The Housing Finance Corporation

ANNUAL REPORT AND ACCOUNTS

2026

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Purpose: To provide financial solutions that enable the affordable housing sector to build and improve homes and create sustainable communities across the UK

Vision: The Housing Finance Corporation will be the catalyst to accelerate the development of affordable homes and sustainable communities

Strategic Goals

- Grow business to better serve the affordable housing / communities sector
- Solve client problems through a range of financial products and services
- Develop strong relationships with investors to support their investment objectives
- Connect organisations and facilitate partnerships
- Improve internal governance and efficiency

Enterprise Metrics

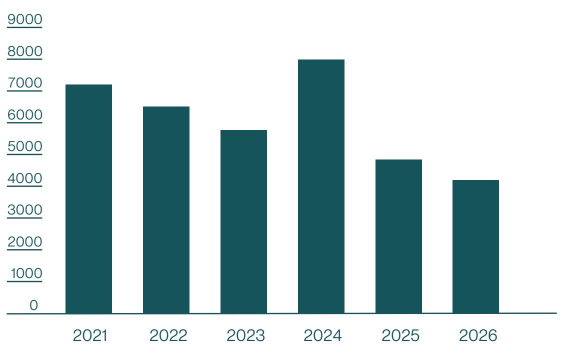
Values & Behaviours

- Drive Innovation
- Champion Collaboration
- Deliver Excellence
- Cultivate Commercial Thinking

HIGHLIGHTS

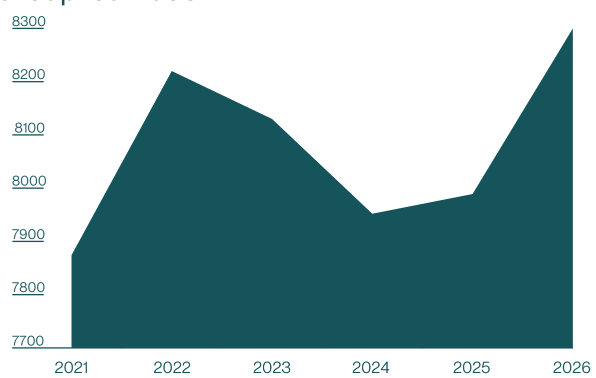
£4.2m **(2025: £4.8m)**

Group pre-tax surplus



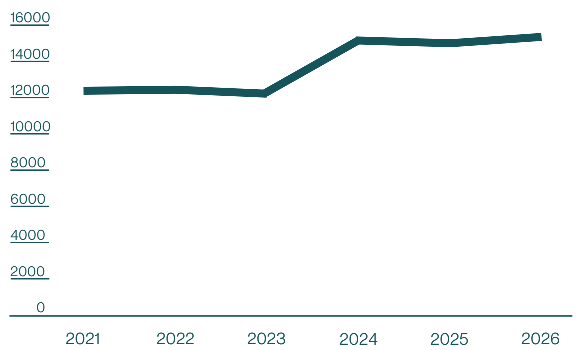
£8.3bn **(2025: £8bn)**

Group loan book



£291m **(2025: £282m)**

Group total revenue*



*Includes all fees and investment income on deposits.

142

(2025: 149)

Housing Associations lent to

32,000+

Homes

Funded under AHF - Affordable Housing Finance

CHAIR'S STATEMENT

George Blunden
Chair

This year marked the moment The Housing Finance Corporation moved decisively from its long, dependable past into a deliberately reshaped future. As we close our 39th year, the Group continues to do what it has always done – channel institutional capital into the homes this country needs – but it does so today with a sharper strategy, a modernised operating model and a leadership team that is unafraid to ask what more we can be.

The context for our work has rarely been more important. The Government has committed £39 billion of new public investment in social and affordable housing over the next decade, against an ambition of 300,000 new homes and an estimated £100 billion of private capital required alongside it. The launch of the National Housing Bank, the evolution of devolution arrangements across England and continued pressure on housing associations' financial resilience all sharpen the question of who can mobilise well-priced, well-governed private finance at scale into our sector, across a range of tenors. The Housing Finance Corporation has been the answer to that question for almost four decades, and the Board's task this year has been to ensure it remains the answer for decades ahead.

Against that backdrop, I am pleased to report steady financial performance with an upswing in revenues, underpinned by a strengthening pipeline of deal activity across a wide range of counterparties. We have seen growing demand from both larger and smaller mission-led borrowers, strong repeat business from existing clients and new entrants seeking a trusted route into the capital markets. Our innovative finance facilities, combined with deep sector knowledge and long-term investor relationships, have enabled us to support transactions that match capital efficiently to housing need, often in parts of the market that are otherwise hard to reach. This breadth and quality of pipeline – rather than any single transaction – is the clearest evidence that the Group is well positioned to serve a changing sector in the years ahead.

The Board has supported management through three areas of significant change this year. First, **Project Renaissance**, our corporate rebrand, refreshed our visual identity and clarified how we present ourselves to clients, investors and partners. It strengthens our market position, aligns our brand with our purpose and strategy, and underpins our commitment to innovation, collaboration and lasting impact. **Project Wire**, our corporate reorganisation, is reshaping the Group so that governance, accountability and capital are aligned with the strategy. **Project Sigma**, our digitisation programme, has retired our legacy loan management system and consolidated core loan operations into a single, modern platform. It has also driven greater adoption of core systems, accelerated our transition to web-based productivity and collaboration tools, and supported organisation-wide adoption of AI and other leading SaaS applications to enhance operational efficiency and scalability in line with client demand. And after a rigorous benchmarked RFP, we have enhanced our operating model with a strong IT outsourcing partner. This has corrected years of under-investment in modern infrastructure and put cloud, cybersecurity, networking and data continuity under a single accountable operating model with measurable service levels. These projects are foundational, positioning the Group to deliver on its ambitious strategy and, most importantly, to remain a long-term partner to the sector for the next four decades and beyond.

Alongside this, the Board has spent increasing time looking ahead at what a changing sector will need from us in the future. We have challenged and encouraged the leadership team to explore new structures, partnerships and products that can enable us to do more than simple lending while remaining firmly within our purpose and risk appetite. This has included early work on how we might support different tenures, emerging forms of social and affordable housing provision and vehicles that can aggregate demand in new ways, always with an emphasis on sector needs, sound governance and investor confidence.

The Board itself has not stood still. We have refreshed our risk management framework and internal controls policy, simplified our governance cadence and constitutional documents and completed recruitment of new Non-Executive Directors as part of a planned succession. I would like to thank colleagues stepping down or rotating off this year and welcome the depth and independence the next intake will bring. I would particularly like to thank Shirley Smith, who steps down as Senior Independent Director, for the wise counsel and steady support she has given to me and to the Board over many years. I would also pay tribute to our shareholder-nominee directors from the Regulator of Social Housing and the National Housing Federation, whose presence on this Board continues to embody the mutual structure that makes The Housing Finance Corporation distinctive.

My final and warmest thanks go to Priya and the leadership team. Priya has led the business through a year of significant change with clarity and purpose and the engagement, ambition and confidence I see across the wider team is the most reliable indicator I know that the organisation's next chapter is in capable hands. On behalf of the Board, I am pleased to present this report to our members, our clients, our investors and our wider sector partners.

George Blunden
Chair, The Housing Finance Corporation Limited

31 July 2026

CHIEF EXECUTIVE'S REPORT

Priya Nair
Chief Executive

I am pleased to present my second annual report as Chief Executive, building on the strong foundation established since 1987 and on the work set out a year ago. Our mission remains clear: to enable the affordable housing sector to build, improve and sustain homes and communities across the UK. As a mutual, we empower the sector through partnerships and innovative, client-focused financing solutions, and our commitment to that mission is unwavering even as the environment around us continues to change.

This was a year of deliberate reshaping. As our Chair sets out, The Housing Finance Corporation moved decisively from its long, dependable past into a future that is sharper in strategy, more modern in operating model, and clearer about the role we want to play in this critical sector. The business has continued to build momentum against its strategic priorities, with people, technology and governance all supporting the next phase of growth.

A word, first, on the environment. The macroeconomic backdrop has not been an easy one — interest rates have remained higher for longer than many had hoped, fiscal pressure on local government and housing associations has intensified and the policy and geopolitical picture has been more uncertain than at any point in recent memory. And yet I am genuinely optimistic about the year ahead. Conditions for well-prepared clients have been broadly constructive, our pipeline is stronger and more varied than it has been for some time, our investors are engaged and the sector itself is asking better questions about how private capital can be put to work alongside the new public commitment. Against this backdrop, we have been quietly growing our impact: over the year we supported £638 million in new loan agreements with six housing associations across multiple regions – our largest annual volume outside the AHF programme – and issued our second benchmark Blend Funding Plc (Blend) deal, a £260 million 7-year bond with additional retained capacity that opened up the shorter end of the market for housing association clients and sterling investors alike.

Strategic Overview

Our strategic goals remain unchanged from last year and the discipline of holding to them is part of why we have made progress:

- Grow our business to better serve affordable housing providers.
- Expand our product range to address client needs.
- Deepen investor relationships.
- Connect organisations to drive innovation.
- Improve governance and operational efficiency.

What has changed is the depth and ambition behind each. This year we have done materially more lending, with greater diversification in how we do it; we have begun applying the design principles of our model to challenges beyond traditional lending; we have stepped up our convening role with government, investors and the sector; and we have laid down a modern operating platform to support all of it.

Key Achievements

Despite a challenging environment, we delivered a strong year:

Financial Performance

Steady performance with an upswing in revenues, underpinned by a strengthening pipeline of deal activity across a broad range of counterparties. Liquidity, reserves and profitability remained comfortably within risk appetite. The breadth and quality of pipeline — across borrower size, funding need, geography and structure is, to my mind, the most important indicator of where the Group is heading.

Core Lending and Partnerships

Our innovative **Instalment Fee Facilities (IFFs)** were the standout area of activity. Around this, a series of smaller IFF drawdowns and structured facilities broadened both our client base and the range of use cases we can support, from refinancing legacy debt to funding development, decarbonisation and stock improvement. Blend continued to play its role as our public bond aggregator for housing associations, with new issuances during the year extending the platform's borrower base and several existing borrowers returning for tap issuances; the clearest endorsement of the platform we could ask for. Over the year we also saw the emergence of a distinct market for shorter-dated issuance, with the 7-year maturity bond demonstrating both our willingness to innovate and a marked shift in client appetite for shorter tenors, and we remain focused on keeping Blend flexible across the yield curve so we can meet that evolving demand in a disciplined way.

Our partnerships with key housing association clients deepened further and an increasing number of associations now look to us as a sector-specialist lender and their single-trusted counterparty for multiple products.

Applying Our Design Principles to Harder Problems

A defining theme of the year has been the deliberate effort to take the principles that make our core model work — mutuality, competitive private capital, robust credit discipline, aggregation and proximity to both housing associations and investors — and ask where else in the sector they can create value. Two areas are moving from concept to proof of concept. The first is **housing association balance sheet capacity:** working on structures that release or extend capacity for clients under pressure from high rates, ambitious development targets and rising stock-investment requirements, including refinancing of legacy facilities into longer, better-priced paper and early conceptual work on risk-sharing vehicles with institutional partners. The second is the **temporary accommodation and homelessness crisis:** exploratory work with key selected partners on how our aggregation and credit-intermediation model — properly governed and underwritten — could mobilise long-dated private capital to fund acquisition and refurbishment of properties used to relieve temporary accommodation pressure. We are moving carefully, because our credibility is itself a sector asset to protect, but this is exactly the kind of problem our model was designed for.

Investment in People, Brand and Infrastructure

- Strengthened the team with recruitment of specialist skills across Capital Markets, Credit, Relationship Management and Operations.
- Project Renaissance, our Group-wide rebrand, went beyond a visual refresh to align our identity more closely with our purpose, sharpen our positioning as a sector-specialist lender, and support stronger engagement with clients, investors and other stakeholders while reinforcing our long-term commitment to the sector.
- Project Sigma, our digital transformation initiative, made substantial progress this year: we decommissioned the legacy loan management system and consolidated core loan operations onto a single modern platform, advanced business-wide adoption of our ERP through development of the CRM component, migrated workplace collaboration from file servers to SharePoint, and developed a proprietary security management system underpinned by a comprehensive asset database and business-intelligence analytics.
- Selected a new IT outsourcing model through a rigorous benchmarked RFP, correcting years of historic IT spend that had been directed to maintaining legacy systems and short-term fixes. Spend is now targeted on clearly defined priorities — AI, cloud and applications, network and connectivity, cybersecurity, and data, backup and continuity — under a single accountable operating model with measurable service levels.
- Began our data journey, consolidating internal and external data into core systems to create a cleaner, enriched platform for actionable insight and evidence-based decision-making. This has also strengthened data-management and governance, improving interoperability and enabling more meaningful analytics through business-intelligence tools.
- Advanced **Credit Model 2.0**, moving the Group beyond the historic methodology to a structured data and calculation engine that gives our credit team faster, more rigorous insight into both new opportunities and the existing book.
- Progressed **Project Wire**, our corporate reorganisation, simplifying Board governance cadence, refreshing the Risk Management Framework and Internal Controls Framework Policy, and ensuring an orderly quarterly view of strategic risks alongside an annual review of the overarching framework.

Investor Relationships

Our investor base remains the foundation of everything we do. This year we deepened those relationships through bilateral engagement and through standardised investor-objective mapping, a new piece of internal infrastructure that allows us to match issuance design to investor appetite more systematically.

Stakeholder Engagement and Convening — A Personal Focus

If I have taken one area particularly personally this year, it is the development of our stakeholder engagement and our ability to convene and facilitate the conversations the sector needs. The Housing Finance Corporation's value has always come from sitting at the intersection of housing, finance and government, and in a year in which the £39 billion public programme, the new National Housing Bank and a recalibrated relationship between Westminster and the devolved nations are all being designed in real time, that intersection matters more than usual.

We have continued to invest in our presence at key sector conferences and in hosting events on our refurbished fifth floor, first highlighted in last year's Annual Report. This space now enables us to convene roundtables with capital-markets investors, housing associations, sector stakeholders and government in our offices, alongside our conference participation, and we are seeing growing demand from participants both to draw on our convening role and to use the space for their own events.

Sector and Policy Update

The policy environment continues to move quickly, and our clients remain focused on accelerating development and growth while meeting rising regulatory and service standards. Key features of the year include:

- The £39 billion Affordable Homes Programme moving into design and delivery, against an ambition of 300,000 new homes and an estimated £100 billion of private capital required alongside it.
- The stand-up of the National Housing Bank within Homes England and the work to define its operating model and partnerships with private capital.
- The evolving English devolution landscape — including the establishment of new Strategic Authorities and delays to the Devolution Priority Programme — which will be important to track given its implications for local government capacity, spatial planning and the configuration of our client base over time.
- Continued progress on the Decent Homes Standard, energy-efficiency requirements and the Building Safety Regulator reforms, all of which shape the financing needs of our clients.

We remain active in advocacy and investor engagement, championing the interests of affordable housing providers and driving conversations on delivery, sustainability and innovation.

Looking Ahead

Our ambitions remain high. We enter our 40th year with a stronger commercial pipeline, a broader and more innovative product set, a modernised technology and outsourcing footprint, a refreshed risk and governance architecture, and a clearer voice in the policy debate that will shape the sector. The macro picture will remain demanding; but the conditions for well-prepared housing associations and for a well-prepared aggregator — are, on balance, improving. The work on balance sheet capacity and on temporary accommodation will move from concept toward execution; Blend and our instalment fee facilities (IFFs) will continue to do more, for more clients, in more parts of the country. Project Mosaic, our new multi-issuer vehicle, is designed to meet a diverse range of funding needs across the sector and I expect our convening role to grow as the National Housing Bank, devolution and the £39 billion programme all move into delivery.

Our task is to remain what The Housing Finance Corporation has always been — a trusted mutual that turns institutional capital into homes — while continuing to expand what that promise can mean. Together, we will build on our proud legacy, delivering financial solutions that enable the affordable housing sector to thrive and create sustainable communities for generations to come.

I would like to thank our Chair, George Blunden, and the whole Board for their support and challenge through the year; our member organisations, the Regulator of Social Housing and the National Housing Federation, for their continued partnership; our investors and clients for their trust; and above all the team at The Housing Finance Corporation, whose work makes this report possible.

Thank you for your continued trust and partnership.

Priya Nair
Chief Executive, The Housing Finance Corporation Limited

31 July 2026

STRATEGIC REPORT

The directors present their Strategic Report and the audited financial statements of The Housing Finance Corporation Limited and its subsidiaries (together the "Group") for the year ended 31 March 2026.

Strategic Report

Although The Housing Finance Corporation Limited is not incorporated under the Companies Act 2006, and is therefore not required to comply with its provisions, certain of its subsidiaries are subject to those requirements and meet the relevant size thresholds to prepare a strategic report on an individual basis.

In line with best practice and to enhance transparency to its stakeholders, The Housing Finance Corporation Limited has voluntarily prepared a Group Strategic Report for the year ended 31 March 2026.

This report has been prepared with reference to the provisions of Section 414C of the Companies Act 2006 and provides an overview of the Group's strategy, principal activities and future developments, and describes how the directors have had regard to their duty to promote the success of the Group for the benefit of its stakeholders.

Principal Activity

The Group's principal activity is to provide cost-effective funding to UK housing associations ("HAs") by sourcing funding from institutional investors through the issuance of sterling-denominated bonds in the capital markets and the provision of secured loans.

The Housing Finance Corporation Limited is an unregulated, not-for-profit society registered under the Co-operative and Community Benefit Societies Act 2014. The Group operates a non-distributable reserves policy. This supports its principal activity by providing additional lending capacity and cash flow resilience in the event of a borrower default.

Further detail on the Group's structure and business model is set out in the Group Report (pages 12-25).

The Group's strategy is set out in the S172(1) Statement: Duty to Promote the Success of the Company (pages 8-11).

Review of Business

The Group achieved a pre-tax surplus of £4.2m (2025: £4.8m) and maintained the strength of its financial reserves, which totalled £69.3m at 31 March 2026 (2025: £66.2m)

Refer to page 73 for more detail on the Group's five-year performance.

Key performance indicators within these results shows that total revenues (excluding loan interest) have increased by £1m from £15.1m to £16.1m, primarily as a result of higher arrangement fee income. Operating expenses have increased by £1.7m from £10.2m to £11.9m, primarily reflecting continued investment in staff and the delivery of the Group's strategy. A proportion of these costs was non-recurring in nature. Net loans have increased by 3.75% (£8.3bn compared with £8bn), principally due to new issuance of £638m partly offset by loan maturities of £98m.

Further detail on the key business drivers during the year is provided in the Chair's and Chief Executive's reports (pages 2-6).

Principal Risks and Uncertainties

The Board of Directors is ultimately responsible for effective risk management and for establishing an integrated, company-wide risk culture. The Board discharges its oversight of key risks through several Board Committees. The Board has an approved and active overarching risk management framework which sets out the risk appetite set by the Board and how compliance with this is measured and monitored. In addition, the Board considers horizon risks through this framework using a risk register process through which the evolving economic, regulatory and political landscape is reviewed, to ensure that the business strategy remains calibrated to prevailing conditions.

Detail on the governance structures and processes in place for assessing and managing risk under this framework is set out in the Corporate Governance Report (pages 16-23).

The principal risks and uncertainties facing the Group are broadly grouped as financial, business, and operational risks.

Financial risks

Financial risks may impact the Group's revenues or balance sheet, or both. These include credit, liquidity and interest rate risk. Credit risk has been identified as the Group's most significant risk. This is closely monitored by the Board and its Committees through the assessment of credit propositions and ongoing monitoring of the Group's portfolio (see Corporate Governance Report page 19).

The Group's key financial risks are summarised below.

Financial Risk	Risk Description
Credit risk	Credit risk is the potential for loss arising from a borrower's failure to meet the terms of any contract or otherwise perform as agreed. The Group has credit risk on the loan portfolio, cash held in bank accounts and short-term investments. See note 21: Financial instruments – Fair value and risk management, for how this risk is mitigated.
Liquidity risk	Liquidity risk is the risk that the Group becomes unable to meet its obligations as they fall due for payment. Payments made by the Group are matched by incoming cash flows, reflecting the inherent structure of the Group's funding and lending model. See note 21: Financial instruments – Fair value and risk management, for how this risk is mitigated.
Interest rate risk	Interest rate risk is the potential for losses that result from a change in interest rates. The Group's income is subject to interest rate risk on its short-term deposits. See note 21: Financial instruments – Fair value and risk management, for how this risk is mitigated.

Business risks

Like any business, the Group faces the risk of making poor business decisions, the risk of poor execution of those decisions and ineffective allocation of resources.

The Group's key business risks are summarised below.

Business Risk	Risk Description
Strategy risk	Strategy risk is the risk that the Group's chosen strategy, or its implementation, may adversely impact performance or result in losses. It is inherent in all strategies and does not, in itself, indicate that the chosen strategy is flawed. The Group will only take risk that is consistent with its risk appetite and the delivery of its strategy and regularly monitors internal and external environments, as well as regulatory landscapes, to identify new and emerging risks to its strategy.
People risk	People risk is the risk that people, who are the Group's main resource, are not deployed effectively or that organisational capacity is constrained.

At a time of low unemployment and given the high calibre of staff employed by the Group, staff attrition constitutes a key people-related risk for the organisation.

To mitigate this, the executive team has in place a plan which considers staff and resourcing implications and risks at different levels of the organisation. There is also a detailed succession plan in place. This approach is vitally important for an organisation of the Group's size and at executive level, and is overseen by the Remuneration and Nomination Committee (see Corporate Governance Report pages 21-23).

Operational Risks

Operational risk is the risk of losses caused by flawed or failed processes, policies, systems or events that disrupt business operations.

The Group has a rigorous approach to operational risk and has documented internal controls and policies in place designed to prevent any operational risk incident having a material adverse impact on normal business operations. These policies and controls are scrutinised by the Audit and Risk Committee via review of policies, control effectiveness and a third-party audit plan.

The Group has a robust business continuity plan which is tested periodically and has embarked on a modernisation plan which seeks to enhance processes and use of technology.

Future Trends

The fundamentals underpinning the affordable housing sector remain strong with demand for housing continuing to be high. The UK government has an ambitious target to deliver 1.5m homes over the term of this parliament and has confirmed a package of support measures in its October 2024 budget and the June 2025 spending review. Included within this is a rent settlement and a £39bn package of support measures funded over a 10-year period through the Social and Affordable Homes Programme.

In this context, HAs continue to raise significant amounts of debt across a range of capital sources to fund the building, acquisition or improvement of affordable homes.

Notwithstanding these dynamics, a combination of high inflation, higher interest rates and pressure to improve building safety and reduce carbon emissions is a demanding confluence of factors for HAs, who are expected to build more homes and improve service for their tenants and communities. These competing demands on the sector's resources will require difficult trade-offs, as they all place pressure on cashflow and demand different strategies from HAs to balance their objectives with these risks.

While the Group is well placed to continue to provide long-term funding to its target clients, it is likely that these factors mean that different products, solutions and sources of capital will be required to continue to support HAs in balancing investment needs, financial resilience and risk. This is reflected in our strategy. These factors also mean that a more nuanced approach to underwriting is required as the political, economic and regulatory factors evolve.

The Housing Finance Corporation has positioned its strategy to support the expected step-up in the building of new affordable homes through providing private capital financing across its current product suite and new products. The pace of this growth will be calibrated through the Board's oversight of the strategy and overarching risk management framework, which sets and monitors the Group's compliance with the risk appetite set by the Board.

S172(1): Duty to Promote the Success of the Company

Statement by the directors in performance of their statutory duties in accordance with S172(1) of the Companies Act 2006.

The Housing Finance Corporation Limited is not incorporated under the Companies Act 2006; however, certain subsidiaries within the Group are, and those that meet the relevant size criteria comply with the Companies (Miscellaneous Reporting) Regulations 2018, including disclosure of how the requirements of Section 172(1) have been met. In recognition of the importance of good governance and transparency, the Group has voluntarily adopted the principles of Section 172(1) across all operations.

