

NEWCASTLE BUILDING SOCIETY ANNOUNCES 2025 FINANCIAL RESULTS

Key Highlights

- Total assets grew to over £7bn in 2025 from £6.6bn in 2024, driven by strong mortgage lending and continued growth in savings, strengthening our ability to support more Members and demonstrating our Purpose of connecting more communities with a better financial future
- Gross mortgage lending in the year was £1.2bn, matching the record level of £1.2bn set in 2024 and savings balances grew to £5.9bn from £5.4bn
- Our average savings rates for Newcastle Building Society customers were 0.60% higher than the market average of 3.03% for the 12 months to December 2025, resulting in £32.8m more savings interest for our Members compared to the market average
- The Standard Variable Rate (SVR) for Newcastle Building Society mortgages remained one of the most competitive on the market at an average of 6.67% throughout 2025 vs a market average of 7.44%, saving our SVR borrowers around £1.6m in interest payments during 2025 compared to the market average
- We opened our new flagship Newcastle Building Society branch, representing a multi-million-pound investment, bringing all five floors of the building back into public use. We also opened our first branch under the Manchester Building Society brand on King Street, in the heart of Manchester city centre
- Our customer satisfaction score was 97% (2024: 96%) and we saw a record-high customer net promoter score of +87 (2024: +86)
- Colleagues gave their time and skills to good causes throughout our regions to support local communities, with more than 9,000 colleague hours volunteered in 2025 (2024: 10,000+ hours).
- We continue to make significant investment in our Society, focused on our two flagship branches, digital capability, operational resilience, and service enhancements, ensuring we build a strong organisation that can better support Members and clients
- Net interest margin increased to 1.49% from 1.44% following repayment of the outstanding £366.7m Bank of England's Term Funding Scheme with additional incentives for SMEs, creating a net benefit to net interest margin
- Underlying operating profit before impairments and provisions decreased to £29.7m during the year from £31.9m, as the strong increases in net interest income and fee income in our subsidiary businesses were offset by increased operational costs and ongoing costs of strategic investment
- The Group delivered a profit before tax of £22.6m, up from £15.7m in 2024, largely due to the non-recurrence of the one-off Philips Trust provision in 2024
- We successfully completed our inaugural external securitisation issuance, issuing £350m of loan notes to the external market

Chief Executive's Review

2025 was a year of further growth and substantial investment in all areas of our Group, ensuring that we have the people capabilities, the technology and the physical presence to continue in the delivery of our Purpose for current and future generations of Members.

Progress was manifested very visibly in the re-launch of the Manchester Building Society brand, taking our distinct approach to delivering Member value to the North West and in the opening of our new flagship branch at Monument in the very centre of Newcastle. We also saw continued growth of our savings management outsourcing subsidiary, Newcastle Strategic Solutions, which is now managing record balances in excess of £52bn on behalf of its bank and building society clients.

We have continued to invest in people, growing the number of colleagues, particularly, within the Solutions business to support the increased client activity. Behind the scenes we have advanced our multi-year, multi-million-pound programme to replace ageing technology with modern and flexible systems across the Group. We are investing significantly in an upgrade of our customer facing technologies, to bring an enhanced experience for those engaging with us through digital channels, together with new product capabilities and to bring more efficient systems to support our branch colleagues. Progress has been strong, with a number of the new capabilities now fully operational and already having a positive impact.

Strategy

We continue to execute the strategy that drives our Purpose-led, place-based building society Group for the long-term benefit of our Members and their communities. In 2025 we've consistently created value for Members whilst delivering a commercially successful and sustainable business model; generating the necessary profit to enable reinvestment into the business to provide long-term stability and power our growth ambitions.

Across the Group, we are united by shared values and driven by a common Purpose – to connect our communities with a better financial future:

- We help people to own their own home, to save and to plan their finances.
- We build lasting authentic relationships with customers, clients and partners.
- We foster inclusion, diversity and positive change at work and in our communities.
- We aim to deliver a great place to work where people are empowered to realise their potential.
- We care about sustainability for future generations.

