

Newcastle Building Society Announces Financial Results For The Year Ending 31st December 2007

Key highlights:

- Group profit up 52% to £17.6m.
- 48% increase in other income, supported by expansion of the Solutions business and high demand for investment products through Newcastle Financial Services.
- Total assets increased by 9%.
- Gross lending exceeded £1bn for the first time.
- A 20% increase in jobs to 1,200.

Commenting on the results, Chief Executive, Colin Seccombe said:

"I am delighted to report very strong results for 2007. Despite market turbulence in the second half of the year, the Group has shown real progress in all parts of its business, both the traditional member based savings and lending activity, as well as the innovative Solutions divisions. This has meant we have been successful in our key aim of extending sources of income to support the delivery of competitive products to members and strengthened further the level of capital we hold to protect them."

"This performance is as a result of:

- The merger with the Universal Building Society, effective on 31 December 2006, which delivered cost efficiencies and a strong demand from Universal members for the broader product range and advice based services offered by Newcastle.
- A strong performance in lending, with new lending being above £1bn for the first time, and a focus on good quality business. Once again, no lending was undertaken to the non-conforming sectors and we have no exposure of any kind to the US sub-prime market.
- Other income generation has been strong as the benefits emerge of our investment over recent years in the Solutions business, which now manages over £10bn in savings accounts alone on behalf of major financial institutions. Our position as providers of financial advice also significantly strengthened, with Newcastle Financial Services nearly doubling the volume of business compared with 2006.
- Through our Card Solutions operation, we now issue the most MasterCard approved card programmes in the UK and were awarded 'Best Multi-Channel Marketing Programme' at its recent European conference, and Best Prepaid Card Marketing Campaign at The Cards Awards 2008 in London."

"With this progress has come job creation and long term investment. Not only were there no redundancies as a result of the merger with the Universal, but we also created over two hundred additional positions in 2007. We are now one of the largest private sector employers in the North East. We are also delighted to report that we acquired the lease of a new site this year, where we intend to create a further 500 jobs over the next five years."

"We come into the year with strong, high quality liquidity and a very sound funding base thanks to our traditional focus on retail savers rather than wholesale money markets. The net lending undertaken in 2007 was financed entirely by retail savers."

"I am especially pleased that the Society's improvement in performance is so broadly based across the whole of our business. As an innovative business we continue to expand and diversify in the face of increased competition. And, true to our roots as a mutual building society we are, and will remain, committed to growing our core member business."

-ENDS-

You can also view our [2007 End of Year Results](#)

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