Section 172(1) requires directors to act in a way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, having regard, among other matters, to:

- The likely long-term consequences of any decisions;
- The interests of the Group's employees;
- The need to foster the Group's business relationships with suppliers, customers, and others;
- The impact of the Group's operations on the community and the environment;

- The desirability of maintaining a reputation for high standards of business conduct;
- The need to act fairly between members of the Society.

The stakeholders of the Housing Finance Corporation include members, staff, customers (borrowers), lenders and investors, suppliers, regulators, government bodies and the local communities affected by the Group's activities. The following sections summarise how the Board has had regard to these matters and stakeholders, and how this has influenced its decisions and oversight during the year.

Long-Term Consequences of Decisions

The Board's primary focus is to fulfil the Group's purpose of providing cost-effective, long-term funding to housing associations through a strategy of steady, sustainable growth. Long-termism is integral to the Group's model, with secured, long-tenor loans requiring both the Group and its borrowers to meet legal, regulatory and investor obligations over extended periods. The Board regularly reviews borrower performance, credit quality and material risks, supported by internal credit assessments and portfolio reporting, to protect the Group's financial resilience and reputation (see Corporate Governance Report, page 19).

During the year, the Board oversaw the implementation of the refreshed corporate strategy, strengthening of the leadership team and further investment in governance and technology to support long-term operational robustness and scalability.

As the largest debt aggregator in the housing association sector with the highest credit rating, the Group's broad client base and significant loan book provide deep insight into sector trends and risks, supporting a prudent approach to growth and enabling the Group to offer competitive funding costs to borrowers.

The Group's non-profit status and prudent risk appetite are mutually reinforcing; growth is not driven by surplus distribution, and robust annual surpluses mean new business is not required to cover costs. The business model avoids maturity transformation, currency risk and material interest rate risk, supporting stability across economic cycles.

The Board sets lending risk appetite having regard to financial strength, governance standards, internal credit grades, regulatory status and potential loss in default, as well as debt concentration, borrower mix and exposure to higher-risk activities. Due diligence on new lending and products covers both financial and non-financial risks, including EPC performance, safety remediation and net zero alignment, reflecting the Board's focus on long-term sustainability and resilience. This prudent approach has enabled selective, risk-aware loan book growth while maintaining the Group's strong credit profile and market confidence among investors and borrowers.

Culture and Conduct

The Board recognises that a healthy culture and high standards of conduct are critical to the Group's long-term success and stakeholder confidence. During the year, the Board continued to oversee the operation of the performance management and bonus framework introduced in the prior year, which is designed to support transparency and alignment with the refreshed strategic goals, ensuring that rewards support excellence, accountability and prudent risk-taking. The senior leadership team and the role of Whistleblowing Champion, established in the prior year, remained in place during the year to strengthen and streamline decision-making and reinforce independent oversight of speak-up arrangements, with Group policies updated to reflect the new structure.

Transparency, accountability, fairness and responsibility are central to the Group's culture, and the Board operates from a strong governance foundation with nine Non-Executive Directors during the year providing independent challenge and insight (see Corporate Governance Report, pages 16-17). During the year, the Board reviewed and agreed an updated purpose, vision and supporting values, and oversaw a programme of people and culture initiatives designed to embed these values throughout the organisation.

The Interests of the Group's Employees

The Board recognises that the success of the Group is intrinsically linked to the engagement, wellbeing and development of its employees and takes a proactive approach to understanding and responding to employee interests. The Board receives updates on employee engagement through surveys, Town Hall feedback and 'Lunch and Learn' sessions, and has regard to this feedback when considering strategic and organisational changes. The Group supports professional development through training and qualifications, operates a transparent appraisal and reward structure, and provides comprehensive wellbeing support, including an Employee Assistance Programme and access to HR expertise.

Diversity, Equity and Inclusion ('DEI')

The Board is committed to fostering a diverse and inclusive workforce and Board, recognising that diversity of background and thought enhances decision-making, innovation and outcomes for stakeholders. The Remuneration and Nomination Committee oversees the implementation of the Group's DEI strategy and is supported by David Montague in his capacity as DEI Champion, providing independent non-executive mentorship and challenge.

Key DEI initiatives implemented in the previous year included reviewing and updating policies and organisational structures to align with evolving best practice in DEI, embedding DEI principles in the Group's values and culture, enhancing recruitment and selection processes to attract and retain diverse talent, and incorporating DEI objectives into Executive Team appraisals to strengthen leadership accountability. These initiatives continued to operate and evolve during the year, and the Board receives regular updates on progress and emerging priorities in DEI.

Board diversity

The Board has voluntarily adopted the Financial Conduct Authority (FCA) Board diversity targets:

1. At least 40% of Board members should be women;
2. At least one of the senior Board positions (Chair, CEO, SID or CFO) should be held by a woman;
3. At least one Board member should be from an ethnic minority background.

As at 31 March 2026, The Housing Finance Corporation Limited met all three of these voluntary targets, and the Board is focused on maintaining and, where possible, enhancing its diversity over time. Where targets are not met at any point, the Board considers this when planning Board succession and recruitment, and provides appropriate explanation and context in its reporting.

Ongoing commitment

The Board recognises that supporting employees and advancing DEI is an ongoing journey and not a one-off exercise. The Group remains committed to investing in initiatives that promote engagement, wellbeing and inclusion, and to regularly reviewing DEI data, feedback and outcomes to ensure meaningful and sustained improvement.

Need to Foster Business Relationships

The Board recognises that strong, constructive relationships with borrowers, investors, guarantors, government stakeholders, regulators and key suppliers are essential to the Group's long-term success. During the year, the Board endorsed the strengthening of client-facing teams, including the appointment of a Senior Commercial Director, Relationship Management, to enhance engagement and responsiveness to borrower needs and sector developments.

To maintain a deep understanding of stakeholder priorities and sector trends, the Board receives regular presentations from key stakeholders, participates in focus groups and attends relevant industry conferences, with Directors nominated by the Regulator of Social Housing and the National Housing Federation providing direct channels for feedback and insight. The strength of core relationships and key horizon risks are monitored through the risk management framework and are regularly reviewed by the Audit and Risk Committee through a range of stakeholder and risk lenses.

During the year, the Board approved changes to the governance of customer lending decisions and new product development to ensure enhanced oversight and an appropriate focus on evolving market conditions and borrower needs. Feedback from borrowers and investors informed the development and refinement of new and existing products, including the Group's retrofit funding offering.

Impact on Community and Environment

Supporting the development of affordable housing across the UK is central to the Group's mission, and as a not-for-profit organisation, the Group retains surpluses to reinvest in loans and value-added services for the benefit of the social housing sector. The Board recognises climate change as a significant financial and operational risk and is committed to minimising the Group's direct environmental footprint while supporting borrowers in their transition to net zero.

During the year, the Board oversaw the further development and implementation of a framework for social and sustainability bonds to help fund decarbonisation projects in the sector. The Group continued to apply and promote the Sustainability Reporting Standard (SRS), to support improved, comparable ESG reporting among borrowers. The Board also approved the launch of a retrofit funding product in partnership with the National Wealth Fund and Rothesay, designed to support energy efficiency investments in social housing stock.

Internally, the Group promotes sustainable employee practices, including participation in the Cycle to Work scheme, which the Board considers as part of its oversight of environmental impact and employee benefits. These actions demonstrate the Board's ongoing commitment to environmental stewardship and the creation of positive social impact through its funding activities.

Maintaining a Reputation for High Standards of Business Conduct

The Board is committed to ensuring the responsible operation of the business and maintaining high standards of governance and ethical conduct, recognising that the Group's reputation is key to sustaining the trust of investors, borrowers and other stakeholders. New staff receive a comprehensive induction to ensure they understand the Group's values, governance framework and operational procedures, and the Board receives periodic updates on induction and training outcomes.

The Group's Code of Conduct, founded on the Nolan Committee's seven principles of public life – selflessness, integrity, objectivity, accountability, openness, honesty and leadership – applies to all staff and Board members and is supported by detailed policies and procedures. Compliance with relevant legislation and regulation is closely monitored, with regular reporting to the Board and its Committees on key compliance areas, including anti-money laundering, sanctions and data protection.

All staff receive ongoing training on key compliance topics, and completion rates are monitored to provide assurance to the Board that obligations are understood and embedded in day-to-day practice. The Whistleblowing Policy enables staff to raise concerns confidentially and without fear of reprisal, with a Non-Executive Director, currently Guy Thomas, appointed as Whistleblowing Champion to oversee the effectiveness of arrangements and provide an independent point of contact. These measures support robust governance, ethical conduct and the long-term success of the Group for the benefit of all stakeholders.

Acting Fairly Between Members of the Society

The Board is committed to acting fairly between all members of the Society and to ensuring that decisions are taken in a manner that balances member interests appropriately. All share capital is held by Non-Executive Directors, ensuring that those with a direct interest in the Group's strategic direction are closely involved in governance while remaining subject to robust conflict-of-interest controls.

Board decisions are taken following open discussion and challenge, with all members having access to the same information and opportunity to contribute, and formal processes in place for the declaration and management of conflicts of interest. Regular opportunities for scrutiny and input are provided through Board and Committee meetings, and the Board keeps its governance arrangements under regular review to ensure that they continue to remain fair, transparent and effective in serving the interests of members and the wider stakeholder community.

Approved by the Board of Directors on 31 July 2026 and signed on their behalf by:

Priya Nair
Director
The Housing Finance Corporation Limited

GROUP REPORT

The Housing Finance Corporation Limited and its subsidiaries (together the "Group") carry out the core function of raising private sector loan finance for housing associations to further their work in developing or refurbishing social housing.

Group Structure

Since the incorporation of The Housing Finance Corporation Limited in 1987, various subsidiaries have been created within the Group to cater for the different financial instruments and covenant structures which have been required over time. The Group operates on a non-profit-distributing basis. During the year, the Group was serviced by T.H.F.C. (Services) Limited ("THFCS") which employs a specialist team of experienced professionals covering client relationship management, treasury, credit, risk, security asset management, information technology and finance (the "Service Company"). This allows the Group to offer full and comprehensive support to its borrowers with very limited reliance on consultants and contractors. From 1 July 2026, The Housing Finance Corporation Operations Limited succeeded THFCS as the Service Company. For more information, see page 74.

The structure of the Group is set out in the diagram on the inside back cover (page 74).

Business model

The Group has served the funding requirements of not-for-profit UK Housing Associations ("HAs") of affordable housing for the last 39 years to allow HAs to continue meeting the housing needs in their communities. The Group provides cost effective funding to HAs by passing through the cost of funds that the Group has borrowed at. This allows, over the lifetime of the loans, the Group to operate a business model that is fully matched, taking no interest rate, maturity or currency risk and raising debt only when mandated by HA borrowers for the on-lending.

The Group funds its operations through arrangement fees received upon origination and annual fees charged for the duration of loans provided to each borrower. Given the long-term nature of the majority of the funding provided, the annuity income generated by the annual fees ensures that the Group has a sustainable business model over the long-term: these fees more than sufficiently cover costs and continue to increase in line with inflation.

The Group has built up a strong network and cultivated relationships with stakeholders both inside and outside the sector. The Group has loans with 142 HAs across the United Kingdom; it maintains close relationships with a number of sector banks, institutional investors and treasury advisors; it works closely with the National Housing Federation ("NHF") and the Regulator of Social Housing ("RSH"), both of whom are represented on its Board and with the regulators of affordable housing in the devolved nations of the UK. It also continues to maintain a good working relationship with the 'European Investment Bank' ("EIB"). The Group works closely with the Ministry of Housing, Communities and Local Government ("MHCLG") and Homes England in managing the Affordable Housing Guarantee Scheme ("AHGS").

Group Financing Principles

The Housing Finance Corporation Limited, T.H.F.C. (Indexed 2) Limited ("Indexed 2"), T.H.F.C. (Social Housing Finance) Limited ("Social Housing Finance") and Blend Funding Plc ("Blend"), and Affordable Housing Finance Plc ("AHF"), together with the multi-issuer and other vehicles described below, have between them issued a variety of financial instruments including deep-discounted, index-linked and conventional fixed rate public debenture stocks and private placements, raised fixed rate and variable rate bank loans, and, in the case of Blend, issued publicly listed medium term notes under a £5 billion Euro Medium Term Note Programme.

The Housing Finance Corporation Limited has also raised funds by borrowing from three related companies, all of which issue rated public Eurobonds.

Despite the variety of loan structures, the issuing companies in the Group adhere to the same fundamental principles:

- Funds are raised solely for on-lending to not-for-profit HAs.
- Funds are on-lent on a closely aligned maturity, interest rate and repayment profile, so that mismatch risk on both interest and principal is minimised while preserving the structure's built-in resilience and liquidity.
- No currency risk in relation to its funds is taken by the Group or passed on to its borrowers.
- Loans (except under the National Wealth Fund scheme as outlined in the section **Other Issuing Vehicles**) are fully secured and covenanted in accordance with the terms of the relevant individual issuing company's governing trust deed.
- The Housing Finance Corporation makes and maintains its own independent credit assessment of its borrowers, using its proprietary credit rating system, and approves applications for funding only after a careful review by the Executive Credit and Issuance Committee and, if required under policy, the New Business Committee.
- The Housing Finance Corporation monitors the financial position of its HA borrowers on an on-going basis, including measurement against covenant undertakings. All HA borrowers are subject to external regulation by the social housing regulator in the relevant jurisdiction in which they operate.

Security offered to investors

Lenders to each issuing company benefit from a floating charge over that company's assets, which are primarily its secured loans to HAs. A schedule of loans made by each issuing company is included in the Group Loans table found on pages 34-36. All the stocks, bonds and loans within each issuing company rank pari passu among themselves and are protected by a negative pledge. This form of security was designed to enable investors to spread their risk across a portfolio of instruments and borrowers.

As the investors are secured by a floating charge on the whole of the relevant issuing company's pooled undertakings, it is not practical or cost effective to obtain a measure of the fair value of this collateral.

The Group and related companies (as further outlined below) are finance vehicles and the security offered to investors by each company is limited only to the assets of that company being principally its secured loans and reserves. The shareholders of each company's parent cannot be held liable for the debts of its subsidiary in the event of insolvency.

Neither the Group nor related companies are regulated, although the entities registered under the Co-operative and Community Benefit Societies Act 2014 and 16 Group entities are registered with the Financial Conduct Authority as Annex 1 firms.

Property security

All borrowers, new and existing, provide fixed charge security on specified properties, subject to appropriate asset and net income cover tests. Borrowers are required to maintain a minimum level of asset cover (expressed as a percentage of the outstanding loan balance). For borrowers of The Housing Finance Corporation Limited, the minimum asset cover is 150%, for AHF borrowers the minimum asset cover is 105% and for Blend borrowers there is a minimum portfolio asset cover of 100%. For the loans from these three entities, there is a net annual income covenant requirement of a minimum of 100%. For new borrowers taking loans from Social Housing Finance 1 Plc ("SHF1"), Social Housing Finance 2 Plc ("SHF2"), THFC Sustainable Finance (No.3) Plc ("TSF3") and Urban Housing Finance Plc ("UHF"), these will all have a minimum portfolio asset cover of 100% but there is no net annual income cover covenant. For all loans, full property revaluations of the specific security are undertaken at least every five years. For Blend loans there is an additional requirement to provide annual desktop valuations of the specific security, and this will be the same for all SHF1, SHF2, TSF3 and UHF loans. The Group operates a panel of approved valuers to be used by borrowers to ensure a consistent and adequately detailed approach which takes account of the physical condition, management and maintenance expenditure and the future rental potential of the property being valued as well as current market conditions.

External credit ratings

The Housing Finance Corporation has a Group credit rating of A+ (stable) from S&P Global Ratings UK Limited ("S&P").

Blend's MTN Programme has been assigned a long-term rating of A2 (positive outlook) by Moody's Investors Service Limited ("Moody's"). Factors which drive the rating are the weighted average rating of its pool of borrowers and Blend's strong risk management policies and processes. Blend has made a commitment to noteholders not to add a new borrower to the pool if the addition of that borrower would adversely impact the rating of Blend.

Loans administration

The Group's exemplary record of prompt collection and payment of interest and principal has remained intact over its 39-year history. In general, borrowers' payments are received up to one month prior to the Group's obligation to pay investors, thus providing a timing cushion and a source of additional investment income.

Credit monitoring

Every borrower from each issuing company undergoes full credit due diligence prior to a new or increased loan being granted. This involves accounts analysis, review of business plans and projections, scrutiny of regulatory and audit reports, comparison of performance indicators, review of the borrower's own risk registers and an assessment of its management capabilities. New or increased credit exposures are assessed by the Executive Credit and Issuance Committee within the framework defined by the Credit Risk Policy.

The Group's proprietary credit rating model reflects forward-looking risks appropriate to the current economic environment. It ranks all current and prospective borrowers against a range of parameters. This model enables internal ratings to be derived for each borrower and a default probability to be estimated. The loss given default is also estimated. These practices give us a unique insight into sector performance and assist us in making prudent lending decisions.

The Group's credit rating of its borrowers, together with regular reviews of credit information and customer visits, provides the basis for credit monitoring and reports to the Audit and Risk Committee and the Board on the credit quality of the portfolio.

The credit rating model is periodically updated to take account of emerging risks.

The Group's credit monitoring regime is underpinned by the covenants associated with the security provided by our borrowers.

Covenants

Each of the Societies' covenants to investors stipulates that they will maintain total operating expenditure within total operating income each year or on a rolling three-year basis as set out in their respective Trust Deeds. They have all successfully complied with this covenant since incorporation.

The Housing Finance Corporation Limited also covenants in its Trust Deeds that the outstanding balance of borrower loans will, at all times, be not less than 95% of pari passu borrowing.

Reserves

As registered societies and as set out in their Rules, surpluses generated by the Societies are non-distributable so each Society will have its own accumulated reserves.

Any surplus made by AHF can only be used for clearly defined purposes set out in the licence.

There are no restrictions on Blend's reserves.

By generating fee income, investing interest payments received early, investing its reserves and exercising tight cost control, the Group has now accumulated non-distributable reserves amounting to £71.8m (2025: £66.2m).

Other Issuing Vehicles

Affordable Housing Finance Plc ("AHF")

Affordable Housing Finance Plc was incorporated in 2013.

On 19 June 2013 AHF was awarded the licence to provide guaranteed funding under the Government's Affordable Housing Guarantee Scheme. As at 31 March 2026 AHF had issued guaranteed secured bonds amounting to £1,744.1m. Guaranteed bank loans drawn at 31 March 2026 amounted to £1,482.0m. Under the Guarantee both the obligations of the borrowers to AHF (under their respective loan agreements) are guaranteed as well as AHF's obligations to its investors/lender.

Borrowers from AHF are required to maintain asset cover of at least 105% and income cover of at least 100%.

All borrowers had to meet certain eligibility criteria in order to borrow from AHF.

UK Rents (No.1) Plc ("UK Rents")

UK Rents is a subsidiary company established in 1994 solely for the purpose of issuing bonds with a current long-term rating of A3(SF) with Moody's achieved through a rental securitisation, and using the funds raised to purchase rent receivables from housing associations. The final maturity of the Eurobonds was 6 April 2025 so this entity will no longer trade.

T.H.F.C. (Capital) Plc ("THFC Capital")

THFC Capital is a subsidiary company established in 2001 to act as a conduit for funds raised from bank lenders and bond investors for the transfer of housing stock from Sunderland City Council to Gentoo Group. Following a refinancing exercise by Gentoo in March 2023, none of the bank lenders to Gentoo lend through THFC Capital and the remaining loan reflects just the funds raised from bond investors. The loan to the Gentoo Group is structured on a non-recourse (to THFC Capital) basis and the property security is held by a security trustee for the benefit of bond investors. Details of its bond-issuing vehicle, Sunderland (SHG) Finance Plc, can be found below.

THFC Sustainable Finance Plc ("TSF")

THFC Sustainable Finance Plc ("TSF") was incorporated in September 2021. In March 2023, TSF established a £2 billion Medium Term Note ("MTN") Programme designed to issue notes to fund loans for housing associations, offering a range of maturities and interest rates. TSF is also able to raise funds through bank loans or private placements independently of the MTN Programme. In February 2025, the TSF Board approved an amendment to the MTN Programme, enabling TSF to issue notes whose scheduled principal and interest payments are guaranteed by the National Wealth Fund ("NWF").

T.H.F.C. Sustainable Finance (No.2) PLC ("TSF2") and THFC Sustainable Finance (No.3) PLC ("TSF3")

T.H.F.C. Sustainable Finance (No.2) Plc and THFC Sustainable Finance (No.3) Plc were incorporated in August 2024 and June 2026 respectively for the purpose of providing the unguaranteed secured loan tranche under the NWF scheme.

Social Housing Finance 1 Plc, Social Housing Finance 2 Plc and Urban Housing Finance Plc

Social Housing Finance 1 Plc ("SHF 1"), Social Housing Finance 2 Plc ("SHF 2") and Urban Housing Finance Plc ("UHF") were incorporated in August 2025. Their purpose is to raise debt for on-lending to registered providers of social housing in the UK. Debt is raised through the issuance of notes under the Secured Euro Medium Term Note Programme, as part of The Housing Finance Corporation's multi-vehicle £5 billion capital markets programme.

Shared Ownership Funding Plc

Shared Ownership Funding Plc was incorporated in August 2025 to provide investment grade debt for shared ownership portfolios held by registered providers of social housing in the UK. This is done through the issue of notes under the Secured Euro Medium Term Note Programme, as part of The Housing Finance Corporation's multi vehicle capital markets platform.

Temporary Accommodation Funding Plc

Temporary Accommodation Funding Plc was incorporated in August 2025 to fund a solution for lower cost, long term temporary accommodation. This is done through the issue of notes under the Secured Euro Medium Term Note Programme, as part of The Housing Finance Corporation's multi vehicle capital markets platform.

Taxation

Under existing legislation, payments of interest on debenture stock and Eurobonds issued by The Housing Finance Corporation Limited and its issuing subsidiaries may be made gross to UK resident stockholders.

Administration Services to Related Companies

The Service Company also provides administration and management services to certain related companies. All the related companies lend to the social housing sector. The directors of these companies are also directors of The Housing Finance Corporation Limited. These companies are regarded as related parties for accounting disclosure purposes. The Service Company is the largest provider of bond administration services to the HA sector and its income in the year from related company contracts was £195,428 (2025: £190,202).

The related companies are:

T.H.F.C. (Funding No.1) Plc ("Funding No. 1")

Funding No. 1 is a non-consolidated company. Its entire issued share capital is held by the Service Company under a declaration of trust. It was incorporated in November 2004 to act as the issuing company for secured bonds currently carrying an "A+ stable" long-term rating from S&P. Funding No. 1 has the benefit of a liquidity facility provided by Royal Bank of Scotland which was renewed in November 2022. Under the terms of the facility, a standby drawing can be made if the short-term rating of the liquidity facility provider falls below the minimum requirement. A standby drawing was made in January 2014 and was repaid in April 2023.

T.H.F.C. (Funding No. 2) Plc ("Funding No. 2")

Funding No. 2 is also a non-consolidated company. Its entire issued share capital is held by the Service Company under a declaration of trust. It was incorporated during June 2009 to act as the issuing company for secured bonds currently carrying an "A+ stable" long-term rating from S&P.

T.H.F.C. (Funding No. 3) Plc ("Funding No. 3")

Funding No. 3 is also a non-consolidated company. Its entire issued share capital is held by the Service Company under a declaration of trust. It was incorporated during September 2011 to act as the issuing company for secured bonds currently carrying an "A+ stable" long-term rating from S&P.

All the funds raised by Funding No.1, Funding No.2 and Funding No.3 are lent to The Housing Finance Corporation Limited at cost for on-lending by it to housing associations. Like all other lenders to The Housing Finance Corporation Limited, Funding No. 1, Funding No. 2 and Funding No. 3 have a pari passu floating charge over the assets of The Housing Finance Corporation Limited.

Haven Funding Plc and Haven Funding (32) Plc

Since 1999 the Service Company has provided loan administration and company secretariat services to Haven Funding Plc and Haven Funding (32) Plc, rated Baa1 and Baa2 respectively by Moody's as at 31 March 2026. S&P has withdrawn their rating as they do not rate the underlying borrowers. As at 31 March 2026 these companies had loans outstanding of £189.8m (nominal) made to 12 housing associations funded by bond issues arranged by a third-party investment bank.

