



The Housing Finance Corporation



IMPACT BEYOND
FINANCE

Half-Yearly Financial Report
Unaudited 2025

Contents

Interim Management Report	3
Statement of Directors' Responsibilities	6
Condensed Group Statement of Comprehensive Income	7
Condensed Group Statement of Financial Position	8
Condensed Group Statement of Changes in Equity	9
Condensed Group Statement of Cash Flows	10
Notes to the Condensed Consolidated Financial Statements	11

Interim Management Report - Financial Highlights

		As at 30 September 2025 (unaudited)	As at 30 September 2024 (unaudited)	As at 31 March 2025 (audited)
	Note	£000	£000	£000
New business Income	10	890	220	493
Operating income net of interest	10	7,405	7,124	14,556
Total Income net of Interest		8,295	7,344	15,049
Administration expenditure & finance costs		(5,571)	(4,731)	(10,202)
Surplus before tax		2,724	2,613	4,847
Loan Book	6	8,177,733	7,995,303	7,989,124
Retained Earnings		68,234	64,555	66,195

Review

The Board is pleased to present its interim report and accounts for the six-month period ended 30 September 2025.

During this period, the Housing Finance Corporation Limited ("THFC") and its subsidiaries (together, "the Group") made a pre-tax surplus of £2,724k compared to £2,613k for the same period last year. Pre-tax surplus was above the comparative period last year principally due to higher arrangement fees, investment income and annual fees. This partially offset an increase in administration expenditure, mainly in staff costs and professional fees, driven by planned investment as THFC continues with the implementation of its enhanced strategy.

The timing of receipts of arrangement fees is driven by market conditions and demand from borrowers.

Revenue represents arrangement fees for new lending, administration fees receivable on the loan book, investment income and sundry income.

Administration expenditure and finance costs comprise primarily staff costs, property costs, IT costs and professional fees.

Arrangement fees receivable in the period amounted to £826k out of the £890k in overall new business income made up of £676k on £263m of new loan facilities made available to borrowers this year and a £150k instalment fee on a £150m uncommitted loan facility from last year. These loans originated through Blend Funding Plc ("Blend"), a subsidiary of the Group.

Operating income (excluding new business income) net of interest grew by 3.94% in the period ended 30 September 2025 to £7,405k (2024: £7,124k) and consisted of administration fees (and a modest amount of sundry income) of £5,252k (2024: £4,990k) and investment income of £2,158k (2024: £2,132k).

This was driven by a combination of higher indexation on administration fees and the impact of higher accumulated reserves offset with slightly lower interest rates on investment income.

Interim Management Report (continued)

Administration expenditure has increased by £840k compared to the same period last year principally due to ongoing investment in staff and the strategic development initiatives.

The ratio of administration expenditure to loan book at 30 September 2025 has increased to 0.07% (2024: 0.06%) due to the increase in expenses.

During the period ended 30 September 2025, a total of £263.4m of loans were advanced to housing associations by members of the THFC Group (2024: £70.5m). The £263.4m issued so far this year relates to new loans issued in June 2025 to Metropolitan and Leeds Federated.

This results in a group loan book of £8.178bn at 30 September 2025, compared to £7.995bn at 30 September 2024. The loan book has increased principally due to the new loans issue mentioned above.

Total group reserves stood at £68.2m (2024: £64.6m). All reserves are non-distributable. There are restrictions over the use of Affordable Housing Finance PLC's reserves as set out in the Licence with the Department for Levelling-Up, Housing and Communities.

↑ £2,724k

Pre-tax surplus increased to £2,724k (up from £2,613k last year)

↑ 3.94%

Operating income grew by 3.94%, rising to £7,405k (2024: £7,124k).

↑ £2,158k

Investment income increased to £2,158k (2024: £2,132k).

Sector Risks

The UK social housing sector continues to operate in a challenging environment. Inflation has eased and pay pressures have moderated, while short-term interest rates have begun to fall, providing some relief to funding costs. The government's announcement of a ten-year CPI +1% rent settlement and increased sector grant funding offer greater long-term visibility for housing associations.

