

Connecting our communities with a better financial future

Newcastle Building Society Member Update
including Summary Financial Statement 2023

newcastle Building Society



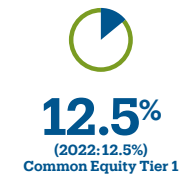
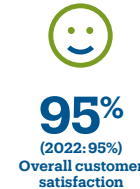
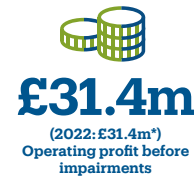


This year's cover shows our activities to support the local community in Darlington, where we launched a new community space in our existing branch. To celebrate we sponsored a range of community events across the town during the autumn, including the Diwali light trail (pictured).

We're known for our branch innovation, which includes the creation of a network of free-to-use community rooms. These welcoming spaces are available for local people and community groups to meet in.

The addition of this community room takes our total across our branch network to 15, with ambition to invest further and add more of these community rooms to our existing network and new branches supporting the local communities across our region.

Performance Highlights 2023



*The prior year has been restated. Please see note 45 in the Annual Report and Accounts for details.

Chair's Statement



I accept that I may be biased, but it is my belief that there is no organisation more authentic in its commitment to the region than Newcastle Building Society.

James Ramsbotham | Chair
29 February 2024

The North East is blessed with many fantastic businesses that deliver excellence for their customers and bring an incredible range of benefits to our communities. I accept that I may be biased, but it is my belief that there is no organisation more authentic in its commitment to the region than Newcastle Building Society.

2023 was yet another challenging year, with the rising cost of living and measures to curb inflation bringing huge pressure on household budgets and wider economic growth.

Rising interest rates and market volatility, especially in the first part of the year, posed many questions for financial services organisations, but I'm pleased to be able to say that the Society demonstrated its agility, readiness to respond and the resilience which has served it so well over recent years. In this context, this year's strong financial results tell a real story of success for the Society – achieving growth in savings and mortgage balances, expanding into new areas, increasing our positive impact in communities, and supporting Members through a tough year.

It is appropriate to recognise that these are the first set of financial results since Manchester Building Society joined us by the transfer of its engagements and I'd like to take this opportunity to once again welcome all Members and colleagues who are now part of our fantastic organisation.

The Board remains committed to providing all the support required to ensure delivery of the long-term strategy of the Society and the creation of value for Members. The Society delivers this through our service, our products and pricing, our focus on accessibility, our community collaboration and our drive to support regional employment opportunities. As a Society, we are well served by a highly capable, talented and thoroughly committed team of colleagues.

Across the Society, it is so often relationships that enable the creation of value and represent the unique culture of our organisation. With plans in place to evolve and even further enhance that culture, I'm convinced that whatever lies ahead in 2024 and beyond, the Society is well placed to respond commercially and reinforce its commitment to the people and places in our regions.

Our full Chair's Statement can be found in the Annual Report and Accounts. Please visit newcastle.co.uk/media-centre/financial-results

Chief Executive's Review



In a challenging period, shaped by wider economic uncertainty, I'm proud that, as a Society, we have remained true to our Purpose of 'connecting our communities with a better financial future' while delivering another set of strong results in 2023.

Andrew Haigh | Chief Executive
29 February 2024

In a challenging period, shaped by wider economic uncertainty, I'm proud that, as a Society, we have remained true to our Purpose of 'connecting our communities with a better financial future' while delivering another set of strong results in 2023.

We have continued to focus on the strategic ambitions underpinning our Purpose of achieving growth, investing in the Group's infrastructure for the long term and, of course, delivering value for our Members.

It is pleasing to report continued growth of the Society with net residential mortgage lending of £575m (2022: £586m net) and a robust financial performance with Group profit before tax for the year ending 2023 of £29.1m (2022: £32.6m).

2023 was a particularly difficult year for people in our communities coping with the impact of stubborn inflation driving up the cost of living. In our regions, those cost challenges are often felt more deeply, making our priorities as a mutual to support all our customers and colleagues wherever we can, whilst providing additional help to those in need, more relevant than ever.

It was a great pleasure to welcome former Manchester Building Society customers and colleagues to the Society following our merger and we've subsequently made swift progress on our integration plans. It's clear that the North West deserves a vibrant, regional building society and we've begun to articulate a vision, ambition and plans for the Manchester Building Society brand and the role we'll play across those communities.

My hope is that Members recognise the value that comes with being part of our mutual organisation; the additional support we've provided to those worried about their mortgage repayments, consistently offering savings rates above the market average and making a positive difference in our communities across key areas of focus, including our commitment to branches, increasing access to face-to-face financial services and fostering employability within the region.

These remain challenging times but I believe the Society is well placed to respond and to achieve new levels of performance through our ambition and continued investment and that our ever greater focus on delivering value to Members will amplify the positive impact we make in our communities.

Our full Chief Executive's Review can be found in the Annual Report and Accounts. Please visit newcastle.co.uk/media-centre/financial-results

Purpose and Member Value

Powered By Purpose: 'connecting our communities with a better financial future'

As a customer-owned, mutual business, our success lies in balancing our priorities, ensuring that we both serve the interests of our Members and their communities, while also delivering an efficient, profitable business model which is resilient over the long term for future generations.

Put simply, our strategy is to deliver our Purpose in ways that are valued by our Members, positively impact our communities and at the same time 'power' business growth and our long term success and sustainability.

We understand that as a regional society, we are valued for more than just the consistently good rates we offer through our products and services; it is also about the strength of our relationships (which often span generations of families); our commitment to being present in communities and continuing to offer face-to-face service on our high streets; our role as a local employer and enabler of talent; our commitment and support for the strategic partnerships we build with like-minded community organisations; our desire to be an inclusive, welcoming place for customers, communities and colleagues alike and our role in providing information, financial education, guidance and advice to all. The stability and strength of the relationships we build through our focus on the wider 'mutual value' we deliver to Members provides not just foundations for success, it drives our business forward and leads us to say that we are genuinely 'Powered by Purpose'.