Our focus on providing accessible, face-to-face service through our branch network continues to build long-term, stable Member relationships, which are the foundation on which we grow our business. Strategy is built upwards from our high streets, towns and regions; attracting new customers and providing outstanding levels of service, satisfaction and value to our Members through our branches, supported with digital capabilities delivered by our Newcastle Strategic Solutions subsidiary. The growing levels of savings balances we attract and retain through our branch network help to fuel our lending activity. The success of this accessible, familiar and local presence completely contradicts the

mantra of the big banks which continue to close their high street branches and also provides an excellent outlet to grow our financial advice business, providing this much needed service for the benefit of ordinary people within our communities.

For more detail on our Strategy and how this comes to life across the Group, please see the Strategic Report.

Delivering sustainable value for Members

We continue to use the Mutual Value Measurement Framework to guide our approach to reporting the Member value we deliver. For 2025, we have again simplified the framework to three broad areas:

Product value, service and accessibility

We remain absolutely committed to offering our Members consistent, good value savings interest. I am pleased to report that over the 12 months to December 2025 our savings rates were 0.60% (2024: 0.56%) higher than the market average of 3.03%, (source: CACI), equating to an additional £32.8m of interest for our savings Members over the same period (2024: £28.1m). The impact of focusing on providing high street savers with good value is evidenced by the fact that over the 12 month period to December 2025, our branch savings balances have grown at more than double the rate of the market average across all channels, including online.

We also continue to offer good value mortgage pricing; our residential standard variable rate (SVR) remains one of the most competitive on the market, and at the end of 2025 was 6.50% (2024: 6.94%) compared to a market average SVR of 7.20% (source: Moneyfacts). Our average SVR throughout the year was 6.67% (2024: 6.94%), compared to a market average of 7.44% (source: Moneyfacts) which means that our SVR borrowers saved more than £1.6m in additional interest (2024: £2.8m).

Our focus on helping people own their own home means supporting those underserved by the wider market. Last year we introduced our innovative First Step mortgage, offering first time buyers the option to borrow up to 98% of their home's value with a minimum deposit of just £5,000. First Step is targeted specifically at borrowers who've successfully saved a small deposit, helping them get into their first home faster.

We remain steadfast in our commitment to the provision of accessible face-to-face financial services on our regions' high streets and in our communities. In July 2025 we opened our new flagship Newcastle Building Society branch. The multi-million-pound investment into Monument branch brought all five floors of the building back into public use. As well as a fantastic branch space in the heart of the city, the facilities available at Monument inspire and enable collaboration, bringing our partners and communities together, helping us drive positive change in the city and beyond. North East Mayor, Kim McGuinness joined us on opening day at Monument, highlighting that our investments in the North East align well with the Combined Authority's own focus on communities and our region's high streets.

In Manchester, our first new branch under the Manchester Building Society brand opened in September. The three-storey branch, in King Street, is a powerful signal of our intent in

Greater Manchester, in the beating heart of the city. The attendance of Greater Manchester Mayor Andy Burnham at the launch event was a ringing endorsement of our approach. The ground floor branch space provides space for customer conversations where we can provide financial advice for all, while the upper floor provides hybrid offices facilities for the growing Manchester Building Society team. King Street branch is a space where people who care about their place can come together, with one whole floor free for local community groups and charities to use.

Both Monument and King Street branches have been designed to warmly welcome people into the branch, and to encourage visitors to the high street by providing space and facilities for their regions' civic and charity groups. This approach builds on our long-standing innovation around branches. Half our branch network provides free-to-use community rooms to local groups, and our community partnership branches, which share space with other local services, continue to thrive.

This commitment to being present in our places, and the excellent work of colleagues across the business is evidenced in our outstanding customer satisfaction score, which at the end of 2025 was 97% (2024: 96%). Our record-high net promoter score (NPS) of +87 (2024: +86), demonstrates a high willingness by Members to recommend the Society to others.

