matched our previous year's high (2020: 95%). We further improved our 2021 net promoter score (NPS) to +82, an increase of 4 points on an already impressive score of +78 in 2020. NPS measures the strength of our customer relationships and is driven by the quality and value our colleagues deliver. NPS scores can range from -100 to +100.

Our continuous online and mobile 'Customer Voice' survey provides valuable, real time feedback, which is shared across all levels of the business. We supplemented this in 2021 with the introduction of a dedicated online customer panel, 'Connected Communities'. Connected Communities has already become a vibrant means by which Members provide valuable thoughts, views and feedback on a range of topics, and share insights and information with each other and with us. Members who would like to sign up to be part of Connected Communities, can find more information on our website.

### Helping people save and plan their finances

Our subsidiary, Newcastle Financial Advisers Limited, which provides financial advice across our branch locations, experienced another strong year for new investments. The team of professional advisers, located in each of the network of branches across the region, delivered 7,000 customer advice journeys to enable customers to make the most of their money.

Despite the pandemic challenges of face-to-face meetings in the first half of the year, a customer survey (Ongoing Service Survey, October 2021) demonstrated advisers had contact with 88% of existing customers in the last 12 months. Customers value the service highly and they are happy to refer onto family and friends, with the subsidiary achieving a customer NPS of +91.

Newcastle Financial Advisers also runs Academy, its training programme (in association with Openwork), as part of a commitment to recruit and skill the next generation of professional advisers.

Despite the ongoing national trend of bank branch closures, we believe in the value of face-to-face customer contact and maintaining a physical presence within the communities we serve. We remain committed to our high streets and continue to invest in our branch network, as well as new digital technologies. Looking after our customers means being available to them and making it easy for them to interact with us in the way they choose.

We remained 'open for business' throughout the pandemic. We have maintained a full branch operation including access to cash, which was vital for some of our most vulnerable customers. After a Covid-enforced pause, we also recommenced our multi-million pound branch investment programme. This saw our West Denton branch relocate to a more convenient and prominent location in the Denton Park Centre. A dedicated community room forms part of the new design and is available for local people and community groups to use free of charge.

We also began work on a full refurbishment of our branch in Bishop Auckland, which will relaunch in early 2022. Our plans to open a brand new community branch in the library in Tynemouth are progressing and we continue to discuss other partnership opportunities across our network that align with our strategy and future plans.

Early in 2021 we moved out of our Newcastle city centre head office location, reducing our administrative building footprint from two to one. As part of this head office change we had to close our Portland House branch, which was integrated into the main building. Branch customers were given a warm welcome at the nearby Northumberland Street branch.

We continued to offer significantly better than UK average savings interest rates – paying an average rate across our products of 0.71% versus a whole of market average of



0.27%. (Based on CACI's Current Account and Savings Database as at October 2021).

We also launched a 2% Regular Saver, which proved very attractive to Members in the current low rate environment, and which attracted new Members to save with us through our branch network.

While the Bank of England base rate remained at an historic low of 0.1% for much of 2021, a late December increase took it to 0.25%. Your Society passed on the rate increase in full in January 2022 to 97% of Members with a variable rate savings product.

## Innovating

### Helping people own their own home

Our gross mortgage lending in 2021 was £861m (2020: £645m) with net core lending at £330m (£228m in 2020) and we welcomed 5,300 (2020: 5,206) new mortgage customers to the Society.

2021 was a year of innovation for us in the mortgage space. For a number of years house prices across the country have continued to rise, while wages haven't kept pace. Achieving the dream of home ownership without family or other financial assistance can seem out of reach when a large deposit is required. This impacts both first-time buyers and low deposit, next time buyers. But our participation in launching two new innovative mortgage support schemes this year has provided some assistance.

**First Homes:** We announced our participation in the government-led 'First Homes' scheme which helps local first-time buyers – particularly key workers such as NHS staff and armed forces veterans – onto the property ladder by offering homes at a discount of at least 30% compared to the market price.

A proportion of new homes are made available on new home developments under the First Homes scheme, with a minimum 30% discount on the open market value, which will be passed on with the sale of the property to future first-time buyers. This means homes will always be sold below market value and local communities will benefit from easier access to them for generations to come. A number of developments across the country are now running the scheme.

**Deposit Unlock:** One area of the market which is particularly challenging for buyers is purchasing a new build home with a small (5%) deposit, as most lenders don't offer high loan to value lending on a new build mortgage. We were therefore delighted to announce 'Deposit Unlock' earlier this year, an innovative new build mortgage product which helps those with a small deposit to realise their dream of owning a new build home.

We helped develop this 'first' for the UK in collaboration with insurance broker, Gallagher Re, The Home Builders Federation and four of its members. Newcastle Building

Society was the first lender to offer mortgages under this arrangement, initially as part of a regional pilot, and was also the first to offer Deposit Unlock on a national basis. A number of young buyers are now on their home owning journey as a result.

We supported these national 'firsts' with other mortgage moves specifically designed to improve access and affordability for borrowers.

- We re-introduced 90% and 95% loan to value lending
- We extended the availability of our Self Build and Custom Build mortgages, increasing the loan to value cap to 85%
- We re-introduced our Help to Buy range, including a unique remortgage product allowing customers who are in a position to repay their equity loan to do so and consolidate this in their existing mortgage
- We re-introduced and enhanced our Large Loan proposition to support higher earning professional customers with enhanced income multiples and increased loan amounts.

The financial support package for home buyers set out by the FCA in response to the pandemic, the Covid-19 payment deferral scheme, ended in October 2021. Through participation in this we helped over 4,500 borrowers experiencing financial difficulties as a result of the pandemic, allowing payment deferrals of up to 6 months. We're pleased that 99% of borrowers who requested a payment deferral have since returned to normal monthly payments.

## Investing

In addition to providing a market-leading outsourced savings management service, our subsidiary Newcastle Strategic Solutions Limited also serves the Group's technology needs. Investment is ongoing in the Group technology infrastructure to strengthen and enhance resilience and performance, build greater business flexibility, and adapt to changing propositions while delivering value for clients and customers.

We have invested in capacity and capability across IT, risk and compliance, financial crime, and the Group's IT security. Our technology infrastructure has also received investment to support current remote working requirements and our future desired state, along with the people and talent required to deliver it.

We are investing in modern workplace technology in our head office, along with the latest in laptop performance and enhanced connectivity. Work has also commenced to update our savings and mortgage platforms with a digital, customer-centred design approach. This follows the successful introduction of our Mortgage Renewal Online Portal, which enables mortgage customers to renew their mortgage conveniently online.

# Chief Executive's Review

## Continued

Newcastle Strategic Solutions manages savings accounts on behalf of some of the UK's leading savings providers, supporting UK banks and building societies looking to launch or grow their savings operations, or transform the management of their existing portfolio. During 2021 Solutions achieved record balances under administration and has built a strong pipeline of new business into 2022, while retaining all its existing clients.

We continue to develop our mobile app which is available to our Solutions' clients and, in the latter part of the year, Solutions also successfully launched an online business savings account for small and medium sized businesses. This new savings product capability has already been taken up by new client, Recognise Bank, and by the Society.

Over the past 12 months 21 awards have been secured by clients of the subsidiary, supported by the servicing operations of Newcastle Strategic Solutions.

### Building employability

For more than two years now, we have focused our efforts on supporting employability across our region in response both to the challenges of the pandemic and wider economic inequalities.

#### Great place to work

Being a great place to work continues to feature strongly in our thinking, in the authentic relationships we build with customers and clients; the talent we nurture; the leadership and creativity we foster; and in the communities we serve.

Our People Strategy focuses on creating a healthy and sustainable culture, connecting our colleagues with our purpose, strategy, values and behaviours; providing an inclusive environment where colleagues have a sense of belonging and do their best work; and creating ways of working to drive engagement and operational effectiveness.

Attracting and growing the right talent is key to ensuring the long-term success of your Society. Sitting alongside this is our desire to develop a high performance environment where colleagues own their own performance, take accountability for delivery and are rewarded and celebrated for their contribution.

