

Principality Building Society reports rise in profits and mortgage lending book

Principality Building Society has reported a 38% rise in profits as well as a £1.1bn rise in its retail mortgage book.

The Cardiff headquartered and UK's sixth biggest mutual, for its 2023 financial year, posted an underlying pre-tax profit of £60.3m, up from £43.5m in 2022. The increase was the result of its net interest margin rising to 1.52% (1.39% in 2022,) which was driven by the Bank of England, in the early part of the year, increasing interest rates to tame inflation.

The base rate has though remained at 5.25% since last August. Governor Andrew Bailey this week reinforced that the bank could start to cut interest rates before inflation returns to the 2% target, which it is forecast to do this summer.

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Principality grew its retail mortgage book by £1.1bn to £9.3bn which it said demonstrating a step-change towards its ambitious growth plans. It said it also benefitted from investment made in previous years across its mortgage platforms

Savings balances rose by £1bn in 2023 to £9.1bn, while its commercial lending loan book also rose by £49m to £811m, which was boosted by a landmark lending deal with housing association Pobl.

It also reported a record number of first-time buyers, up to 8,134 from 4,587 in 2022. The number of its homeowners was up

from 75,425 to 80,883.

Its total assets were £12.5bn, compared to £11.3bn in 2020.

Its chief executive Julie-Ann Haines said: “As a building society we’re focused on helping more people to have a place to call home and create a society of savers, and this year (2023 we have helped more homeowners and savers than ever before. We are also proud to commit up to 3% of our profit to impact positively the wellbeing of the communities we serve.”

On the outlook the chief executive added: “I’m confident in Principality’s ability to navigate challenging political and economic conditions. While we anticipate ever-changing times ahead, our business is well-positioned to invest further and grow for the benefit of our members, colleagues and communities.

“We remain dedicated to supporting our members’ home ownership aspirations, providing competitive savings products and making a meaningful difference in the communities we serve. As we navigate the evolving landscape, we will continue to adapt and innovate to meet the changing needs of our members, while staying true to our core values and purpose.”

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