Sunderland (SHG) Finance Plc

Since 2001 the Service Company has provided loan administration and company secretariat services to Sunderland (SHG) Finance Plc, rated A3 by Moody's, which as at 31 March 2026 had a £186.3m (nominal) loan outstanding to Gentoo Group on-lent via T.H.F.C. (Capital) Plc. On 20 April 2026, a prepayment of £8.7m took place, following which the issued bonds had a nominal value of £9.9m with a balance outstanding of £177.6m.

Harbour Funding Plc

In August 2003 the Service Company was appointed to provide loan administration and company secretariat services to Harbour Funding Plc, a special purpose vehicle that issued bonds into the UK market and lent the proceeds to four large-scale voluntary transfer housing associations. One of these associations has since prepaid its loan. This is rated A3 by Moody's. S&P has withdrawn their rating as they do not rate the underlying borrowers.

As at 31 March 2026, Harbour Funding Plc had loans outstanding of £184m (nominal) made to three housing associations.

CORPORATE GOVERNANCE REPORT

Introduction

The Board of The Housing Finance Corporation Limited recognises that transparency, accountability, ethical conduct, and integrity are fundamental to the ongoing success of The Housing Finance Corporation Group ("the Group").

Although not legally required to adopt a formal corporate governance code, the Board has, for several years, voluntarily applied the principles of the UK Corporate Governance Code issued by the Financial Reporting Council (the "Code"), where appropriate to its structure as a non-profit-distributing society registered under the Co-operative and Community Benefit Societies Act 2014.

Group Governance

As a Community Benefit Society, the shareholders of The Housing Finance Corporation Limited are also its members (see the Directors' Report on page 24 for a full list). Each member holds a single share with a nominal value of £1, issued under a Declaration of Trust on behalf of The Housing Finance Corporation Limited. The Group does not operate share incentive schemes, and all surpluses are retained within the business as undistributable funds.

All Independent Non-Executive Directors are issued a share in The Housing Finance Corporation Limited and are entered into the register of members, except for the Regulator of Social Housing (RSH) Nominated Director and the National Housing Federation (NHF) Nominated Director, who are appointed to the Board by the RSH and NHF respectively to act on their behalf. This structure ensures that the Board and membership base are aligned in all practical respects.

The Board seeks to comply with the Code's provisions as appropriate for the organisation's size, structure, and non-profit-distributing status. Certain provisions, particularly those designed to protect the interests of shareholders distinct from directors, are not relevant to the organisation's constitutional form and are therefore not applied. Where full compliance is not possible or appropriate, the Board clearly identifies these areas and provides transparent, reasoned explanations.

Governance and Leadership

The Group is led by a single Board, which has collective responsibility for setting the Group's strategic objectives, determining investment policy, agreeing performance criteria, and establishing risk parameters. In fulfilling that responsibility, the Board delegates detailed planning and execution to executive management, operating within a defined risk management framework.

Board Composition

As at 31 March 2026, the Board of The Housing Finance Corporation Limited comprised:

Non-Executive Chair
George Blunden

Independent Non-Executive Directors
Scott Bottles
Tony King
Fiona MacGregor
David Montague
Shirley Smith
Gail Teasdale
Guy Thomas
Alistair Smyth

Executive Directors
Priya Nair
Ben Rick

Changes During the year

Martin Fent resigned as a Director on 31 March 2026.

Gail Teasdale resigned as National Housing Federation Nominated Director on 31 July 2025 and was appointed as an Independent Non-Executive Director with effect from the same date.

Alistair Smyth was appointed as the National Housing Federation Nominated Director with effect from 31 July 2025.

Subsequent Events

The following changes to Board composition took effect, or are expected to take effect, after the year end and before the date of this report.

On 1 July 2026, three new Non-Executive Directors, Michele Faull, John Kelting and Susan Shehata were appointed to the Board of The Housing Finance Corporation Limited.

Shirley Smith retired as Senior Independent Director and as a Non-Executive Director on 1 July 2026, having served on the Board since 28 July 2020. The Board records its appreciation for her significant contribution to the governance and oversight of the Group during her tenure.

With effect from 1 July 2026, David Montague was appointed as Senior Independent Director, succeeding Shirley Smith in that role.

With effect from 1 July 2026, John Kelting was appointed as Chair of the New Business Committee, succeeding David Montague in that role.

Members of the Board of The Housing Finance Corporation Limited also serve on the Board of a principal subsidiary, Affordable Housing Finance Plc, promoting consistent governance and strategic alignment across the Group. The Boards of the Group's other subsidiaries are composed solely of Executive Directors, reflecting their operational focus and nature. Alternate Directors are appointed as additional officers of the Group's subsidiaries to provide operational flexibility and continuity.

The roles of Chief Executive and Chair are held by different individuals. George Blunden, Chair of the Board, is an Independent Non-Executive Director, and the Board confirmed his independence on appointment and keeps his independence under review. Directors' biographies are available on pages 28-31. All Board service contracts are available for inspection at the registered office.

Board Governance

Senior Independent Director

The Board has appointed a Senior Independent Director (SID) to provide independent oversight and support within the governance framework. The SID acts as a sounding board for the Chair, serves as an intermediary for other directors where concerns arise that cannot appropriately be raised through the Chair, leads the appraisal of the Chair, and acts as a point of contact for members and stakeholders when concerns cannot be resolved through the usual channels. The Senior Independent Director during the year was Shirley Smith, appointed on 28 July 2020. Shirley Smith retired from the Board on 1 July 2026. For details of the arrangements for the Senior Independent Director role following her retirement, see Subsequent Events on page 16.

Directors' independence

All Board members are Non-Executive Directors, with the exception of the Chief Executive and the Deputy Chief Executive and Chief Commercial Officer, both of whom serve as Executive Directors. The Board has determined that all Non-Executive Directors are independent and free from any material relationships that could compromise their objectivity.

While Fiona MacGregor and Alistair Smyth are nominated by the RSH and NHF respectively, the Board considers them independent in accordance with Provision 10 of the UK Corporate Governance Code. Neither the RSH nor the NHF holds more than a nominal single share each, held in trust for The Housing Finance Corporation Limited, and neither maintains a material business relationship with the Group. Although nominated by external bodies, both Directors exercise independent judgement in their capacity as Board members and are not subject to direction from their nominating organisations in relation to Board decisions. The Board is satisfied that their nominated status does not impair their ability to act in the best interests of the Group and its members.

Directors declare any interests at the start of each Board and Committee meeting and in relation to specific agenda items. Any conflicts of interest are recorded in the minutes and managed in accordance with the procedures approved by the Board as appropriate. A register of interests is maintained and reviewed at least annually. Where a conflict of interest is identified in relation to a specific matter, the relevant director is required to withdraw from the discussion and any associated decision. The Board considers that its current procedures provide adequate safeguards against conflicts of interest materially affecting Board decisions.

Terms of office

Non-Executive Directors, with the exception of the Chair, are subject to a maximum tenure of nine years. Non-Executive Directors are initially appointed for a three-year term and, subject to re-appointment by the Board, may serve a second three-year term, followed by up to three additional one-year terms. Each term is subject to formal approval by the Board at its conclusion in accordance with the Group's governance framework.

Non-Executive Directors nominated by members of the Society, including Fiona MacGregor and Alistair Smyth, are not subject to the standard re-appointment cycle described above but remain subject to the nine-year maximum tenure and may be removed at the discretion of their nominating organisation.

The Chair of the Board serves a maximum term of six years and is subject to annual re-appointment by the Board. In exceptional circumstances, the Board may extend the Chair's term beyond the standard six-year period.

George Blunden was appointed Chair in July 2019 and has completed the standard six-year term. The Board initially approved a one-year extension to his term as Chair through to July 2026, to ensure continuity and stable leadership during a period of significant strategic transformation and senior management transition. The Board has subsequently approved a further extension through to July 2027, reflecting the continued pace of strategic transformation, ongoing senior management transition, and significant changes to Board composition during the period. Details of directors retiring and offering themselves for re-appointment by the Board are set out in the Directors' Report on page 24. Details of Board appointments and retirements taking effect after the year end are set out in the Subsequent Events disclosure on page 16.

While the UK Corporate Governance Code recommends the annual re-election of all directors, the constitution of The Housing Finance Corporation Limited provides for independent Non-Executive Directors to be re-appointed according to the terms described above. The Board recognises the Code's objective of safeguarding member influence over Board composition but considers that the current approach, comprising two three-year terms followed by annual re-appointment for up to three one-year terms, appropriately balances governance standards with the Society's particular structure, in which members also serve as Non-Executive Directors.

Directors' Remuneration

Executive directors

The remuneration of Executive Directors is determined by the Board on the recommendation of the Remuneration and Nomination Committee. Further details of the Group's remuneration framework and the Committee's work during the year are set out in the Remuneration and Nomination Committee Report on pages 21-23.

Non-Executive Directors' fees

Fees are paid to all Non-Executive Directors. The fees payable to Fiona MacGregor (RSH nominee) and Alistair Smyth (NHF nominee) are remitted in full to their nominating organisations.

During the year, the Remuneration and Nomination Committee undertook a review of Non-Executive Director fees, including independent benchmarking, and recommended revised fee levels to the Board. Further details are set out in the Remuneration and Nomination Committee Report on page 22.

Training and development

All newly appointed Non-Executive Directors receive a tailored induction programme upon appointment, including briefings from professional advisers where appropriate. The induction programme is designed to ensure that new directors develop a thorough understanding of the Group's business, strategy, governance framework, and regulatory environment, and are equipped to contribute effectively to Board discussions from the outset.

Directors' ongoing training and development needs are considered as part of the annual Board performance evaluation process, providing an opportunity to identify areas for further development at both individual and Board level. The Board recognises that the effectiveness of its oversight depends in part on directors maintaining an up-to-date understanding of the regulatory, financial, and sector environment in which the Group operates. Directors are encouraged to undertake relevant external training and development activity.

Senior Management

During the year, the Group strengthened its senior management team to support the delivery of its strategic objectives. Sue Bailey, Dave Brigden, Karin Erlander, and Andrea Jelic were appointed as Senior Directors for the Finance, Commercial, Credit, and Capital Markets functions respectively. The Senior Directors form part of the Group's Leadership Team, which operates under the direction of the Chief Executive and is collectively responsible for the day-to-day management and operational delivery of the Group's activities. These appointments reflect the Group's commitment to building a well-structured leadership team with clear functional accountability across its core business areas.

Following the year end, Sue Bailey resigned as Senior Director, Finance with effect from 19 June 2026. The Board wishes to record its appreciation for her contribution to the Group during her tenure, and a recruitment process is underway to fill the role.

Division of Responsibilities

In accordance with Provision 9 of the UK Corporate Governance Code, the roles of Chair and Chief Executive are held by separate individuals to maintain a clear division of responsibilities. The Chief Executive's powers and responsibilities are clearly defined and set out in a formal delegation by the Board, with the delegation reviewed annually to ensure it remains appropriate and effective. These are outlined in the Roles and Responsibilities of Members of the Board document, which is available on the Group's website. This framework also identifies matters reserved for the Board and Non-Executive Director approval, with all other significant decisions requiring formal Board approval.

The Company Secretarial function provides guidance on all governance matters and ensures compliance with Board procedures. All directors have access to the advice and support of the Company Secretarial function. Directors are also entitled to seek independent professional advice at the Group's expense to enable them to fulfil their responsibilities and make informed decisions in the interests of the Group.

Board Meetings

The Board met six times during the year as part of its scheduled calendar of meetings. A structured Board diary ensures that key recurring matters are addressed systematically at each meeting, and a rolling agenda is maintained to identify and track emerging issues that require future Board attention.

One of the six scheduled meetings each year is specifically dedicated to strategic matters. Ad hoc meetings may be called as necessary to obtain Board approval on urgent matters outside the regular schedule.

All decisions of material importance are taken by the Board or its Committees. Where appropriate, the Board or its Committees may delegate authority to management within clearly defined parameters, which are formally recorded in the minutes. The Company Secretarial function maintains a comprehensive record of all decisions, material discussions, and concerns raised by directors. Board minutes are reviewed and approved at the start of the subsequent scheduled meeting.

Following each scheduled meeting, the Chair meets privately with the Non-Executive Directors without the Executive Directors present, providing an opportunity for open discussion and reflection on Board performance and management matters.

Board Attendance

Details of directors' attendance at Board and Committee meetings during the year are provided in the Directors' Report on page 26. When directors are unable to attend scheduled meetings, the Chair is informed of the reasons for their absence. Where meetings are called at short notice to address urgent business, all directors are notified and provided with the agenda. Such meetings must meet quorum requirements, though attendance from every director is not required.

Matters Reserved

The Board retains responsibility for a range of matters reserved exclusively for its decision. These include, but are not limited to:

- Oversight of the risk management framework
- Approval of the Group's financial statements
- Strategic direction
- Major capital projects
- Changes to the Group's management and control structure

A full description of reserved matters is provided in the Schedule of Matters Reserved for the Board, available on the Group's website.

Risk Management Framework

The Board holds ultimate responsibility for the oversight of risk across the Group, including approval of the Group's strategy and the setting of its risk appetite.

The Group operates under a risk management framework designed to provide a comprehensive and structured approach to the identification, ownership, and management of risk. The framework is structured around the Three Lines of Defence model, with clear delineation between operational management, risk oversight, and independent assurance. This structure supports the Board's ability to satisfy itself that risks are being appropriately identified, managed, and reported across the Group.

This framework identifies key business risks, assigns ownership of each risk area to specific members of the Leadership Team, and is reviewed regularly by the Audit and Risk Committee, which recommends it to the Board for approval at least annually.

The level of risk in each area is continuously monitored using a dedicated risk register, which is formally reviewed and presented to the Audit and Risk Committee on a half-yearly basis. The principal risks faced by the Group are detailed in the Strategic Report on pages 7-8.

The Audit and Risk Committee oversees all key business, financial, and operational risks, regularly reporting its findings to the Board. The Executive Credit and Issuance Committee ("ECIC") is responsible for approving new credit risks in line with the Board-approved Credit Risk Policy. Credit risks exceeding the ECIC's authority are escalated to the New Business Committee for consideration and approval.

The New Business Committee is responsible for monitoring the credit portfolio and assessing the viability of new business opportunities, reporting its findings, recommendations, and any significant issues to the Board to support informed decision-making and effective oversight.

Internal Control

The Board is ultimately responsible for the Group's system of internal control and for regularly reviewing its effectiveness. The internal control system is designed to manage, rather than eliminate, the business risks faced by the Group and provides reasonable, but not absolute, assurance against material misstatement or loss.

The Board fulfils its responsibilities for internal control through the following key procedures:

- **Organisational Structure:** The Board maintains a defined organisational structure with clearly delineated levels of authority and responsibility to ensure effective decision-making and accountability.
- **Planning and Monitoring:** A comprehensive framework of budgeting, business planning, and financial reporting, against which performance is regularly monitored and assessed.
- **Policies and Procedures:** Clearly defined policies and formal approval procedures covering key areas including loan administration, treasury operations, financial reporting, and the preparation of consolidated financial statements.
- **Assurance and Oversight:** The Board and Audit & Risk Committee receive assurance from a range of sources, including external advisers supporting the redesign of the control and risk framework, targeted reviews commissioned by management, and reporting from the executive on the operation of key controls during the year. Internal audit work has been limited and targeted this year, reflecting the Group's focus on deeper, front-to-back changes to the control environment. This development programme will underpin a highly effective review process in future years.

All loans to borrowers are substantially matched in terms of maturity, interest, and repayment profile to the corresponding bond issue or bank loan. The Group's primary operating risks therefore relate to initial credit assessment, ongoing credit monitoring, the completion of appropriate loan security, timely collection of payments, and the generation of sufficient income to cover operating costs. The Board receives regular updates on the management of these risks.

The Audit and Risk Committee has reviewed periodic reports on the effectiveness of the Group's internal control system during the financial year and up to the date of this report. Based on those reviews, the Board is satisfied that the Group's risk management and internal control framework operated effectively during the year and remains appropriate to the Group's current scale and complexity.

Performance Evaluation

In Summer 2025, the Board commissioned an independent Board Performance and Skills Review conducted by Fidelio Partners, an independent Board adviser. The decision to commission an external review reflected the Board's commitment to high standards of governance and was particularly timely given the significant changes in executive leadership, the evolution of the Group's strategy, and the forthcoming programme of Chair and Non-Executive Director succession. Fidelio Partners has no other connection with the Group and undertook no other work for the Group during the year.

The Review was conducted in accordance with best practice and included individual interviews with Board members and selected members of the Leadership Team, Board performance and attribute surveys, observation of a Board meeting, and analysis of Board and Committee papers and governance documents.

The Review found the Board to be engaged, committed, and broadly supportive of the Group's strategic direction. Fidelio's recommendations were forward-looking and focused on positioning the Board to best support the Group through its next strategic phase, with key themes including Board refreshment and succession planning, the continued development of Board cohesiveness, reporting and risk oversight, the further embedding of the Group's refreshed Committee structure, and the development of a structured programme of Board learning.

A number of recommendations have already been addressed, including the appointment of three new Non-Executive Directors in July 2026, the commencement of a Chair succession process, and the continued development of the risk management framework. A Recommendations Tracker is in place to support ongoing implementation.

The prior year evaluation identified a number of actions relating to Committee responsibilities, Board meeting structure, and Board reporting, all of which have been addressed during the year.

Committees of the Board

The Board delegates certain responsibilities to its Committees, each of which operates under clearly defined terms of reference approved by the Board. These terms of reference are reviewed annually to ensure they remain appropriate and are available on the Group's website.

The Board has established the following Committees: the Audit and Risk Committee, the Remuneration and Nomination Committee, and the New Business Committee. A report from the Chair of each Committee, setting out its responsibilities and the key matters considered during the year, is provided on pages 20-23.

The Board and its Committees meet at regular intervals, with ad hoc meetings convened as necessary to address urgent or exceptional matters. Each Committee is chaired by an appointed Non-Executive Director, who reports to the Board on the key matters arising from each Committee meeting. The minutes of all Committee meetings are made available to all Board members, supporting transparency and informed decision-making across the Board.

Audit and Risk Committee

Committee Membership (as at 31 March 2026)

Member	Role
Guy Thomas	Chair
Scott Bottles	Member
David Montague	Member
Gail Teasdale	Member

The Audit and Risk Committee supports the Board in overseeing the integrity of the Group's financial reporting, the external audit, the system of internal controls (including risk management), and compliance with relevant laws and regulations.

The Committee meets at least four times a year and is comprised entirely of independent Non-Executive Directors. One of these Directors is appointed as Committee Chair by the Board. The Chair of the Board is not a member of the Committee but is invited to attend each meeting and receives all Committee papers, and the Chief Executive and other members of the executive team attend by invitation for relevant items.

The Committee meets privately with the external and internal auditors at least once a year, without management present.

All Committee members have relevant experience for their roles and, in line with the UK Corporate Governance Code, the Board is satisfied that at least one member has recent and relevant financial experience.

Committee responsibilities

- Monitoring the integrity of the Group's financial statements and other financial reporting, including key accounting policies, significant judgements and the going concern assessment
- Reviewing and recommending to the Board the annual report and financial statements, including advising whether, taken as a whole, they are fair, balanced and understandable
- Overseeing the external audit, including the appointment and re-appointment of the external auditor, approval of the audit plan, and assessment of the auditor's independence, objectivity, effectiveness and non-audit services
- Overseeing the Group's internal audit arrangements, including appointment of the internal audit provider, approval of the internal audit plan and monitoring the implementation of agreed actions
- Reviewing the effectiveness of the Group's internal control and risk management systems, including the Risk Management Framework and Risk Appetite Statement, and advising the Board on its annual assessment of internal controls and principal risks
- Maintaining oversight of credit risk and related portfolio performance within the Group's lending activities
- Overseeing key compliance arrangements, financial crime, data protection and whistleblowing policies and arrangements, including the Group's anti-money laundering and wider financial crime controls

Full details of the Committee's role and responsibilities are set out in its terms of reference, which are published on the Group's website.

Committee activities

During the year, the Committee:

- Reviewed the annual report and financial statements for the year ended 31 March 2025, focusing on key accounting judgements and estimates, significant audit findings, any unadjusted differences, and the going concern assessment and related disclosures
- Considered the consistency and balance of the narrative reporting, including governance, risk and sustainability disclosures, and advised the Board that the annual report, taken as a whole, was fair, balanced and understandable
- Oversaw the Group's risk management processes and advised the Board on current risk exposures
- Reviewed and recommended to the Board the Group's Risk Management Framework and Risk Appetite Statement, and considered the principal and emerging risks facing the Group and the adequacy of processes for identifying and managing them
- Maintained oversight of credit risk through regular review of credit risk exposures, loan portfolio performance and significant credit-related risk events, and considered related management actions

- Reviewed and updated key Group policies and procedures to support compliance with applicable legislation and regulation, including in relation to data protection, financial crime, modern slavery and anti-bribery
- Oversaw the Group's anti-money laundering and wider financial crime controls, including receiving reports from the Money Laundering Reporting Officer on the operation of the financial crime framework and any significant issues arising
- Reviewed the Group's whistleblowing arrangements and Whistleblowing Policy, and considered any relevant reports on fraud, whistleblowing or internal investigations
- Approved the annual internal audit plan, received and considered internal audit reports from Crowe (UK) LLP, and monitored the implementation of agreed management actions
- Considered reports from management and the external auditor on the effectiveness of the Group's internal control and risk management systems and advised the Board in forming its annual assessment of internal controls

Independent external auditor

S&W Partners Audit Limited has acted as external auditor to all Group companies since 2014, following a competitive tender overseen by the Committee Chair and the executive team. The Audit and Risk Committee keeps the effectiveness of the external auditor under regular review and makes recommendations to the Board in relation to the external audit appointment.

Prior to recommending re-appointment, the Committee conducts an annual assessment of the external auditor's independence, objectivity and effectiveness, and of the nature and level of non-audit services provided. The Committee reviews and agrees the auditor's plan, including the proposed scope, materiality, areas of audit focus and the resources to be deployed, taking into account the Group's statutory and regulatory reporting obligations. S&W Partners Audit Limited has established safeguards to support audit quality, integrity and independence, including periodic rotation of audit partners and senior staff in line with applicable ethical standards and best practice; the audit engagement partner was rotated in July 2021 at the end of a seven-year tenure. The Committee has assessed, and is satisfied with, the auditor's independence and the effectiveness of the audit, and the Board has accepted the Committee's recommendation to propose their re-appointment. The independent auditor's report for the year ended 31 March 2026 is set out on pages 38-40 of this report.

Internal audit

Given the Group's size and complexity, the Board has determined that establishing an in-house internal audit function is not proportionate at this time. Instead, the Group appoints professional firms to undertake periodic reviews of internal controls and risk management; Crowe (UK) LLP is the Group's current internal audit service provider. Their work provides independent assurance on the design and operating effectiveness of the Group's internal controls and risk management framework. The external auditor has full access to internal audit reports to inform its risk assessment, although it does not place reliance on the work of internal audit in conducting its own audit procedures.

Remuneration and Nomination Committee

Committee Membership (as at 31 March 2026)

Name	Role
Tony King	Chair
George Blunden	Member
Fiona MacGregor	Member
David Montague	Member
Shirley Smith	Member

For changes to Committee membership since the year end, see the subsequent events disclosure on page 16.

The Remuneration and Nomination Committee was formed in 2023 following the merger of the Remuneration Committee and the Nomination Committee. The combined Committee is intended to fulfil, so far as appropriate to the Group's governance structure, the roles set out by the UK Corporate Governance Code for both Remuneration and Nomination Committees.

The Committee is a non-executive committee of the Board, meeting at least three times per year. Its membership comprises a minimum of three Non-Executive Directors. The Committee's central role is to oversee remuneration, pay, and reward practices across the Group, as well as Board composition and succession planning, including consideration of potential executive and non-executive nominees to the Board. The Chief Executive and other senior members of the Leadership Team attend meetings as required.