Your Society continues to create career advancement and opportunities for continued development for colleagues. This is against a backdrop of Society growth and success necessitating new roles.

We made a significant step forward in our pay position with a move ahead of the market in April, recognising both the organisation's ongoing success and the competitive nature of the wider labour market. Recognising their hard work and contribution in another challenging year, we made an additional recognition payment to all colleagues other than Executives in December.

Our apprentice programme continues to thrive and is fit to take a much more prominent role in our recruitment, talent and succession strategy. We had four apprentices shortlisted in the regional final of the National Apprentice Awards and we were recognised for the third year running when our South Shields branch customer advisor apprentice, Eryn Wood, won the North East Apprentice of the Year 2021.

In the last four years we have created 38 apprenticeship routes to permanent employment, including five new apprentices who joined us this year. Our ambition next year is to bring 25% of new colleagues in through our early talent programme. Our early talent pool includes the opportunity to join us via apprenticeships, graduate roles, and student placements, in addition to a ring fenced Prince's Trust apprenticeship and a ring fenced Newcastle United Foundation's NU:Futures Programme apprenticeship.

We work hard to build a great experience for our new joiners and were therefore proud to make the 'Rate my Placement' Top 50 Employer list for the third year running. This year we entered the top 10 for the first time.

We continue to support the Common Purpose Young Leader programmes which supports young people in the UK to develop their leadership skills. Five of our own young leaders have attended the programme this year, along with two young people from the NU:Futures Programme.

We also achieved the goal we set for the Women in Finance Charter – achieving 40% females in senior management – ahead of our original target of 2023 and are now working towards gender parity.

In line with colleague feedback, we made the decision that hybrid working would be our preferred future working model. As part of this arrangement, our base assumption is that full time colleagues will spend two days a week in our head office environment and three days working from home.

During 2021, following the sale of our Portland House office building, we re-located our head office to a property we already owned and occupied at Cobalt Park, North Tyneside. The transformation of our new head office building provides an opportunity for us to embed an environmentally friendly approach and practice. Investing in our shared future to reduce our carbon footprint has also included the introduction of an electric vehicle leasing scheme as a colleague benefit and we are committed to launching a cycle to work scheme when colleagues return to regular office-based working.

This change in location has provided an opportunity for us to introduce new workspace concepts, to encourage easier collaboration and provide efficient use of space. We are taking advantage of this opportunity to fully digitise the way we work in the office, in how we interact with our workspace, for example to book meeting rooms or hot desks, and in seamlessly connecting those in physical meetings with remote meeting participants.

We consider the benefits of the time that colleagues will spend together in the office makes a vital contribution to our culture of connection and to delivering our purpose with impact.

Our eNPS, which measures our employee net promoter score, or how likely our colleagues are to recommend Newcastle Building Society is in the top 25% of the global finance sector at +43. Our apprentice eNPS is +90, which is 50 above the benchmark.

### Partnerships and grants

Our commitment is to support talent and success from a diverse range of backgrounds. One of the ways we do this is through our active community partnerships, which include the Newcastle United Foundation, and The Prince's Trust. We have also focused a significant portion of our community grants towards employability support activities within grass roots charities.

Following the launch of our £1.1m partnership with the Newcastle United Foundation last year to deliver 'NUCASTLE powered by Newcastle Building Society', a new-build community hub for sports, education and wellbeing, significant progress has been made in its construction. We witnessed the first local youngsters trying out the rooftop pitch in October, ahead of the planned launch in March 2022, which will dramatically expand opportunities for local people.

Delivery of our joint programmes - Newcastle United Foundation's NU:Futures and The Prince's Trust Team programme - continued despite the challenges of remote delivery required in lockdown. Career advice and other information sessions, including financial education, have been consistently delivered, thanks to the commitment of our colleagues from our branch network and across our Society.

Recognising that the pandemic has brought significant challenge to our communities, our grant giving programme through the Newcastle Building Society Community Fund at the Community Foundation Tyne & Wear and Northumberland was refocused to support Covid-19 recovery.

The Newcastle Building Society Community Fund grants are providing ongoing support to programmes delivering employability skills and experience; addressing food poverty; and helping with debt management. In 2021 we provided £185,000 in support grants across these areas of focus.

Our total community contributions this year, made up of grants, match funding, and our ongoing partnership donations, was more than £750,000. Through these various activities we have positively impacted over 21,700 people of all ages in our region in the past year.

Again, despite the challenges of working remotely, our colleague fundraising surpassed the previous year's total at £14,772 (£16,129.88 including match funding) raised through a combination of Give As You Earn, fundraising days and a variety of other fundraising activities.

### Wider community

Colleague volunteering continues to be a fundamental way we support our communities. In 2020 we worked with 'tech for good' business, onHand, and the National Innovation Centre for Ageing to roll out an innovative volunteering app across our region. In 2021, through this and other volunteering commitments, colleagues have delivered more than 400 days of support to our communities - through befriending calls, shop drops, prescription collections, sports coaching and a variety of other activities. Our work with onHand has also meant that over 3,200 trees were planted on our behalf in 2021, aligned to our levels of volunteering.

### Summary and look ahead

I am delighted with how our colleagues have responded to the many and unique challenges of 2021, the progress we've made together towards our strategic goals and the sustained impact across all aspects of our purpose. Once again I offer my personal thanks for our colleagues' continued support and tireless efforts on behalf of our customers and clients - I feel truly privileged to lead this remarkable team. I also thank our Members for their continued support and their fantastic engagement with the Society.

The combined commitment and participation of colleagues, Members and communities has not only delivered a highly successful financial year, it has put us in a strong position for 2022. While we all remain hopeful that 2022 will be the year when we see the Covid-19 pandemic reduce its impact on our day to day lives, it is clear that our customers and communities will face many new challenges in the years ahead and, internationally, events in Ukraine are a new source of concern for all. However, the resolve and determination of our colleague team, along with our investment in the Society's capabilities and infrastructure, will ensure we can continue to be there for our Members in the ways and places they need us to be. We will continue to compete with the best; and in so doing, deliver a stand out regional building society, committed to delivering its purpose and serving its Members within and beyond our region.

**Andrew Haigh**  
Chief Executive

1 March 2022

Note: Certain 2020 figures have been restated, see note 35 of the 2021 Annual Report and Accounts.

# Supporting our communities

## The pandemic has brought significant challenge to our region and required us to rethink how we best support our communities and enable them to bring about sustainable positive change.

In financial terms, our total community contributions in 2021, made up of grants, match funding, and our ongoing partnership donations, was more than £750,000. Through these various activities we have positively impacted over 21,774 people of all ages in our region in the past year.

Our community grant giving programme through the Newcastle Building Society Community Fund at the Community Foundation Tyne & Wear and Northumberland has been adapted to support Covid recovery. This year we focused grants to provide ongoing support to programmes delivering employability skills and experience; addressing food poverty; and helping with debt management. In total in 2021 we provided £185,000 to 59 charities across these areas of focus.

Our partnership with Newcastle United Foundation continues to grow, not least through the construction of 'NUCASTLE powered by Newcastle Building Society', a new community hub for sports, education and wellbeing. We have also provided significant support for the Foundation's flagship NU:Futures programme which aims to connect young people with life-changing opportunities. We've taken great pride in seeing young people move into full time employment after completing the programme.

The Sir Bobby Robson Foundation means so much to our region and we've cherished our relationship with the charity since 2012. In 2021 the Society's cumulative contribution to the foundation's work passed £3m, after funding of £50,000 was provided to enable the Sir Bobby Robson Cancer Trials Research Centre, which sits within the Northern Centre for Cancer Care at the Freeman Hospital, to staff an Oncology Research Nurse position as part of its Early Phase Clinical Trials team.

Colleague volunteering continues to be a fundamental way we support our communities, and through volunteering friendly policies, all colleagues are enabled to unlock the wellbeing benefits that come from helping others.