However, these positives are offset by recent increases in employer National Insurance, adding significant cost pressures (particularly to organisations with material care and support exposures), and by the ongoing requirement to invest in building safety, decarbonisation, and improvements in tenant services as new regulations take effect. Notably, while short-term rates are falling, long-term gilt yields remain elevated, with the 30-year yield at around 5.25% reflecting fiscal uncertainty and investor caution. This divergence between short and long rates presents particular challenges for organisations seeking to lock in long-term fixed rate funding.

The Regulator of Social Housing continues its inspection programme, assigning new consumer standards ratings to landlords across the sector. These ratings rightly heighten focus on service quality, tenant engagement, and compliance systems, requiring additional investment and management attention as providers work towards achieving top ratings.

The sector remains resilient, with housing associations continuing to be well funded, predominantly through long-term fixed rate debt. There is currently no evidence to suggest that the Group or its borrowers will be unable to meet debt service obligations in the foreseeable future.



Statement of Directors' Responsibilities

We confirm that to the best of our knowledge:

- a) The condensed set of interim financial statements give a true and fair view of the assets, liabilities, financial position and surplus of the Group and the undertakings included in the consolidation taken as a whole as at 30 September 2025; and
- b) The interim management report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the sector risks that the Group's borrowers face.

Forward-looking statements

These interim financial statements may contain forward-looking statements with respect to the financial condition, results, operations and businesses of the Group. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, we can give no assurance that these expectations will prove to have been correct. Such statements and forecasts involve risk and uncertainty because they relate to uncertain events and depend upon circumstances that will occur in the future.

There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by forward-looking statements and forecasts. Forward-looking statements and forecasts are based on the Directors' current view and information known to them at the date of this statement. The Directors do not make any undertaking to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Nothing contained in these condensed interim financial statements, the latest Annual Report, or THFC's website, should be construed as a profit-forecast or an invitation to deal in the securities of the Group.

Priya Nair,
Director

By order of the Board
24 November 2025

Condensed Group Statement of Comprehensive Income

Operating income and expenses have been represented to show net income by category. Prior year comparatives have been restated for comparability.

		As at 30 September 2025 (unaudited)	As at 30 September 2024 (unaudited)	As at 31 March 2025 (audited)
Operating income	Note	£000	£000	£000
Interest receivable on loans to housing associations		136,310	134,320	266,693
Interest payable on debenture stocks, secured bonds, bank loans and other loans		(136,315)	(134,315)	(266,683)
Net interest	5	(5)	5	10
Other interest		2,158	2,132	4,137
Fees receivable and other income		6,142	5,207	10,902
Total income		8,295	7,339	15,049
Operating expenses				
Administration expenses		5,516	4,689	10,057
Finance costs		55	42	145
Total expenses		5,571	4,731	10,202
Surplus before taxation		2,724	2,613	4,847
Taxation		(682)	(739)	(1,405)
Surplus for the year		2,042	1,874	3,442
Other comprehensive income for the year		-	-	72
Total comprehensive income for the year		2,042	1,874	3,514

Condensed Group Statement of Financial Position

The accompanying notes on pages 11-19 are an integral part of these condensed consolidated financial statements. These condensed consolidated financial statements on pages 11-19 were approved by the board on 24 November 2025.

		As at 30 September 2025 (unaudited)	As at 30 September 2024 (unaudited)	As at 31 March 2025 (audited)
ASSETS	Note	£000	£000	£000
Non-current assets				
Loans	6	8,067,483	7,895,230	7,876,733
Intangible assets		323	246	329
Goodwill		-	125	-
Property, plant and equipment		1,532	1,794	1,753
Deferred tax asset		192	216	192
Current assets				
Loans	6	110,250	100,073	112,391
Other receivables		43,269	40,067	41,035
Short-term deposits		44,569	54,386	44,940
Cash and cash equivalents		59,166	52,812	60,328
TOTAL ASSETS		8,326,784	8,144,949	8,137,701
EQUITY AND LIABILITIES				
Non-Current liabilities				
Financial liabilities – borrowings	7	8,067,951	7,895,687	7,877,196
Leases		1,160	1,458	1,122
Deferred tax liabilities		-	-	-
Defined benefit pension liability		754	1,069	889
Current liabilities				
Financial liabilities – borrowings	7	110,240	100,795	113,104
Trade and other payables		77,827	80,623	78,364
Leases		175	109	175
Current tax liabilities		442	653	656
TOTAL LIABILITIES		8,258,549	8,080,394	8,071,506
EQUITY				
Called up share capital		-	-	-
Retained earnings		68,235	64,555	66,195
TOTAL EQUITY		68,235	64,555	66,195
TOTAL EQUITY AND LIABILITIES		8,326,784	8,144,949	8,137,701