Our Newcastle Financial Advisers subsidiary ensures that regulated financial advice is available on our regions' high streets, for all our Members and communities. Delivered through our branch network, in our local communities, and in our regions' workplaces, we aim to make advice as inclusive as possible, with no minimum investment levels and face-to-face appointments supporting the strong ongoing demand for accessible and trusted advice.

Newcastle Financial Advisers continues to see an increasing need and demand for financial advice, supporting customers with all aspects of their financial planning, particularly around pensions and retirement planning, as well as investment, inheritance tax and protection advice. We believe that financial advice should be available to everyone, not just the wealthy, therefore we do not apply any minimum thresholds for the provision of advice.

The value of the advice provided to Newcastle Financial Advisers' customers is reflected in the continued high level of customer feedback and advocacy received. Newcastle Financial Advisers achieved VouchedFor's 'Top Rated Firm' status for the fourth consecutive year along with winning VouchedFor's 'Client Impact Award'. Both awarded based purely on customer feedback received and the difference our financial advice service is making to customers' financial futures. For more detail on our approach to the provision of face-to-face financial services in our communities, please see the Strategic Report.

Membership and community

As a Member-owned organisation we recognise the importance of listening to Members and taking the time to understand their priorities and concerns. In 2025 I very much enjoyed attending the six Member listening events held in communities around our region

attended by more than 130 Members. More than 70 colleagues, including Board members and Executive leaders, met with Members in a relaxed setting to understand their priorities and concerns.

Concerns about bank branch closures feature prominently during these events, as do conversations about the value that customers continue to place on their savings passbook. I was delighted to be able to assure customers that branches and face-to-face service remains at the heart of our strategy and that we will not only look to grow our number of physical outlets, we will also continue to innovate in this area. We've made a commitment to continue to offer passbooks to customers as long as a significant number of Members consider them to be worthwhile. As part of a wide range of services we offer, it's clear that people continue to see passbooks as an accessible, trusted, and convenient way to manage their money.

During 2025 we continued to engage with our Members through our 'Connected Communities' online engagement platform. This provides a space for Members and those based in the communities to provide feedback and help to shape the future of the Society. We have more than 900 panellists for Newcastle Building Society and more than 200 for Manchester Building Society.

Our 'Voice of the Customer' programme provides daily, real-time feedback from our customers, helping us to continue to develop and improve the service we deliver. In 2025, we received over 24,500 responses from our customers across all our channels including the branch network, digital savings, mortgage operations, mortgage advice, mortgage intermediaries and our financial advice subsidiary, Newcastle Financial Advisers. We use this feedback to inform our product development and improve the services we provide.

We've continued to support Members and their communities through several strategic partnership initiatives. While 2024 included exceptional levels of community and charitable activity, including the one off £1m donation to the North East Community Fund, our commitment to supporting Members and their communities has remained strong throughout 2025.

Our Helping Hand service, which is delivered by Citizens Advice Gateshead provides fast and free guidance, advice and practical assistance on a wide range of issues. During 2025 the service supported more than 170 individuals, helping to unlock more than £350,000 in additional income through advice which included eligibility for benefits and welfare support.

Beyond the value we create at a personal level for Members, every Member, colleague, branch, and partnership plays a role in delivering our Purpose. One of the ways we seek to make a lasting positive difference in our regions is through the provision of sustainable, consistent and meaningful grant funding to local charities. In the North East our long-term partnership with the Community Foundation North East has helped grow the Group's Community Fund to more than £3.7m, with almost £70,000 in grants issued to 15 charities working to tackle our areas of strategic focus, work and opportunity, and financial confidence.

In the North West, during 2024, we created a new partnership with Forever Manchester to bring local expertise and knowledge to our community support. Working with Forever

Manchester, we made an initial donation distribution of £100,000 in 2024 to fund small grants to local charities and community groups across the Greater Manchester boroughs. In 2025, 10 grants were awarded totalling £30,000, focusing on projects that provide work and opportunity support services, especially those that also foster diversity and inclusion.