Committee responsibilities

- Approving the remuneration of the Chief Executive, Executive Directors, and changes to Non-Executive Directors' fees
- Overseeing the appraisal of the Chief Executive and other Executive Directors
- Overseeing decisions relating to staff remuneration, terms and conditions (including annual pay and bonus awards)
- Reviewing significant changes to the Group's human resources strategy and proposals relating to the Group's pension scheme
- Overseeing the Group's Diversity, Equity and Inclusion (DEI) strategy
- Recommending changes to the structure, size, and composition of the Board
- Overseeing the process for identifying candidates for Non-Executive Director roles (including the Chair) of the Boards of the Company and other group companies
- Monitoring executive and non-executive succession planning

Full details of the Committee's role and responsibilities are set out in its terms of reference, which are published on the Group's website.

The Chief Executive and other senior members of the Executive Team attend meetings as required.

Committee activities

During the year, the Committee:

- Reviewed and approved the Group's Remuneration Policy and made recommendations to the Board on Executive Director and staff remuneration, including the annual pay and bonus awards
- Received and considered the findings of the external Board Performance and Skills Review conducted by Fidelio Partners, recommending actions to the Board for approval
- Reviewed the composition of the Board and its Committees, undertook a Board skills assessment, and oversaw executive and non-executive succession planning
- Led the recruitment process for three new Non-Executive Directors, including the appointment of executive search firm Korn Ferry following a formal request for proposal exercise, with appointments approved by the Board with effect from 1 July 2026
- Conducted a review of Non-Executive Director fees, including an independent benchmarking exercise, with recommendations approved by the Board
- Oversaw progress in the implementation of the Group's Diversity, Equity and Inclusion strategy

The Committee also reviewed and monitored the Group's approach to equal pay. While the Group is committed to the principle of equal pay for equal work, it does not report on pay gaps due to the small size of the team and the nature of most roles, which makes direct comparison impractical and could risk identifying individuals.

Throughout its work, the Committee considered the balance of skills, experience, independence, and knowledge of the Board, with a particular focus on increasing diversity and ensuring the Board's composition reflects a wide range of perspectives. The Committee continues to encourage a diverse pool of applicants for Board and senior executive appointments and considers other demands on directors' time when making new appointments to ensure their capacity to contribute effectively. Any significant external appointments undertaken by directors are disclosed to the Board.

During the year, the Committee observed all relevant provisions of its terms of reference. In accordance with those terms, the Chair of the Board did not participate in discussions relating to Chair succession, which were led by the Senior Independent Director in that context. Korn Ferry was appointed to support the Non-Executive Director recruitment process following a formal request for proposal exercise and has confirmed that it has no other connection with the Group.

Non-Executive Director Recruitment

Following the Board Performance and Skills Review conducted by Fidelio Partners in Summer 2025, the Committee identified a need to strengthen the Board's skills and experience in a number of areas, with particular emphasis on current financial product expertise and experience of leading or overseeing organisational transformation. The Committee also took account of the Board's diversity objectives in defining the candidate profiles.

To support the recruitment process, the Committee conducted a formal request for proposal process, inviting three executive search firms to present their credentials. Following careful evaluation of each firm's proposed approach, sector knowledge, and track record, Korn Ferry was appointed as the preferred search partner.

Korn Ferry conducted a thorough and structured search process, identifying a longlist of candidates assessed against the agreed candidate profiles. Following initial screening, candidates were interviewed by a panel comprising both Board and Executive members. The panel shortlisted three candidates, who were each invited to a final interview with the Chair before recommendations were made to the full Committee.

The Committee recommended, and the Board approved, the appointment of three new Non-Executive Directors with effect from 1 July 2026. Their biographies and details of their committee appointments are set out on page 32. The Committee is satisfied that the process was rigorous, transparent, and consistent with the Board's commitment to diversity and inclusion.

Non-Executive Director Fees

During the year, the Committee undertook a review of Non-Executive Director fees, including an independent benchmarking exercise drawing on relevant sector data. In determining the appropriate level of fees, the Committee was mindful of the need to balance external competitiveness with internal equity and stakeholder perception. Following that review, the Committee recommended, and the Board approved, an increase in the base Non-Executive Director fee from £40,000 to £45,000, with equivalent percentage uplifts applied to the supplements payable to Committee Chairs and the Senior Independent Director, and an increase in the Non-Executive Chair's fee to £70,000. The Committee considered the approach proportionate and consistent with the organisation's ethos and its position within the sector.

Executive Directors

The remuneration of Executive Directors is determined by the Board on the recommendation of the Remuneration and Nomination Committee, guided by periodic independent advice from external consultants where appropriate. In reviewing Executive Director remuneration, the Board and Committee consider relevant market benchmarks and internal pay structures, with a focus on maintaining proportionate and responsible pay outcomes relative to the Group's size, complexity and position within the sector. In addition to base salaries and bonuses, Executive Directors receive pension benefits and other employee benefits in line with Board-approved guidelines.

The Group applies a maximum notice period of six months for all employees, including Executive Directors.

Further details of Non-Executive and Executive Director remuneration are set out in note 4 to the financial statements.

As a Community Benefit Society, the shares of The Housing Finance Corporation Limited are held on a non-beneficial basis and are non-distributing. The Group does not operate any share-based incentive schemes and Executive Director remuneration is therefore limited to salaries, bonuses, pension contributions, and other employee benefits available to all staff. This approach reflects the Group's commitment to remuneration alignment across the organisation.

New Business Committee

Committee Membership (as at 31 March 2026)

Name	Role
David Montague	Chair
Scott Bottles	Member
Tony King	Member
Priya Nair	Member

For changes to Committee membership since the year end, see the subsequent events disclosure on page 16.

The New Business Committee supports the Board in considering the suitability, viability and strategic alignment of new business opportunities for the Group. The Committee also exercises delegated authority from the Board in relation to specified credit approvals, funding proposals and new product developments in accordance with its terms of reference. The Committee meets quarterly, with additional meetings convened as required.

Committee responsibilities

- Evaluating the merits and risks of new business opportunities, including financial, operational, regulatory and reputational considerations
- Assessing the alignment of proposals with the Group's long-term strategic objectives
- Approving credit proposals referred by the Executive Credit and Issuance Committee in accordance with delegated authorities and the Group's Credit Risk Policy
- Considering and approving funding proposals, including the issuance of notes, bonds and other debt instruments
- Reviewing and approving new products, services and solutions that present risks not otherwise addressed within the Group's existing risk framework
- Making recommendations to the Board where matters require the endorsement or final approval of the Board

Full details of the Committee's role and responsibilities are set out in its terms of reference, which are published on the Group's website.

Committee activities

During the year, the Committee:

- Considered new business opportunities against the Group's strategic objectives and risk appetite
- Reviewed credit proposals referred by the Executive Credit and Issuance Committee in accordance with delegated authorities
- Considered funding proposals and related structural or legal matters where relevant
- Reviewed product proposals that introduced new or enhanced risks to the Group
- Reported to the Board on key matters considered and any recommendations arising

Code Compliance Statement

The Housing Finance Corporation Limited has sought to apply the principles and provisions of the UK Corporate Governance Code throughout the year, so far as appropriate to its constitution, ownership structure and non-profit distributing status. Where the Group has not applied specific provisions of the Code, or has applied them in a modified form, the reasons are explained in this report. The Board remains committed to maintaining high standards of corporate governance and transparency.

DIRECTORS' REPORT

The directors present their report together with the audited consolidated financial statements of The Housing Finance Corporation Limited (the "Company") and its subsidiaries (together, the "Group") for the year ended 31 March 2026.

Going Concern

The Group's principal activities, together with a review of the business, principal risks and uncertainties, and future outlook, are set out in the Strategic Report on pages 7-8. The financial position of the Group, including its liquidity, is set out in the financial statements.

The directors have reviewed the Group's forecasts and projections, taking into account reasonably possible changes in trading performance. Having done so, they are satisfied that the Group has adequate resources to continue in operational existence for at least 12 months from the date of approval of these financial statements. Accordingly, the financial statements have been prepared on a going concern basis.

Directors and Members

Details of the directors who served during the year, together with their periods of service and shareholdings, are set out below. Biographical details of current directors are provided on pages 28-32, and information on terms of office is set out on page 17. Details of directors appointed after the year end are also included where relevant to the governance disclosures in this report.

Directors who held office during the year and their shareholdings

Name	Date appointed	Date resigned (if applicable)	Service period in year	Shareholding as at 31 March 2025
George Blunden	26/03/2019	n/a	Full year	£1
Scott Bottles	20/03/2018	n/a	Full year	£1
Martin Fent	31/01/2025	31/03/2026	Full year	Nil
Tony King	17/03/2020	n/a	Full year	£1
Fiona MacGregor	28/07/2023	n/a	Full year	Nil
David Montague	17/03/2020	n/a	Full year	£1
Priya Nair	01/04/2024	n/a	Full year	Nil
Ben Rick	04/11/2024	n/a	Full year	Nil
Shirley Smith	20/03/2018	01/07/2026	Full year	£1
Alistair Smyth*	22/09/2025	n/a	Part year	Nil
Gail Teasdale	31/07/2025**	31/07/2025**	Full year	Nil
Guy Thomas	14/05/2019	n/a	Full year	£1
Other shareholders				
National Housing Federation				£1
Regulator of Social Housing				£1

* Appointed 22 September 2025

** National Housing Federation Nominee Director until 31 July 2025; appointed as Non-Executive Director with effect from the same date

Share capital

Details of the Company's share capital and any restrictions are set out in note 17.

Directors' remuneration

Details of directors' remuneration are disclosed in note 4.

Retirement and re-appointment of directors

- George Blunden, having completed two three-year terms and a subsequent one-year extension previously approved by the Board, will retire and offer himself for re-appointment by the Board for a further one-year term as Chair.
- Scott Bottles, having completed two three-year terms and two additional one-year terms, will retire and offer himself for re-appointment by the Board for a further one-year term.
- Tony King and David Montague, having completed two three-year terms, will retire and offer themselves for re-appointment by the Board for a further one-year term.
- Guy Thomas, having completed two three-year terms and an additional one-year term, will retire and offer himself for re-appointment by the Board for a further one-year term.
- Gail Teasdale, having served as the National Housing Federation nominee director until 31 July 2025 and subsequently as an independent non-executive director, will stand for re-appointment by the Board for the remaining two years of her current three-year term.
- Michele Faull, John Kelting and Susan Shehata were appointed as non-executive directors with effect from 1 July 2026 and do not require election under the current governance arrangements.

Directors' attendance

Details of directors' attendance at Board and Committee meetings are set out on page 26.

Directors' and Officers' Insurance

The Group maintains appropriate directors' and officers' liability insurance, providing cover in respect of legal proceedings brought against directors and officers.

Charitable and Political Contributions

During the year, the Group made charitable donations totalling £12,470 (2025: £13,500). No political donations were made during the year (2025: £nil).

Streamlined Energy and Carbon Reporting (SECR)

The Group is required to report under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

The Group qualifies as a "large" entity under sections 465 and 466 of the Companies Act 2006 and is therefore required to disclose its UK energy use, associated greenhouse gas emissions, and related information.

The disclosures below relate to the Group's operations at 17 St Swithin's Lane, London.

Methodology

Energy use and greenhouse gas emissions have been calculated in accordance with the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard. The 2025 UK Government conversion factors have been applied.

The Group occupies leased office space. Emissions from gas are reported as Scope 1 (direct emissions) and emissions from purchased electricity as Scope 2 (indirect emissions).

- Electricity consumption is based on metered usage for lighting, power, and HVAC systems.
- Gas consumption includes both directly attributable usage and an apportioned share of landlord-supplied common area consumption.

Energy Consumption and Emissions

Energy consumption (kWh):	Emissions (tCO_2e):
▪ Total: 102,014 (2025:80,872)	▪ Total: 18.2 (2025:15.7)
▪ Gas: 46,054 (2025:37,892)	▪ Gas: 8.4 (2025:6.9)
▪ Electricity: 55,960 (2025:42,980)	▪ Electricity: 9.8 (2025:8.8)

Emissions are stated in tonnes. The 2025 comparatives, previously presented in kilograms, have been restated accordingly (2025 total: 15,724 $kgCO_2e$).

Intensity Ratio and Energy Efficiency

The Group uses an intensity metric based on emissions per £1 million of loans advanced. During the year, this was 2.2 kgCO2e per £1 million (2025: 1.9682 kgCO2e).

Energy efficiency measures include:

- Occupation of a building with an EPC rating of A and a BREEAM rating of "Excellent".
- Use of motion sensor lighting.
- Introduction of floor-level metering to improve monitoring and management of energy usage.
- Ongoing initiatives to reduce waste and embed sustainability within procurement practices.

Re-Appointment of Auditor

S&W Partners Audit Limited have acted as auditor to the Group during the year. The Audit and Risk Committee keeps the effectiveness and independence of the external auditor under regular review and will make a recommendation to the Board in relation to the external audit appointment. Any decision regarding appointment or re-appointment will be taken in accordance with the applicable legal and governance requirements.

Directors' Attendance at Meetings

Name	Board	Audit and Risk Committee	New Business Committee	Remuneration and Nomination Committee
George Blunden	6	-	-	3
Scott Bottles	6	4	6	-
Martin Fent	4	-	-	-
Tony King	6	-	6	3
Fiona MacGregor	6	-	-	3
David Montague	6	4	6	-
Priya Nair	6	-	6	-
Ben Rick	6	-	-	-
Shirley Smith	6	-	-	3
Alistair Smyth*	3(4)	-	-	-
Gail Teasdale	6	4	-	-
Guy Thomas	6	4	-	-

* Appointed 22 September 2025

- Figures represent attendance at scheduled meetings during the period.
- Numbers in brackets indicate the number of meetings a director was eligible to attend where not in post for the full year.
- A dash denotes non-membership.
- Attendance at ad hoc meetings is excluded.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report, and financial statements in accordance with applicable law and regulations.

The Co-operative and Community Benefit Societies Act 2014 requires the directors to prepare financial statements for each financial year. The directors have elected to prepare the Group financial statements in accordance with UK-adopted international accounting standards.

The directors must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the Group and of its surplus or deficit for that period.

In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed.
- Prepare the financial statements on a going concern basis unless inappropriate.

The directors are responsible for keeping adequate accounting records and for maintaining systems of internal control sufficient to safeguard the Group's assets and prevent and detect fraud and other irregularities.

The financial statements are published on the Group's website (www.thehousingfinancecorp.com). The directors are responsible for the integrity of the website and for ensuring that the financial information is appropriately presented.

Disclosure of Information to the Auditor

Each director confirms that, so far as they are aware:

- There is no relevant audit information of which the auditor is unaware; and
- They have taken all steps necessary to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Approved by the Board on 31 July 2026 and signed on its behalf by:

Priya Nair
Director
The Housing Finance Corporation Limited

OUR BOARD (CHAIR AND EXECUTIVES)

Key

Audit and Risk Committee

New Business Committee

Remuneration and Nomination Committee

C Committee Chair

George Blunden

Chair

Appointed: March 2019

Appointed Chair: August 2019

George Blunden joined The Housing Finance Corporation Board in March 2019 and was appointed Chair in August 2019. He has a diverse background encompassing investment banking, fund management, and the charitable sector.

George brings extensive experience in the social housing sector, having chaired Southern Housing Group from 1993 to 2006 and Stonewater from 2010 to 2019. He also served as Chair of Charity Bank until May 2019 and was previously Senior Independent Director of Beazley Plc.

External appointments:

- Chair, Revitalise (charity providing holidays for disabled people and their carers)

Priya Nair

Chief Executive

Appointed: March 2024

Priya Nair joined The Housing Finance Corporation as Chief Executive in March 2024. She has over 25 years' experience in financial services, infrastructure, and housing, specialising in sustainable investment to support positive economic and societal outcomes in the affordable housing sector.

Priya's career includes senior roles at abrdn in London, where she was responsible for financing, capital raising across flagship infrastructure and housing funds. She spent over 13 years at Royal Bank of Canada advising on capital markets issuance for The Housing Finance Corporation and other housing providers. Priya also held positions at Citi and began her career at Deutsche Bank through their investment banking and global markets graduate programme.

In addition to leading The Housing Finance Corporation, Priya serves as a senior advisor to organisations across government, infrastructure, and technology sectors, providing expert counsel on corporate finance, governance, risk management, and investment strategies.

External appointments:

- Non-Executive Director, Port of London Authority (Chair of the Investment Committee)
- Strategic Adviser, Good Governance Capital
- Senior Trustee, Sported (a community sports charity)

Ben Rick

Deputy Chief Executive and Chief Commercial Officer

Appointed: November 2024

Ben Rick joined The Housing Finance Corporation as Chief Finance Officer in November 2024 and currently serves as Deputy Chief Executive and Chief Commercial Officer. He began his career in 1993 at Goldman Sachs in Treasury Operations before moving into credit trading roles at Lehman Brothers and UBS, where he co-led the corporate bond team. In 2002, he transitioned to the buy side as a Portfolio Manager at Green-T Asset Management, followed by his role as Managing Director of Bank of America Merrill Lynch's EMEA Global Proprietary Trading Group.

In 2012, Ben co-founded Social and Sustainable Capital (SASC), where as CEO he led the firm to become a leading finance provider for charities and social enterprises, specialising in lending to social and supported housing providers. After stepping down as CEO in 2023, he advised Lloyds Bank on social housing projects before joining THFC.

Ben holds a First-Class BSc (Hons) degree in Management Science from UMIST, Manchester.

External appointments:

- Volunteer Advisor, Crisis
- Board member, Social and Sustainable Capital
- Member of the National Expert Panel for the Homewards Campaign, The Royal Foundation

OUR BOARD (COMMITTEE CHAIRS)

Tony King

Non-Executive Director

Appointed: March 2020

Tony King joined The Housing Finance Corporation Board in March 2020. He has over 20 years' experience in the housing sector, following a career that began in banking and concluded with his role as Group Treasurer at Sanctuary Group, from which he retired in 2019.

During his time at Sanctuary, Tony managed the Group's loan book and secured funding for housing development and regeneration projects. His earlier banking career included positions at several international institutions, where he developed extensive expertise in treasury management, financial strategy, and risk oversight.

External appointments:

- Non-Executive Director, Housing Association Property Mutual
- Non-Executive Director, Platform HG Financing Plc
- Non-Executive Director, Platform Housing Group
- Governor, Heart of Worcestershire College
- Trustee, Church of England Pension Board

David Montague CBE

Non-Executive Director

Appointed: March 2020

David Montague joined The Housing Finance Corporation Board in March 2020. He served as Chief Executive of L&Q, one of Britain's largest housing associations, from 2008 to 2021. Over a 32-year career with the organisation, David played a pivotal role in its growth and success, leading mergers, acquisitions, major regeneration schemes, and development partnerships with smaller housing associations.

A prominent figure in the housing sector, David has chaired the G15 group of housing associations, served on the Board of the National Housing Federation, and advised successive London Mayors on housing policy. In recognition of his services to housing in London, he was awarded a CBE in 2013.

External appointments:

- Non-Executive Director and Chair, Abri Group
- Non-Executive Director, Citra Pathways Limited (Lloyds Banking Group)
- Non-Executive Director, Hadley Property Group
- Chair, Inspired Villages Group
- Non-Executive Director and Chair, UPP Group Holdings Ltd
- Non-Executive Director and Chair, UPP REIT Holdings Ltd

Guy Thomas

Non-Executive Director

Appointed: May 2019

Guy Thomas joined The Housing Finance Corporation Board in May 2019. He is a Chartered Accountant and Chartered Director with over 30 years' experience in the financial services sector, specialising in treasury, financial strategy, and risk management.

Guy has extensive experience in corporate finance, treasury operations, and governance, gained through senior roles in both mutual and commercial financial institutions. Prior to his executive retirement, he served as Group Finance Director at Principality Building Society, a leading lender to housing associations.

He is a Fellow of The Association of Corporate Treasurers.

External appointments:

- Non-Executive Director, Sainsbury's Bank (Chair of the Risk Committee and Member of the Audit Committee) (resigned 1 July 2026)

— Until 30 June 2026

OUR BOARD (NON-EXECUTIVE DIRECTORS)

Shirley Smith
Senior Independent Director
Appointed: March 2018

Shirley Smith joined The Housing Finance Corporation Board in March 2018 and was appointed Senior Independent Director later that year. She brings over 35 years' experience in real estate and infrastructure finance, with deep expertise spanning debt, investment, restructuring, workout, and credit.

Shirley has held senior positions at a range of leading organisations, including CBRE, Citi, Barings, PwC, Lend Lease, Assured Guaranty, and EY. She has also served as a non-executive director of the Commercial Real Estate Finance Council (Europe), contributing to industry best practices and governance.

She holds an MA in Economics and Land Economy from the University of Cambridge and a Certificate in Investments and Financial Derivatives from the Securities & Investment Institute.

External appointments:

- None

Scott Bottles
Non-Executive Director
Appointed: March 2018

Scott Bottles joined The Housing Finance Corporation Board in March 2018. He brings over 30 years' experience in the commercial and residential real estate sectors across both the United Kingdom and the United States.

Until his retirement, Scott served as Executive Vice President and Senior Credit Officer for International Commercial Real Estate at Wells Fargo Bank. In this role, he was responsible for overseeing complex credit strategies and managing international real estate portfolios. His extensive expertise in credit risk, investment evaluation, and real estate finance adds significant value to the Board's oversight and decision-making.

External appointments:

- None

Gail Teasdale
Non-Executive Director
Appointed: March 2023

Gail Teasdale joined The Housing Finance Corporation Board as the National Housing Federation's (NHF) nominee director in March 2023. She is a Chartered Accountant with over 30 years' experience, primarily in senior Finance Director roles across both private and public sectors.

Gail was formerly Chief Executive of Broadacres, a housing association based in North Yorkshire, where she led strategic growth and operational excellence to deliver high-quality affordable homes from January 2018 until July 2025. Following her transition from this role on 31 July 2025, Gail stepped down as the NHF nominee director and was appointed as an independent Non-Executive Director on the Board.

Her extensive financial and leadership expertise spans housing development, asset management, and regulatory compliance. Gail also brings strong governance experience, having held key board roles focused on audit, risk management, and corporate oversight.

External appointments:

- Non-Executive Director, Chorley Building Society
- Non-Executive Director, GreenSquareAccord Limited

OUR BOARD (NOMINEE DIRECTORS)

Fiona MacGregor
Non-Executive Director
(Regulator of Social Housing Nominee)
Appointed: July 2023

Fiona MacGregor joined The Housing Finance Corporation Board as the Regulator of Social Housing's nominee director in July 2023. She was the Chief Executive of the Regulator of Social Housing (RSH) until April 2026, leading the organisation responsible for the economic regulation of registered social housing providers across England.

Fiona has extensive experience in housing regulation and finance, having served as Executive Director of Regulation at the Homes and Communities Agency (HCA) from November 2015 until the establishment of RSH. Prior to that, she held senior roles at the Housing Corporation and L&Q, a major registered housing provider. Her expertise encompasses regulatory strategy, governance, and sector oversight, supporting the delivery of high-quality, well-governed social housing.

External appointments:

- None

Alistair Smyth
Non-Executive Director
(National Housing Federation Nominee)
Appointed: September 2025

Alistair Smyth joined The Housing Finance Corporation Board as the National Housing Federation's (NHF) nominee director in September 2025. Alistair is Director of Policy and Research at the NHF and brings over 15 years' experience in the social housing sector. He has held senior leadership roles across sector organisations and advisory committees, with expertise in external affairs, social investment, neighbourhood management, and policy development.