Connecting our communities with a better financial future



We believe that the way we deliver our Purpose needs to be explicitly and intrinsically connected to real value through the eyes of the Members and communities we serve. It is this belief that gives us the confidence to think and act differently to many other financial providers – for example, we are growing our branch network while banks continue to close their branches by the thousand!

To this end, in 2023, we adopted a new framework to bring even greater focus to our delivery of Purpose and to help us drive more meaningful impact and value from our actions.

The Mutual Value Measurement (MVM®) framework was developed in Australia, by the Business Council for Cooperatives and Mutuals and Monash University in Melbourne, working with Warwick University in the UK. The universities' analysis of mutuals, across a range of industries and continents, identified six dimensions to the value mutuals typically deliver for their Members. Applying this framework to our own activities has

helped us understand how it is far more than our aim to deliver consistently good rates in our products and excellent service that we are valued for and we were delighted that, following a review of our work, in January 2024 we became the first UK mutual to be formally accredited and recognised as a 'Good Mutual Business'.

By bringing together our findings from the MVM framework and our Purpose and strategic intent, the following 2023 Member Value Report, inspired by the learnings from the MVM framework, shows how and where we have delivered Member value in 2023 and also gives a flavour of how we intend to add further value in 2024.



Product Value, Service and Accessibility

Member Value Report 2023

Welcome to your Member Value Report which highlights the value we have delivered to our Members and our communities in 2023 and also indicates the commitments we are making to further grow the value we deliver to Members in 2024.

To bring additional clarity and focus to the value we deliver, we have aligned our findings from the Mutual Value Measurement framework with our Purpose and strategic intent, simplifying them into three broad areas and providing the framework for reporting the Member value we deliver each year.

- **Product value, service and accessibility**
- **Membership and community**
- **Partnerships and employment**

Product Value

Good product value for our Members

We continue to offer our Members good value through our savings accounts interest rates, helping them to achieve their savings goals, whether that's saving for their children's future, or putting money aside for a rainy day. At the start of the year, the Bank of England base rate was 3.5%, increasing to 5.25% at the end of December.

On average across the year, our savings rates were 3.03% compared to a market average of 2.46%. This equates to an additional £25m interest for our Members over that period, an increase on the £21m additional interest above the market average in 2022 (CACI).

We also offer a wide range of mortgage products and advice to our Members to help them find the most suitable mortgage for them. Volatile market conditions throughout 2023 will have impacted all our Members, but borrowers, and especially those remortgaging from historically low fixed rates to the higher rates that prevailed during the year, faced higher repayments, adding to the squeeze on their household finances. Recognising that the biggest difference we can make is to keep our mortgage rates as low as possible, over the course of 2023, our mortgage Standard Variable Rate (SVR) remained one of the most competitive on the market at 6.94%, against a market average of 8.18%, saving our SVR borrowers over £2.3m in interest payments over the year, compared to £500,000 for the equivalent measurement in 2022 (source CACI).

To find out more about our current range of savings or mortgage products, visit your local branch or our website: newcastle.co.uk

Our commitments in 2024:

- Continuing to offer our Members consistent, good value savings interest
- Maintaining our aim to offer good value mortgage pricing on our Standard Variable Rate (SVR)

Service

A record high for customer satisfaction

As a mutual, we are very mindful that our customers are our principal stakeholders and that the service we offer and the relationships we build are critical to the long-term success of the Society. We believe that the continued strength of our customer relationships is one of the reasons our customers continue to choose Newcastle Building Society and recommend our services to others.

Over the course of last year, we saw a number of high street banks announce that they were not only closing branches but also phasing out the provision of passbooks. Our Members tell us again and again how much they want to keep passbooks as they value the extra reassurance, convenience and security that managing their money face-to-face in a branch offers. We remain committed to maintaining passbooks for as long as a significant number of Members consider them to be worthwhile while also investing in digital and mobile channels to bring greater choice and flexibility.

We were quick to sign up to the Government's Mortgage Charter which provides customers with additional support options for those experiencing mortgage payment difficulties in what are very challenging times. We were also proud to be voted 'Best Regional Building Society' in the What Mortgage Awards for a 7th year in a row.

Our customer satisfaction score remained at a record high of 95% during 2023 and a Net Promoter Score (NPS) of +82 (2022: satisfaction score 95%, NPS +82), reflecting Members' satisfaction and delight with the personal face-to-face service they receive.

Newcastle Financial Advisers also continue to deliver excellent customer service and have maintained high standards during 2023, with customer satisfaction scores remaining at 4.9/5 (measured from over 2,000 reviews on VouchedFor, the UK's leading review site for Financial Advisers) and a Net Promoter Score of +95, amongst the highest levels of satisfaction they have ever received (2022: NPS +93).



Our commitments in 2024:

- Providing excellent and personal service to our Members
- Aiming to maintain an average Net Promoter Score of 80+ across all our customer contact areas
- Maintaining passbooks for as long as a significant number of Members consider them to be worthwhile
- Further investing in our digital and mobile channels

Accessibility

Thinking differently about branches and access to financial advice

We are committed to maintaining and growing our branch network and currently have 32 branches and locations across the North East, Cumbria and North Yorkshire. We also have 15 unique community rooms in several branches, offering a welcome, safe place for people and groups to gather.



Being a Purpose-led, Member-owned business means we can think differently about how we address the needs of our customers and communities. One such area is branches and our belief that face-to-face financial services is an essential requirement within any community. We believe that something has got to change to reverse the current trend of banks closing branches and we are keen to do what we can to support our communities and to advance the wider thinking on the subject. It remains our belief that by putting our Members' interests first, and taking a more creative approach to the future of branches, we can continue to offer the level of service, reassurance, and convenience that is only available by speaking to a friendly face at a local branch.