Condensed Group Statement of Changes in Equity

	Share capital	Retained earnings	Total equity
	£000	£000	£000
Balance as at 1 April 2025 (audited)	8	66,195	66,195
Surplus for period	-	2,042	2,042
Balance as at 30 September 2025 (unaudited)	8	68,237	68,237
Balance as at 1 April 2024 (audited)	8	62,681	62,681
Surplus for period	-	1,874	1,874
Balance as at 30 September 2024 (unaudited)	8	64,555	64,555
Balance as at 1 April 2024 (audited)	8	62,681	62,681
Shares cancelled in period	-	-	-
Surplus for year	-	3,442	3,442
Other comprehensive (loss)	-	72	72
Balance as at 31 March 2025 (audited)	8	66,195	66,195

Condensed Group Statement of Cash Flows

		Six months ended 30 September 2025 (unaudited)	Six months ended 30 September 2024 (unaudited)	Year ended 31 March 2025 (audited)
Net cash flow from operating activities	Note	£000	£000	£000
Cash generated from operations as per reconciliation of surplus to net cash flow from operations	8	149	2,826	2,301
Interest received on loans to housing associations		143,369	140,040	279,426
Interest paid on debenture stocks, secured bonds, secured notes, bank loans and other loans		(143,284)	(147,694)	(287,422)
Loans to housing associations		(263,400)	(67,220)	(87,221)
Discount on issue to housing associations		340	-	-
UK Rents subordinated loan repayment		(723)	-	-
Repayment of loans by housing associations		67,433	17,518	36,809
New borrowings		263,400	30,000	50,000
Discount on issue new borrowings		(340)	-	-
Premium (paid) / received on deferred loans		-	(106)	-
Repayment of amounts borrowed		(67,433)	(20,452)	(39,744)
Tax paid		(901)	(1,103)	(1,766)
Net cash used in operating activities		(1,390)	(46,191)	(47,617)
Cash flow from investing activities				
Movement on short-term deposits		371	34,106	43,551
Purchase of subsidiary net of cash acquired		-	(125)	(250)
Purchase of property, plant and equipment		-	(269)	(540)
Purchase of intangible assets		(44)	(146)	(138)
Net cash generated from investing activities		327	33,566	42,623
Cash flow from financing activities		-	-	-
Principal element of lease payments		(99)	(75)	(190)
Net cash used in financing activities		(99)	(75)	(190)
Net (decrease) / increase in cash and cash equivalents		(1,162)	(12,700)	(5,184)
Cash and cash equivalents at beginning of period		60,328	65,512	65,512
Cash and cash equivalents at end of period		59,166	52,812	60,328

Notes to the Condensed Consolidated Financial Statements

1. General Information

The Housing Finance Corporation Limited (“THFC” or “the Company”) provides funding for housing associations. THFC is domiciled and incorporated in England and Wales with limited liability and registered under the Co-operative and Community Benefit Societies Act 2014.

Funding to housing associations is sourced through issuing debenture stocks, secured bonds, secured notes, bank funding and long-term loans from related companies. The debenture stocks and secured bonds issued by THFC and certain subsidiaries are listed on the Professional Securities Market of the London Stock Exchange. Secured notes issued by Blend Funding Plc (“Blend”) are listed on the International Securities Market.