Another way we support our communities is through our ongoing commitment to providing face-to-face service in our towns and cities. We continue to invest in our branch network as part of an ongoing multi-million pound programme of improvements, and celebrated the formal opening of a newly located branch in West Denton this year with Newcastle United Foundation Trustee Shola Ameobi.



### Workplace skills and employability

A total of almost £100,000 in grant funding was made to 27 different regional charities helping to tackle local employability issues. This included £2,940 to Coatham House, a homelessness charity in Teesside, to help fund their volunteering programme and enhance the support available to develop volunteers' personal and professional skills.



### Addressing food poverty

Regal Respite in Gateshead was one of 17 projects helping to alleviate hunger which we supported this year. Providing respite care for members of Gateshead's Orthodox Jewish community, a £3,000 grant was used to expand the range of situations in which it provides support through food and toy hampers. A total of £46,454 in grant funding was provided to charities tackling food poverty this year.



### Helping to tackle debt

Seven charities working to tackle issues around debt received nearly £20,000 in grant funding. One of those was Citizen's Advice Northumberland who used £3,000 to kick start a project in Ponteland which seeks to reach families in the area facing financial difficulties and provide local access to the support and advice they need.



### Colleague volunteering and fundraising

Colleagues across the Society continue to give up their time to support our communities. In 2021, colleagues completed a total of 2,875 hours volunteering – helping people in their communities with an amazing range of tasks including coaching, mentoring, gardening, governorship, shopping, and much more. Colleagues also showed incredible generosity, helping to raise £14,772 for the Community Fund through fundraising activities and Give As You Earn contributions.



### Helping hospices and cancer care services

We continued our long-term support for hospices and cancer care services in our region by providing £24,000 to eight charities including Tynedale Hospice at Home and Eden Valley Hospice. Our continued support of the Sir Bobby Robson Foundation means we have now contributed more than £3m to one of the region's most beloved charities.



### Celebrating diversity

To help celebrate diversity and inclusivity in our communities, as well as recognising our role in bringing people together, we worked with Darlington Pride and Darlington Borough Council to support the return of the Darlington Pride Weekender. We were also thrilled to be named Pride Media's first ever Community Champion, helping to turn a spotlight on the services and support available to help LGBT+ people who have been particularly impacted by Covid-19.

# Your Say and Your Society Products & Services

## Connected Communities

As a mutual organisation, our local communities have always been important to us, and staying connected allows us to keep our Members at the heart of everything we do.

That is why we launched our very own online discussion forum, Connected Communities – an online space for our Members to share their views, provide feedback, and help shape the future of Newcastle Building Society.

Since its launch in 2021, we have had over 500 Members join Connected Communities and over 70 different discussions about topics that really matter to our Members.

To sign up to Connected Communities, please visit: [connectedcommunities.explainonline.co.uk/login/](https://connectedcommunities.explainonline.co.uk/login/)



## Here to help you save

We continue to provide a range of flexible and fixed rate accounts to help you achieve your savings goals, whether that's saving for your children's future or just putting money aside for a rainy day. And in 2021 we recommenced our multi-million pound branch investment programme which means both in person and online, you'll find products to make a positive difference to your finances.



## Buying a home? You might like our common sense approach

As the North East's largest building society, we take a common sense approach to lending. Whether you're a first time buyer or a home mover, we appreciate your needs will be different. We strive to understand your personal circumstances by supporting you throughout the process and taking a common sense approach, individually assessing applications to help you own your home.



## Newcastle Financial Advisers

Newcastle Financial Advisers, in conjunction with the Openwork Partnership, was established over 18 years ago to provide trusted, affordable and accessible financial advice to those who need it. Last year, despite the continued impact of the Covid-19 pandemic, we provided around 7,000 financial advice sessions for our customers to connect them with a better financial future. We achieved this safely and securely with many customer meetings conducted remotely by telephone and video, investing over £69.8 million of customer money to meet their longer-term financial planning needs. We are really pleased that we maintained our high standards for customer service with our customer satisfaction score of 96% (measured from almost 900 VouchedFor client reviews) and Net Promoter Score of 91, amongst the highest levels of satisfaction and advocacy we have ever received.

Newcastle Financial Advisers has an ambition to be the leading provider of trusted face-to-face financial advice in the region and an ongoing commitment to reach new customers. The consumer need for financial advice is more prevalent than ever and we are committed to supporting regional communities in planning for their financial future.

\*NPS in 2021 for NFAL was 91, based on 427 responses received through our Voice of the Customer platform.

# Annual General Meeting AGM

## Notice of AGM

Notice is given that the AGM of Members of Newcastle Building Society will be held on Wednesday, 27 April 2022 in the Barracks Suite, St. James' Park, Newcastle United Football Club, Newcastle upon Tyne, NE1 4ST, at 1.45pm, for the purpose of considering and voting on the following matters (items 1 to 4 being proposed as ordinary resolutions and item 5 relating to the election and re-election of Directors):

### Ordinary Resolutions

1. To receive the Annual Report and Accounts
2. To re-appoint Deloitte LLP as auditors
3. To approve the Directors' Remuneration Report
4. To approve the Directors' Remuneration Policy

### Election and Re-election of Directors

5. i) To re-elect George Adam Bennett  
ii) To elect Michele Jean Faull  
iii) To re-elect Bryce Paul Glover  
iv) To re-elect Andrew Scott Haigh  
v) To re-elect Karen Ingham  
vi) To re-elect Anne Laverack  
(Business name: Anne Shiels)  
vii) To re-elect Stuart Leslie Lynn  
viii) To re-elect Stuart Miller  
ix) To elect James David Alexander Ramsbotham  
x) To re-elect David Alan Samper  
xi) To re-elect Michael Roger Thompson

**The Board recommends that you vote "For" each of the resolutions and "For" the election or re-election of each of the Directors.**

By order of the Board

**Ian Good**

**Group Secretary**

**1 March 2022**

## Notes

1. These Notes form part of the Notice of Meeting.
2. Under the Society's Rules, a Member entitled to attend the Meeting and vote may appoint a proxy to attend and, in the case of a poll, vote on their behalf.  
You may appoint the Chair of the Meeting or anyone else as your proxy and your proxy does not have to be a Member of the Society.
3. You may direct your proxy how to vote at the Meeting. Please read the instructions on the Voting Form or on the online voting website specified below.

## How to Vote

**You can either vote:**

### Online

1. You can vote online at: [www.newcastle.co.uk/agm](http://www.newcastle.co.uk/agm)
2. You must vote online by **5pm on Friday 22 April 2022**. £1 will be donated to The Newcastle Building Society Community Fund at the Community Foundation for every vote submitted online.
3. By voting online, you are appointing the Chair (or another representative that you choose, who does not need to be a Member of the Society) to attend and vote in your place. You can also tell them how to vote at the Meeting by following the instructions online.

### Freepost

1. Complete, sign and detach the Voting Form.
2. Post it in the pre-paid envelope provided. No stamp is required. Your form should be received by the independent scrutineers, Civica Election Services, by no later than **5pm on Friday 22 April 2022**.
3. By voting by post, you are appointing the Chair (or another representative that you choose, who does not need to be a Member of the Society) to attend and vote in your place. You can also tell them how to vote at the Meeting by following the instructions on the Voting Form.

**Please do not include passbooks or cheques in the pre-paid envelope.**

### At the AGM

1. You can vote in person at the AGM on **Wednesday 27 April 2022**.
2. Bring your Voting Form, or other evidence of membership, to the Meeting.

### Agenda

- Registration 1:00pm
- AGM 1:45pm prompt.
- Refreshments served upon registration and after conclusion of the Meeting.

# Annual General Meeting AGM

## Continued

### Via Online Stream

1. You can watch and cast your vote online at the AGM on **Wednesday 27 April 2022**.
2. Just go to: <https://attend.cesjoinin.com> on the day of the AGM\*, enter the **Meeting ID 30118** and your security codes 1 and 2 shown on your Voting Form (these are the same codes if you wish to vote by Proxy online instead), then press Join.
3. \*You can log in 30 minutes before the AGM starts.