Our merger with Manchester Building Society in 2023 opens up new opportunities to think about how we can serve a new region, bringing life back to the Manchester Building Society brand. We are therefore exploring how we can extend our network into the North West in the years ahead.

We continued to work with fintech business, OneBanx, to develop an innovative approach to keep access to cash on our high streets, particularly in locations where the last bank has left town. We expect to continue with our two pilot locations and further develop this thinking in the year ahead.

In conjunction with The Openwork Partnership, Newcastle Financial Advisers are celebrating 20 years of providing trusted, affordable and accessible financial advice. Last year the financial advice team provided over 9,000 financial advice sessions, both face-to-face on the high street and through video/telephone channels. Customers invested £102m of additional funds to help meet their longer-term financial planning and retirement needs (2022 equivalents: 7,500 advice sessions and £94m additional funds invested).

There are risks involved with investing. The value of your investments and any income from them can fall as well as rise and you may not get back the amount you originally invested.

Newcastle Building Society introduces to Newcastle Financial Advisers Limited for advice on investments, pensions, life and protection insurance, and inheritance tax planning. Aspects of inheritance tax planning are not regulated by the Financial Conduct Authority. Newcastle Financial Advisers is a trade name of Newcastle Financial Advisers Limited which is an appointed representative of The Openwork Partnership a trading style of Openwork Limited which is authorised and regulated by the Financial Conduct Authority. Approved by The Openwork Partnership on 27 February 2024.

Our commitments in 2024:

- Continuing to open and maintain our branches across the North East and taking steps to begin opening branches in the North West under the Manchester Building Society brand
- Opening our new flagship Monument branch in Newcastle city centre
- Continuing to explore innovative approaches to keep financial services accessible on our high streets
- Producing a Branch Impact Statement highlighting how our branches add value for Members and positively impact their communities

Membership and Communities

Membership shaped by you



As a Member-owned business, it's vital we continue to listen and hear about what matters to you so we can feed that back into our future plans. Our online platform 'Connected Communities' continues to play an important role, while we also held a series of Member events in early 2023 across the region, in venues large and small, with more than 350 people taking the time to join us.

These views helped contribute to the future of our Society and improve our understanding of the priorities emerging from the Mutual Value Measurement framework. 2023 also saw the return of our popular BIG Talk events which, together with other information sessions, saw more than 120 events attended by more than 2,500 people, providing the opportunity to find out more about savings, investing and later life planning, all in an informal, relaxed environment.

Our Board also took time to engage with our wider stakeholder community and in preparation for our annual planning cycle visited strategic partners including Citizens Advice (Gateshead), YMCA (North Shields) and Community Foundation Tyne & Wear and Northumberland. These visits enabled the Board to better understand some of the pressures on the region and how we can work with partners to make positive change happen.

To sign up to Connected Communities and join the conversation, please visit: newcastle.co.uk/connected-communities

Our commitments in 2024:

- Expand our Member and stakeholder engagement, listening and feedback programmes to enable more Members to have their say and influence our future plans

Communities

Supporting our communities

In total, 45 charities were supported with small grants during 2023 (2022: 76). We also made donations to Newcastle United Foundation, Citizens Advice (Gateshead), the Sir Bobby Robson Foundation, Walking With The Wounded and the Prince's Trust.

2023 was a difficult year for many within our communities. Our focus, in addition to the value and service we deliver through the products we offer, was to build on our partnerships and our work with like-minded people, groups and colleagues, delivering change which would help 'connect our communities with a better financial future'.

In financial terms, our community support in 2023 exceeded £350,000 (2022: £544,000), which included a donation of more than £200,000 to the Newcastle Building Society Community Fund at the Community Foundation Tyne & Wear and Northumberland (2022: £137,604). Our donation to the Community Fund enabled investment in the underlying endowment, together with grants totalling £170,253 to local charities across our branch locations in 2023, focusing on our key themes of employability, debt management, homelessness, food poverty, and the environment.



We recently supported the local community in Darlington, where we launched a new community space in our existing branch. To celebrate, we sponsored a range of community events across the town during the autumn, including the Family film trail (pictured).

Zara Barras, aged 4.

Volunteering-friendly policies also enabled colleagues to support their local communities through direct action and the donation of their time and expertise. In 2023, colleagues completed more than 10,000 hours of volunteering, including supporting charities providing hot meals to local communities; CV writing, interview skills and work readiness for young people; financial education and awareness sessions in schools; charity governorship, coaching, and mentoring; to name just a few.

To find out more about our work in the community visit: newcastle.co.uk/powering-communities

The Newcastle Building Society Community Fund at the Community Foundation has grown through the success of your Society and aims to make small grants to local charities which make a difference to communities across the North East. Every pound donated goes straight to the fund and builds even greater potential to make positive change happen across our region and the communities your Society serves.

If you would like to make a donation to the Community Fund, please scan the QR code



Our commitments in 2024:

- Grow our Community Fund endowment to support ongoing, long term sustainable grant giving in our regions
- Focus our volunteering programme on utilising our colleagues skills and experience to deliver greater impact

Employment and Partnerships

Our role as a regional employer

We aim to foster talent in an inclusive environment which supports people in the region who may otherwise struggle to find the opportunity to achieve their potential. This is another way in which we aim to fulfil our Purpose of 'connecting our communities with a better financial future'.

Our approach to development is an important part of this process and we were proud to retain our Platinum Investors in People status, demonstrating our ongoing commitment to colleagues and being a great place to work. With the growth of the Society reflected in additional colleague numbers – more than 200 new jobs created in 2023 – it's pleasing that our colleague satisfaction score measured by eNPS (employee net promoter score) of +57 places us in the top 25% of our survey provider's finance sector benchmark (2022: eNPS score +58).