The interim condensed consolidated financial statements of THFC together with its subsidiaries (“the Group”) for the six months ended 30 September 2025 were approved by the Board of Directors for issue on 24 November 2025.

2. Basis of preparation & statutory accounts

Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 September 2025 have been prepared using accounting policies as described in Note 1 of the Group’s annual financial statements for the year ended 31 March 2025. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2025. The financial statements have been prepared under the historical cost convention. A summary of the more important group accounting policies is set out below.

Statutory accounts

Financial information contained in this document does not constitute statutory accounts within the meaning of section 98 of the Co-operative and Community Benefit Societies Act 2014.

The financial information for the six months ended 30 September 2025 and 30 September 2024 is unaudited and has not been subject to review in accordance with International Standards on Review Engagements (UK and Ireland) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”.

Notes to the Condensed Consolidated Financial Statements (Continued)

3. Accounting Policies

The same accounting policies, presentation and methods of computation are followed in the condensed consolidated financial statements as applied in the Group's latest annual consolidated financial statements with significant policies described below:

Taxation

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

Changes in accounting policies and disclosures

A number of new and amended standards and interpretations are effective from 1 April 2025 but they do not have a material effect on the Group's financial statements.

Loans to housing associations, debenture stocks, secured bonds, bank borrowings and other borrowings

The terms of the loans to housing associations are substantially matched to those on which the funds have been raised through the issue of debenture stocks, secured bonds, secured notes, bank borrowings and other borrowings and hence both loans and funds borrowed are accounted for on a similar basis as set out below:

1. Loans to housing associations are expected to run to contractual maturity and are classified as loans and receivables. Debenture stocks, secured bonds, secured notes, bank borrowings and other borrowings are classified as financial liabilities.
2. Loans to housing associations are stated at amortised cost. The discounts or premiums on issue are deducted from/added to the original loan value and credited or charged to the statement of comprehensive income over the expected life of the loan so that the interest receivable or payable, as adjusted for the amortisation of discounts or premiums, gives a constant yield to maturity.
3. The related debenture stocks, secured bonds, secured notes, bank borrowings and other borrowings are also stated at amortised cost.

Impairment of Financial Assets

The Group assesses on a forward-looking basis the expected credit losses ("ECL") associated with any debt instruments carried at amortised cost. The Group may recognise a loss allowance for such losses at each reporting date.

The IFRS 9 impairment model has three stages – Stage 1 (low risk), Stage 2 (significantly increased risk) and Stage 3 (default).

Notes to the Condensed Consolidated Financial Statements (Continued)

The Group may recognise a 12-month expected credit loss allowance on initial recognition (stage 1) and a lifetime expected loss allowance when there has been a significant increase in credit risk (stage 2) that would no longer render the instrument low risk. Stage 3 requires objective evidence that an asset is credit impaired.

Management apply their own judgement to resulting outcomes by considering such factors as the Group's own loss experience, low loan to value ratios and other relevant factors.

No financial assets have been impaired as at 30 September 2025 (2024: None).

Interest receivable and payable

Interest receivable on loans to housing associations, interest payable on debenture stocks, bonds, secured notes, bank borrowings and other borrowings is accounted for on an effective interest rate basis. Premiums/discounts on issue are added to/deducted from the original loan or bond value and charged/credited to the statement of comprehensive income over the expected life of the loan or bond using the effective interest rate method so that the interest receivable and interest payable, as adjusted for the amortisation of premiums and discounts, gives a constant yield to maturity. If, and when, prepayments take place premiums receivable and payable on prepayment of debenture stocks, bonds and notes are taken to the statement of comprehensive income in the period in which the prepayment takes place.

Securitised assets and related income

Securitised assets are recorded in the condensed consolidated financial statements at amortised cost. Income arising from the assets is accounted for on an effective interest rate basis.

Fees and premiums receivable

Fees receivable and other income comprise arrangement fees payable on completion of loan transactions, annual fees for the ongoing service provided to borrowers and premiums receivable on completion of loan prepayment transactions. All fees receivable are charged in line with contractual arrangements.