### Explanatory notes to the business of the AGM

The following explanatory notes to the business of the AGM are for information purposes only and do not form part of the Notice of AGM. Please note that the numbering of the items in these explanatory notes is the same as in the Notice of AGM.

1. The Annual Report and Accounts for the year ended 31 December 2021 are required to be received formally by Members at the AGM.
2. As a building society, the Society is required by law at each AGM to appoint the external auditors who are to hold office until the end of the next AGM. The Board is proposing the re-appointment of Deloitte LLP as auditors.
- 3/4. The Summary Directors' Remuneration Report included on pages 21 to 24 of this booklet summarises the Society's approach to pay for the period 1 January 2021 to 31 December 2021. It also sets out the remuneration policy and remuneration details for the Executive and Non-Executive Directors of the Society. A full version of the Directors' Remuneration Report can be found in the Annual Report & Accounts 2021 which will be available at every branch of the Society from **23 March 2022**. This information is also available online at: [www.newcastle.co.uk/aggm2022](http://www.newcastle.co.uk/aggm2022)

### Voting on the Report and Policy

At the AGM there will be a vote on the Directors' Remuneration Report as it appears in full in the Annual Report & Accounts 2021, as well as a vote on the Directors' Remuneration Policy. The Directors' Remuneration Policy (included as part of the Directors' Remuneration Report) covers the following sections: Policy Aims and Principles; Policy on termination pay; Remuneration for Executive Directors; and Remuneration of Non-Executive Directors.

Both these votes will be on an advisory basis and the Directors' entitlement to remuneration is not conditional on them. We will take the views of our Members seriously, as expressed through these advisory votes, and will consider the results carefully to determine what action, if any, is appropriate.

It is intended that a vote on Policy will take place on an annual basis unless the approved Policy remains unchanged – in which case we will propose a similar resolution at least every three years, in line with the requirements for listed companies. We intend that voting on the Report will continue to take place on an annual basis.

5. In accordance with best practice on corporate governance, all of the Society's Directors are standing for either election or re-election at the AGM, with the exception of Ian Ward who will be retiring as a Director at the end of that meeting.

The biographical details of all the Directors seeking election or re-election are set out on pages 17 to 20 of this booklet and also on pages 36 to 39 of the Annual Report & Accounts 2021.

Those details include their skills, experience and qualifications and why their contributions are, and continue to be, important to the Society's long-term sustainable success. The Board confirms that all of the Directors seeking election or re-election continue to be effective with a strong commitment to the role.

The Society's new Chair, James Ramsbotham, was appointed to the Board in August 2021 and is seeking election for the first time at the AGM. Michele Faull was similarly appointed to the Board as a Non-Executive Director in August 2021 and is also seeking election for the first time at the AGM.

### Staying safe online

At Newcastle Building Society, we take security very seriously but there are a few things you can do to help keep your online accounts safe:

- Don't write down your online log-in details;
- Make sure you have up-to-date anti-virus and anti-spyware software installed on your computer;
- Take care when opening email attachments;
- Ensure you always log off properly when you've finished transacting online; and
- We will never ask you to send personal details in an email; do not respond to suspicious emails asking for such information.



# Our Directors



**Andrew Haigh**  
Chief Executive

Andrew became the Society's Chief Executive in May 2015 having joined the Board as Chief Operating Officer in January 2014.

He has a track record in transforming and developing businesses, and has more than 30 years' business experience, including over 25 years in the mutual sector. He has held financial services leadership roles as both an Executive and a Non-Executive Director, bringing a depth of consumer understanding developed from a variety of sectors including the financial, motor, technology and airline industries.

A proven Chief Executive, Andrew has particular strength in building effective leadership teams and organisations with healthy cultures. His sound experience and customer focus have seen him guide the long-term growth and innovation of brands through clearly defined, purpose-led strategies.

He is a strong advocate for the role of mutuals in the financial services sector and appreciates the balance between delivering profitability and meaningful Member value.

Andrew is a Board member of the Community Foundation serving Tyne & Wear and Northumberland, a Director of the North East England Chamber of Commerce and a Vice President of the Chamber Council, and Chair of the Northern Association of Building Societies.



**Stuart Miller**  
Chief Customer Officer

Stuart became Chief Customer Officer in 2017 and has been a member of the main Board since 2018. He is an Associate of the Chartered Institute of Bankers and holds the Customer Experience Professionals Association qualification for senior business leaders. Stuart is a Director of Newcastle Financial Advisers Limited and sits on the Board of the national High Streets Task Force.

Stuart has more than three decades' experience working in the financial services sector, including Virgin Money where he was responsible for running branches, lounges and the ATM network, RBS International where he was Head of Mortgages and Head of Customer Experience, and NatWest where he ran large teams across branches and private banking.

He is responsible for all customer facing areas of the commercial performance of the Member business including branches, mortgage operations, mortgage advice, product development, marketing, group communications and financial advice.



**David Samper**  
Chief Financial Officer

David has been a member of the Board since 2018 when he joined the Society as Chief Financial Officer.

An accomplished strategic leader with over 20 years' experience as a Chartered Accountant, David has a fundamental knowledge of the issues impacting the long-term commercial sustainability of our business model, balance sheet and profitability.

He understands the financial services sector exceptionally well and has valuable experience in managing financial performance across both large and medium sized financial organisations in the UK and abroad. He brings a different perspective to his team and the Board, gained from his international business experience. David's career has also encompassed multiple system migrations, complementing the knowledge and expertise of our growing Solutions business.

David has held senior roles across a number of organisations, including RBS, Ulster Bank, and at Sainsbury's Bank as its interim Chief Financial Officer. He has led complex acquisitions and driven transformational change, whilst consistently delivering core commercial outperformance.

David's previous experience with broader capital markets and shaping organisational strategy in an ever changing economic and competitive environment will be key to ensuring the success of our ambitious Group.

# Our Directors



## James Ramsbotham

Chair

James Ramsbotham became Chair of Newcastle Building Society in August 2021. Prior to this he was Chief Executive of the North East England Chamber of Commerce for 15 years and was Chairman of the Darlington Building Society until December 2017.

Previously James was Vice Chairman of the Esh Group, the award-winning North East construction group. Before that, he spent 14 years in Corporate Banking in Barclays Bank plc (throughout the UK), latterly as Marketing Director.

James is Chair of Newcastle Strategic Solutions Limited as well as being Chair of the Society's Nominations Committee. He is also a member of the Society's Group Risk Committee.

He was a soldier for 12 years with the Royal Green Jackets, and benefited from executive education at Harvard (USA), INSEAD (France), and Oxford University after graduating from Durham University.

James is also a Non-Executive Director for Hargreaves Land, part of Hargreaves Services PLC. He is Honorary Colonel for The Rifles in County Durham, Trustee for The Foundation of Light (Sunderland AFC) and a Deputy Lieutenant for Co. Durham. He also gives time to Durham Cathedral, Sunderland University, and various other charitable organisations.

He was awarded an Honorary Doctorate in Business Administration by Sunderland University in 2016; made an Honorary Fellow of the Association of International Accountants (FAIA Hon.) in 2017; and made a CBE for services to business and the North East economy in the 2019 New Year's Honours.



## Mick Thompson

Deputy Chair and Non-Executive Director

Mick joined the Board in January 2019, and brings significant accountancy experience with a deep knowledge of audit to support the Society's governance and audit function.

He has worked with companies and organisations across a broad range of industry sectors, including housebuilding, social housing, education, engineering, charities and financial services.

He spent 21 years as a Partner and nine years as Office Senior Partner at KPMG Newcastle.

Mick is a Non-Executive Director of The Clinkard Group Limited, Atlas Cloud Limited and North of England Protecting & Indemnity Association.

He is also a Trustee of Greggs Foundation Charity; Trustee of NUFC Foundation Charity; Trustee of Tyne and Wear Building Preservation Trust; Regional Treasurer of The Lord's Taverners Charity and a member of the International Advisory Board of the Newcastle University Business School.

