CREDIT OPINION
15 July 2026

Update

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RATINGS

Blend Funding plc

Domicile	United Kingdom
Long Term Rating	A2
Type	Senior Secured - Dom Curr
Outlook	Positive

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Blend Funding plc (United Kingdom)

Update following change of outlook to positive

Summary

The credit profile of Blend Funding plc (Blend, A2 positive), a debt aggregator for the housing association sector in the UK, is supported by the strong credit quality of the participants within its pool programme, the structural enhancement provided by a one-year liquidity reserve for each issuance, predictable cash flows and the expertise of its management team.

For each issuance undertaken by Blend, the pool participants - UK housing associations (HAs) - are solely accountable for repaying their portion of that specific issuance. The liquidity reserve is maintained separately for all participants, who are not required to cover funding deficits or replenish the liquidity reserves on behalf of others. Noteholders are secured on a pari-passu basis on the entirety of Blend's assets and a cross-default mechanism is in place in the event of a default on any debt by Blend. This implies that noteholders are exposed to the credit quality of the entire pool of participants.

Credit strengths

» Strong credit quality of participating housing associations and supportive institutional framework

» Liquidity reserve fund as a structural enhancement

» Strong management of the growing pool

Credit challenges

» Somewhat limited reserves

Rating outlook

The positive outlook reflects the expectation of continued growth of the pool that could lead to a stronger, more diverse borrowing pool, providing additional protection for bondholders in the event of a default by an individual borrower. The positive outlook also reflects our expectation that the credit quality of additional participants would be aligned with current borrowers and therefore the quality of the pool would be maintained.

Factors that could lead to an upgrade

Upward pressure on the ratings could result from a continuation of the growth of the borrowing pool that leads to improved quality of pool participants and reduced concentration risk, including a decline in the top five borrowers' share to below 40% of total loans.

Factors that could lead to a downgrade

A downgrade is unlikely given the positive outlook. A stabilization of the outlook could occur if growth and diversity of the pool does not occur, leaving the risk distribution profile across borrowing members unchanged. A deterioration in the credit quality of the underlying pool participants would be negative.

Key indicators

Exhibit 1

	2022	2023	2024	2025	2026	2027 (E)
Total loan drawn (£m)	1175	1387.5	1430	1520	1955	2980
Total loans, including undrawn (£m)	1405	1570	1685	1700	2205	2980
Number of Borrowers	29	31	31	31	33	38
Percentage of Loan Principal to Borrowers that Represent Less than 1% of the Pool	0%	0%	0%	0%	4%	-
Percentage of Loan Principal to the Top 5 Borrowers	38%	36%	36%	35%	44%	-

Fiscal year end is March 31st. E: Estimated. Percentage of Loan Principal to Borrowers that Represent Less than 1% of the Pool and Percentage of Loan Principal to the Top 5 Borrowers cannot be estimated for fiscal 2027.
Source: Blend and Moody's Ratings

Profile

Blend Funding Plc is a UK-based financial aggregator that provides long-term bond finance to housing associations. As a wholly owned subsidiary of The Housing Finance Holding Corporation Limited, Blend supports the development and improvement of social housing across the UK.

Detailed credit considerations

On 14 July 2026, we affirmed Blend's rating and changed the outlook to positive from stable to reflect our expectation of continued growth of the pool that could lead to a stronger, more diverse borrowing pool, providing additional protection for bondholders in the event of a default by an individual borrower.

Strong credit quality of participating housing associations and supportive institutional framework

The credit quality of Blend reflects the creditworthiness of the participating UK housing associations within its pool programme.

Our ratings for entities in the sector range from A1 to Baa2. UK HAs benefit from a strong regulatory framework that ensures consistent monitoring and oversight. The operating environment remains supportive, with a very high demand for social housing and government support through capital grants. The rent settlement of CPI+1% until 2036 provides long-term certainty for English HAs, a positive with a potential additional uplift thanks to rent convergence. The government's spending review in June 2025 included more generous funding in new and existing assets, namely £39 billion in grants to build new social housing over the next ten years, a 36% increase annually compare to the previous grant regime, and access to grant funds for building and fire safety.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on https://ratings.moodys.com for the most updated credit rating action information and rating history.

In addition, participants in Blend's pool typically display characteristics enhancing their resilience, such as limited reliance on outright sales and a predominant focus outside of London, thereby incurring lower fire safety expenditures.

HAs benefit from our assessment that there is a strong likelihood that the UK government would act in a timely manner to prevent a default, given the sector's political, economic and social importance. Extraordinary support is predominantly exercised through sector regulators, whose wide-ranging powers to address financial distress include facilitating mergers. However, this process can be protracted and is dependent on HAs' willingness to agree to mergers.

Blend's loans are secured through a fixed charge over the borrowers' assets, while noteholders are secured by a first floating charge on all of Blend's assets, primarily consisting of the loan contracts with pool participants. We view the potential credit uplift from such security as limited, due to the complexities involved in secured creditors accessing assets or cash flows. However, despite these complexities, the regulator is proactive in managing situations of financial distress, as demonstrated by the successful and timely facilitation of mergers or takeovers before any payment defaults.

