



Newcastle Building Society to manage accounts for Heritable Bank

Heritable Bank, the UK incorporated bank established over 130 years ago, has switched the administration and back office processing of its current and new savings book to Newcastle Building Society in a planned strategic overhaul.

Heritable Bank, part of the Landsbanki Group, is to enhance its existing telephone and contact centre offering with the use of services managed by Newcastle Building Society. These include the full use of a telephone contact centre and processing services.

The Newcastle Building Society operations team working on behalf of Heritable Bank will be based at the Society's newly acquired premises, Cobalt Business Park, North Tyneside. The new site is additional to the Society's Principal Office in central Newcastle at Portland House and will accommodate its growing subsidiary company Newcastle Strategic Solutions Limited (NSSL).

NSSL is the business to business arm of the Society providing Card Payment Solutions, Mortgage Processing and Building Society Solutions in addition to Savings Management. Job creation as a result of Heritable Bank enforces Newcastle Building Society's pledge to create at least 500 jobs in the region at Cobalt by 2012.

Simon Healy, Head of Savings at Heritable Bank, commented: "Outsourcing our savings management to Newcastle Building Society will ensure our customers continue to receive the highest service dealing only with experienced specialists. The additional benefits offered by Newcastle Building Society such as the automated processes, infrastructure and workflow will help achieve service levels expected by today's customers."

Colin Greaves, Operations Director Newcastle Building Society, commented: “As a trusted provider of business to business provisions we are competent in offering bespoke services tailored to the individual needs of a business. Heritable Bank is a proactive company, changing and adapting to suit market trends; we look forward to welcoming them to Newcastle Building Society and the opportunity this brings.”

The management of Savings Accounts for Heritable Bank launches in April 2008 and joins a client base managed by Newcastle Building Society that includes Icesave, Bradford & Bingley, Bank of Ireland and FBN Bank with Firstsave.

-ENDS-

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Notes to Editors:

About Newcastle Building Society

Newcastle Building Society is the biggest building society based in the North East and one of the strongest mutual building societies in the country. With more than 1,000 staff and assets under administration of over £4.8bn we are certainly large enough to cope but small enough to care deeply about the needs of our members. We are committed to providing a range of innovative and attractive investment, mortgage and card solutions.

www.newcastle.co.uk

The Newcastle Building Society is committed to remaining mutual and by doing so we feel we are better placed to continue to provide our investors with the quality of service expected from one of the country’s strongest building societies.

About Newcastle Strategic Solutions Ltd

In May 1997 Newcastle Building Society launched the first component of its Solutions business – Building Society Systems (formerly known as Newton Facilities Management Limited or NFML) – which aimed to provide modern, cost efficient computer systems and support to like minded building societies. Since its beginnings Newcastle Solutions business has grown in line with the Society and expanded its

operation to include specific savings and mortgage system expertise – Card Solutions forms the most recent addition to the operation.

About Heritable Bank

Heritable Bank is a growing specialist lender, operating in the property development, residential mortgage and SME finance sectors, and a specialist savings provider. The business is built around experienced, innovative teams and high quality, bespoke service. Further detailed information about Heritable Bank is available from: www.heritable.co.uk.

Heritable Bank is a UK incorporated bank established in Glasgow over 130 years ago and based since the 1950s in Mayfair, London. It was acquired by Landsbanki Iceland in 2000. Since then, Heritable Bank has expanded considerably, through organic growth in its core property finance activities, by introducing new products and services, and through acquisition. It has no involvement in the sub-prime lending markets and is mainly funded by deposits.

Heritable is rated A/F1 by Fitch Ratings.

Key points from Heritable Bank's 2007 results include:

- Pre tax profit of £16.4m, an increase of 53% on 2006
- Total assets increase of 44% to £1.26 billion
- Customer deposits increased by 26% to £902m
- Deposits/Loans to customer ratio of 83%
- Underlying cost/income ratio reduced to 40%

Heritable Bank retail savings

Heritable Bank offers a range of retail savings accounts, available to individual investors aged 18 and over. The Bank looks to offer attractive interest rates to its customers, across a range of delivery channels and its products often appear in the national best-buy tables. Heritable Bank subscribes to the Banking Code and all deposits are covered up to £35,000 per customer (£70,000 for joint accounts) by the UK Financial Services Compensation Scheme.