Appointed Deputy Chair in July 2020, Mick chairs the Society's Audit Committee, as well as being a member of both the Nominations Committee and Remuneration Committee. Mick chairs the Newcastle Building Society Pension & Assurance Scheme Board.

Mick's extensive network in the region helps bring excellent connections to support the development of the Society's brand and strategy. His wide ranging Board portfolio, particularly in the charity sector, is well aligned to our community focus and helps us better understand the issues affecting this sector.



## Adam Bennett

Non-Executive Director

Adam joined the Board in April 2019 and is a member of the Society's Group Risk Committee, the Audit Committee and the Group Technology Governance Committee.

Adam spent 36 years at law firm, Addleshaw Goddard, where he specialised in advising building societies. He has a deep knowledge of the building society sector and its associated corporate governance and regulatory requirements.

Adam has advised building societies across a diverse range of issues. He brings formidable legal insight and experience of different business models and structures, important given the Group structure, which includes two key subsidiaries, Newcastle Strategic Solutions Limited and Newcastle Financial Advisers Limited.

During his professional career, Adam has advised on rules of building societies, on corporate governance, including compliance with the UK Corporate Governance Code, and on the powers and statutory and fiduciary duties of Directors.



**Anne Shiels**

Non-Executive Director

Anne joined the Board in 2017 as an experienced Director with extensive board-level experience both in the UK and internationally. Working with FTSE 100 and independently-owned companies in both regulated and non-regulated businesses, Anne's experience spans a broad range of sectors including financial services, retail, telecommunications, manufacturing and consumer. She combines strategic leadership and deep people, culture and organisational transformation expertise with a solid understanding of governance, control and risk.

She has held Executive roles at Hallmark Cards, Lloyds Banking Group/HBOS, Safeway and Thus Plc. Anne is a trusted executive coach and adviser to Boards and Directors in diverse businesses in the UK and the US.

Her track record of leading large people functions and facilitating transformative organisational change, coupled with her widespread sector experience helps us to develop a broader view on matters affecting the Society and assists in developing people strategies including our approach to culture, talent, succession and reward.

Anne chairs the Remuneration Committee and is a member of both the Society's Audit Committee and the Nominations Committee. She is also a Director of Newcastle Financial Advisers Limited.



**Bryce Glover**

Non-Executive Director

Bryce Glover joined the Board in 2017. He is a highly experienced Director who has operated at Executive Committee and Board level in a number of leading UK financial services businesses.

Bryce adds a genuine breadth of commercial and retail banking expertise, along with a strong credit and risk management background, which is particularly valuable in his role as Chair of the Society's Group Risk Committee.

He has a deep understanding of the mutual sector, having spent nine years working for the UK's largest building society, the last three as Corporate Affairs Director.

His extensive industry knowledge and business acumen assist the development of the business.

The majority of Bryce's career has focused on corporate and commercial banking. He was Managing Director of Commercial Banking at A&L/Santander, before joining Nationwide Building Society in 2009 as a Director heading its Commercial Division, where he managed a £22bn commercial lending portfolio and the society's business savings accounts before heading Corporate Affairs.

Bryce is Chair of the Society's Group Risk Committee and a member of the Remuneration Committee.



**Karen Ingham**

Non-Executive Director

Karen joined the Board in 2014. She has an extensive customer services background gained in highly competitive consumer sectors and is extremely people and customer focused.

In her current role as Global VP for Small Hotel Partners at Expedia and as part of a digital business, Karen brings valuable commercial sales and service experience to the Board in addition to significant insight into culture, diversity and the development of customer benefits using digital technologies.

As an ex-HR Director she also understands employment law and is able to bring this perspective to Board discussions.

Her contribution to delivering great customer experiences linked to profitable growth aligns to the Society's strategy in building impact and long-term success.

Karen's external roles have included Head of Service and Customer Experience Director. She also spent 18 months as HR Director in the construction industry and started her career with 18 years in financial services at The Co-operative Bank. Karen is a member of the Chief Customer Officer Forum. She is also a Director of Newcastle Strategic Solutions Limited and a member of the Society's Group Risk Committee.

# Our Directors

## Continued



### **Stuart Lynn**

Non-Executive Director

Stuart joined the Board in April 2020. He is a prominent technology business leader with a wealth of experience drawn from his time at the National Health Service and software giant Sage, where he held a number of leadership roles, including Executive Vice President and Chief Technology and Information Officer.

His deep understanding of the potential for digital transformation within businesses to drive better customer experiences and commercial growth will help guide the digital transformation across the Society and Solutions. Developing an approach to technology that can support the provision and delivery of excellent service that is unequivocally human and personal, is a key component of the Group's strategy.

Stuart has been a Non-Executive Director of the Society's Solutions business since 2018 developing considerable understanding of the Solutions' business model and allowing him to contribute to the Group's wider ambitions.

He is an active member of the North-East's thriving digital and tech community.



### **Michele Faull**

Non-Executive Director

Michele joined the Board in August 2021, having spent 15 years at the most senior levels in finance and risk within the financial services industry. Her previous roles include Chief Financial Officer at Coventry Building Society and Group Risk Director at Nationwide Building Society.

She brings significant building society knowledge and a wealth of valuable experience to the Society, as well as a passion for giving back and helping others succeed which will help guide the Society in delivering on its Purpose.

Her wide ranging career has also incorporated roles with global insurer Aviva, accountants PwC where she was a Partner, and IT services provider, ICL.

Michele spent nine years as Trustee and Treasurer of the Bow Arts Trust and mentored for The Aspire Foundation, which supports women's development internationally. She currently serves on Coventry Cathedral's Finance Committee and volunteers with the Cranfield Trust.

Michele is also a Non-Executive Director and Chair of the Audit Committee at IQUW Syndicate Management Limited. At the Society, Michele is a member of both the Society's Audit Committee and Group Risk Committee.

# Summary Directors' Remuneration Report

## Annual statement from the Chair of the Remuneration Committee

### Introduction

I am pleased to share the Directors' Remuneration Report, on behalf of the Remuneration Committee, which details the Group's approach to pay, incentives and benefits for the period 1 January to 31 December 2021. It sets out the remuneration policy and remuneration details for the Group's Executive and Non-Executive Directors and how it applies the principles of the UK Corporate Governance Code relating to remuneration, the Regulators' Remuneration Code and the disclosure requirements arising under the EU Capital Requirements Directive IV (CRD IV).

### Rewarding with purpose

As a Society, our purpose is to connect our communities with a better financial future. This guides all of the Society's actions including how we reward our colleagues, leaders and Board members. Paying our people a fair and competitive wage not only contributes to their own financial wellbeing, but also ensures that we can attract and retain the best talent from our region and beyond. The shift to home working has opened up the national recruitment market, requiring an increased focus on ensuring our reward practices remain competitive. Having the right talent in the business enables us to deliver our ambitious strategy and objectives, deliver for our Members and ultimately continue our work to benefit and support the communities we are proud to serve.

The Remuneration Committee's purpose is to consider, agree and recommend to the Board an overall remuneration policy and approach that promotes this aim, while ensuring that it remains aligned with the long-term interests of the Society's Members and other stakeholders. We constantly strive to maintain the highest standards of governance in relation to Directors' remuneration and continued alignment with our risk appetite and regulatory requirements are also at the forefront of the Committee's consideration.

### The Remuneration Committee 2021

2021 has proved to be another unprecedented year as the economic recovery from the Covid-19 pandemic has driven a very volatile labour market and economic landscape. Record levels of job vacancies and a shortage of key skills has led to a very competitive landscape for both the attraction and retention of talent. Rising inflation driving increased costs of living has prompted significant wage movement across most sectors. As such, the Committee has had to respond to these challenges in what has become a very complex and challenging reward landscape.