External appointments:

- Member of the Policy Advisory Committee, Chartered Institute of Housing

THE HOUSING FINANCE CORPORATION GROUP LOANS

Loans Portfolio as at 31 March 2026

Fixed Charge Security

Borrower	Area	Current Balance (Drawn) £000	The Housing Finance Corp Limited Loans £000	Blend Funding Plc Loans £000	SHF1 £000	Affordable Housing Finance Plc Loans £000	T.H.F.C. (Capital) Plc Loans £000	Total Loan Value £000
54 North Homes Limited	Yorkshire & the Humber	12,500,000	12,500	–	–	–	–	12,500
A2Dominion Homes Limited	South East	79,534,000	79,534	–	–	–	–	79,534
A2Dominion South Limited	South East	47,500,000	47,500	–	–	–	–	47,500
Abri Group Limited	South West	134,700,000	21,000	25,000	–	88,700	–	134,700
Accent Housing Limited	National	30,000,000	10,000	–	–	20,000	–	30,000
Acis Group Limited	East Midlands	20,000,000	–	20,000	–	–	–	20,000
Amplius Living	East of England	17,000,000	17,000	–	–	–	–	17,000
Anchor Hanover Group	National	28,500,000	28,500	–	–	–	–	28,500
Apex Housing Association Limited	Northern Ireland	34,125,000	34,125	–	–	–	–	34,125
Arches Housing Limited	Yorkshire & the Humber	5,100,000	5,100	–	–	–	–	5,100
Aster Communities	South West	100,000,000	–	–	–	100,000	–	100,000
ATEB Group Limited	Wales	18,000,000	–	18,000	–	–	–	18,000
B3 Living Limited	South East	35,000,000	–	35,000	–	–	–	35,000
Barcud Cyfyngedig	Wales	3,000,000	3,000	–	–	–	–	3,000
Be One Homes	North West	4,000,000	4,000	–	–	–	–	4,000
Beacon Cymru Group Limited	Wales	65,000,000	45,000	–	–	20,000	–	65,000
Bernicia Group	North East	19,528,765	14,529	–	–	5,000	–	19,529
Bournville Village Trust	West Midlands	20,000,000	20,000	–	–	–	–	20,000
bpha Limited	East of England	80,000,000	–	–	–	80,000	–	80,000
Brighter Places	South West	10,000,000	10,000	–	–	–	–	10,000
Bromford Housing Association Limited	West Midlands	125,000,000	55,000	–	–	70,000	–	125,000
Bromsgrove District Housing Trust Limited	West Midlands	10,000,000	10,000	–	–	–	–	10,000
Cadwyn Housing Association Limited	Wales	5,000,000	5,000	–	–	–	–	5,000
Cardiff Community Housing Association Limited	Wales	42,812,500	5,813	37,000	–	–	–	42,813
Castle Rock Edinvar Housing Association Limited	Scotland	5,500,000	5,500	–	–	–	–	5,500
Choice Housing Ireland Limited	Northern Ireland	97,875,000	47,875	50,000	–	–	–	97,875
Citizen Housing Group Limited	West Midlands	11,000,000	11,000	–	–	–	–	11,000
Clanmil Housing Association Limited	Northern Ireland	30,000,000	30,000	–	–	–	–	30,000
ClwydAlyn Housing Limited	Wales	5,000,000	5,000	–	–	–	–	5,000
Coastline Housing Limited	South West	30,150,000	–	–	–	30,150	–	30,150
Cobalt Housing Limited	North West	25,000,000	–	25,000	–	–	–	25,000
Codi Homes & Communities Limited	Wales	26,500,000	26,500	–	–	–	–	26,500
Connect Housing Association Limited	Yorkshire & the Humber	30,000,000	–	30,000	–	–	–	30,000
Cornerstone Housing Limited	South West	10,000,000	5,000	–	–	5,000	–	10,000
Croydon Churches Housing Association Limited	London	20,500,000	7,500	–	–	13,000	–	20,500
Delta Housing Limited	East of England	25,000,000	25,000	–	–	–	–	25,000
Durham Aged Mineworkers' Homes Association	North East	8,000,000	8,000	–	–	–	–	8,000
Eastlight Community Homes Limited	East of England	46,000,000	–	–	–	46,000	–	46,000
Eildon Housing Association Limited	Scotland	10,000,000	10,000	–	–	–	–	10,000
EMH Housing and Regeneration Limited	East Midlands	15,000,000	15,000	–	–	–	–	15,000
English Rural Housing Association Limited	National	10,000,000	–	–	–	10,000	–	10,000
Flagship Housing Limited	East of England	45,000,000	–	–	–	45,000	–	45,000
ForHousing Limited	North West	60,000,000	–	60,000	–	–	–	60,000
Gateway Housing Association Limited	London	45,000,000	–	–	–	45,000	–	45,000
Glen Oaks Housing Association Limited	Scotland	14,300,000	14,300	–	–	–	–	14,300
Golding Homes Limited	South East	102,500,000	–	–	–	102,500	–	102,500
Grampian Housing Association Limited	Scotland	4,750,000	4,750	–	–	–	–	4,750
Great Places Housing Association Limited	North West	89,262,500	40,000	–	–	49,263	–	89,263
GreenSquareAccord Limited	National	115,100,000	20,100	75,000	–	20,000	–	115,100
Grwp Cynefin	Wales	17,500,000	7,500	–	–	10,000	–	17,500
Hafod Housing Association Ltd	Wales	10,000,000	10,000	–	–	–	–	10,000

Fixed Charge Security (continued)

Borrower	Area	Current Balance (Drawn) £000	The Housing Finance Corp Limited Loans £000	Blend Funding Plc Loans £000	SHF1 £000	Affordable Housing Finance Plc Loans £000	T.H.F.C. (Capital) Plc Loans £000	Total Loan Value £000
Harrogate Housing Association Limited	Yorkshire & the Humber	3,500,000	3,500	–	–	–	–	3,500
Hexagon Housing Association Limited	London	55,437,500	7,000	–	–	48,438	–	55,438
Hightown Housing Association Limited	East of England	80,000,000	30,000	50,000	–	–	–	80,000
Home Group Limited	National	175,525,000	39,600	–	–	135,925	–	175,525
Home Group Scotland	Scotland	30,700,000	20,000	–	–	10,700	–	30,700
Honeycomb Group Limited	West Midlands	11,000,000	11,000	–	–	–	–	11,000
Hundred Houses Society Limited	East of England	10,000,000	–	–	–	10,000	–	10,000
Hyde Housing Association Limited	South East	57,525,000	57,525	–	–	–	–	57,525
Innisfree Housing Association Limited	London	3,400,000	3,400	–	–	–	–	3,400
Irwell Valley Housing Association Limited	North West	25,000,000	25,000	–	–	–	–	25,000
Islington & Shoreditch Housing Association Limited	London	18,500,000	18,500	–	–	–	–	18,500
Jigsaw Homes North	North West	64,260,000	16,000	–	–	48,260	–	64,260
Joseph Rowntree Housing Trust	Yorkshire & the Humber	15,000,000	15,000	–	–	–	–	15,000
Karbon Homes Limited	North East	34,400,000	–	–	–	34,400	–	34,400
Karibu Community Homes Limited	London	25,000,000	25,000	–	–	–	–	25,000
Leeds Federated Housing Association Limited	Yorkshire & the Humber	56,300,000	11,300	30,000	–	15,000	–	56,300
LiveWest Homes Limited	South West	147,450,000	26,250	–	–	121,200	–	147,450
Manningham Housing Association Limited	Yorkshire & the Humber	11,257,856	11,258	–	–	–	–	11,258
Merlin Housing Society Limited	West Midlands	75,000,000	–	–	–	75,000	–	75,000
Merthyr Tydfil Housing Association Limited	Wales	6,000,000	6,000	–	–	–	–	6,000
Metropolitan Housing Trust Limited	National	337,471,046	62,471	250,000	–	25,000	–	337,471
Midland Heart Limited	West Midlands	83,221,470	33,221	–	–	50,000	–	83,221
Moat Homes Limited	South East	50,000,000	–	–	–	50,000	–	50,000
Mosscare St. Vincents Housing Group Limited	North West	65,633,000	20,633	40,000	–	5,000	–	65,633
Mount Green Housing Association Limited	South East	6,000,000	–	–	–	6,000	–	6,000
New Gorbals Housing Association Limited	Scotland	24,142,500	18,500	–	–	5,643	–	24,143
Newlon Housing Trust	London	20,000,000	20,000	–	–	–	–	20,000
Newydd Housing Association (1974) Limited	Wales	25,125,000	25,125	–	–	–	–	25,125
North Devon Homes	South West	8,000,000	–	–	–	8,000	–	8,000
North Glasgow Housing Association Limited	Scotland	3,200,000	3,200	–	–	–	–	3,200
North Wales Housing Association Cymdeithas Tai Gogledd Cymru Limited	Wales	10,000,000	10,000	–	–	–	–	10,000
Notting Hill Genesis	London	111,750,000	63,000	–	–	48,750	–	111,750
Nottingham Community Housing Association Limited	East Midlands	28,537,500	–	–	–	28,538	–	28,538
Octavia Housing	London	29,750,000	11,750	–	–	18,000	–	29,750
One Vision Housing Limited	North West	3,000,000	3,000	–	–	–	–	3,000
Ongo Homes Limited	East of England	75,000,000	–	75,000	–	–	–	75,000
Onward Homes Limited	North West	7,000,000	7,000	–	–	–	–	7,000
Orbit Housing Association Limited	National	100,000,000	–	–	–	100,000	–	100,000
Orwell Housing Association Limited	East of England	30,000,000	–	20,000	–	10,000	–	30,000
Paradigm Homes Charitable Housing Association Limited	South East	189,175,000	65,000	–	–	124,175	–	189,175
Peabody Trust	London	244,400,000	95,650	–	–	148,750	–	244,400
Pickering And Ferens Homes	Yorkshire & the Humber	14,500,000	4,500	–	–	10,000	–	14,500
Places for People Living+ Limited	National	21,900,000	21,900	–	–	–	–	21,900
Platform Housing Limited	West Midlands	322,750,000	3,750	180,000	–	139,000	–	322,750
Plymouth Community Homes Limited	South West	27,750,000	27,750	–	–	–	–	27,750
Radius Housing Association Limited	Northern Ireland	50,000,000	50,000	–	–	–	–	50,000
Railway Housing Association and Benefit Fund	North East	5,000,000	–	–	–	5,000	–	5,000
Regenda Limited	North West	50,000,000	–	50,000	–	–	–	50,000
Rooftop Housing Association Limited	West Midlands	50,000,000	–	50,000	–	–	–	50,000
Salvation Army Housing Association	National	3,000,000	3,000	–	–	–	–	3,000
Sanctuary Housing Association	National	22,500,000	22,500	–	–	–	–	22,500

Loans Portfolio as at 31 March 2026

Fixed Charge Security (continued)

Borrower	Area	Current Balance (Drawn) £000	The Housing Finance Corp Limited Loans £000	Blend Funding Plc Loans £000	SHF1 £000	Affordable Housing Finance Plc Loans £000	T.H.F.C. (Capital) Plc Loans £000	Total Loan Value £000
Sanctuary Scotland Housing Association Limited	Scotland	13,875,000	13,875	–	–	–	–	13,875
Selwood Housing Society Limited	South West	50,000,000	–	–	–	50,000	–	50,000
Soho Housing Association Limited	London	16,500,000	16,500	–	–	–	–	16,500
Southern Housing	National	303,347,500	153,875	–	–	149,473	–	303,348
Sovereign Network Group	National	381,977,195	152,615	–	–	229,363	–	381,978
Stonewater Limited	National	103,500,000	3,500	–	–	100,000	–	103,500
Synergy Housing Limited	South West	50,000,000	–	–	–	50,000	–	50,000
Taff Housing Association Limited	Wales	30,000,000	5,000	25,000	–	–	–	30,000
Tai Hedyn Limited	Wales	59,000,000	34,000	25,000	–	–	–	59,000
Teign Housing	South West	33,000,000	–	33,000	–	–	–	33,000
The Cambridge Housing Society Limited	East of England	2,200,000	2,200	–	–	–	–	2,200
The Community Housing Group Limited	West Midlands	35,000,000	–	35,000	–	–	–	35,000
The Guinness Partnership Limited	National	25,000,000	–	–	–	25,000	–	25,000
The Riverside Group Limited	National	110,000,000	55,000	–	–	55,000	–	110,000
The Swaythling Housing Society Limited	South West	96,100,000	–	30,000	–	66,100	–	96,100
Thenue Housing Association Limited	Scotland	5,000,000	5,000	–	–	–	–	5,000
Torus62 Limited	North West	138,000,000	38,000	100,000	–	–	–	138,000
Trent & Dove Housing Limited	East Midlands	95,000,000	40,000	55,000	–	–	–	95,000
Trust Housing Association Limited	Scotland	22,000,000	–	22,000	–	–	–	22,000
Tuntum Housing Association Limited	East Midlands	7,000,000	7,000	–	–	–	–	7,000
United Welsh Housing Association Limited	Wales	81,250,000	56,250	–	–	25,000	–	81,250
Unity Housing Association Limited	Yorkshire & the Humber	7,500,000	7,500	–	–	–	–	7,500
Valleys to Coast Housing Limited	Wales	35,000,000	–	35,000	–	–	–	35,000
Vico Homes Limited	Yorkshire & the Humber	250,000,000	–	250,000	–	–	–	250,000
Vivid Housing Limited	South East	172,157,500	10,000	–	–	162,158	–	172,158
Wales & West Housing Association Limited	Wales	211,562,500	56,500	110,000	–	45,063	–	211,563
Walsall Housing Group Limited	West Midlands	75,000,000	–	75,000	–	–	–	75,000
Wandle Housing Association Limited	London	56,418,000	21,418	–	–	35,000	–	56,418
Watford Community Housing Trust	East of England	30,000,000	–	–	–	30,000	–	30,000
Weaver Vale Housing Trust Limited	North West	20,500,000	20,500	–	–	–	–	20,500
West Kent Housing Association	South East	99,000,000	45,000	–	–	54,000	–	99,000
Westfield Housing Association Limited	North West	6,000,000	6,000	–	–	–	–	6,000
Westward Housing Group Limited	South West	67,000,000	47,000	–	–	20,000	–	67,000
Wheatley Homes East Limited	Scotland	16,500,000	16,500	–	–	–	–	16,500
Wheatley Homes South Limited	Scotland	40,000,000	40,000	–	–	–	–	40,000
Willow Tree Housing Partnership Limited	South West	5,000,000	5,000	–	–	–	–	5,000
Wirral Methodist Housing Association Limited	North West	4,000,000	4,000	–	–	–	–	4,000
Womens Pioneer Housing Limited	London	10,000,000	10,000	–	–	–	–	10,000
Worthing Homes Limited	South East	50,000,000	10,000	40,000	–	–	–	50,000
Yorkshire Housing Limited	Yorkshire & the Humber	130,500,000	40,500	–	–	90,000	–	130,500
Total		**7,723,186**	**2,541,641**	**1,955,000**	**0**	**3,226,545**	**–**	**7,723,186**

Income Security

Association borrower (legal entity)	Area	Borrower Group	The Housing Finance Corp Limited Loans £000	Blend Funding Plc Loans £000	T.H.F.C. (Indexed) Limited Loans £000	T.H.F.C. (Indexed 2) Limited Loans £000	T.H.F.C. (First Variable) Limited Loans £000	T.H.F.C. (Social Housing Finance) Limited Loans £000	Affordable Housing Finance Plc Loans £000	T.H.F.C. (Capital) Plc Loans £000	UK Rents (No.1) Plc Loans £000	Total Loan Value £000
T.H.F.C. (Capital) PLC												
Gentoo Group Limited	North East	Gentoo Group	-	-	-	-	-	-	-	186,312	-	186,312
Total			**-**	**-**	**-**	**-**	**-**	**-**	**-**	**186,312**	**-**	**186,312**
Grand Total			**2,541,641**	**1,955,000**	**–**	**–**	**–**	**–**	**3,226,545**	**186,312**	**–**	**7,909,498**
Premium 31 March 2026			**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**407,752**
Total at 31 March 2026			**2,541,641**	**1,955,000**	**–**	**–**	**–**	**–**	**3,226,545**	**186,312**	**–**	**8,317,250**

GROUP SOURCE OF FUNDS

			Date	Nominal Amount £000	Outstanding Principal Amount £000
Affordable Housing Finance Plc					
30 year £500m Fixed and Variable rate loan 2045 - EIB I (Annuity)			20.12.13	500,000	482,445
30 year £500m Fixed and Variable rate loan 2047 - EIB IIA (Annuity)			29.02.16	500,000	500,000
30 year £500m Fixed and Variable rate loan 2048 - EIB IIB (Annuity)			12.05.16	500,000	500,000
3.8% Guaranteed Secured Bonds 2042/2044 (Bullet)		tranche 1	30.05.14	208,400	208,400
		tranche 2	06.11.14	198,500	198,500
		tranche 3	17.03.15	194,000	194,000
2.893% Guaranteed Secured Bonds 2043/2045 (Bullet)		tranche 1	11.08.15	208,000	208,000
		tranche 2	16.03.16	209,000	209,000
		tranche 3	02.06.16	130,500	130,500
		tranche 4	04.08.16	191,400	191,400
		tranche 5	18.10.16	124,500	124,500
		tranche 6	18.01.17	114,800	114,800
		tranche 7	04.04.17	88,000	88,000
		tranche 8	24.10.17	77,000	77,000
THFC Debenture Stocks					
Discounted:	5% 2027		08.12.87	50,954	46,969
THFC Bank Loans					
25 year £20m fixed rate loan 2025 - EIB (Annuity)			08.09.00	10,500	-
25 year £8.7m fixed rate loan - ANTS (from Sep 2003) (Bullet)			02.04.01	5,950	5,950
25 year £17m variable repayable 2026			09.11.01	11,000	990
25 year £9.86m sterling facility repayable 2028 (Annuity)			08.09.03	1,040	208
25 year £15m sterling fixed loan 2029 (Annuity)			16.06.04	10,000	1,783
25 year £15m revolver into term			14.03.05	8,000	1,600
20 year £100m Fixed and Variable rate loan 2025 - EIB (Bullet)			22.12.05	100,000	100,000
30 year £100m Fixed and Variable rate loan 2040 - EIB (Bullet/Annuity)			14.11.08	100,000	85,250
30 year £100m Fixed and Variable rate loan 2040 - EIB (Bullet/Annuity)			04.12.09	172,500	164,438
30 year £100m Fixed and Variable rate loan 2040 - EIB (Bullet/Annuity)			14.01.10	162,500	145,831
30 year £400m Fixed and Variable rate loan 2045 - EIB (Annuity)			19.12.12	400,000	374,150
JESSICA £12m 30 year amortising facility - Greater London Authority (Annuity)			28.02.13	12,000	10,200
THFC Loan from T.H.F.C. (Funding No.1) Plc					
Long term - 5.125% due 2035 (Bullet)		tranche 1	13.12.04	48,052	48,052
		tranche 2	21.12.06	32,000	32,000
		tranche 3	28.02.07	37,000	37,000
		tranche 4	28.11.07	20,133	20,133
		tranche 5	30.07.08	80,000	80,000
THFC Loan from T.H.F.C. (Funding No.2) Plc					
Long term – 6.35% due 2041 (Bullet)		tranche 1	02.07.09	191,000	191,000
		tranche 2	24.03.10	72,250	72,250
		tranche 3	21.01.11	76,600	76,600
		tranche 4	04.04.11	31,000	31,000

		Date	Nominal Amount £000	Outstanding Principal Amount £000
THFC Loan from T.H.F.C. (Funding No.3) Plc				
Long term – 5.2% due 2043 (Bullet)	tranche 1	11.10.11	142,100	142,100
	tranche 2	25.01.12	196,000	196,000
	tranche 3	25.04.12	120,500	120,500
	tranche 4	27.09.12	132,100	132,100
	tranche 5	15.04.13	61,600	61,600
	tranche 6	15.10.13	59,500	59,500
	tranche 7	04.07.17	170,500	169,000
	tranche 8	30.03.18	86,500	71,250
	tranche 9	25.01.21	46,500	45,400
	tranche 10	29.09.21	40,000	19,500
T.H.F.C. (Capital) Plc Loans				
Long term loan - 6.38% due 2042		26.03.01	212,802	186,312
Blend Funding Plc				
3.459% Secured medium term notes 2047/49	tranche 1	21.09.18	250,000	250,000
	tranche 2	04.10.19	20,000	20,000
	tranche 3	12.03.20	25,000	25,000
	tranche 4	20.05.20	125,000	125,000
	tranche 5	12.08.20	38,000	38,000
	tranche 6	01.04.21	40,000	40,000
	tranche 7	17.08.21	35,000	35,000
	tranche 8	10.03.22	55,000	55,000
2.984% Secured medium term notes 2034/36	tranche 1	15.03.19	50,000	50,000
	tranche 2	06.06.19	25,000	25,000
2.922% Secured medium term notes 2054/56	tranche 1	05.04.19	20,000	20,000
	tranche 2	12.10.20	250,000	250,000
	tranche 3	09.12.20	25,000	25,000
	tranche 4	13.01.21	37,000	37,000
	tranche 5	19.02.21	50,000	50,000
	tranche 6	28.04.21	33,000	33,000
	tranche 7	21.05.21	35,000	35,000
	tranche 8	17.08.21	50,000	50,000
	tranche 9	29.10.21	55,000	55,000
	tranche 10	10.03.22	52,000	52,000
2.467% Secured medium term notes 2061/63	tranche 1	16.06.21	75,000	75,000
3.508% Secured medium term notes 2057/59	tranche 1	04.05.22	125,000	125,000
5.734% Secured medium term notes 2036/38	tranche 1	13.05.24	30,000	30,000
5.748% Secured medium term notes 2044/46	tranche 1	11.12.24	20,000	20,000
5.26% Secured medium term notes 2032/34	tranche 1	11.06.25	260,000	260,000
	tranche 2	25.11.25	150,000	150,000
	tranche 3	04.02.26	25,000	25,000
Total			**8,099,681**	**7,910,211**
Premium at 31 March 2026				**407,492**
Grand Total				**8,317,703**

AUDITOR'S REPORT

Independent Auditor's Report to the members of the Housing Finance Corporation Limited

Opinion

We have audited the financial statements of The Housing Finance Corporation Limited ("the Parent Company") and its subsidiaries (the "Group") for the year ended 31 March 2026 which comprise the Group and the Housing Finance Corporation Limited Statements of Comprehensive Income, Statements of Financial Position, Statements of Changes in Equity, Statements of Cash Flows and the notes to the financial statements, including significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2026 and of the Group's and Parent Company's surplus for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report and Accounts, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report and Accounts. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 require us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Parent Company has not kept proper accounting records; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we need for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement (set out on page 27), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non- compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

We obtained a general understanding of the Group's and the Parent Company's legal and regulatory framework through enquiry of management concerning: their understanding of relevant laws and regulations; the entity's policies and procedures regarding compliance; and how they identify, evaluate and account for litigation or claims. We also drew on our existing understanding of the Group's and the Parent Company's industry and regulation.

We understand the Group and the Parent Company comply with requirements of the framework through:

- The Directors' close involvement in the day-to-day running of the business, meaning that any litigation or claims would come to their attention directly; and
- Engagement with legal and professional advisers as to the Listing Rule requirements of the Professional Securities Market ("PSM") ("the PSM Rules") and to the International Securities Market ("ISM") ("the ISM Rules"), in relation to the listing of secured bonds.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements, which are central to the Group's ability to conduct business and where failure to comply could result in material penalties. We have identified the following laws and regulations as being of significance in the context of the Group and the Parent Company:

- The requirements of the Co-operative and Community Benefit Societies Act 2014 and UK-adopted international accounting standards in respect of the preparation and presentation of the financial statements;
- The PSM Rules and the ISM Rules, in relation to the listing of secured bonds; and
- The requirements of the Affordable Housing Guarantee Licence ("AHGL") with the Department for Levelling Up, Housing and Communities.

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations above:

- Discussions with management including consideration of known or suspected non-compliance with the PSM Rules, the ISM Rules and the AHGL;
- Performing a review of board minutes to identify any indicators of known or suspected non-compliance with significant laws and regulations;
- Confirming through review of the engagement letter with legal advisors that they are engaged to provide ongoing updates and advice to ensure ongoing compliance with the PSM Rules and the ISM Rules;
- Performing a review of the AHGL to understand its key requirements and obtaining written representations from the board regarding compliance with the AHGL;
- Performing a review of any legal correspondence with the company's legal advisors; and
- Obtaining written representations regarding the adequacy of procedures in place.

The responsible individual led a discussion with senior members of the engagement team regarding the susceptibility of the Group's and the Parent Company's financial statements to material misstatement, including how fraud might occur. The key areas identified as part of the discussion were with regard to the manipulation of the financial statements, especially operating income, through manual journals and significant estimates used for the Right of Use Asset.

This was communicated to the other members of the engagement team who were not present at the discussion.

The procedures carried out to gain evidence in the above areas included:

- Testing a sample of manual journal entries, selected based on specific risk assessments applied based on the Group's processes and controls surrounding manual journals;
- Challenging management regarding the assumptions used in the estimates above; and
- Substantive testing of operating income.