Our commitments in 2024:

- Evolve our culture to ensure the Society is ready and prepared for the next stage of our journey
- Begin to transform our colleague experience through investment in technology infrastructure and new ways of working
- Bring focus to our Diversity, Equity and Inclusion initiatives through a formal governance framework
- Enhance our colleague offering through a more inclusive approach to benefits
- Ensure our colleagues continue to be part of the conversation in how we deliver greater impact across our regions

Partners

A catalyst for positive change in our region

We continue to be active in our communities and help create positive change across our region, working in collaboration with long-term partners and key stakeholders.

Our skills partnerships with Newcastle United Foundation, the Prince's Trust, and Walking With The Wounded also aim to help bridge the employability skills gap and enable individuals to become work ready by developing valuable skills and building confidence. In 2023, our work with Newcastle United Foundation through their flagship NU Futures programme reached more than 7,000 pupils through school workshops, with colleagues delivering sessions on money management, skills and confidence building and interview practice.



Further support was made available to Members and colleagues through our work with Citizens Advice Gateshead and the continuation of our free-to-use Helping Hand service, which quickly provides confidential expert advice, information and support on a range of issues. In its first full year of operation, our Helping Hand service enabled recipients to receive an estimated sum in excess of £500,000 in grants and benefits which they may otherwise have not been aware of or known how to access.

Our commitments in 2024:

- Grow the impact of our partner programmes in delivering employment opportunities for those facing barriers
- Increase the scale and impact of our Helping Hand initiative to reach more Members across our regions

Annual General Meeting AGM

Notice of AGM

Notice is given that the AGM of Members of Newcastle Building Society will be held on Wednesday, 24 April 2024 at Newcastle Building Society, 1 Cobalt Park Way, Wallsend, NE28 9EJ, at 1.45pm, for the purpose of considering and voting on the following matters (items 1 to 3 being proposed as ordinary resolutions and item 4 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

Election and re-election of Directors

4. i) To re-elect George Adam Bennett
ii) To elect Rory Tristan Sebastian Campbell
iii) To re-elect Bryce Paul Glover
iv) To re-elect Andrew Scott Haigh
v) To re-elect Anne Laverack
(Business name: Anne Shiels)
vi) To re-elect Stuart Miller
vii) To re-elect James David Alexander Ramsbotham
viii) To re-elect David Alan Samper
ix) To re-elect Michael Roger Thompson

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

By order of the Board

Catherine Bolam
Group Secretary

29 February 2024

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.
4. If any Member wanting to attend the AGM would have difficulties in reaching the Society's head office from central Newcastle, they should let us know by filling in the sign-up form at: www.newcastle.co.uk/agmsignup

How to vote

You can vote online, by post, in person or via online stream.

Online

1. You can vote online at: www.newcastle.co.uk/agm
2. You must vote online by **5pm on Friday 19 April 2024**. £2 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 19 April 2024**.
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.

Annual General Meeting AGM

At the AGM

1. You can vote in person at the AGM on **Wednesday 24 April 2024**.
2. Bring your voting form, or other evidence of Membership, to the Meeting.

Please note that the AGM is taking place at the Society's head office at 1 Cobalt Park Way, Wallsend, NE28 9EJ.

Via online stream

1. You can watch and cast your vote online at the AGM on **Wednesday 24 April 2024**.
2. Just go to: <https://attend.cesjoinin.com> on the day of the AGM*, enter the **Meeting ID 30259** 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.

Agenda

- Registration 1:00pm (1st Floor of the West Wing).
- AGM 1:45pm prompt.
- Refreshments served upon registration and after conclusion of the Meeting.

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 2023 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. The Summary Directors' Remuneration Report included on pages **22 to 24** of the Member Update, including Summary Financial Statement 2023, summarises the Society's approach to pay for the period 1 January 2023 to 31 December 2023. 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 and Accounts 2023 which will be available at every branch of the Society from 22 March 2024. This information is also available online at: www.newcastle.co.uk/agm2024

Voting on the Remuneration Report

At the AGM there will be a vote on the Directors' Remuneration Report as it appears in full in the Annual Report and Accounts 2023.

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

We intend that voting on the Report will continue to take place on an annual basis.

4. In accordance with best practice on corporate governance, all of the Society's Directors are standing for election or re-election at the AGM, with the exception of Michele Faulk and Stuart Lynn who will be retiring as Directors at the end of the meeting. Rory Campbell will be standing for election at the AGM.

The biographical details of all the Directors seeking election or re-election are set out on pages **16 to 21** of the Member Update including Summary Financial Statement 2023 and also on pages **37 to 42** of the Annual Report and Accounts 2023.

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 are and continue to be effective with a strong commitment to the role.

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



James Ramsbotham | Chair

Appointed: August 2021

Experience: Prior to joining the Board, James was Chief Executive of the North East England Chamber of Commerce for 15 years, and Chairman of Darlington Building Society until December 2017.

Previously James was Vice Chairman of North East construction firm, the Esh Group, and before this spent 14 years in Corporate Banking in Barclays Bank plc, latterly as Marketing Director.

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

Other roles: He maintains his associations with the military as an Honorary Colonel for The Rifles in County Durham and as a Deputy Lieutenant. James is a Trustee for the Foundation of Light, The Willan Trust and the Gillian Dickinson Trust and a lay member of two committees for Durham Cathedral.

James is Chair of Newcastle Financial Advisors Limited and Newcastle Strategic Solutions Limited, as well as being Chair of the Society's Nominations Committee and the Group Technology and Change Committee.

He is also a Pro-Chancellor of Sunderland University, where he was awarded an Honorary Doctorate in Business Administration (2016); he was 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.

"Having been part of the mutual sector in various guises I am deeply committed to the unique way in which we can be catalysts for positive change in our communities."