Despite the volatile external conditions, the Society has responded quickly and effectively, ensuring a continued outstanding level of service for our customers and an ongoing focus on our colleague wellbeing. Both customer and colleague net promoter scores remained ahead of our sector and the Society achieved an exceptional financial performance, while delivering competitive savings and mortgage products to customers. We continued to invest in both digital and face-to-face delivery, including our ongoing commitment to branches and high streets across our region.

The economic uncertainty experienced at the beginning of the global pandemic in early 2020 resulted in the Committee's decision not to make an award under either the Executive or Corporate Bonus Schemes in performance year 2020. Colleagues (excluding Executives) were however awarded a recognition payment to recognise their exceptional commitment through such a difficult time. Given the improving economic picture and strong Group performance across 2021, the Committee determined awards should be made under both Schemes for this performance year.

The Committee remains focussed on the provision of fair, equitable and inclusive reward practices. This has included close oversight of the Gender Pay Gap and progress against our Women in Finance targets. In 2021 we published our latest gender pay gap figures with progress made against all Group metrics. The Women in Finance target of 40% female senior management representation by 2023 was achieved in 2021, two years ahead of plan. The Group is now focused on moving towards gender pay parity. The focus will continue to grow across 2022 as we broaden our oversight to encompass wider reward inclusion aims.

### Report on Directors' remuneration

The total remuneration received by Executive Directors is shown in the Directors' Emoluments table. The information has been audited and shows remuneration for the years ended 31 December 2020 and 31 December 2021 as required under the Building Society (Accounts and Related Provisions) Regulations 1998. There is a requirement under Rule 14 of the Society's Rules to have deposits to the value of not less than £1,000 in a Society share account in order to qualify as a Director. This means all Directors are Members of the Society. There are no requirements for a Director to own shares in the Society's subsidiary companies.

Details of other non-Society Board positions held by the Group's Directors are shown in the Annual Business Statement in the Annual Report and Accounts. None of the current Executive Directors retained any remuneration as a result of their non-Society positions.

### Chief Executive remuneration

The Chief Executive is the Group's most highly paid colleague and no colleague earns more than any Executive Director. The 2021 pay rise for all colleagues ranged from 0% to 12%, with an average 3% received.

Mr A Haigh received a 22.8% pay rise on base salary in April 2021. This increase is an outcome of the independent review of Executive reward, undertaken by the Committee's reward advisors Willis Towers Watson and represents the first of two stages of a reward roadmap adopted by the Committee in respect of Executive remuneration. As the second in this process to reposition base pay, Mr Haigh will receive a further increase of 18% in April 2022.

# Summary Directors' Remuneration Report

## Continued

### Annual Executive Bonus

An Executive Bonus Scheme, which Executive Directors and other Executives participate in, was introduced in 2019 as part of our move towards alignment to market practice. It is paid in three parts, with the first payment of 50% in the year after the bonus is earned and the remainder over two equal payments in the following two years. This allows the Committee to review whether the payment remains appropriate and in line with strategy and purpose, providing the ability to reduce or cancel the payment in cases such as, but not limited to, significant failures in risk management, material errors or the Society's financial underperformance. The Executive Bonus Scheme is dependent on performance, measured against personal objectives as well as financial and non-financial performance indicators. Should all metrics be met, on target bonus payments are set at 30% of base salary, with a maximum bonus potential of 50% of base salary for exceptional business and personal performance.

In light of the economic uncertainty brought about at the beginning of the Covid-19 pandemic, it was agreed that there would be no award made under the Executive Bonus Scheme for performance year 2020.

Payments and deferred payments under the Executive Bonus Scheme for performance year 2021 are shown in the Executive Director Bonus Table.

#### Executive Director Bonus Table

Executive Director	Bonus deferred from	Bonus payable in 2022 £000	Bonus payable in 2023 £000	Bonus payable in 2024 £000	Total bonus deferred £000
Andrew Haigh	2019	36	-	-	-
	2020	-	-	-	-
	2021	80	40	40	80
	<b>Total</b>	<b>116</b>	<b>40</b>	<b>40</b>	<b>80</b>
David Samper	2019	21	-	-	-
	2020	-	-	-	-
	2021	59	30	30	60
	<b>Total</b>	<b>80</b>	<b>30</b>	<b>30</b>	<b>60</b>
Stuart Miller	2019	20	-	-	-
	2020	-	-	-	-
	2021	45	22	23	45
	<b>Total</b>	<b>65</b>	<b>22</b>	<b>23</b>	<b>45</b>
<b>Total</b>		<b>261</b>	<b>92</b>	<b>93</b>	<b>185</b>

### Directors' Remuneration Policy

#### Policy Aims and Principles

The Group's policy for remunerating Directors is designed to provide competitive remuneration packages that attract,

retain and reward Executives, including Executive Directors, to deliver business objectives in support of the Society's strategy, while providing value for Members.

With regard to Executive Directors' annual pay rise, the percentage increases are dependent on performance in the same way that this applies to the Group's wider colleague base.

In designing the Remuneration Policy, the following key principles are to be observed:

- The policy is clearly linked to and influenced by the Group's purpose, Strategic Plan, objectives and values;
- Policy, process and practice are consistent with and promote effective risk management in line with the Group's Risk Appetite Statement and detailed policies;
- Basic pay and total remuneration are set at a reasonable and competitive level to attract and retain the appropriate calibre of people;
- The approach to pay and total remuneration is inclusive and equitable, supporting our wider diversity and inclusion aims;
- The approach to pay satisfies all regulatory requirements and good, responsible Corporate Governance practice;
- Remuneration arrangements are transparent and fair, reflecting individual responsibilities and performance;
- Remuneration arrangements are straightforward to understand, communicate and administer.

### Director and Executive remuneration in respect of 2021

Significant work has been carried out over recent years to introduce a robust and fair performance and reward framework for colleagues across the Society, in a way that reflects market practice and ensures that the organisation offers competitive total reward practices. Colleague reward is now deemed to be competitive, equitable and ethical, ensuring we can attract, retain, motivate and reward the right people with the right skills to deliver our strategy for our Members. The Executive team were not included in this initial work to adopt market principles and practice.

However, we recognised that these practices should also extend to our Executive team as the Society remained significantly behind the market in this area. During late 2020 the Society began a similar exercise for Executive Directors and other members of the Executive team by commissioning Willis Towers Watson to conduct an independent review of Executive Director and Executive level remuneration, benchmarking against the external market. The review was undertaken as one of a number of inputs that has informed the development of a reward strategy that set out the approach and roadmap for Executive Director and Executive remuneration for the following 3 years. This will ensure the Group can deliver on our aim to attract and retain the right talent at all levels of the organisation and reward them fairly and competitively for performance and achievements.

## Directors' Emoluments (Audited)

Emoluments of the Society's Directors from the Society and its subsidiaries are detailed below:

	Year	Salary or fees	Taxable benefits	Annual bonus (Note 1)	Pension contributions to defined contribution scheme (Notes 2,3 and 4)	Total contractual benefits
		£000	£000	£000	£000	£000
<b>Executive Directors</b>						
AS Haigh	2021	381	48	160	-	589
	2020	323	43	-	-	366
D Samper	2021	243	34	118	-	395
	2020	221	32	-	1	254
S Miller	2021	187	29	90	-	306
	2020	162	26	-	-	188
<b>Total for Executive Directors</b>	<b>2021</b>	<b>811</b>	<b>111</b>	<b>368</b>	<b>-</b>	<b>1,290</b>
	2020	706	101	-	1	808
<b>Non-Executive Directors</b>						
PJ Moorhouse (Retired 23 Augst 2021)	2021	53	-	-	-	53
	2020	82	-	-	-	82
J Morris (Retired 3 November 2020)	2021	-	-	-	-	-
	2020	45	-	-	-	45
IW Ward	2021	52	-	-	-	52
	2020	53	-	-	-	53
BP Glover	2021	47	-	-	-	47
	2020	45	-	-	-	45
A Laverack (Business name: Anne Shiels)	2021	57	-	-	-	57
	2020	50	-	-	-	50
K Ingham	2021	48	-	-	-	48
	2020	45	-	-	-	45
MR Thompson (Note 5)	2021	75	-	-	-	75
	2020	50	-	-	-	50
GA Bennett	2021	48	-	-	-	48
	2020	42	-	-	-	42
S Lynn (Appointed 22 April 2020)	2021	46	-	-	-	46
	2020	26	-	-	-	26
MJ Faull (Appointed 23 August 2021)	2021	23	-	-	-	23
	2020	-	-	-	-	-
JDA Ramsbotham (Appointed 23 August 2021)	2021	40	-	-	-	40
	2020	-	-	-	-	-
<b>Total for Non-Executive Directors</b>	<b>2021</b>	<b>489</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>489</b>
	2020	438	-	-	-	438
<b>Total for all Directors</b>	<b>2021</b>	<b>1,300</b>	<b>111</b>	<b>368</b>	<b>-</b>	<b>1,779</b>
	2020	1,444	101	-	1	1,246