Across our regions, we have maintained our focus on sustainable and targeted community impact through ongoing partnerships, grant making and colleague involvement. Although activity levels naturally normalised following last year's exceptional total charitable contribution of £1.5m, our support this year has continued to address local priorities, strengthen financial confidence and create opportunities for people to thrive.

Partnerships and employment

In addition to the impact we make through grant-giving, we aim to build financial confidence and support work and opportunity outcomes through dedicated regional partnerships.

We continue to work with Newcastle United Foundation across various initiatives and in particular their flagship programme, NU Futures. Working alongside the Foundation's team, Society colleagues continue to deliver financial confidence workshops in schools and other settings. Dedicated work and opportunity sessions allow colleagues to share their professional skills and life experiences, supporting with mock interviews, career conversations, and interview preparation.

In the North West we established a new partnership with EMPOWER, who provide thousands of young people somewhere safe to go, the opportunity to take part in positive activities, and access to someone trusted to talk to. As part of a four-year patron donor commitment to EMPOWER, in 2024 we donated £100,000 to help fund their activities and colleagues are working with their Youth Zone in Salford to help young people build their financial know-how and develop useful new skills.

As a prominent employer in the North East, and with our ambition to build our presence in the North West, we remain focused on building a diverse workforce which represents all our communities, and a culture where every colleague feels they belong. To meet our growth ambitions, the Board have recognised the importance of evolving that culture, so work has continued throughout 2025 to embed our 'Be the Change' culture programme alongside work to optimise and refine our operating model. These organisational changes will have a lasting positive impact and will ensure the organisation remains ready to deliver on our long-term ambitions. Given the impact that change has within any organisation, it's understandable that our colleague net promoter score has seen a small decrease to +48 at the end of 2025 (YE 2024: +49).

For further detail on how we support our people, please see the Strategic Report.

Financial performance

In 2025 the Group continued to grow its Balance Sheet, invest purposefully to deepen relationships with, and enhance services for, Members and clients and to deliver long-term sustainability.

Total assets grew to over £7bn (2024: £6.6bn), supported by strong mortgage lending of £1.2bn (2024: £1.2bn) and further growth in retail savings, which increased to nearly £6bn (2024: £5.4bn). These results reflect continued trust from Members and our ability to offer competitive, good-value products even in a challenging environment.

This balance sheet growth supported an increase in net interest income and increased fee income in our subsidiary business (see subsidiary performance section below for further details).

Our investment programme, focused on our two flagship branches, digital capability, operational resilience, and service enhancements, continued at pace, ensuring we build a stronger, more efficient organisation that can support Members' needs long into the future. As a result of this investment, operational costs increased during the year, across staff costs and other administrative costs.

These increases in costs offset the strong income seen during the year, resulting in our underlying operating profit before impairment and provisions¹ reducing to £29.7m (2024: £31.9m). The Group delivered a profit before tax of £22.6m, up from £15.7m in 2024, largely due to the non-recurrence of the one-off Philips Trust provision in 2024, partly offset by the cost impacts noted above and fair value movements on the instruments we hold at fair value.

Capital and liquidity remained strong throughout the year, supporting our long-term sustainability and regulatory obligations. The Common Equity Tier 1 ratio closed at 11.7% (2024: 12.2%), in line with planned balance sheet growth and comfortably above regulatory requirements. Liquidity remained robust with a Liquidity Coverage Ratio of 180% (2024: 229%).

Overall, 2025 was a year of purposeful growth and strategic investment, ensuring we remain well positioned to serve more Members, support more savers and borrowers, and continue delivering positive impact across our regions.