A further description of our responsibilities is available on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

S&W Partners Audit Limited

S&W Partners Audit Limited
Statutory Auditor
Chartered Accountants

45 Gresham Street
London
EC2V 7BG

5 August 2026

GROUP STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2026

	Notes	2026 £000	2025 £000
Operating income			
Interest receivable on loans to housing associations	5	274,355	266,693
Interest payable on debenture stocks, secured bonds, bank loans and other loans	5	(274,368)	(266,683)
Net interest	5	(13)	10
Other interest		3,914	4,137
Fees receivable and other income		12,244	10,902
Total income		16,145	15,049
Operating expenses			
Administration expenses		11,805	10,057
Finance costs		108	145
Total expenses		11,913	10,202
Surplus before taxation		4,232	4,847
Taxation	6	(1,147)	(1,405)
Surplus for the year		3,085	3,442
Other comprehensive income for the year			
Actuarial gain on defined benefit pension plan in the year	22	4	96
Deferred tax associated with actuarial gain on pension liability	15	(1)	(24)
Total comprehensive income for the year		3,088	3,514

GROUP STATEMENT OF FINANCIAL POSITION

At 31 March 2026

	Notes	2026 £000	2025 £000
Assets			
Non-current assets			
Loans	11	8,224,691	7,876,733
Intangible assets	7	1,055	329
Property, plant and equipment	8	1,411	1,753
Deferred tax asset	15	122	192
Current assets			
Loans	11	92,549	112,391
Trade and other receivables	12	45,955	41,035
Short-term deposits	21	42,917	44,940
Cash and cash equivalents	21	60,356	60,328
Total assets		8,469,056	8,137,701
Liabilities			
Non-current liabilities			
Financial liabilities – borrowings	13	8,225,162	7,877,196
Deferred tax liabilities	15	-	-
Defined benefit pension liability	22	662	889
Lease liability	9	777	1,122
Current liabilities			
Financial liabilities – borrowings	13	92,539	113,104
Trade and other payables	14	79,999	78,364
Lease liability	9	345	175
Current tax liabilities		289	656
Total liabilities		8,399,773	8,071,506
Equity			
Called up share capital	17	-	-
Retained earnings	18	69,283	66,195
Total equity		69,283	66,195
Total equity and liabilities		8,469,056	8,137,701

The financial statements on pages 41-72 were approved by the Board of directors on 31 July 2026 and signed on its behalf by:

George Blunden
Chair

Priya Nair
Chief Executive

Ben Rick, for and on behalf of T.H.F.C. (Services) Limited
Secretary

GROUP STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2026

	Called up share capital £	Retained earnings £000	Total equity £000
Balance as at 1 April 2024	**8**	**62,681**	**62,681**
Surplus for the year	-	3,442	3,442
Other comprehensive income	-	72	72
Balance as at 31 March 2025	**8**	**66,195**	**66,195**
Surplus for the year	-	3,085	3,085
Other comprehensive income	-	3	3
Balance as at 31 March 2026	**8**	**69,283**	**69,283**

GROUP STATEMENT OF CASH FLOWS

For the year ended 31 March 2026

	Notes	2026 £000	2025 £000
Net Cash flow from operating activities			
Cash generated from operations as per reconciliation of surplus to net cash flow from operations	19	813	2,301
Adjustments for:			
Interest received on loans to housing associations		284,009	279,426
Interest paid on debenture stocks, secured bonds, bank loans and other loans		(284,022)	(287,422)
Loans to housing associations		(440,723)	(87,221)
Repayment of loans by housing associations		98,408	36,809
New borrowings		438,400	50,000
Premium paid on deferred loans		2,323	-
Repayment of amounts borrowed		(98,409)	(39,744)
Tax paid		(1,596)	(1,766)
Net cash generated from/(used in) operating activities		(797)	(47,617)
Cash flows from investing activities			
Movement on short-term deposits		2,023	43,551
Purchase of property, plant and equipment	8	(106)	(540)
Purchase of intangible assets	7	(853)	(138)
Purchase of subsidiary net of cash acquired	7	-	(250)
Net cash generated from investing activities		1,064	42,623
Cash flows from financing activities			
Principal element of lease payments	20	(239)	(190)
Net cash used in financing activities		(239)	(190)
Net increase/(decrease) in cash and cash equivalents		28	(5,184)
Cash and cash equivalents at beginning of year		60,328	65,512
Cash and cash equivalents at end of year		60,356	60,328

THE HOUSING FINANCE CORPORATION LIMITED
STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2026

	Notes	2026 £000	2025 £000
Operating income			
Interest receivable on loans to housing associations		121,198	126,108
Interest payable on debenture stocks, bank loans and other loans		(121,198)	(126,109)
Net interest		-	(1)
Other interest		2,229	2,183
Fees receivable and other income		3,426	3,307
Total income		5,655	5,489
Operating expenses			
Administration expenses		5,655	4,989
Total expenses		5,655	4,989
Surplus before taxation		-	500
Taxation	6	(9)	(134)
(Deficit)/Surplus for the year		(9)	366
Total comprehensive (loss)/income for the year		(9)	366

There is no other comprehensive income (2025: £Nil)

THE HOUSING FINANCE CORPORATION LIMITED STATEMENT OF FINANCIAL POSITION

At 31 March 2026

	Notes	2026 £000	2025 £000
Assets			
Non-current assets			
Loans	11	2,643,535	2,684,099
Current assets			
Loans	11	43,634	77,242
Trade and other receivables	12	15,093	15,857
Current tax assets		63	-
Short-term deposits	21	34,014	23,104
Cash and cash equivalents		24,132	35,194
Total assets		2,760,471	2,835,496
Liabilities			
Non-current liabilities			
Financial liabilities – borrowings	13	2,644,247	2,684,812
Current liabilities			
Financial liabilities – borrowings	13	43,634	77,242
Trade and other payables	14	41,497	42,270
Current tax liabilities		-	70
Total liabilities		2,729,378	2,804,394
Equity			
Called up share capital	17	-	-
Retained earnings	18	31,093	31,102
Total equity		31,093	31,102
Total equity and liabilities		2,760,471	2,835,496

The financial statements on pages 41-72 were approved by the Board of directors on 31 July 2026 and signed on its behalf by:

George Blunden
Chair

Priya Nair
Chief Executive

Ben Rick, for and on behalf of T.H.F.C. (Services) Limited
Secretary

THE HOUSING FINANCE CORPORATION LIMITED
STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2026

	Called up share capital £	Retained earnings £000	Total equity £000
Balance as at 1 April 2024	8	30,736	30,736
Surplus for the year	-	366	366
Balance as at 31 March 2025	**8**	**31,102**	**31,102**
Deficit/Surplus for the year	-	(9)	(9)
Balance as at 31 March 2026	**8**	**31,093**	**31,093**

THE HOUSING FINANCE CORPORATION LIMITED
STATEMENT OF CASH FLOWS

For the year ended 31 March 2026

	Notes	2026 £000	2025 £000
Net Cash flow from operating activities			
Cash (used in)/generated from operations as per reconciliation of surplus to net cash flow from operations	19	(66)	523
Adjustments for:			
Interest received on loans to housing associations		126,382	130,350
Interest paid on debenture stocks, bank loans and other loans		(126,315)	(130,978)
Loans to housing associations	11	3,060	-
Repayment of loans by housing associations		73,389	19,062
New borrowings	13	(3,060)	-
Repayment of amounts borrowed		(73,389)	(19,062)
Tax paid		(153)	(95)
Net cash used in operating activities		(152)	(200)
Cash flows from investing activities			
Movement on short-term deposits		(10,910)	2,896
Net cash generated from investing activities		(10,910)	2,896
Net (decrease)/increase in cash and cash equivalents		(11,062)	2,696
Cash and cash equivalents at beginning of year		35,194	32,498
Cash and cash equivalents at end of year		24,132	35,194

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

1. Accounting policies

1. General Information

The Housing Finance Corporation Limited ("THFC" or "the Company") is a private limited company domiciled and incorporated in England and Wales and registered under the Co-operative and Community Benefit Societies Act 2014. The registered office of each entity is 3rd Floor, 17 St. Swithin's Lane, London, EC4N 8AL

a) Significant accounting policies

The accounting policies applied in the preparation of the financial statements of The Housing Finance Corporation Limited (the "Company") and its subsidiaries together known as (the "Group") are described in this note. These policies have been applied consistently in all the years presented unless otherwise stated.

Presentational currency

The financial statements are presented in pound sterling, which is also the Company's and Group's functional currency with no transactions in foreign currency.

Basis of preparation

The financial statements have been prepared in accordance with UK-adopted international accounting standards and, as regards the Company's financial statements, in conformity with the requirements of the Co-operative and Community Benefit Societies Act 2014. The financial statements have been prepared under the historical cost convention.

Basis of consolidation

The Group prepares consolidated financial statements. The Company has effective control of the financial and operating policies of all subsidiaries. UK Rents (Holdings) Limited ("UKRH"), UK Rents (No.1) Plc ("UKR1") and UK Rents Trustee Limited ("UKRT") have financial years ending 6 April, and therefore transactions for the period 1-6 April in each year have been adjusted as part of the consolidation. UKRH, UKR1 and UKRT have different year-ends from the rest of the group for transaction specific reasons.

T.H.F.C. (Indexed 2) Limited ("THFCIL2") and T.H.F.C. (Social Housing Finance) Limited ("SHF") are registered societies with limited liability incorporated under the Cooperative and Community Benefit Societies Act 2014. All the shareholders of THFCIL2 and SHF have executed deeds of trust in favour of THFC and thus THFCIL2 and SHF are treated as wholly owned subsidiaries of THFC.

T.H.F.C. (Services) Limited ("THFCS"), Housing Finance Trustee Limited ("HFT"), UKRH and UKRT are private limited companies; UKR1, T.H.F.C. (Capital) Plc ("THFCC"), Affordable Housing Finance PLC ("AHF"), Blend Funding Plc ("Blend"), THFC Sustainable Finance Plc ("TSF"), THFC Sustainable Finance (2) Plc ("TSF2"), Temporary Accommodation Funding Plc ("TAF"), Shared Ownership Funding Plc ("SOF"), Urban Housing Finance Plc ("UHF"), Social Housing Finance 2 Plc ("SHF 2") and Social Housing Finance 1 Plc ("SHF 1") are public limited companies, all incorporated under the Companies Act 2006. The shares of THFCS are owned by THFC. THFCS owns all of the shares of THFCC, AHF, Blend, HFT and UKRH, and UKRH owns all of the shares of both UKRT and UKR1 so THFCS, THFCC, AHF, Blend, HFT, UKRH, UKRT and UKR1 are treated as wholly owned subsidiaries of THFC.

The Group financial statements fully consolidate the results of subsidiary undertakings from the date on which control is acquired. The purchase method of accounting is used to account for the acquisition of subsidiaries of the Group. Subsidiaries are de-consolidated from the date that control ceases.

Inter-company transactions, balances, income and expenses on transactions between the Group are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to have control in an entity, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in the statement of comprehensive income. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the statement of comprehensive income.

Year ended 31 March 2026

THFCS holds shares on a fiduciary basis under the terms of a declaration of trust in four related companies, Harbour Funding Plc, 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 and THFC does not consolidate their results. These companies report to 31 December 2025 and summary financial information relating to that period end can be found in *note 23: Related Party Transactions*.

Investments in subsidiaries are stated at cost less provision for impairment where necessary.

Going Concern

The Company continues to adopt the going concern basis, as disclosed in the Directors' Report on page 24. At the date of signing the accounts there is no evidence to suggest that the Group or any borrower will be unable to meet its covenants in the foreseeable future. Having reviewed its own financial position and that of the borrowers upon which it is dependent, the Board has a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future, being a period of no less than 12 months from approval of these financial statements. The Group and Company therefore continue to adopt the going concern basis in preparing the financial statements.

Critical accounting judgements, estimates and assumptions

The preparation of financial statements in accordance with UK-adopted international accounting standards requires the use of certain critical accounting judgements and estimates. It also requires management to exercise judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity or where assumptions are significant to the financial statements are stated below.

Critical accounting judgements

The evaluation as to whether the loans to borrowers are impaired: The directors have concluded that no impairment provision is required in relation to the loans and loan commitments made to borrowers and undrawn loan commitments in accordance with IFRS 9. This is for a number of reasons which includes, but is 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 required under IFRS 9 would be matched by a similar adjustment to the gross liability.

Determination of the lease term: Rental contracts are typically made for fixed periods but may have extension options:

In these cases, significant judgement is required to ascertain the correct lease term. When assessing whether the Group is reasonably certain to exercise the option to extend the lease, the directors consider all relevant facts and circumstances (both monetary and non-monetary) that create an economic incentive for them to exercise or not exercise that option.

They also include any expected changes in facts and circumstances from the commencement date until the exercise date of the option.

The non-consolidation of related companies in which the Group has a non-beneficial shareholding: The directors have concluded that the related companies do not fall within the definition of control contained in IFRS 10 primarily because the shares are held on a fiduciary basis.

Key areas of estimation uncertainty

Determination of incremental borrowing rate: The calculation of lease liabilities requires the Group to determine an incremental borrowing rate to discount future minimum lease payments. Estimation is applied in determining the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. This will take into account risk free rates and any lease specific adjustments. The incremental borrowing rate applied was 2.505%. There is no impact on profit over the life of the lease from changing the rate applied. However, a higher incremental borrowing rate would see the depreciation charge reduced and the finance charge increased – this adjustment would see the overall statement of comprehensive income charge higher in the earlier years of the lease and lower in the latter years.

Defined benefit pension liability: Various estimates are used in the calculation of the defined benefit pension liability, such as discount rate, inflation and mortality rates. In determining the appropriate discount rate, consideration is made to the interest rates of corporate bonds with minimum AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. Inflation is set by considering market expectations, for example taking the difference between yields available on long-dated fixed-interest and index-linked gilts. Mortality rates are set in line with SAPS tables S2, adjusted to allow for any expectation of higher or lower life expectancy of scheme members due to geographic, socio-economic or demographic factors. The sensitivity of the principal actuarial assumptions is disclosed in note 22: Pensions. At 31 March 2026, a liability of £662,000 for pensions (2025: £889,000) is recorded in the statement of financial position.

1. Accounting policies continued

Financial instruments

Financial assets and financial liabilities are recognised when the Company or a member of the Group becomes a party to the contractual provisions of the instrument and are initially measured at the amount an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction, (known as the "fair value") but may be subsequently amortised if held at amortised cost. Net transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVPL")) are respectively added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. The Group incurs and recovers substantially all transaction costs, so they do not form part of the fair value at recognition.

Further disclosure on fair values, see *note 21: Financial instruments – Fair value and risk management*.

Debt instruments at amortised cost

A debt instrument is measured at amortised cost if it meets the following conditions:

- It is held within a business model that has an objective to hold financial assets to collect contractual cash flow; and
- The contractual terms of the financial asset result in cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI").

Refer to note 11: Loans receivable and note 13: Financial liabilities – borrowings

Expected credit loss provision

Debt instruments measured at amortised cost are assessed for their expected credit loss ("ECL") in the 12 months after the reporting date. ECL is the probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of a financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive. ECL recognizes the shortfall of cash flows that would result if default occurred within 12 months of the reporting date, weighted by the risk of that default occurring.

The Group operates within a loss free sector and all borrowers have complied with their obligations under their respective loan agreements since inception. The 12-month ECL is based on its loss experience and to date, there are no material indicators of future losses, so the Group's ECL on its loans and undrawn loan commitments remains at zero.

The Group has identified a number of early warning indicators ("EWI") against which its loans and undrawn loan commitments are monitored. If any of the events occur, internal consideration is given as to whether the loan or undrawn loan commitment should move to stage 2 classification.

The Group has also identified a series of criteria that will be used to determine if a loan or undrawn loan commitment meets the definition of default, and therefore should move to stage 3.

Reclassification

The Group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change.

Derecognition

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either:

- The Group transfers substantially all the risks and rewards of ownership; or
- The Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

Year ended 31 March 2026

Loans receivable

Loans represent monies lent to not-for-profit UK Registered Providers of Social Housing (housing associations, or “HAs”) under loan agreements and held at amortised cost. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the effective interest rate method.

Indexed-linked loans are held at amortised cost. Amortised cost is calculated by taking into account any premium on the issue, indexation and costs that are an integral part of the effective interest rate method. Indexation is applied in line with the pre-indexation schedule at each semi-annual payment date over the expected life of the financial asset. The indexation is adjusted by the percentage rise in the retail price index (“RPI”), published eight months before the semi- annual payment date, over the RPI published eight months before the financial assets’ issue date with the difference being recognised in the statement of comprehensive income.

Undrawn loan commitments

Undrawn loan commitments represent monies committed to be lent to not-for-profit HAs under the terms of a loan agreement at a future date. As the loan receivable arising from the commitment will be held by the Group in line with its “hold to collect” business model, the loan commitment is not recognised in the statement of financial position.

Cash and cash equivalents

Cash and cash equivalents comprise balances with an original maturity of three months or less, including cash and money market products.

Short-term deposits

Short-term deposits consist of term deposits and gilts whose original maturity dates are greater than three months or less from the investment date, but not more than twelve months.

Trade and other receivables

Trade and other receivables are amounts due to the Group in the ordinary course of business and recognised at transaction price and are subsequently measured at amortised cost. If collection is expected within one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade and other payables

Trade and other payables are obligations to pay for services that have been acquired in the ordinary course of business. These are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. They are recognised initially at fair value and subsequently measured at amortised cost.

Pension fund

The Group operates a defined contribution pension scheme and is also a member of the Social Housing Pension Scheme (“SHPS”), a multi-employer defined benefit pension scheme administered independently by The Pensions Trust. Contributions to the defined contribution pension scheme are charged to the statement of comprehensive income as they become payable in accordance with the rules of the scheme. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the statement of financial position. The Group recognizes in the statement of financial position the present value of its defined benefit pension obligations less the fair value of plan assets. The current service cost is charged against profit before taxation. Interest on the scheme liabilities net of the expected return on scheme assets is included in finance costs. The defined benefit pension obligation is calculated at each period end by independent actuaries using the projected unit credit method. The present value of the obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and which have terms to maturity approximating to the terms of the related pension liabilities. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are reflected in the statement of comprehensive income in the period in which they arise.

Collateral for loans

Collateral, unless subject to enforcement, is not recorded on the Group’s Statement of Financial Position. However, the value of collateral affects the calculation of expected credit losses. Collateral arrangements are described in *note 21: Financial instruments – Fair value and risk management*.

1. Accounting policies continued

Leases

The Group will depreciate the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Where impairment indicators exist, the right of use asset will be assessed for impairment. The lease liabilities are measured at the present value of the lease payments due to the lessor over the lease term, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. After initial measurement, any payments made will reduce the liability and the interest accrued will increase it. Any reassessment or modification will lead to a remeasurement of the liability. In such case, the corresponding adjustment will be reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero. In the statement of financial position, right-of-use assets have been included in property, plant and equipment.

Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation. Cost includes the original purchase price of the asset and the costs attributable to bring the asset to its working condition for its intended use. Depreciation is calculated on a straight-line basis to write the assets down to residual value evenly over their estimated useful lives. The residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Depreciation rate

Fixtures, fittings and equipment	25% per annum
Leasehold improvement	length of remaining lease
Right of use asset	length of remaining lease

Intangible assets

Intangible fixed assets and intellectual property held for operational use are valued at historical cost and are amortised over the estimated useful life of the asset on a straight-line basis. Computer software and related implementation costs are capitalised as intangible fixed assets and amortised over 3 years. Intangible assets and intellectual property are subject to impairment reviews annually. They are amortised over the shorter of the term of the license and their estimated useful economic lives.

Goodwill on acquisition

Goodwill on acquisition would be recognised at historical cost and an impairment review would be conducted annually. Any impairment or increase in value would be recognised in the income statement. On 31 July 2024, the Company acquired the business of HRS. The goodwill element of the £250,000 purchase price paid was £108,000. Management has considered it reasonable and prudent to fully impair £108,000, reflecting the goodwill element of the purchase price. See note 7 for further information.

Taxation

Corporation taxation payable on profits is recognised as an expense based on the applicable tax laws in the period in which profits arise. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities using tax rates (and laws) that have been enacted by the balance sheet date. Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using the tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and which are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Equity instruments

Equity instruments issued are recorded as the proceeds received, net of direct issue costs.

Segmental analysis

All operating income and expenditure is derived from activities undertaken in the United Kingdom. The Group's only activity is to provide finance to HAs. Therefore, no segmental information is prepared by management.

Year ended 31 March 2026

Interest

Interest receivable on loans to the borrowers, and interest payable on the secured notes, is accounted for using the effective interest rate method. Any premium or discount on issue is added to or deducted from the original loan amount or secured notes nominal value using the effective interest rate method. This is charged or credited to the statement of comprehensive income over the expected life of the loan or notes, so that the interest receivable and payable, as adjusted for the amortization of the premium or discount, gives a constant yield to maturity.

Fees and premium receivable

This comprises arrangement fees receivable on completion of loan transactions, annual fees (for the ongoing service provided to borrowers) and premiums receivable on completion of loan prepayment transactions. Fees are measured at the transaction price received or receivable, net of discounts, VAT and other sales related taxes. They are recognised over the period in within which the performance obligation is satisfied, which is expected to be less than one year, so there is no adjustment for a financing component. Arrangement fees and premiums receivable are recognised on the completion of the transaction with the borrower. Annual fees are recognised over the period in which the services are provided.

Other interest

Interest income on cash and cash equivalents as well as short-term deposits is recognised on an accruals basis.

a) Standards and interpretations effective for the Group in these financial statements

The following new and amended Standards and Interpretations effective for the financial year beginning on or after 1 April 2025 have been adopted:

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability.

The adoption of these standards has not had a material impact on the reported results or financial position of the company and has not given rise to any additional disclosure requirements.

b) Standards and interpretations effective for the company in future periods

As at the date of authorisation of these accounts, there were a number of Standards and Interpretations that were in issue but not yet effective.

- Amendments to the Classification and Measurement of Financial Instruments (amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures);
- Annual Improvements to IFRS Accounting Standards – Volume 11 (amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7); and
- IFRS 18 – Presentation and Disclosure in Financial Statements.

The effect of all new and amended Standards and Interpretations which are in issue but not yet mandatorily effective is not expected to materially impact the group or company.

2. Surplus before taxation

Surplus before taxation is stated after charging:

	Group 2026 £000	THFC 2026 £000	Group 2025 £000	THFC 2025 £000
Amortization of intangible fixed assets	109	-	74	-
Goodwill impairment	-	-	108	-
Depreciation of property, plant and equipment	448	-	331	-
Fees paid to the auditor for:				
Auditing of the financial statements	109	109	116	108
Auditing of the financial statements of subsidiaries	117	-	134	-
Other tax compliance advisory services	-	-	47	-

3. Staff numbers and cost

	Group 2026	Group 2025
Average number of persons (including directors) during the year		
Non-Executive Directors	7	8
Executive Directors	5	3
Management and administrative staff	26	29
	38	40

The aggregate costs amounted to:

	£000	£000
Non-Executive Directors' fees	322	346
Wages & salaries	4,595	4,037
Bonuses	420	397
Termination benefits	378	76
Social security costs	697	621
Employee benefits	60	69
Other pension costs	317	348
	6,789	5,894

The Company employed no staff during the year and so had no directly incurred employee related costs. All staff are employed by THFCS.

4. Directors' remuneration

	Group 2026 £000	Group 2025 £000
Non-Executive Directors:		
Fees	322	346
Executive Directors:		
Salaries	904	1,107
Termination benefits	236	76
Bonuses	107	139
Benefits	16	9
Aggregate emoluments	1,585	1,677
Pension contributions	112	67
Total	1,697	1,744
Highest paid Executive Director:		
Salary	398	390
Bonus	58	58
Benefits	3	3
Aggregate emoluments	459	451
Pension contributions	-	-
Total	459	451

The fees of the Chair were £61,197 (2025: £59,704). Other Non-Executive Director (or their employer) received fees at the rate of £40,397 (2025: £39,408) per annum from the Company.

