

Newcastle Building Society warns on Covid's long impact despite strong results

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Newcastle Building society has issued a warning that the coronavirus pandemic will continue to affect the region's economy for some time, despite seeing some signs of recovery in its half-year results.

The building society said had delivered a "strong performance" in the first half of 2021 with a 78% increase in operating profit to £5.7m.

But it warned that the "the [pandemic](#) is far from over and there will no doubt be further challenges ahead".

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After reporting an increase in credit and legacy provisions at the end of 2020, the society said it had not seen any reason in the first six months of 2021 to increase that provision.

But it said would be "watchful" of economic conditions and was committed to remaining strongly capitalised.

The society, which last month announced that [North East England Chamber of Commerce chief executive James Ramsbotham](#)

would be taking over as its chair later this year, said it it had benefitted from both a growing savings market and a boom in house sales.

Newcastle Building Society chief executive officer Andrew Haigh said: “Although we are experiencing positive uplifts in the economy, we are mindful that uncertainty continues to dominate not just the economic environment, but the lives of our members too and is likely to continue for some time.

“The resilience we demonstrated in 2020 laid the necessary foundations to deliver strong results in the first half of 2021, despite Covid-19 restrictions and uncertainties.

“We’ve continued our focus on helping communities recover from the impacts of the pandemic, and driven innovations in home ownership to help borrowers onto the property ladder, particularly those with lower deposits.”

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The society said it had welcomed more than 2,300 new mortgage customers in the first half of the year, and had launched initiatives to help people struggling to raise a large deposit.

The period saw the society move to a single office space at Cobalt Business Park, leaving its Newcastle city centre headquarters, while it signalled plans for new or refurbished branches at West Denton, Tynemouth and Bishop Auckland.

The society also highlighted its community work, which saw £111,000 of support grants to organisations working in employability skills, food poverty and debt management. It has also launched a £1.1m partnership with the Newcastle United Foundation to deliver a new community hub for sports, education and wellbeing in the city's west end.

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