Fees are measured at the transaction price received or receivable allocated to the performance obligation satisfied and represent amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

As the expected period between transfer of a promised good or service and payment from the borrower is one year or less then no adjustment for a financing component has been made.

Arrangement fees and premiums receivable are recognised on the completion of the transaction with the borrower.

Annual fees for the ongoing service provided to borrowers are recognised over the period in which the services are provided.

Critical Judgements - Impairment

The directors have concluded that no impairment provision is required in relation to its loans to borrowers in accordance with IFRS 9. This is for a number of reasons which include, but are not limited to, the credit quality of its borrowers and the Group's zero loss experience to date. As the Group is not subject to any net credit risk, any incurred loss would be matched by a similar adjustment to the gross liability.

Notes to the Condensed Consolidated Financial Statements (Continued)

4. Going Concern

After making enquiries, the directors have formed a judgement at the time of approving the condensed consolidated financial statements that there is a reasonable expectation that THFC and the Group

have adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the approval of these financial statements. For this reason, the directors continue to adopt the going concern basis in preparing the condensed consolidated financial statements.

5. Interest Receivable

	Six months ended 30 September 2025	Six months ended 30 September 2024	Group 2025
	£000	£000	£000
Interest receivable on loans to housing associations			
Interest receivable	143,325	140,988	280,149
Discount amortised	1,425	1,301	2,656
Premium amortised	(8,443)	(8,272)	(16,542)
Income from securitised assets	4	172	272
Indexation on investments	-	131	158
Total loan interest receivable	136,310	134,320	266,693
On debenture stocks, secured bonds, bank loans and other loans			
Interest payable	143,328	141,158	280,416
Discount amortised	1,425	1,293	2,642
Premium amortised	(8,438)	(8,267)	(16,533)
Indexation on loans payable	-	131	158
Total loan interest payable	136,315	134,315	266,683
Net loan interest	(5)	5	10

Notes to the Condensed Consolidated Financial Statements (Continued)

6. Loans to Borrow

	Six months ended 30 September 2025 (unaudited)	Six months ended 30 September 2024 (unaudited)	Year ended 31 March 2025 (audited)
	£000	£000	£000
Loans to housing associations			
At beginning of period	7,986,983	7,946,324	7,946,324
(Discount)/premium on new issues	(340)	(2,779)	(2,779)
Loans repaid during the period	(65,292)	(15,580)	(32,834)
Loans advanced during the period	263,400	70,000	90,000
	8,184,751	7,997,965	8,000,711
Discount amortised for the period	1,425	1,301	2,656
Premium amortised for the period	(8,443)	(8,272)	(16,542)
Indexation for the period	-	131	158
At end of period	8,177,733	7,991,125	7,986,983
Securitised assets			
At beginning of period	2,141	6,116	6,116
Loans repaid during the period	(2,141)	(1,938)	(3,975)
At end of period	-	4,178	2,141
Total loans and receivables	8,177,733	7,995,303	7,989,124
Due within one year	83,737	100,073	112,391
Due after more than one year	8,093,996	7,895,230	7,876,733
Total	8,177,733	7,995,303	7,989,124

Notes to the Condensed Consolidated Financial Statements (Continued)

7. Financial Liabilities

	Six months ended 30 September 2025 (unaudited)	Six months ended 30 September 2024 (unaudited)	Year ended 31 March 2025 (audited)
	£000	£000	£000
Debt instruments, secured notes, bank borrowings and other borrowings			
At beginning of period	7,989,577	7,933,054	7,993,054
Repaid during the period	(67,433)	(20,452)	(39,744)
(Discount)/premium on new issues	(340)	-	-
Borrowings during the period	263,400	30,000	50,000
	8,185,204	8,002,602	8,003,310
Discount amortised	1,425	1,293	2,642
Premium amortised	(8,438)	(8,267)	(16,533)
Indexation	-	131	158
At end of period	8,178,191	7,995,759	7,989,577
Subordinated loans	-	723	723
Total borrowings	8,178,191	7,996,482	7,990,300
Amounts falling due within one year	83,727	100,795	113,104
Amounts falling due after one year	8,094,464	7,895,687	7,877,196
Total	8,178,191	7,996,482	7,990,300