Liquidity reserve fund as a structural enhancement

Blend's credit quality benefits from the structural enhancement provided by the presence of a liquidity reserve fund, which is held in trust. This reserve equates to a full year's worth of interest payments for each borrower. The structure does not include step-up provisions, implying that there is no requirement for borrowers to contribute towards replenishing another borrower's liquidity reserve in the event of a drawdown triggered by missed interest payments. The initial funding for this liquidity reserve is derived from a retention of a portion of the loan proceeds before the first disbursement of funds.

The schedule for interest payments on the underlying loans is set one month before the due date for coupon payments on Blend's notes. This provides a buffer period for the borrower to address a missed payment or to enable Blend to access the respective borrower's liquidity reserve to cover the shortfall, thus mitigating the immediate risk of default.

Moreover, the contractual maturity of the underlying loans aligns with the Expected Maturity Date of the Notes, which is set two years prior to the Legal or Final Maturity Date of the Notes. This arrangement theoretically provides additional time for the borrower to arrange refinancing before a default situation arises on the notes. However, in practical terms, should a borrower default at the Expected Maturity Date, the requirement to make interest payments continues until the Legal Maturity Date, while the liquidity reserve would only cover one year's worth of interest payments before a potential note default occurs.

Strong management of the growing pool

Blend is a wholly-owned subsidiary of The Housing Finance Holding Corporation Limited (The Group). The two entities share their board of directors, governance codes and the Audit and Risk Committee. The provision of management services to Blend is facilitated through The Group's dedicated management services subsidiary. The Group has extensive experience in providing finance to the housing association sector, lending to 142 housing associations as of July 2026.

Blend demonstrates a rigorous management approach to the pool. This is evidenced by its stringent due diligence and ongoing monitoring process. This ensures the strong credit quality of borrowers at the point of entry and throughout their participation in the pool. Monitoring of the portfolio is the responsibility of the Executive Credit & Issuance Committee, a sub-committee of the board. Exceptional credit and funding proposals go through the New Business Committee who informs the Audit and Risk Committee.

Blend's pool has grown rapidly despite worsening interest rates since its inception. Blend has grown considerably over the past four years, to £2.6 billion lent to 35 borrowers (including undrawn facilities) in July 2026, from £1.4 billion lent to 29 borrowers as of June 2022, nearly doubling its loan portfolio.

Somewhat limited reserves

The 12-month liquidity reserve, £75 million as of March 2026, is individually allocated to each borrower and is not fungible. This constrains Blend's flexibility in the event of payment defaults. Blend has progressively built up its own reserves, which would be sufficient to maintain interest payments on the notes beyond the initial 12-month period covered by the borrower-specific reserves,

especially in situations where payment defaults are isolated to a single borrower. However, Blend's reserves would not be adequate to offset payment defaults by multiple borrowers over a prolonged period.

ESG considerations

How environmental, social and governance risks inform our credit analysis of Blend

We take into account the impact of environmental, social and governance factors when assessing issuers' economic and financial strength. In the case of Blend, the materiality of environmental, social and governance considerations to its credit profile aligns with those faced by the UK housing association sector and are as follows:

Environmental considerations have a limited impact on Blend's credit profile. The HA sector is predominantly characterised by low to moderate environmental risks, with the most significant of these pertaining to the decarbonisation of housing stock, which requires substantial capital expenditure.

Social considerations have a material impact on Blend's credit profile. The HA sector faces substantial social risks due to affordability challenges and socially-driven policy agendas affecting social rent, benefits and the allocation of capital grants, as well as demographic trends influencing demand.

Governance considerations have a material impact on Blend's credit profile. Blend's extensive experience within the sector and its robust management of the pool, including the processes for vetting applicants and ongoing monitoring of credit quality, are reflected in its ratings.

Further details are provided in the 'Detailed credit considerations' section above. Our approach to ESG is explained in our cross-sector methodology General Principles for Assessing Environmental, Social and Governance Risks.

Rating methodology and scorecard factors

The assigned rating is in line with the scorecard-indicated outcome. For details of our rating approach, please refer to Public Sector Pool Programs and Financings Methodology, 9 December 2025.

Exhibit 2

Scorecard as of March 2026

Blend Funding Plc

Rating Factors		Input	Weight	Score
Credit Strength and Default Tolerance (50%)				
	Credit Quality and Default Tolerance Score	A	50%	A
Diversity of Portfolio (20%)				
	Number of Borrowers	33	10%	A
	Percentage of Loan Principal to Borrowers that Represent Less than 1% of the Pool	4%	5%	B
	Percentage of Loan Principal to Top 5 Borrowers	44%	5%	A
Debt Structure (30%)				
	Cash Flows	A	20%	A
	Counterparties	A	10%	A
Notching Factors				**Up/Down**
	Unusually Strong or Weak Management			1.0
	Concentration of Pool Participants in a Volatile Sector			0.0
	Total Notching Adjustments			1.0
	Scorecard Indicated Outcome			A2
	Assigned Rating			A2

Data is based on most recent fiscal year available. Debt may include pro forma data for new debt issued or proposed to be issued after the close of the fiscal year.
Source: Blend and Moody's Ratings

Ratings

Exhibit 3

Category	Moody's Rating
BLEND FUNDING PLC	
Outlook	Positive
Senior Secured -Dom Curr	A2

Source: Moody's Ratings

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