Andrew Haigh | Chief Executive

Appointed: January 2014

Experience: With over 30 years' experience in the mutual sector, Andrew has an extensive track record in transforming and developing businesses. He has held financial services leadership roles as both an Executive and a Non-Executive Director, reinforcing the Board's depth of consumer understanding. His previous experience is drawn from a variety of sectors including financial services, technology, automotive and airline industries.

Andrew became the Society's Chief Executive in May 2015. A proven Chief Executive, Andrew has particular strength in building effective leadership teams and organisations with healthy, customer focused cultures. He also proudly drives our Society's ongoing commitment to equality, diversity and inclusion.

Other roles: Andrew is the current President of the North East England Chamber of Commerce and a Board member of the Community Foundation serving Tyne & Wear and Northumberland.

"I'm hugely passionate about the role of mutuals, focused on delivering a balance of meaningful Member value and profitability, enabling long-term positive impact in our communities."

Our Directors



Adam Bennett | Non-Executive Director

Appointed: April 2019

Experience: During his professional career, Adam advised building societies across a 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.

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, all of which contribute to ensuring the Society deals with its Members, colleagues and stakeholders in a responsible, trustworthy and ethical manner.

Other roles: Adam is the Senior Independent Director and a member of the Society's Group Risk Committee, the Audit Committee and the Nominations Committee, upholding the Society's commitments to financial control, integrity and regulation. He is also Chair of the Society's subsidiary, MBS (Mortgages) Limited.

"Having specialised in advising building societies at a law firm for 36 years, I have a deep knowledge of the mutual sector and my understanding of its associated corporate governance and regulatory requirements contributes to the Board's diverse spectrum of expertise."



Rory Campbell | Non-Executive Director

Appointed: June 2023

Experience: Rory brings to the Board his extensive experience as a senior Executive, Board member and advisor to leaders and organisations in a range of industries including financial services, retail, technology, professional services, education and the third sector.

He previously spent six years at John Lewis & Partners (a division of the John Lewis Partnership), including three years on the Management Board and as a standing attendee of the Audit & Risk Committee.

Reflecting the Society's values, Rory's passion for purpose, society and leadership sees him devote his time to a number of causes. He is a former independent member of the anti-poverty charity, Joseph Rowntree Foundation; a Visiting Fellow of Nottingham Business School; an Independent Chair of Trustees of Ignite Consulting Trustee Ltd, and a Fellow of The RSA.

Other roles: Rory is a co-founder of New Vantage Consulting Ltd. He has been an Operating Director and Lead Consultant for The Loop Business Consulting, working with international firms as they align their strategy to purpose. Formerly, Rory spent 12 years as a senior executive in Lloyds Banking Group. He is also a member of the Society's Remuneration Committee and the Nominations Committee.

"I'm passionate about harnessing our Society's connection to Purpose. My experience enabling businesses and leaders to unlock this potential will contribute to achieving our ambitions as a Purpose-led organisation, making a meaningful difference beyond the bottom line."



Bryce Glover | Non-Executive Director

Appointed: August 2017

Experience: Bryce is a highly experienced Director who has operated at Executive Committee and Board level in a number of leading UK financial services businesses.

Adding a genuine breadth of commercial and retail banking expertise, Bryce helps to shape the Group's overall strategy. His extensive industry knowledge and business acumen assist the development of the Group.

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.

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.

Bryce is also Chair of the Society's Group Risk Committee and a member of the Group Technology and Change Committee and the Board of Newcastle Strategic Solutions Ltd, and recently co-founded a new UK SME bank which received its full banking licence in 2021.

"My strong credit and risk management background is particularly valuable to informing decisions made in my role as Chair of the Society's Group Risk Committee."



David Samper | Chief Financial Officer

Appointed: November 2018

Experience: An accomplished strategic leader with over 25 years' experience as a Chartered Accountant, David has in-depth knowledge of the issues impacting the long-term commercial sustainability of the Society's business model and balance sheet, and delivering stakeholder value.

With exceptional understanding of the financial services sector, David has valuable experience in managing financial performance across both large and medium-sized financial organisations in the UK and abroad. David's career has also encompassed multiple system migrations, which complement the knowledge and expertise of the growing Solutions business.

David has held senior roles across a number of organisations, including Ernst & Young, NatWest Group, and Sainsbury's Bank. He has led complex corporate finance 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 is key to ensuring the success of our ambitious Group.

"I try to bring a series of different perspectives to my team and the Board, gained from experience across the UK and internationally. I'm particularly interested in how technology can enable business change, which complements the knowledge and expertise of the growing Solutions business."



Stuart Miller | Interim Managing Director NSSL

Appointed: January 2018

Experience: Stuart became Interim Managing Director of Newcastle Strategic Solutions Limited (NSSL) in February 2023 having previously been Chief Customer Officer for the Member business since 2017.

He has over 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.

Other roles: He is a Director of Newcastle Financial Advisers Limited and sits on the Board of the national High Streets Task Force. The Society's commitment to face-to-face financial services and its track record in innovation align well with the Task Force's programme of work in determining and addressing issues at a national level. Stuart is also a member of the Society's Group Technology and Change Committee.

As an Associate of the Chartered Institute of Bankers, Stuart also holds the Customer Experience Professionals Association qualification for senior business leaders.

"The UK savings market has gone through unprecedented change in the last 18 months following successive increases to bank base rate which have caused a huge amount of volatility for retail savings customers and providers. I am proud of the part Strategic Solutions, and most importantly our colleagues, have played throughout that time in supporting our clients and their customers navigating through such a dynamic and uncertain period."



Anne Shiels | Non-Executive Director

Appointed: July 2017

Experience: Anne's extensive UK and international board-level experience working with both FTSE 100 and independently owned companies, in both regulated and non-regulated businesses, reinforces the Board's broad range of skill and competency.

Her experience spans sectors including financial services, retail, telecommunications, manufacturing and consumer. Anne's breadth of knowledge, skills and qualities 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.