Subsidiary performance

Newcastle Strategic Solutions (Solutions) increased the number of savings accounts it manages to 1.8 million from 1.6 million in 2024 and grew its balances under management by £1bn to £52bn in deposits. As a market-leading provider of outsourced savings management and customer service, Solutions plays a pivotal role in the Group's strategy, underpinning our operating model through the efficiencies of scale it generates and the service excellence it delivers on behalf of clients. Its continued investment in technology, data and talent reinforces both its importance as a regional employer and its position as a critical enabler of the Group's long-term growth ambitions.

The Solutions business saw strong growth in income as a result but reported a loss before tax of £6.2m for 2025 (2024: £0.3m profit before tax); reflecting increased operating costs in the year driven by higher staff costs to support the growth and ongoing substantial

¹ Underlying basis excludes items that arise from events or transactions that are distinct from the core activities of the Group and therefore do not represent the Group's true performance.

investment which is transforming Solutions systems and processes to bring enhanced service, new levels of efficiency and product capabilities in future years.

Newcastle Financial Advisers delivered another year of strong performance, supporting nearly 12,000 customer appointments and growing assets under management to more than £1.2bn (2024: £1.1bn), reflecting both sustained demand for local, accessible financial advice and the strength of its inclusive, no-minimum-threshold model. Operating through our branch network, in local workplaces and communities, Newcastle Financial Advisers continues to play an important role in the Group, ensuring professional, face-to-face financial advice remains available to Members across our region.

Looking ahead

I'm both pleased and proud that we continue to make good progress in the delivery of our Purpose, visibly investing in the places we serve, our customer service, and our colleague experience. As the Group grows and evolves, we can clearly see the success of our strategy in the value we're creating for Members and our communities, and the positive impact we're having across our regions. It is of paramount importance that we have the right skills and leadership across the Group to build on the progress of recent years. I have been delighted therefore to welcome new members to the Executive team across finance, risk, technology and the commercial operations of the Group. This new team collectively brings experience, strengthened capability and the ambition required to realise the true potential of our unique strategy, embedded in Purpose and Place.

Looking ahead, in what seems to be an ever more uncertain and unpredictable world, there will be a number of economic and business headwinds for the Group to navigate in 2026. Controlling costs, while continuing the transformation of our systems and processes and investing in the growth of the organisation are all key areas of focus. With our progress to date and the strength of the new team that is now in place, I believe we are very well placed to address whatever challenges may lie ahead and to ensure that the Society and the wider Group will continue to thrive for the benefit of current and future Members and their communities.

Finally, I'd like to recognise all our colleagues who continue to work so hard each day, delivering for all our customers and clients. I'd also like to thank all our Members and partners for their ongoing support and I look forward to continuing our work as we strive to 'connect our communities with a better financial future'.

Andrew Haigh
Chief Executive
5 March 2026

NEWCASTLE BUILDING SOCIETY
PRELIMINARY ANNOUNCEMENT
for the year ended 31 December 2025

SUMMARY CONSOLIDATED INCOME STATEMENTS

	2025	2024
	£m	£m
Interest receivable and similar income		
Interest income calculated using effective interest rate	300.9	285.7
Interest income recognised in respect of mortgages held at fair value	11.2	11.4
Net income on derivatives hedging mortgage assets	23.0	38.6
Total interest receivable and similar income	335.1	335.7
Interest payable and similar charges	(233.7)	(243.8)
Net interest income	101.4	91.9
Other income and charges	60.1	55.9
Fair value gains less losses on financial instruments and hedge accounting	(6.5)	4.9
Income from dividends	1.1	0.2
Total operating income	156.1	152.9
Administrative expenses	(124.3)	(111.1)
Depreciation and amortisation	(8.4)	(7.6)
Operating profit before impairments and provisions	23.4	34.2
Impairment reversals on loans and advances to customers	0.7	2.5
Loss on disposal of non-current assets	(0.2)	-
Provisions for liabilities and charges	(1.3)	(21.0)
Profit for the year before taxation	22.6	15.7
Taxation (expense) / credit	(4.6)	0.8
Profit after taxation for the financial year	18.0	16.5