Notes to the Condensed Consolidated Financial Statements (Continued)

8. Reconciliation of Surplus to Net Cash Generated From Operations

	Six months ended 30 September 2025 (unaudited)	Six months ended 30 September 2024 (unaudited)	Year ended 31 March 2025 (audited)
	£000	£000	£000
Surplus before taxation	2,724	2,613	4,847
Interest receivable	(136,310)	(134,017)	(266,443)
Interest payable	136,315	134,184	266,494
<i>Adjustments for:</i>			
Depreciation and amortisation	271	142	513
Loss on disposal of fixed assets	-	-	-
Finance costs	55	42	145
Net employer contribution to defined benefit pension scheme excluding administration costs	(135)	(136)	(254)
Decrease / (increase) in other receivables	(2,234)	582	(583)
(Decrease) / increase in other payables	(537)	(584)	(2,418)
Net cash inflow from operating activities	149	2,826	2,301

Notes to the Condensed Consolidated Financial Statements (Continued)

9. Related Party Transactions

T.H.F.C. (Services) Limited (“THFCS”), a subsidiary undertaking, levies a service charge to THFC and its other subsidiaries reflecting their share of administrative overhead that is incurred during the year. Each subsidiary’s share of the charge is based on their own level of activity during the year.

THFC and each subsidiary will settle the charge in cash as and when required by THFCS. The total service charge payable by THFC to THFCS during the period ended 30 September 2025 was **£27.2k** (30 September 2024: £nil). For the year ended 31 March 2025 it was **£4,919k** (2024: £5,483k). The amount due to THFCS at 30 September 2025 was **£27.2k** (30 September 2024: £nil) (31 March 2025: **£723.6k**).

The Group provides administrative services to the following related companies under management agreements:

- Haven Funding Plc
- Haven Funding (32) Plc
- Harbour Funding Plc
- Sunderland (SHG) Finance Plc
- T.H.F.C. (Funding No. 1) Plc
- T.H.F.C. (Funding No. 2) Plc
- T.H.F.C. (Funding No. 3) Plc

The Group earned fees of **£96,880** (30 September 2024: £95,556) for providing these services and had amounts owing from these companies at 30 September 2025 of £4,584 (30 September 2024: £5,357). Directors of these companies are also directors of the Group.

Total interest charged by T.H.F.C. (Funding No.1) Plc, T.H.F.C. (Funding No.2) Plc, and T.H.F.C. (Funding No.3) Plc on their respective loans to The Housing Finance Corporation Limited was as follows:

	Six months ended 30 September 2025 (unaudited)	Six months ended 30 September 2024 (unaudited)	Year ended 31 March 2025 (unaudited)
	£000	£000	£000
T.H.F.C. (Funding No.1) Plc	5,565	5,565	11,131
T.H.F.C. (Funding No.2) Plc	11,839	11,839	23,549
T.H.F.C. (Funding No.3) Plc	26,441	26,352	52,705

Notes to the Condensed Consolidated Financial Statements (Continued)

10. New Business Income & Operating Income Net Of Interest

¹ Other interest is investment income earned primarily on THFC's accumulated reserves (or retained earnings).

	Six months ended 30 September 2025 (unaudited)	Six months ended 30 September 2024 (unaudited)	Year ended 31 March 2025 (audited)
New business income	£000	£000	£000
Arrangement fees	826	210	368
Sundry income	64	10	125
	890	220	493
Operating income net of interest			
Fees receivable and other income	6,142	5,210	10,907
Less new business income	(890)	(220)	(493)
Other interest ¹	2,156	2,132	4,137
Interest receivable	143,325	140,988	280,149
Interest payable	(143,328)	(141,158)	(280,416)
Income from securitised assets	4	172	272
	7,405	7,124	14,556



The Housing Finance Corporation

Contact

thehousingfinancecorp.com
+44 (0) 20 7337 9920

3rd Floor, 17 St. Swithin's Lane,
London, United Kingdom, EC4N 8AL