Other roles: Anne is a trusted executive coach and adviser to Boards and Directors in diverse businesses in the UK and the US. She also chairs the Remuneration Committee and is a member of the Society's Audit Committee. She is also a Director of Newcastle Financial Advisers Limited.

"As the Society continues to grow, the Board leans on my track record of leading large people functions and experience facilitating transformative organisational change to develop a broader view on matters affecting the Society and assist in developing people strategies, including our approach to culture, talent, succession and reward."



Mick Thompson | Deputy Chair and Non-Executive Director

Appointed: January 2019

Experience: Mick brings significant accountancy experience, with a deep knowledge of audit, to support the Society's governance and audit function. His diverse skillset and broad range of perspectives derive from vast sector experience that has seen him work in industries including housebuilding, social housing, education, engineering, charities, and financial services. Mick spent twenty one years as a Partner and nine years as Office Senior Partner at KPMG Newcastle.

Other roles: He is a Non-Executive Director of The Clinkard Group Limited, Atlas Cloud Limited and NorthStandard Ltd. Recognising the importance of charitable action and giving back to causes throughout the region, Mick is also a Trustee of Greggs Foundation Charity; Trustee of NUFC Foundation Charity; Trustee of Tyne and Wear Building Preservation Trust, and Regional Treasurer of The Lord's Taverners Charity.

He chairs the Society's Audit Committee, as well as being a member of both the new Group Technology & Change Committee and Remuneration Committee. Mick was also a member of the Nominations Committee, stepping down at the end of 2023. He also chairs the Newcastle Building Society Pension & Assurance Scheme Board.

"My wide-ranging Board portfolio, particularly in the charity sector, is well aligned to the Society's community focus and contributes to a better understanding of the issues affecting this sector."



Michele Faull

We are truly grateful to these outgoing directors for their insight and expertise that has had a significant impact on our Society's members, colleagues, and communities.

Michele Faull joined the Board in August 2021 serving for two years. Her wealth of experience working at the most senior levels in finance and risk at two of the largest mutuals has provided consistent and thoughtful guidance to the Board during her tenure. Michele's contributions as a member of both the Audit Committee and Group Risk Committee have also been highly valued.

Stuart Lynn joined the Board in April 2020 serving for three years, having initially joined the Society as a Non-Executive Director of the Newcastle Strategic Solutions business in 2018. During his time on the Board he was Chair of the Group Technology Governance Committee in 2023. The Board has benefitted from his deep understanding and experience of the potential for digital transformation that has helped to guide growth across the Group.



Stuart Lynn

Remuneration Committee 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 2023. It sets out the Remuneration Policy, and remuneration details, for the Group's Executive and Non-Executive Directors, how this aligns with our broader business strategy and how it has regard to the principles of the UK Corporate Governance Code relating to remuneration, the Regulators' Remuneration Code and the disclosure requirements arising under the Capital Requirements Directive IV (CRD IV).

Our Purpose-led reward approach – the decisions of our Remuneration Committee in 2023

As a Society, our Purpose continues to be to 'connecting our communities with a better financial future'. This guides all the Society's actions including how we reward all our colleagues, including leaders and Board members. 2023 was another successful year for the Society but the challenges of a high inflation environment and its impact on the cost of living for both our Members and our colleagues remained a key concern. In this environment, paying our colleagues, particularly those in lower paid roles, a fair and competitive wage remained of paramount importance to the Committee. This was to help ensure both the financial wellbeing of our colleagues and that the Society remains able to attract and retain the best talent from our regions and beyond.

We took several actions to address these cost-of-living challenges during the year. Firstly, we undertook an early annual pay review for colleagues during 2023, with a proportion of the pay award brought forward to October 2022 and the remainder delivered one month earlier than usual in March 2023. Additionally, we chose to make a cost-of-living award as part of the bonus payments awarded to colleagues in 2023. This provided full-time colleagues with a minimum annual bonus of £2,500 in relation to the 2022 financial year. This benefitted colleagues in our more junior roles, who we recognised were most likely to be impacted by the cost-of-living challenges. Finally, I'm pleased to confirm that the Society remains committed to being a Real Living Wage employer and that as a result of the recent increases in the Real Living Wage, which reflects the true cost of living, a substantial number of our lower paid colleagues will benefit from higher-than-average pay increases in 2024. Furthermore, the Society has also recently formed part of a city-wide action group to make Newcastle a living wage city and to encourage more employers in the region to pay the Real Living Wage, thus seeking to positively impact our communities.

I am pleased to report that because of the actions we have taken over the last 12-18 months and positive changes in the wider economic environment, the challenges we faced attracting and retaining colleagues have eased. As such we have seen a reduction in colleague turnover and improved ability to attract new talent into the Society.

We look to deliver our Purpose in several ways, including delivering a great place to work, where people are empowered to realise their potential, and fostering inclusion, diversity and positive change at work and in our communities. Our approach to reward last year reflects these priorities. We recognise that in creating a diverse workplace one size does not fit all and as such we have sought to provide colleagues with more flexibility in their reward package. To help enable this we have launched our new flexible benefits platform 'Colleague Reward' which allows colleagues to see all their flexible benefits in one place, make changes online and provides each colleague with their total reward statement. We have also improved our flexible benefits offering, including the introduction of our colleague mortgage product and improved access to financial advice for our colleagues, either through our Newcastle Financial Adviser teams or through our Helping Hands partnership with Gateshead's Citizen Advice service.

In 2024 we'll be taking further steps to ensure our approach to reward remains aligned to our Purpose by publishing our first ethnicity pay gap report and outlining the actions we'll take to address any pay gaps, improving our parental leave provision and reviewing the default rate for our pension scheme.

Directors' Remuneration Policy

Policy aims and principles

The Group's policy for remunerating Directors is designed to provide fair and 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 have been followed:

- | The Policy is clearly linked to and influenced by the Group's Purpose, Strategic Plan, objectives and values and serves the interests of all key stakeholders;
- | 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 fair, affordable, 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 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; and
- | Remuneration arrangements are straightforward to understand, communicate and administer.