All directors' costs, except those paid by AHF, were incurred by THFCS and recharged to the Company.

During the year fees of £50,586 (2025: £50,001) in respect of two Non-Executive Directors (2025: two Non-Executive Directors) were paid to those directors' employers. No pension contributions were made by the Group in respect of Non-Executive Directors (2025: £Nil).

On 1 April 2026 Non-Executive Directors' fees were increased following a focused benchmarking exercise

Year ended 31 March 2026

A total amount of £267,221 was paid by the Group in the year (2025: £274,420) in respect of the pension scheme past service deficit for current and previous employees. An element of this relates to the Executive Directors' past service but it is not possible to quantify the attributable amount. Certain Non-Executive Directors receive benefits-in-kind in respect of travel expenses. Two Executive Directors were members of the SHPS defined benefit pension scheme up until 31 March 2017 (*see note 22: Pensions*). From 1 April 2017 one Executive Director was a member of the SHPS defined contribution scheme. There are no long-term incentive schemes.

Chief executive pay ratio reporting

The table below compares the total remuneration of the chief executive against the total remuneration of the median employee and those who sit at the 25th and 75th percentiles (lower and upper quartiles). This reporting will build annually to cover a rolling 10-year period.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2025/26	**Option A**	**6.9:1**	**4.9:1**	**2.5:1**
2024/25	Option A	7.8 :1	5.0 :1	2.7 :1

The total remuneration and salary values for the 25th, median and 75th percentile employees for 2025/26 are:

Year	25th percentile	Median	75th percentile
Total remuneration	£50,120	£70,230	£140,110
Salary	£47,360	£63,820	£106,763

Notes:

i. The calculation is based on Option A as set out in The Companies (Miscellaneous Reporting) Regulations 2018 which is considered to be the most statistically accurate methodology.

ii. Employee data includes full time equivalent total remuneration for all UK employees as at 31 March 2026. For each employee, remuneration was calculated based on all components of pay including base pay, performance pay paid in 2025/26, core benefits including medical insurance and car allowance, and pension payments.

iii. The Remuneration Committee has considered the pay data for the three individuals identified for 2025/26 and confirms that the ratios reasonably represent the Society's approach to pay and reward for employees taken as a whole.

5. Net loan interest

	Note	Group 2026 £000	THFC 2026 £000	Group 2025 £000	THFC 2025 £000
Interest receivable on loans to housing associations					
Interest receivable		288,554	125,041	280,149	130,113
Discount amortised	11	2,914	2,836	2,656	2,565
Premium amortised	11	(17,113)	(6,679)	(16,542)	(6,570)
Income from securitised assets	16	-	-	272	-
Indexation on investments	11	-	-	158	-
Total loan interest receivable		274,355	121,198	266,693	126,108
On debenture stocks, secured bonds, bank loans and other loans					
Interest payable		288,557	125,041	280,416	130,113
Discount amortised	13	2,914	2,836	2,642	2,567
Premium amortised	13	(17,103)	(6,679)	(16,553)	(6,571)
Indexation on loans payable	13	-	-	158	-
Total loan interest payable		274,368	121,198	266,683	126,109
Net loan interest		(13)	-	10	(1)

5. Net loan interest continued

	Group 2026 £000	THFC 2026 £000	Group 2025 £000	THFC 2025 £000
On debenture stocks, secured bonds, secured notes, bank borrowings and other borrowings which are:				
Repayable wholly in more than five years				
Interest payable	193,415	83,706	236,810	87,145
Repayable within five years	95,366	41,335	43,780	42,968
Accelerated premium on deferred loans in year	(224)	-	(174)	-
	288,557	125,041	280,416	130,113

6. Taxation

	Group 2026 £000	THFC 2026 £000	Group 2025 £000	THFC 2025 £000
UK Corporation Tax in respect of current year	1,078	9	1,327	134
Deferred taxation in respect of current year (see note 15)	69	-	78	-
Total Tax expense for the year	1,147	9	1,405	134
The difference between the total tax expense shown above and the amount calculated by applying the standard rate of UK Corporation tax to the profit before tax is as follows:				
Profit before taxation/taxable profit	4,232	-	4,847	500
Profit before tax multiplied by the standard rate of corporation tax in the UK of 25% (2025: 25%)	1,059	9	1,212	125
Timing difference between accountancy and taxation treatment of expenditure:	(27)	-	163	-
Permanently disallowed items and other timing differences	115	-	30	9
	1,147	9	1,405	134
Effective tax rate	27.08%	25.00%	28.99%	26.80%

7. Intangible assets

2026	Implementation costs of software £000	Intellectual property £000	Goodwill on acquisition £000	Total £000
Cost				
At beginning of year	523	142	108	773
Additions	853	-	-	853
At end of year	1,376	142	108	1,626
Amortisation and impairment				
At beginning of year	336	18	108	462
Amortisation for the year	73	36	-	109
At end of year	409	54	108	571
Net book value				
At end of year	967	88	-	1,055
At beginning of year	205	124	-	329

Year ended 31 March 2026

2025	Implementation costs of software £000	Intellectual property £000	Goodwill on acquisition £000	Total £000
Cost				
At beginning of year	385	-	-	385
Additions / acquisition	138	142	108	388
At end of year	523	142	108	773
Amortisation and impairment				
At beginning of year	262	-	-	262
Amortisation for the year	56	18	-	74
Impairment for the year	-	-	108	108
At end of year	318	18	108	444
Net book value				
At end of year	205	124	-	329
At beginning of year	123	-	-	123

8. Property, plant and equipment – Group only

Cost	Fixtures, fittings and equipment £000	Leasehold improvements £000	Right-of-use Asset £000	Total £000
At 31 March 2025	461	609	2,201	3,271
Additions	106	-	-	106
At 31 March 2026	567	609	2,201	3,377
Accumulated depreciation				
At 31 March 2025	220	345	953	1,518
Charge for the year	82	78	288	448
At 31 March 2026	302	423	1,241	1,966
Net book value at 31 March 2026	**265**	**186**	**960**	**1,411**
Net book value at 1 April 2025	241	264	1,248	1,753

9. Leases – Group only

Leases	2026 £000	2025 £000
Right-of-use assets		
Property	960	1,248
Total right-of-use assets	960	1,248
Lease liabilities		
Current	345	175
Non-current	777	1,122
Total lease liabilities	1,122	1,297

The nature and accounting of the leasing activities

The Group has a lease contract for a property which has a lease term of 10 years. Contracts may contain both lease and non-lease components. The Group allocates consideration between lease and non-lease components based on the price a lessor, or similar supplier, would charge to purchase that component separately. The lease term begins at the commencement date and includes any rent-free periods provided by the lessor. Lease terms vary between contracts and depend on the individual facts and circumstances of the contract. Lease liabilities are measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 April 2025. The Group's incremental borrowing rate is the rate at which a similar borrowing is expected to be obtained from an independent creditor under comparable terms and conditions. The weighted-average discount rate applied was 5.2%.

10. Investments

Investments in subsidiaries	£000
At 1 April 2025	121
Additions in year	67
At 31 March 2026	188

Details of the Company's subsidiaries, which are all eliminated within the Group's consolidated financial statements, are as follows. Subsidiaries denoted by a * are indirect subsidiaries of THFC.

Name of company	Principal place of business and country of incorporation	Nature of business	% voting rights and shares held directly
Affordable Housing Finance Plc*	UK	Financial intermediation	100% of ordinary shares
Blend Funding Plc*	UK	Trustee	100% of ordinary shares
Housing Finance Trustee Limited*	UK	Financial intermediation	100% of ordinary shares
T.H.F.C. (Capital) Plc*	UK	Financial intermediation	100% of ordinary shares
UK Rents (Holdings) Limited*	UK	Holding company	100% of ordinary shares
UK Rents Trustee Limited*	UK	Trustee	100% of ordinary shares
UK Rents (No. 1) Plc*	UK	Financial intermediation	100% of ordinary shares
THFC Sustainable Finance Plc*	UK	Financial intermediation	100% of ordinary shares
T.H.F.C. Sustainable Finance (No. 2) Plc*	UK	Financial intermediation	100% of ordinary shares
T.H.F.C. (Services) Limited	UK	Corporate services	100% of ordinary shares
T.H.F.C. (Indexed 2) Limited	UK	Financial intermediation	100% of ordinary shares
T.H.F.C (Social Housing Finance) Limited	UK	Financial intermediation	100% of ordinary shares
Temporary Accommodation Funding Plc	UK	Financial intermediary	100% of ordinary shares
Shared Ownership Funding Plc	UK	Financial intermediary	100% of ordinary shares
Urban Housing Finance Plc	UK	Financial intermediary	100% of ordinary shares
Social Housing Finance 2 Plc	UK	Financial intermediary	100% of ordinary shares
Social Housing Finance 1 Plc	UK	Financial intermediary	100% of ordinary shares

The registered office of the subsidiaries listed above is 3rd Floor, 17 St. Swithin's Lane, London EC4N 8AL.

11. Loans receivable

	Group 2026 £000	THFC 2026 £000	Group 2025 £000	THFC 2025 £000
Loans to housing associations				
At beginning of year	7,986,983	2,761,341	7,946,324	2,784,408
Net premium on new issues	2,323	(340)	(2,779)	-
Loans repaid during the year	(96,267)	(73,389)	(32,834)	(19,062)
Loans advanced during the year	438,400	3,400	90,000	-
	8,331,439	2,691,012	8,000,711	2,765,346
Discount amortised for the year	2,914	2,836	2,656	2,565
Premium amortised for the year	(17,113)	(6,679)	(16,542)	(6,570)
Indexation for the year	-	-	158	-
At end of year	8,317,240	2,687,169	7,986,983	2,761,341
Securitised assets				
At beginning of year (Note 16)	2,141	-	6,116	-
Loans repaid during the year	(2,141)	-	(3,975)	-
At end of year	-	-	2,141	-
Total loans and receivables	8,317,240	2,687,169	7,989,124	2,761,341
Due within one year	92,549	43,634	112,391	77,242
Due after more than one year	8,224,691	2,643,535	7,876,733	2,684,099
Total	8,317,240	2,687,169	7,989,124	2,761,341

Year ended 31 March 2026

Loans have been made to HAs on similar interest rate and repayment terms as those on which the Group was able to raise the finance. Each loan is secured by a combination of:

a) either a floating charge secured on the undertakings of the relevant HA, or a fixed charge on other assets to provide a minimum of one and a half times cover (except in the case of AHF where the minimum is 1.05 times cover and Blend where the minimum is 1.10 times);

b) a first fixed charge over cash and investments representing monies lent by the Group pending investment in assets and a first fixed charge over any assets acquired by the relevant HA with those monies; and

c) for discounted loans, a sinking fund comprising monies paid by the relevant HA and held by a trustee (Law Debenture Trustees Limited) towards the payment to the Company of the amount required to redeem the loan.

For securitised loans see *note: 16 Securitisation transaction*.

The maturity profile and the collateral arrangements for the above loans are detailed in *note 21: Financial instruments – Fair value and risk management*.

The Group's credit rating of its borrowers, together with periodic reviews of credit information, provides the basis for credit monitoring. The loan book is regularly reviewed for evidence of potential impairment. Processes include review of available management accounts, covenant compliance, timeliness of payment, security, external investment ratings, viability assessments issued by the regulator, impact of statutory changes, general economic environment and meetings with management. Based upon the information available at the date of this report the directors are of the opinion that there is no evidence that the loans are impaired. The Board continues to monitor the impact of potential additional liabilities HAs may incur on remedial work and ancillary costs in relation to certain stock in light of the Grenfell tragedy. At the date of this report there is no evidence that the loans are impaired because of this issue.

12. Trade and other receivables

	Group 2026 £000	THFC 2026 £000	Group 2025 £000	THFC 2025 £000
Due within one year:				
Accrued interest income	39,292	12,301	34,797	13,643
Other receivables	6,663	2,049	6,238	1,982
Amounts due from subsidiary undertakings	-	743	-	232
	45,955	15,093	41,035	15,857

13. Financial liabilities – borrowings

	Group 2026 £000	THFC 2026 £000	Group 2025 £000	THFC 2025 £000
Guaranteed secured bonds				
At beginning of year	1,875,281	-	1,881,047	-
Premium amortised	(5,915)	-	(5,766)	-
At end of year	1,869,366	-	1,875,281	-

	Group 2026 £000	THFC 2026 £000	Group 2025 £000	THFC 2025 £000
Guaranteed secured bank loans				
At beginning of year	1,498,322	-	1,500,000	-
Repaid during the year	(15,878)	-	(1,678)	-
At end of year	1,482,444	-	1,498,322	-

13. Financial liabilities – borrowings continued

	Group 2026 £000	THFC 2026 £000	Group 2025 £000	THFC 2025 £000
Eurobonds				
At beginning of year	2,141	-	6,116	-
Repaid during the year	(2,141)	-	(3,975)	-
At end of year	-	-	2,141	-

	Group 2026 £000	THFC 2026 £000	Group 2025 £000	THFC 2025 £000
Secured medium term note programme				
At beginning of year	1,658,430	-	1,612,540	-
Issued during the year	435,000	-	50,000	-
Net premium/discount on issue	2,663	-	-	-
Discount amortised	78	-	75	-
Premium amortised	(4,506)	-	(4,185)	-
At end of year	2,091,665	-	1,658,430	-

	Group 2026 £000	THFC 2026 £000	Group 2025 £000	THFC 2025 £000
Debenture stocks				
At beginning of year	283,038	90,139	294,766	88,479
Repaid during the year	(52,000)	(45,450)	(13,814)	(279)
Discount amortised	2,328	2,328	2,098	2,098
Premium amortised	(46)	(43)	(170)	(159)
Indexation	-	-	158	-
At end of year	233,320	46,974	283,038	90,139

	Group 2026 £000	THFC 2026 £000	Group 2025 £000	THFC 2025 £000
Bank borrowings				
At beginning of year	918,789	918,339	939,066	937,122
Repaid during the year	(28,390)	(27,939)	(20,277)	(18,783)
At end of year	890,399	890,400	918,789	918,339

	Group 2026 £000	THFC 2026 £000	Group 2025 £000	THFC 2025 £000
Loans from 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				
At beginning of year	1,753,576	1,753,576	1,759,519	1,759,519
Issued during the year	3,400	3,400	-	-
Net premium / discount on issue	(340)	(340)	-	-
Premium amortised	(6,636)	(6,636)	(6,412)	(6,412)
Discount amortised	507	507	469	469
At end of year	1,750,507	1,750,507	1,753,576	1,753,576
Subordinated loans (note 16)	-	-	723	-
Total borrowings	8,317,701	2,687,881	7,990,300	2,762,054

Year ended 31 March 2026

	Group 2026 £000	THFC 2026 £000	Group 2025 £000	THFC 2025 £000
Amounts falling due within one year	92,539	43,634	113,104	77,242
Amounts falling due after one year	8,225,162	2,644,247	7,877,196	2,684,812
Total	8,317,701	2,687,881	7,990,300	2,762,054

Amounts falling due after one year are repayable as follows:

	Group 2026 £000	THFC 2026 £000	Group 2025 £000	THFC 2025 £000
Between one and two years	251,803	175,994	92,200	43,645
Between two and five years	526,967	242,190	543,179	279,474
In five years or more	7,446,392	2,226,063	7,241,817	2,361,693
	8,225,162	2,644,247	7,877,196	2,684,812

The guaranteed secured bonds, secured medium term notes, debenture stocks, bank and other loans are secured by floating charges over all the assets of AHF, Blend or THFC respectively. The eurobonds were secured by a first ranking fixed security interest over UKR1's beneficial interest in UKRT together with further security over all of UKR1's other assets. The interest and repayment terms of bonds, secured notes, debenture stocks, bank borrowings and other borrowings are substantially identical to the income and repayment terms of the related investments.

14. Trade and other payables

	Group 2026 £000	THFC 2026 £000	Group 2025 £000	THFC 2025 £000
Due within one year:				
Accrued interest payable	76,193	39,625	70,981	40,910
Premium interest provision on deferred loans	6	-	-	-
Other taxation and social security	255	-	204	-
Other payables	702	188	3,614	331
Accruals and deferred income	2,843	293	3,565	305
Amounts due to subsidiary undertakings	-	1,391	-	724
	79,999	41,497	78,364	42,270

15. Deferred tax

	Group 2026 £000	THFC 2026 £000	Group 2025 £000	THFC 2025 £000
At beginning of year	192	-	294	-
Charged to the statement of profit or loss	(69)	-	(78)	-
Charged to other comprehensive income	(1)	-	(24)	-
	122	-	192	-

	Group 2026 £000	THFC 2026 £000	Group 2025 £000	THFC 2025 £000
The deferred taxation asset at the end of the year is as follows:				
Retirement benefit obligation OCI	172	-	277	-
Retirement benefit obligation	-	-	(8)	-
Accelerated capital allowances	(50)	-	(77)	-
	122	-	192	-

As part of the Finance Act 2023, which was substantively enacted on 31 March 2023, the UK corporation main rate of tax is 25% as from 1 April 2023. UK corporation tax rates in THFC's subsidiaries may be less than this main rate of tax if they are considered small or eligible for marginal relief. This change has therefore been reflected in the calculations for the year ended 31 March 2026.

16. Securitisation transaction

The Eurobonds issued by UK Rents No.1 ("UKR1") reached final maturity on 6 April 2025 and all loan servicing obligations have ended. The Company will therefore no longer continue its principal activity in future.

Each HA which sold rent receivables has provided UKR1 with a subordinated loan to act as a reserve for its obligations. The total of such loans outstanding at 31 March 2026 was £Nil (2025: £723,000).

UKRT receives the rental flow and holds it on trust for UKR1 and thereafter the HA so that rent is firstly used to meet the interest and administrative expenses of UKR1 with any surpluses (after meeting the obligations of UKR1) returned to the HA.

The income from securitised assets in the year amounted to 2026: £Nil (2025: £272,000) and is included in operating income in the Group statement of comprehensive income. This income supports payment of the interest on the bonds to the same value.

THFCS provides all management and administrative services to UKR1 and monitors the performance of the HAs in meeting their obligations under the terms of the various agreements.

17. Called up share capital

Authorised, allotted, called up and fully paid ordinary shares of £1 each

	2026 £	2025 £
At beginning of year	8	8
At end of year	8	8

The Board of the Company may in its discretion admit to membership any individual or entity including nominees of unincorporated bodies. Shares cannot be withdrawn but upon a member ceasing to be a director the share is cancelled, and the paid-up amount added to reserves. The rules of the Company prescribe that surpluses cannot be distributed to members. All members enter into a declaration of trust in respect of their shares in favour of the Company.

18. Reserves

	Group 2026 £000	THFC 2026 £000	Group 2025 £000	THFC 2025 £000
Opening reserves	66,195	31,102	62,681	30,736
Surplus for the year	3,086	(9)	3,442	366
Other comprehensive income	3	-	72	-
Closing reserves	69,284	31,093	66,195	31,102

Under its rules, the Company may not distribute its accumulated reserves either directly or indirectly to its shareholders. The consolidated reserves of the Group shown above include the aggregation of the reserves of the Company's subsidiaries which, in the case of THFCIL2 and SHF (being companies registered under the Co-operative and Community Benefit Societies Act 2014), are not available for distribution. The aggregated reserves of these subsidiaries at 31 March 2026 were £0.54m (2025: £0.54m).

The Group's reserves represent its capital and are non-distributable to shareholders. The Group makes loans only on a fully secured basis and against matching funding; reserves are therefore primarily held to provide liquidity while security is realised, in the event that a borrower defaults. The Company is not subject to any regulatory capital requirement. AHF reserves can only be used for clearly defined purposes set out in the licence. AHF's reserves at 31 March 2026 were £9.7m (2025: £8.9m).

Year ended 31 March 2026

19. Reconciliation of surplus to net cash flow from operations

	Group 2026 £000	THFC 2026 £000	Group 2025 £000	THFC 2025 £000
Surplus before taxation	4,232	-	4,847	500
Interest receivable	(274,355)	(121,198)	(266,443)	(126,108)
Interest payable	274,368	121,198	266,494	126,108
Adjustments for:				
Depreciation and amortisation	574	-	513	-
Finance costs	108	-	145	-
Net employer contribution after administration costs	(271)	-	(254)	-
Increase in other receivables	(425)	(578)	(583)	(131)
(Decrease)/increase in other payables	(3,418)	512	(2,418)	154
Net cash inflow/(outflow) from operating activities	813	(66)	2,301	523

20. Reconciliation of liabilities arising from financing activities

	1-Apr-2025 £000	Cashflows £000	Other non-cash charges £000	31-Mar-2026 £000
Lease liabilities due within 1 year	175	(239)	409	345
Lease liabilities due in more than 1 year	1,122	-	(345)	777
	1,297	(239)	64	1,122

	1-Apr-2024 £000	Cashflows £000	Other non-cash charges £000	31-Mar-2025 £000
Lease liabilities due within 1 year	98	(190)	267	175
Lease liabilities due in more than 1 year	698	-	424	1,122
	796	(190)	691	1,297

In 2025-26 and 2024-25, the Company had no other liabilities arising from financing activities.

21. Financial instruments – Fair value and risk management

Fair values

IFRS 13 Fair value measurement requires an entity to classify, for disclosure purposes, its financial instruments held at amortised cost according to the fair value hierarchy that reflects the significance of observable market inputs. The three levels of the fair value hierarchy are defined below.

Level 1 - Quoted market prices

Financial instruments are classified as level 1 if their value is observable in an active market. Fair values for such instruments are reported by reference to unadjusted quoted prices for identical assets or liabilities where the quoted price is readily available, and the price represents actual and regularly occurring market transactions on an arm's length basis.

Level 2 - Valuation technique using observable inputs

Financial instruments classified as level 2 are fair valued using models whose inputs (for example, interest rates and credit spreads) are observable in an active market.

Level 3 - Valuation technique using significant unobservable inputs

Financial instruments are classified as level 3 if their valuation incorporates significant inputs that are not based on observable market data. The Group has no instruments classified in Level 3 (2025: None).

21. Financial instruments – Fair value and risk management continued

All the Group's financial instruments are measured at amortised cost. All the Group's debenture stocks, secured bonds and secured medium term notes and the AHF Guaranteed Secured Bonds (the "AHF bonds") are tradable but the markets are not considered to be active. Accordingly, market prices of a suitable reference gilt have been adjusted for an appropriate credit spread to arrive at a fair value (level 2 valuation). The Group's fixed rate bank loans and other borrowings are not tradable but fair values are arrived at using current available market data of loans with similar characteristics (level 2 valuation).

The fair values of the associated loans receivable are adjusted to reflect the Group's assessment of the risk premium of the underlying borrower (level 2 valuation). The fair values of short-term deposits, loans and overdrafts with a maturity of less than one year are not materially different from their book values. Financial assets and financial liabilities, being loans to borrowers, bank loans, debenture stocks, notes and bonds issued, are held at amortised cost using the effective interest method. The Directors consider that the carrying value of other receivables and trade and other payables is a reasonable approximation of their fair value.

GROUP	**Book value 2026 £000**	**Fair value 2026 £000**	**Book value 2025 £000**	**Fair value 2025 £000**
Assets				
Loans receivable	8,317,240	6,438,257	7,989,124	5,818,429
Trade and other receivables	45,955	45,955	41,035	41,035
Short-term cash deposits	42,917	42,917	44,940	44,940
Cash and cash equivalents	60,356	60,356	60,328	60,328
	8,466,468	6,587,485	8,135,427	5,964,732
Liabilities				
Financial liabilities - borrowings	8,317,701	6,401,407	7,990,300	5,781,582
Trade and other payables	79,999	79,999	78,364	78,364
Lease liability	1,122	1,122	1,297	1,297
	8,398,822	6,482,528	8,069,961	5,861,243

THFC

	Book value 2026 £000	**Fair value 2026 £000**	**Book value 2025 £000**	**Fair value 2025 £000**
Assets				
Loans receivable	2,687,169	2,400,080	2,761,341	1,531,765
Trade and other receivables	15,093	15,093	15,857	15,857
Short-term cash deposits	34,014	34,014	23,104	23,104
Cash and cash equivalents	24,132	24,132	35,194	35,194
	2,760,408	2,473,319	2,835,496	1,605,920
Liabilities				
Financial liabilities - borrowings	2,687,881	2,413,857	2,762,054	1,504,498
Trade and other payables	41,401	41,401	42,270	42,270
	2,729,282	2,455,258	2,804,324	1,546,768

Risk management

The Group's operations and significant debt financing expose it to a variety of potential financial risks including interest rate, credit and liquidity risk.