### Notes

- During 2021 the Society's Executive Directors participated in the Group's annual Executive Bonus Scheme. A proportion of the Executive bonus payment is deferred and is payable in future years as shown in the Executive Bonus Payment table overleaf. During 2020 no Executive received a bonus or recognition payment.
- Mr AS Haigh has elected to take his pension contribution amounting to £34,326 (2020: £29,104) as a cash payment. He is liable for his own tax and national insurance contributions on this payment.
- Mr D Samper has elected to take his pension contribution amounting to £21,878 (2020: £18,254) as a cash payment. He is liable for his own tax and national insurance contributions on this payment.
- Mr S Miller has elected to take part of his pension contribution amounting to £16,825 (2020: £14,552) as a cash payment. He is liable for his own tax and national insurance contributions on this payment.
- Mr MR Thompson received £18,000 in relation to chairing the Newcastle Building Society Pension and Assurance Scheme Board.
- No Directors received termination payments in 2021.

# Summary Directors' Remuneration Report

## Continued

We stated in the 2020 Remuneration Report that we would begin to put the outcome of this review into practice, and in 2021 we implemented the first phase of realigning our Executives' compensation to bring them more in line with the market place. This represented adjustments of between 4% and 23%. This will be continued in 2022 when further changes will be made, bringing our Executive pay closer in line with peers in our sector and the wider marketplace. This is a crucial step to ensuring our continued success and sustainability.

### Remuneration for Executive Directors

The elements of remuneration for Executive Directors and the way they operate are set out below.

**Basic Salary** - Basic salary reflects the size of the role and responsibilities, individual performance (assessed annually) and the skills and experience of the individual. In setting appropriate salary levels, the Committee takes into account data for similar roles in comparable organisations as determined by the Group Job Evaluation Policy. The Society aims to position Executive Directors competitively within the reference group. Consideration is also given to internal pay equity.

**Pension** - Generally, the Society contributes to a defined contribution pension scheme for the Executive Directors. The contribution can instead be paid in cash (which is excluded from bonus calculations) if the Executive Director is likely to be affected by the limits for tax approved pension saving.

**Benefits** - A number of benefits are provided to Executive Directors, including car allowance, private medical insurance, life insurance, and permanent health insurance. The Committee reviews benefits offered and may make changes, for example to reflect market practice or the needs of the business. The Society offers all colleagues the option to participate in a salary sacrifice scheme in order to make use of current incentives and encourage use of electric vehicles.

**Executive Bonus Scheme** - The Executive Bonus Scheme supports the attraction and retention of Executive Directors, the development of a high performance culture and rewards performance within the context of achieving corporate goals and objectives as set out in the corporate strategy.

The Executive Bonus Scheme considers a number of performance measures and targets linked to the delivery of corporate strategy with measures including financial, customer, people and personal objectives. Targets will be set annually and payments are to be made at the discretion of the Remuneration Committee. Payments will be made in three equal parts, with the first payment in the year after the bonus is earned and the remainder over the following two years. The maximum potential bonus opportunity is 50% of base salary. On target bonus opportunity is 30% of base salary. The measures will be assessed by the Remuneration Committee on an annual basis and will be subject to discretion. Performance measures are weighted as follows: 40% financial, 30% non-financial, 30% personal objectives. A financial gateway exists in the operation of the scheme.

Executive Directors are employed on service agreements which can be terminated by either the Society or the Director giving 6 months' notice.

### Remuneration of Non-Executive Directors

A focus on Non-Executive Director remuneration is the final phase of the work we have undertaken over recent years to introduce a robust and fair performance and reward framework across the Society. This includes the introduction of a new separate Non-Executive Director Remuneration Committee who will approve the fees of Non-Executive Directors which will then be ratified by the Board. Membership of the Non-Executive Remuneration Committee consists of the Chair of the Board, Chief Executive and Chief Financial Officer and is attended by the Chair of the Remuneration Committee and the Chief People Officer.

The table below set outs the elements of Non-Executive Directors' remuneration and the policy on how each element is determined.

Element	Approach
<b>Basic Fees</b>	Reviewed annually, based on time commitment and responsibility required by Board and Board Committee meetings. The review takes into account fees paid by comparable financial services organisations. The basic fee currently paid is £35,000.
<b>Additional Fees</b>	Additional fees are payable for additional responsibilities, such as Committee Chair or membership. Committee Chair fees range from £8,150 to £10,500 and Committee Membership fees range from £2,400 to £5,800, depending on time commitments required.
<b>Other Items</b>	Non-Executive Directors are not eligible to participate in any form of performance pay and do not receive pensions or other benefits in kind.

### Consideration of Member views

The Committee does not consult with the Society's Members on its Executive Remuneration Policy, but takes into account feedback given by Members. For a number of years, the Committee has invited Members to vote on the annual remuneration report, and Members have always voted in favour.

The Directors' Remuneration Report and Policy was last voted on in April 2021. Member approval was given to the 31 December 2020 Directors' Remuneration Report (92.46% approval with 17,177 votes for, 1,400 against and 341 withheld).

**Anne Shiels**

**Chair of the Remuneration Committee**

**1 March 2022**



# Summary Financial Statement

## For the year ended 31 December 2021

This Summary Financial Statement is a summary of information in the audited Annual Accounts, the Directors' Report and the Annual Business Statement, all of which will be available to Members and depositors free of charge, on demand, at every branch of the Newcastle Building Society from 23 March 2022. This information is also available online at: [www.newcastle.co.uk/agm2022](http://www.newcastle.co.uk/agm2022)

## Summary Directors' Report

The requirements of the Summary Directors' Report for the year ended 31 December 2021 can be found within the Chief Executive's Review. The Directors consider the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the going concern basis has continued to be adopted in preparing the Annual Report and Accounts.

Approved by the Board of Directors on 1 March 2022

**James Ramsbotham**, Chair

**Mick Thompson**, Chair of the Audit Committee

**Andrew Haigh**, Chief Executive

## Group Results for the year

	2021	2020
	£m	Restated £m
Net interest receivable	59.0	48.3
Other income and charges	45.7	39.7
Gains less losses from financial instruments and hedge ineffectiveness	(5.2)	(10.3)
Administrative expenses, depreciation and amortisation	(71.0)	(62.8)
<b>Operating profit before impairments and provisions</b>	<b>28.5</b>	14.9
Impairment reversals / (charges) on loans and advances to customers	2.8	(9.6)
Impairment of tangible and intangible assets	(2.0)	(3.8)
Provisions for liabilities and charges	(0.2)	(0.1)
<b>Profit for the year before taxation</b>	<b>29.1</b>	1.4
Taxation expense	(5.2)	(0.3)
<b>Profit after taxation for the financial year</b>	<b>23.9</b>	1.1