Remuneration Committee Report

Director and Executive remuneration in respect of 2023

The Remuneration Committee's role is to consider, agree and recommend to the Board an overall Remuneration Policy and approach that is aligned to the Society's overall Purpose, 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 and fairness in relation to remuneration and ensure continued alignment with our business strategy. Risk appetite and regulatory requirements are also at the forefront of the Committee's consideration and close alignment is maintained throughout the year with the Society's Risk and Audit Committees.

Significant work has been carried out over recent years to introduce a robust and equitable performance and reward framework for colleagues across the Society, in a way that is fair, affordable, reflects market practice and ensures that the organisation offers competitive total reward packages. Part of this process has been to ensure closer alignment of our Executive remuneration to our peers in the sector and the wider market. The pay increases of our Executive team therefore ranged from 0% to 14% in 2023, reflective of personal performance and alignment to market benchmarks. The average increase of the Executive team was 7%, and was broadly in line with our wider workforce, where the average increase was 7%, reflective of the high inflation environment and competitive labour market in 2023.

2023 bonus awards were made to the Executive team and reflected the Society's performance against a range of financial and non-financial metrics, in addition to an element reflecting the personal performance of each Executive. Overall levels of Executive bonus payments for 2023 were broadly on target at 30% of salary, against a maximum award of 50% of salary. The bonus has been awarded in line with the rules of the scheme and against the performance metrics agreed at the beginning of the year and as a result there was no discretion applied by the Committee.

As per prior years, 50% of Executive bonus is deferred and payable in later years, this allows the Committee to review whether the payment remains appropriate and in line with Strategy and Purpose, providing the ability to operate malus and clawback rules in place for the scheme and thus potentially reducing or cancelling the payments in cases such as, but not limited to, significant failures in risk management, material errors or the Society's financial underperformance.

The relative levels of bonus payment, against the maximum percentage award, was similar for all colleagues across the Group who participate in our 'Sharing in Our Success' bonus scheme and the bonus scheme operated in a similar way, except no bonus deferral is in place in our colleague scheme.

Chief Executive remuneration

The Chief Executive is the Group's most highly paid colleague and no colleague earns more than any Executive Director.

Mr A Haigh received a 3% pay rise on base salary in March 2023. This increase is an outcome of the independent review of Executive reward, undertaken by the Committee's reward advisors Willis Towers Watson.

Annual Executive Bonus

An Executive Bonus Scheme, which Executive Directors and other Executives participate in, was introduced in 2019 as part of the 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.

The Executive Bonus Scheme has been awarded in line with the rules of the Executive Bonus Scheme. 2023 pay awards for Executive Directors were paid in line with performance against metrics agreed at the beginning of the year and as a result there was no discretion applied.

Payments and deferred payments under the Executive Bonus Scheme are shown in the table below.

Executive Director	Bonus deferred from	Bonus payable in 2024	Bonus payable in 2025	Bonus payable in 2026	Total bonus deferred
		£000	£000	£000	£000
Andrew Haigh	2021	40	-	-	40
	2022	54	54	-	108
	2023	73	37	36	146
	Total	167	91	36	294
David Samper	2021	30	-	-	30
	2022	37	36	-	73
	2023	48	25	24	97
	Total	115	61	24	200
Stuart Miller	2021	23	-	-	23
	2022	30	30	-	60
	2023	43	22	21	86
	Total	96	52	21	169
Total		378	204	81	663

Remuneration Committee Report | Continued

Directors' Emoluments (Audited)

The total remuneration received by Executive Directors is shown below. The information has been audited and shows remuneration for the years ended 31 December 2022 and 31 December 2023 as required under the Building Societies (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. The table below has been audited as it forms part of the financial statements.

	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
Executive Directors						
AS Haigh	2023	484	57	146	-	687
	2022	460	55	215	-	730
D Samper	2023	318	41	97	-	456
	2022	294	38	146	-	478
S Miller	2023	279	37	86	-	402
	2022	244	34	121	-	399
Total for Executive Directors	2023	1,081	135	329	-	1,545
	2022	998	127	482	-	1,607
Non-Executive Directors						
IW Ward (Retired 27 April 2022)	2022	22	-	-	-	22
B Glover	2023	70	-	-	-	70
	2022	68	-	-	-	68
A Laverack (Business name: Anne Shiels)	2023	67	-	-	-	67
	2022	65	-	-	-	65
K Ingham	2023	22	-	-	-	22
	2022	53	-	-	-	53
MR Thompson (Note 5)	2023	89	-	-	-	89
	2022	86	-	-	-	86
GA Bennett	2023	60	-	-	-	60
	2022	54	-	-	-	54
S Lynn	2023	63	-	-	-	63
	2022	61	-	-	-	61
MJ Faulk	2023	50	-	-	-	50
	2022	48	-	-	-	48
JDA Ramsbotham	2023	113	-	-	-	113
	2022	110	-	-	-	110
R Campbell (Appointed 01 June 2023)	2023	29	-	-	-	29
Total for Non-Executive Directors	2023	563	-	-	-	563
	2022	567	-	-	-	567
Total for all Directors	2023	1,644	135	329	-	2,108
	2022	1,565	127	482	-	2,174

Notes

- During 2023 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.
- Mr AS Haigh has elected to take his pension contribution amounting to £43,530 (2022: £41,400) 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 £28,575 (2022: £26,438) 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 £25,125 (2022: £21,938) as a cash payment. He is liable for his own tax and national insurance contributions on this payment.
- Mr M Thompson received £18,900 (2022: £18,000) in relation to chairing the Newcastle Building Society Pension and Assurance Scheme Board.
- No Directors received termination payments in 2023 (2022: None).