(a) Interest rate risk

The Company and its issuing subsidiaries issue debt with a variety of loan structures, however, they all adhere to the same fundamental principle that funds are on-lent on a substantially identical maturity, interest and repayment profile thus ensuring that no material mismatch risk is taken in interest rate movements. The form of all loan agreements (including provisions for setting of interest rates) is approved by the Board. The Group is subject to interest rate risk on its investment income on short-term deposits and gilts which are held to maturity. The policy and periodic strategy for investing of the Company's reserves is also approved by the Board.

Year ended 31 March 2026

Based on the investment income budget for the year ended 31 March 2026, each 0.5% increase or decrease in interest rates gives rise to a £425,966 (2025: £415,827) increase or decrease in income for the Group and £244,599 (2025: £223,920) increase or decrease for the Company.

The effective interest rates during the year for the Group and the Company were between 1.046% and 6.380%. The weighted average interest rate on both fixed financial liabilities and fixed financial assets of the group is 3.67% and the weighted average period for which interest rates are fixed is 17.46 years. The corresponding figures for the Company are 5.108% and 11.23 years respectively. The interest rates on those Group borrowings which are at floating rates are determined by the prevailing SONIA for the relevant maturity at the time of determination plus an agreed margin.

Interest rate risk profile of loans and borrowings

	Group 2026 Financial Assets £000	THFC 2026 Financial Assets £000	Group 2025 Financial Assets £000	THFC 2025 Financial Assets £000
Fixed rate	8,046,304	2,490,706	7,684,307	2,556,624
Floating rate	270,936	196,463	304,817	204,717
	8,317,240	2,687,169	7,989,124	2,761,341

	Group 2026 Financial Liabilities £000	THFC 2026 Financial Liabilities £000	Group 2025 Financial Liabilities £000	THFC 2025 Financial Liabilities £000
Fixed rate	8,046,765	2,491,418	7,684,760	2,557,337
Floating rate	270,936	196,463	304,817	204,717
No interest payable	-	-	723	-
	8,317,701	2,687,881	7,990,300	2,762,054

(b) Credit risk

The Group's primary risk is the failure of one or more of its customers to pay principal or interest in a full and timely manner under a loan agreement. Loans are fully secured and covenanted in accordance with the terms of the issuing company's Trust Deed. Security is required with an agreed margin and values are independently verified at regular intervals. Where a borrower has issued a drawdown notice under a loan commitment for a future date and defaults in the intervening period the Group's matching obligation to borrow an equivalent amount of funds is released. In the event of a default of a drawn loan the time required to realise security may not be certain; the Group has taken action to mitigate any resulting impact on liquidity and this is described below.

The Group makes its own independent credit assessment of its borrowers including internal credit grades and makes loans only after careful review by the Credit Committee. The Group has implemented policies that require regular credit assessment of each of its borrowers as well as monitoring the adequacy of underlying collateral.

Credit monitoring includes estimates of the probability of loss and of the expected loss, given default.

Individual exposures to borrowers which represent maximum credit exposures are represented by the carrying values in the statement of financial position.

Loans made by AHF are guaranteed by the Secretary of State for Levelling Up, Housing and Communities and carry the same credit risk as the UK Government.

Deposit counter-parties are subject to approval by the Board and such approval is limited to financial institutions with a suitable minimum rating in accordance with the Company's investment policy. The amount of exposure to any individual counter-party is subject to a limit, which is reassessed at least annually by the Board. The carrying value of short-term deposits and cash and cash equivalents represents the maximum credit exposure.

21. Financial instruments – Fair value and risk management continued

No amounts are past due or otherwise impaired in either the Group or the Company at 31 March 2026 (2025: None). The maturity profile of financial assets is given below.

The maturity profile of financial assets	**Group 2026 £000**	**THFC 2026 £000**	**Group 2025 £000**	**THFC 2025 £000**
Loans to housing associations	8,317,240	2,687,169	7,986,983	2,761,341
Securitised assets	-	-	2,141	-
	8,317,240	2,687,169	7,989,124	2,761,341
Due within one year	92,549	43,634	112,391	77,242
Due between one and two years	251,803	175,994	92,200	43,645
Due between two and five years	526,967	242,190	543,179	279,474
Due in over five years	7,445,921	2,225,351	7,241,354	2,360,980
	8,317,240	2,687,169	7,989,124	2,761,341

Collateral arrangements

The majority of borrowers provide fixed charge security on specified properties although the lending societies offer HAs the ability to secure their loans by way of floating charges, subject to appropriate asset cover tests. There is one borrower who has an element of floating charge security on one loan. Each lending company is required to obtain a first fixed charge over certain assets of its borrowers which, at all times during the life of each loan, covers at least 150% of the outstanding loan balance based on a Market Value subject to Tenancy professional valuation (MVT) for the societies, 105% Existing Use Value (EUV) for AHF and 120% MVT or 110% EUV for Blend Funding Plc.

For loans secured by fixed charges, formal property valuations of the specific security are undertaken at least every five years. For loans secured by floating charge, compliance is measured by reference to the balance sheet of the borrower. The Group operates a panel of approved valuers to be used by borrowers to ensure a consistent and adequately detailed approach which takes account of the physical condition, the future rental potential and the market context of the property being valued. It is neither practical nor cost effective to obtain a measure of the fair value of the Group's entire pool of collateral at a single date.

It is a requirement that all loans made by the Group are secured. Where a loan is not fully secured, or only partially secured, all or part of the drawdown proceeds are retained as cash security for the loan and held on trust by the relevant lender in accordance with a trust deed. In 2023 the Group formed "Housing Finance Trustee Ltd" as a "captive" security trust enabling borrowers to secure their loans via the security trust which then allocates security to the Group lending entity.

(c) Liquidity risk

The Group mitigates liquidity risk in a number of ways. In general, borrowers' payments are received up to one month prior to the Group's obligation to pay lenders, thus providing a timing cushion and a source of additional investment income. The Group has cash reserves that are held in short-term deposits designed to provide liquidity in the event of a late payment from a borrower. All of the Group's lending and borrowing maturities are matched. Similarly, all commitments to lend funds to a borrower at a future date are fully matched by a commitment to borrow on identical terms or a commitment to source matching funding at terms agreed by the borrower. The bonds issued by related companies to the Group have liquidity enhancements comprising a dedicated liquidity facility in the case of T.H.F.C. (Funding No. 1) Plc's £22.3m and a two-year maturity mismatch between the expected and legal maturity dates in the case of 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. Blend Funding Plc notes similarly have a two-year maturity mismatch.

Undrawn committed borrowing facilities granted to the Group and the Company are as follows:

	Group 2026 £000	**THFC 2026 £000**	**Group 2025 £000**	**THFC 2025 £000**
Within one year	-	-	-	-
Over two years	38,350	38,350	41,750	41,750
	38,350	38,350	41,750	41,750

Facilities will only be drawn down when corresponding drawdowns are requested by a borrower under a similarly matching committed loan agreement granted to them by the Group and the Company.

Year ended 31 March 2026

In connection with loans funded by T.H.F.C. (Funding No. 2) Plc and T.H.F.C. (Funding No. 3) Plc, the Company holds an interest service reserve, as Trustee, as a first call in the event of a borrower default. AHF and Blend borrowers provide AHF and Blend as Trustees respectively with a liquidity reserve fund which equates to one year's interest. Loans made by AHF are guaranteed and not subject to liquidity risk. The Group is also able to arrange appropriate overdraft facilities to cover short-term timing differences should they arise although none are held at 31 March 2026 (2025: None).

Contractual cash flows

The table below summarises the cash flows payable by the Group from 31 March 2026 until contractual maturity of all its bond, secured note, debenture stock, loan liabilities and lease liability as at the same date. On variable rate facilities it has been assumed that the interest rate and drawn amount as at 31 March 2026 remain unchanged until the contract maturity. Similarly, on indexed liabilities it has been assumed that the liability is fixed from 31 March 2026.

GROUP

As at 31 March 2026	Within 1 year £000	Between 1 and 2 years £000	Between 2 and 5 years £000	Over 5 years £000	Total £000
Contractual interest cash flows	293,422	287,286	829,913	2,956,484	4,367,105
Contractual principal cash flows	75,506	234,297	471,568	7,128,839	7,910,210
Trade and other payables	79,999	-	-	-	79,999
Lease liability principal cash flows	396	396	429	-	1,221
Total contractual cash flows	449,323	521,979	1,301,910	10,085,323	12,358,535

As at 31 March 2025	Within 1 year £000	Between 1 and 2 years £000	Between 2 and 5 years £000	Over 5 years £000	Total £000
Contractual interest cash flows	279,182	272,609	781,451	3,181,515	4,514,757
Contractual principal cash flows	98,408	78,092	491,710	6,905,993	7,574,203
Trade and other payables	78,397	-	-	-	78,397
Lease liability principal cash flows	239	396	824	-	1,459
Total contractual cash flows	456,226	351,097	1,273,985	10,087,508	12,168,816

THFC

As at 31 March 2026	Within 1 year £000	Between 1 and 2 years £000	Between 2 and 5 years £000	Over 5 years £000	Total £000
Contractual interest cash flows	122,125	117,223	331,745	1,030,297	1,601,390
Contractual principal cash flows	37,306	169,458	221,273	2,114,316	2,542,353
Trade and other payables	41,497	-	-	-	41,497
Total contractual cash flows	200,928	286,681	553,018	3,144,613	4,185,240

As at 31 March 2025	Within 1 year £000	Between 1 and 2 years £000	Between 2 and 5 years £000	Over 5 years £000	Total £000
Contractual interest cash flows	129,106	123,593	344,093	1,143,344	1,740,136
Contractual principal cash flows	73,389	39,893	260,542	2,242,504	2,616,328
Trade and other payables	42,270	-	-	-	42,270
Total contractual cash flows	244,765	163,486	604,635	3,385,848	4,398,734

All the above cash flows are substantially matched by cash flows receivable on the Group's and the Company's loan assets. At 31 March 2026, the Group has undrawn loan commitments of £36.6m (2025: £40.0m) which are not recognised in the statement of financial position and can be contractually drawn down within 1 year.

(d) Pension risk

Pension risk arises on underfunded defined benefit pension plans. This risk is mitigated through recovery plans. See note 22: Pensions.

22. Pensions

The Group's employees and past employees are deferred members or pensioners of the Social Housing Pension Scheme. With effect from 1 April 2017 all active membership of defined benefit pension schemes was ceased.

The Group currently contributes to one defined contribution pension scheme for certain employees, which is operated by The Pensions Trust. During the year, the Group recognised £169,417 (2025: £125,665) of pension costs in relation to the defined contribution scheme.

Social Housing Pension Scheme

The Group participates in this scheme, a multi-employer scheme which provides benefits to approximately 500 non- associated employers. The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK. The last published triennial valuation of the scheme for funding purposes was carried out as at 30 September 2020. This valuation revealed a deficit of £1,560m. A recovery plan has been put in place with the aim of removing this deficit by 31 March 2028. In line with the recovery plan, the Company expects to make a contribution of £267,221 (2025: £274,420) to the scheme in the year ended 31 March 2027.

The scheme is classified as a 'last-man standing arrangement'. Therefore, the Group is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.
An actuarial valuation for the scheme was carried out with an effective date of 31 March 2026. The liability figure from the valuation is used in conjunction with the Group's fair share of the scheme's total assets to calculate the Group's net deficit or surplus at the accounting period start and end dates.

We have been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the Court on these items. This process is ongoing and the matter is unlikely to be resolved before September 2025 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.

Pension scheme liabilities recognised in the statement of financial position

	2026 £000	2025 £000
Pension obligations recognised as Defined Benefit schemes	662	889

The weighted average duration of the defined benefit obligation is approximately 13 years.

Reconciliation of opening and closing balances of the defined benefit obligation

	2026 £000	2025 £000
Fair value of plan assets	5,649	5,043
Present value of defined benefit obligation	(6,311)	(5,932)
Deficit in plan	(662)	(889)

Reconciliation of opening and closing balances of the defined benefit obligation

	2026 £000	2025 £000
Defined benefit obligation at start of period	5,932	6,280
Expenses	4	4
Interest expense	339	300
Actuarial losses due to scheme experience	154	268
Actuarial losses due to changes in demographic assumptions	48	-
Actuarial gains due to changes in finance assumptions	(53)	(649)
Benefits paid and expenses	(113)	(271)
Defined benefit obligation at end of period	6,311	5,932

Year ended 31 March 2026

Reconciliation of opening and closing balances of the fair value of plan assets

	2026 £000	2025 £000
Fair value of plan assets at start of period	5,043	5,074
Interest income	295	248
Experience on plan assets (excluding amounts included in interest income) – loss/(gain)	153	(285)
Contributions by the employer	271	277
Benefits paid and expenses	(113)	(271)
Fair value of plan assets at end of period	5,649	5,043

The actual return on the plan assets (including any changes in share of assets) in the year ended 31 March 2026 was a loss of £448,000.

Defined benefit costs recognised in statement of comprehensive income (SoCI)

	2026 £000	2025 £000
Expenses	4	4
Net interest expense	44	52
Defined benefit costs recognised in statement of comprehensive income (SoCI)	48	56

Defined benefit costs recognised in other comprehensive income

	2026 £000	2025 £000
Experience on plan assets (excluding amounts included in net interest cost) – loss/(gain)	153	(285)
Experience losses arising on the plan liabilities – loss	(154)	(268)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain	(48)	-
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain	53	649
Total actuarial gain recognised in other comprehensive income	4	96

Assets

	2026 £000	2025 £000
Global equity	626	565
Absolute return	-	-
Distressed opportunities	-	-
Credit relative value	-	-
Alternative risk premia	-	-
Liquid alternatives	1,006	935
Cash	1	68
Currency hedging	-	8
Emerging markets debt	-	-
Risk sharing	-	-
Insurance-linked securities	8	16
Property	276	253
Infrastructure	-	1
Private equity	12	4
Real assets	532	604
Private debt	-	-
Opportunistic illiquid credit	-	-
Private credit	682	617
Credit	225	193
Investment grade credit	332	155
High yield	-	-
Long lease property	-	1
Secured income	171	84
Liability driven investment	1,723	1,528
Net Current Assets	55	11
	5,649	5,043

22. Pensions continued

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

Key assumptions

	2026 % per annum	2025 % per annum
Discount rate	6.02	5.77
Inflation (RPI)	3.33	3.11
Inflation (CPI)	3.02	2.78
Salary growth	4.02	3.78
Allowance for commutation of pension for cash at retirement (% of maximum allowance)	75%	75%

The mortality assumptions adopted at 31 March 2026 imply the following life expectancies:

	Life expectancy at age 65 Years
Male retiring in 2026	20.9
Female retiring in 2026	23.2
Male retiring in 2046	22.2
Female retiring in 2046	24.6

The effect of changes in principal actuarial assumptions

The following table presents a sensitivity analysis for each significant actuarial assumption showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumption that were reasonably possible at the reporting date.

Assumption	Plus	Estimated increase/(decrease) to liability (£000)	Minus	Estimated increase/(decrease) to liability (£000)
Discount rate	0.1%	(68)	0.1%	70
RPI	0.1%	10	0.1%	(9)
CPI	0.1%	49	0.1%	(44)
Salary	0.1%	3	0.1%	(2)
Age of member	1 year	127	1 year	(124)

23. Related party transactions

THFC has provided a guarantee exempting the following subsidiaries from the requirements of audit under section 479a of the Companies Act 2006 relating to subsidiary companies:

Company name	Registered number	Country of incorporation
Temporary Accommodation Funding Plc	16667170	England and Wales
Shared Ownership Funding Plc	16659676	England and Wales
Social Housing Finance 1 Plc	16659332	England and Wales
Social Housing Finance 2 Plc	16659461	England and Wales
Urban Housing Finance Plc	16659563	England and Wales

T.H.F.C. (Services) Limited, a subsidiary undertaking, levies a service charge to the Group for management services provided during the year. The fee is levied in accordance with a management services agreement between THFCS, the Company and each subsidiary. Each entity will settle the charge in cash as and when required by THFCS. The total service charge payable by the Company to THFCS during the year ended 31 March 2026 was £5,481,031 (2025: £4,919,155).

The amount due to THFCS at 31 March 2026 was £647,792 (2025: £192,088).

Year ended 31 March 2026

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 £195,428 (2025: £190,202) for providing these services and had amounts owing from these companies at 31 March 2026 of £252,909 (2025: £8,903). Certain directors of the Company are also directors of these companies. Details of key management compensation relating to the Group's directors are included in *note 4: Directors' remuneration.*

Total loan balances due to 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 are disclosed in *note 13: Financial liabilities – borrowings.*

Total interest charged to the Company by these companies was as follows:

	2026 **£**	**2025** **£**
T.H.F.C. (Funding No.1) Plc	£11,130,731	£11,100,163
T.H.F.C. (Funding No.2) Plc	£23,548,975	£23,484,457
T.H.F.C. (Funding No.3) Plc	£52,875,829	£52,560,204

24. Cash security and reserve funds

Under certain circumstances, an element of the security for loans made to HAs can be cash. In those circumstances, the Group holds the cash security as trustee on behalf of the HA borrower. Generally, this occurs on loans which are drawn down prior to the completion of property security and for a period of time whilst property security is put in place. Throughout the life of a loan, cash can also be held on trust to cover the period between the release of a property from charge and a substitute property being found.

Under certain loan agreements borrowers are required to maintain a debt service reserve equivalent to one year's worth of interest for the life of the loan. This is held on trust on behalf of the borrower in an Interest Service Reserve Fund or Liquidity Reserve Fund ("reserve funds").

In each case the trust and security arrangements are documented by a Sinking Fund/Cash Security Trust Deed or Interest Service Reserve/ Liquidity Reserve Fund Trust Deed between the borrower, the Group (as lender) and the Group (as Trustee).

Cash flows relating to cash security and reserve funds are processed separately from the Group's own funds and invested only as directed by the borrower. Funds held by the Group as Trustee at 31 March 2026 amounted to £26.7m (2025: £45.4m) for sinking fund balances and £259.7m (2025: £238.2m) for reserve funds balances.

25. Post Balance Sheet Events

The Group completed a reorganisation of the corporate structure on 1st July 2026. As a result, the Company's ultimate parent is now The Housing Finance Holding Corporation Ltd. In addition, the vast majority of the net assets of company were acquired by another Company in the Group, The Housing Finance Corporation Operations Ltd.

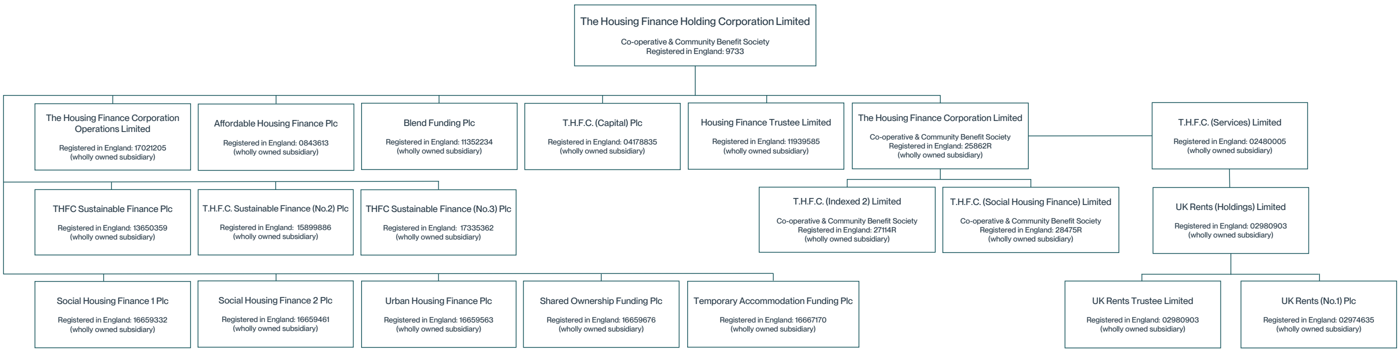
FIVE YEAR FINANCIAL RECORD (UNAUDITED)

Excluding loan interest and similar items

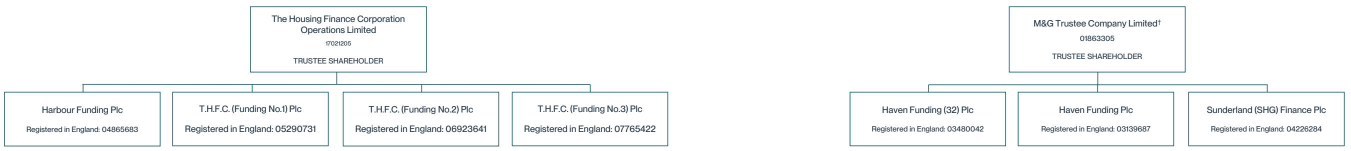
Year to 31 March	2022 £000	2023 £000	2024 £000	2025 £000	2026 £000
Fees	11,897	10,127	10,042	10,628	11,961
Investment income	81	1,858	4,868	4,137	3,914
Other income	501	236	346	274	283
Interest margin	7	45	(50)	10	(10)
Total revenues (after interest expense off-set)	12,486	12,266	15,206	15,049	16,148
Staff costs	3,303	3,666	3,934	5,548	6,280
Non-Executive Directors costs	295	386	366	346	408
Legal/trustees and registrars	391	222	725	536	571
Premises	338	312	366	660	521
Other	1,649	1,910	1,823	3,112	4,133
Total operating expenses	5,976	6,496	7,214	10,202	11,913
Surplus before tax	6,510	5,770	7,992	4,847	4,235
Other comprehensive income	385	(216)	(172)	72	3
Tax	(1,170)	(940)	(2,060)	(1,405)	(1,147)
Total comprehensive income after tax	5,725	4,614	5,760	3,514	3,091
Accumulated reserves	52,307	56,921	62,681	66,195	69,286
	£m	**£m**	**£m**	**£m**	**£m**
Loans outstanding	**8,220**	**8,130**	**7,952**	**7,989**	**8,318**
	%	**%**	**%**	**%**	**%**
Ratio of operating expenses to loan book	0.07	0.08	0.09	0.13	0.14

The information on this page does not form part of the Company's or Group's financial statements.

THE HOUSING FINANCE CORPORATION GROUP STRUCTURE CHART (UNAUDITED)*



THE HOUSING FINANCE CORPORATION RELATED COMPANIES



†Entity external to the group

	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**
	Nominal Value **£145,208,755** Issue Date **11.03.97**	Nominal Value **£44,600,000** Issue Date **12.02.98**	Nominal Value **£206,336,361** Issue Date **28.08.03**	Nominal Value **£212,802,000** Issue Date **27.06.01**	Nominal Value **£217,185,000** Issue Date **21.12.04**	Nominal Value **£370,850,000** Issue Date **08.07.09**	Nominal Value **£1,055,300,000** Issue Date **11.10.11**
Business Activity	Quoted Eurobonds, proceeds on-lent to 8 borrowers	Quoted Eurobonds, proceeds on-lent to 4 borrowers	Quoted Eurobonds, proceeds on-lent to 3 borrowers	Quoted Eurobonds, dedicated issue to Gentoo Group on-lent via THFC (Capital) Plc	Quoted Eurobonds, proceeds on-lent to 12 borrowers via THFC	Quoted Eurobonds, proceeds on-lent to 19 borrowers via THFC	Quoted Eurobonds, proceeds on-lent to 65 borrowers via THFC
Management Activity	Company Secretariat Finance function Administration Credit monitoring	Company Secretariat Finance function Administration Credit monitoring	Company Secretariat Finance function Administration Credit monitoring	Company Secretariat Finance function Administration	Company Secretariat Finance function Administration	Company Secretariat Finance function Administration	Company Secretariat Finance function Administration

The information on this page does not form part of the Company's or Group's financial statements. T.H.F.C. (Services) Limited provided management services to all the above companies during the year.

* Group structure as at the approval of the Annual Report and Accounts on 31 July 2026

The Housing Finance Corporation Limited
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