# Summary Financial Statement

## Continued

### Group financial position at the end of the year

	2021	2020
	£m	Restated £m
<strong>Assets</strong>		
Liquid assets	<strong>956.4</strong>	1,109.7
Mortgages	<strong>3,792.9</strong>	3,565.2
Fair value adjustments for hedged risk	<strong>62.1</strong>	116.1
Other loans	<strong>1.6</strong>	1.9
Derivative financial instruments	<strong>14.5</strong>	-
Fixed and other assets	<strong>66.9</strong>	64.5
<strong>Total assets</strong>	<strong>4,894.4</strong>	4,857.4
<strong>Liabilities</strong>		
Shares	<strong>3,731.8</strong>	3,776.3
Borrowings	<strong>746.7</strong>	628.0
Derivative financial instruments	<strong>147.6</strong>	214.3
Other liabilities	<strong>24.2</strong>	18.7
Subscribed capital	<strong>20.0</strong>	20.0
Reserves	<strong>224.1</strong>	200.1
<strong>Total liabilities</strong>	<strong>4,894.4</strong>	4,857.4

### Summary of key financial ratios

	2021	2020
	%	%
Gross capital as a percentage of shares and borrowings	<strong>5.4</strong>	5.2
Liquid assets as a percentage of shares and borrowings	<strong>21.4</strong>	25.2
Profit for the year as a percentage of mean total assets	<strong>0.49</strong>	0.03
Management expenses for the year as a percentage of mean total assets	<strong>1.45</strong>	1.35

## **Gross capital as a percentage of shares and borrowings**

Gross capital represents reserves, plus subordinated liabilities and subscribed capital. The purpose of capital is to provide a buffer against any losses arising from the Society's activities, thereby protecting investors' funds. The gross capital ratio measures the extent to which a society's activities are funded by capital, compared to shares and borrowings. The higher this ratio is, the greater the protection for investors.

## **Liquid assets as a percentage of shares and borrowings**

Liquid assets are assets held by the Society, which are in the form of cash or assets which are readily convertible into cash. The ratio is maintained at a level which the Directors consider appropriate for the activities of the Society.

## **Profit for the year as a percentage of mean total assets**

A building society needs to make a reasonable level of profit each year in order to maintain and strengthen its gross capital ratio. It is similar to a company's return on assets. The Society operates a policy of 'profit sufficiency' and one of the most appropriate measures of profitability is to express profit as a percentage of mean total assets.

## **Management expenses for the year as a percentage of mean total assets**

Management expenses are the costs of running the Society and comprise administrative expenses and depreciation. The lower this ratio is, the greater a society's efficiency. The Directors also look at a number of other efficiency measures which more accurately reflect efficiency in the Society's business.

# **Independent auditors' statement to the Members and Depositors of Newcastle Building Society.**

**We have examined the Summary Financial Statement of Newcastle Building Society and its subsidiaries (the Group) for the year ended 31 December 2021 which comprises the results for the year, financial position at the end of the year and summary of key financial ratios together with the Summary Directors' Report.**

## **Respective responsibilities of Directors and Auditors**

The Directors are responsible for preparing the Summary Financial Statement contained in the Member Update, in accordance with applicable United Kingdom law.

Our responsibility is to report to you our opinion on the consistency of the Summary Financial Statement within the Member Update with the full Annual Report and Accounts, Annual Business Statement and Directors' Report and its conformity with the relevant requirements of Section 76 of the Building Societies Act 1986 and regulations made under it.

We also read the other information contained in the Member Update and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Summary Financial Statement. The other information comprises only the Chair's Statement, Chief Executive's Review and Summary Directors' Remuneration Report.

## **Basis of opinion**

Our examination involved agreeing the balances in the Summary Financial Statement to the full Annual Report and Accounts, Annual Business Statement and Directors' Report. Our report on the Group' and Society's full Annual Report and Accounts describes the basis of our audit opinion on those full Annual Report and Accounts.

## **Opinion on Summary Financial Statement**

In our opinion, the Summary Financial Statement is consistent with the full Annual Report and Accounts, the Annual Business Statement and the Directors' Report of Newcastle Building Society for the year ended 31 December 2021 and complies with the applicable requirements of Section 76 of the Building Societies Act 1986 and regulations made thereunder.

## **Use of our report**

This report is made solely to the Society's Members, as a body, in accordance with Section 76(5) of the Building Societies Act 1986. Our work has been undertaken so that we might state to the Society's Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society's Members as a body, for our audit work, for this report, for our audit report, or for the opinions we have formed.

## **Deloitte LLP**

Statutory Auditor  
Manchester, United Kingdom  
1 March 2022

# Branch and Financial Advice Centre Directory

<b>Alnwick</b> - 28 Bondgate Within, NE66 1TD	<b>Tel: (01665) 603 344</b>
<b>Ashington</b> - 10 Station Road, NE63 9UJ	<b>Tel: (01670) 815 919</b>
<b>Barnard Castle</b> - 25 Market Place, DL12 8NE	<b>Tel: (01833) 600 100</b>
<b>Berwick Upon Tweed</b> - 12 Hide Hill, TD15 1AB	<b>Tel: (01289) 306 417</b>
<b>Bishop Auckland</b> - 15 Newgate Street, DL14 7HG	<b>Tel: (01388) 433 001</b>
<b>Carlisle</b> - 65 English Street, CA3 8JU	<b>Tel: (01228) 524 518</b>
<b>Chester-Le-Street</b> - 42 Front Street, DH3 3BG	<b>Tel: (0191) 388 5266</b>
<b>Consett</b> - 19/21 Middle Street, DH8 5QP	<b>Tel: (01207) 502 636</b>
<b>Cramlington</b> - 34/35 Craster Court, NE23 6UT	<b>Tel: (01670) 735 813</b>
<b>Darlington</b> - 7/8 Horsemarket, DL1 5PW	<b>Tel: (01325) 383 656</b>
<b>Durham</b> - 73/75 Saddler Street, DH1 3NP	<b>Tel: (0191) 384 3182</b>
<b>Gateshead</b> - 12 Ellison Walk, Trinity Square, NE8 1BF	<b>Tel: (0191) 477 2547</b>
<b>Gosforth</b> - 105/107 High Street, NE3 1HA	<b>Tel: (0191) 285 5965</b>
<b>Hawes</b> - Hawes Community Office, Market Place, DL8 3RA	<b>Tel: (01969) 600 333</b>
<b>Hartlepool</b> - 133/135 York Road, TS26 9DR	<b>Tel: (01429) 233 014</b>
<b>Hexham</b> - 1-2 Beaumont Street, NE46 3LZ	<b>Tel: (01434) 605 106</b>
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<b>Morpeth</b> - 14 Market Place, NE61 1HG	<b>Tel: (01670) 514 702</b>
<b>Newcastle</b> - 136 Northumberland Street, NE1 7DQ	<b>Tel: (0191) 261 4940</b>
<b>North Shields</b> - 76 Bedford Street, NE29 0LD	<b>Tel: (0191) 259 5286</b>
<b>Penrith</b> - 12 Market Square, CA11 7BX	<b>Tel: (01768) 862 888</b>
<b>Ponteland</b> - 23 Broadway, Darras Hall, NE20 9PW	<b>Tel: (01661) 821 828</b>
<b>South Shields</b> - Unit 3-5 Denmark Centre, NE33 2LR	<b>Tel: (0191) 454 0407</b>
<b>Stokesley</b> - 36 High Street, TS9 5DQ	<b>Tel: (01642) 711 742</b>
<b>Sunderland</b> - 14 Waterloo Place, SR1 3HT	<b>Tel: (0191) 565 0464</b>
<b>West Denton</b> - 15 Denton Park Centre, NE5 2RA	<b>Tel: (0191) 267 5038</b>
<b>Whickham</b> - 28 Front Street, NE16 4DT	<b>Tel: (0191) 488 1766</b>
<b>Whitley Bay</b> - 303 Whitley Road, NE26 2HU	<b>Tel: (0191) 252 0642</b>
<b>Wooler</b> - The Cheviot Centre, NE71 6BL	<b>Tel: (01668) 260 360</b>
<b>Yarm</b> - 41 The High Street, TS15 9BH	<b>Tel: (01642) 785 985</b>

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