Summary Financial Statement

For the year ended 31 December 2023

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 22 March 2024. This information is also available online at: newcastle.co.uk/agma2024

Summary Directors' Report

The requirements of the Summary Directors' Report for the year ended 31 December 2023 can be found within the Chair's Statement, Chief Executive's Review and the Member Value section. 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 29 February 2024.

James Ramsbotham, Chair

Mick Thompson, Chair of the Audit Committee

Andrew Haigh, Chief Executive

Group Results for the year

	2023 £m	2022 Restated £m
Net interest income	86.4	75.4
Other income and charges	51.6	45.2
Gains less losses from financial instruments and hedge ineffectiveness	(0.4)	(0.2)
Income from dividends	0.3	0.2
Administrative expenses, depreciation and amortisation	(106.5)	(89.2)
Operating profit before impairments and provisions	31.4	31.4
Impairment (charges) / reversals on loans and advances to customers	(1.1)	1.6
Impairment charges of tangible and intangible assets	(0.3)	(0.3)
Provisions for liabilities and charges	(0.9)	(0.1)
Profit for the year before taxation	29.1	32.6
Taxation expense	(7.0)	(6.0)
Profit after taxation for the financial year	22.1	26.6

Summary Financial Statement | Continued

Group financial position at the end of the year

Assets	2023	2022
	£m	Restated £m
Liquid assets	1,250.3	959.7
Mortgages	4,859.7	4,259.5
Fair value adjustments for hedged risk	(13.2)	(60.9)
Derivative financial instruments	50.9	90.4
Fixed and other assets	75.5	64.4
Total assets	6,223.2	5,313.1

Liabilities

Shares	5,014.3	4,220.8
Fair value adjustments for hedged risk	-	0.3
Borrowings	801.0	752.9
Derivative financial instruments	61.7	54.7
Other liabilities	25.4	20.2
Subscribed capital	34.8	20.0
Total liabilities	5,937.2	5,068.9
Reserves	286.0	244.2
Total liabilities and equity	6,223.2	5,313.1

Summary of key financial ratios

	2023	2022
	%	%
Gross capital as a percentage of shares and borrowings	5.52	5.35
Liquid assets as a percentage of shares and borrowings	21.50	19.29
Profit for the year as a percentage of mean total assets	0.38	0.51
Management expenses for the year as a percentage of mean total assets	1.85	1.75

Notes

Gross capital as a percentage of shares and borrowings

Gross capital represents reserves, plus subordinated 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 Auditor's 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 2023 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 2023 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
29 February 2024

Our Locations

Alnwick - 28 Bondgate Within, NE66 1TD	Tel: (01665) 603 344
Ashington - 10 Station Road, NE63 9UJ	Tel: (01670) 815 919
Barnard Castle - 25 Market Place, DL12 8NE	Tel: (01833) 600 100
Berwick Upon Tweed - 12 Hide Hill, TD15 1AB	Tel: (01289) 306 417
Bishop Auckland - 15 Newgate Street, DL14 7HG	Tel: (01388) 433 001
Carlisle - 65 English Street, CA3 8JU	Tel: (01228) 524 518
Chester-Le-Street - 42 Front Street, DH3 3BG	Tel: (0191) 388 5266
Consett - 19/21 Middle Street, DH8 5QP	Tel: (01207) 502 636
Cramlington - 34/35 Craster Court, NE23 6UT	Tel: (01670) 735 813
Darlington - 7/8 Horsemarket, DL1 5PW	Tel: (01325) 383 656
Durham - 73/75 Saddler Street, DH1 3NP	Tel: (0191) 384 3182
Gateshead - 12 Ellison Walk, Trinity Square, NE8 1BF	Tel: (0191) 477 2547
Gosforth - 105/107 High Street, NE3 1HA	Tel: (0191) 285 5965
Hartlepool - 133/135 York Road, TS26 9DR	Tel: (01429) 233 014
Hawes - Hawes Community Office, Market Place, DL8 3RA	Tel: (01969) 600 333
Hexham - 1-2 Beaumont Street, NE46 3LZ	Tel: (01434) 605 106
Knaresborough - 40 Market Place, HG5 8AG	Tel: (01423) 648 750
Middlesbrough - 38 Linthorpe Road, TS1 1RD	Tel: (01642) 243 617
Morpeth - 14 Market Place, NE61 1HG	Tel: (01670) 514 702
Newcastle - 136 Northumberland Street, NE1 7DQ	Tel: (0191) 261 4940
North Shields - 76 Bedford Street, NE29 0LD	Tel: (0191) 259 5286
Penrith - 12 Market Square, CA11 7BX	Tel: (01768) 862 888
Pickering - 2-5 Champley's Mews, YO18 7AE (financial advice only)	Tel: (01751) 474 400
Ponteland - 23 Broadway, Darras Hall, NE20 9PW	Tel: (01661) 821 828
South Shields - Unit 3-5 Denmark Centre, NE33 2LR	Tel: (0191) 454 0407
Stokesley - 36 High Street, TS9 5DQ	Tel: (01642) 711 742
Sunderland - 14 Waterloo Place, SR1 3HT	Tel: (0191) 565 0464
West Denton - 15 Denton Park Centre, NE5 2QZ	Tel: (0191) 267 5038
Whickham - 28 Front Street, NE16 4DT	Tel: (0191) 488 1766
Whitley Bay - 303 Whitley Road, NE26 2HU	Tel: (0191) 252 0642
Wooler - The Cheviot Centre, NE71 6BL	Tel: (01668) 260 360
Yarm Library - 41 The High Street, TS15 9BH	Tel: (01642) 785 985

1 Cobalt Park Way, Wallsend, NE28 9EJ Tel: 0191 244 2000
newcastle.co.uk



Manchester Building Society is a trading name of Newcastle Building Society.

Cover photo: **Diwali Light Trail.**