SUMMARY CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	2025	2024
	£m	£m
Profit for the financial year	18.0	16.5
Other comprehensive income:		
<i>Items that may be reclassified to income statement:</i>		
Cash flow hedges		
Fair value movements recognised in equity	(3.8)	7.1
Amounts transferred to the income statement	(2.7)	(2.1)
Tax on net amounts recognised in equity	1.6	(1.3)
Financial assets measured at fair value through other comprehensive income		
Fair value movements recognised in equity	0.1	(0.4)
Tax on net amounts recognised in equity	-	0.2
Total items that may be reclassified to the income statement	(4.8)	3.5
<i>Items that will not be reclassified to income statement:</i>		
Remeasurement of defined benefit obligation	0.4	-
Total comprehensive income for the financial year	13.6	20.0

SUMMARY CONSOLIDATED BALANCE SHEETS

	2025	2024
	£m	£m
ASSETS		
Liquid assets	1,182.7	1,155.6
Derivative financial instruments	16.9	56.6
Loans and advances to customers	5,714.2	5,289.3
Fair value adjustments for hedged risk	16.6	(21.9)
Investments	1.4	1.6
Intangible assets	11.7	13.8
Property, plant and equipment	36.6	34.0
Other assets	31.8	27.2
TOTAL ASSETS	7,011.9	6,556.2
LIABILITIES		
Shares	5,882.7	5,432.7
Fair value adjustments for hedged risk	1.6	-
Deposits and debt securities in issue	646.1	658.6
Derivative financial instruments	44.5	29.4
Other liabilities and provisions for liabilities	29.6	35.4
Subordinated liabilities	19.6	20.2
Subscribed capital	34.7	34.8
TOTAL LIABILITIES	6,658.8	6,211.1
Reserves	353.1	345.1
TOTAL LIABILITIES AND EQUITY	7,011.9	6,556.2

SUMMARY CONSOLIDATED CASH FLOW STATEMENTS

	2025 £m	2024 £m
Net cash flows from operating activities	(282.5)	(110.6)
Corporation tax paid	(5.0)	(2.9)
Cash flows from operating activities	(287.5)	(113.5)
Cash flows from investing activities		
Purchase of property, plant and equipment	(6.5)	(4.7)
Purchase of intangible assets	(2.5)	(4.6)
Sale of property, plant and equipment	1.4	-
Acquisition of trade and assets	(0.2)	(0.1)
Purchase of debt securities	(432.2)	(475.6)
Sale and maturity of debt securities	182.0	485.4
Net cash flows from investing activities	(258.0)	0.4
Cash flows from financing activities		
Interest paid on subscribed capital and subordinated liabilities	(5.9)	(4.3)
Interest paid on debt securities in issue	(6.3)	-
Distribution to Additional Tier 1 capital holders	(5.6)	-
Proceeds on issue of subordinated liabilities	-	19.8
Proceeds on issue of debt securities in issue	349.3	-
Principal repayments of debt securities in issue	(27.0)	-
Proceeds on issue of Additional Tier 1 capital	-	39.1
Capital and interest payments for lease arrangements	(1.5)	(2.3)
Net cash flows from financing activities	303.0	52.3
Net decrease in cash and cash equivalents	(242.5)	(60.8)
Cash and cash equivalents at start of year	472.7	533.5
Cash and cash equivalents at end of year	230.2	472.7

Summary of key financial ratios	2025	2024
	%	%
Gross capital as a percentage of shares and borrowings	6.57	6.57
Liquid assets as a percentage of shares and borrowings	18.11	18.97
Profit for the year as a percentage of mean total assets	0.27	0.26
Management expenses for the year as a percentage of mean total assets	1.96	1.86

Notes

- The financial information set out above, which was approved by the Board of Directors on 5 March 2026, does not constitute accounts within the meaning of the Building Societies Act 1986.
- The financial information for the years ended 31 December 2025 and 31 December 2024 has been extracted from the Accounts for those years and on which the auditors have given an unqualified opinion.