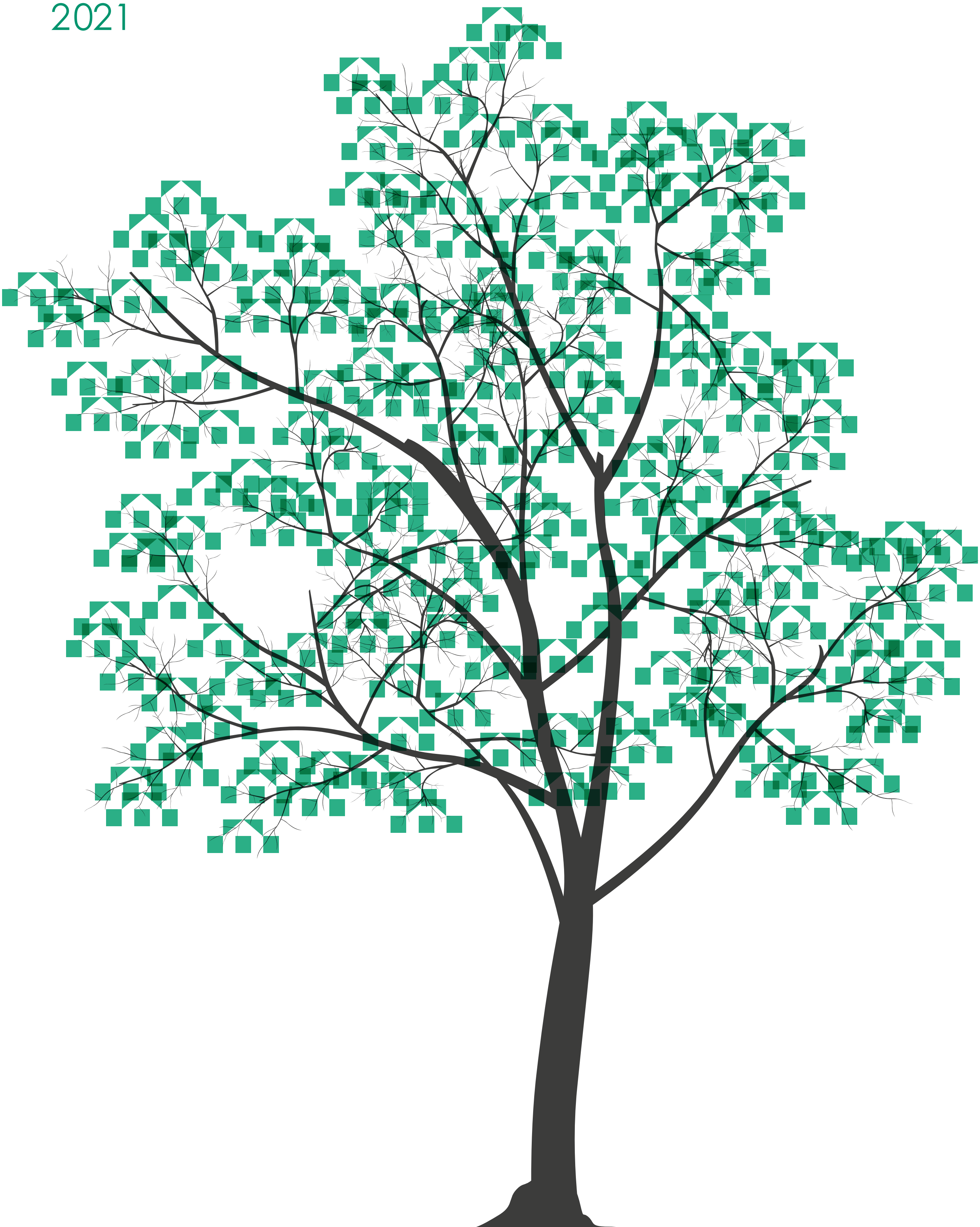
The Housing Finance Corporation Limited

Interim Report & Accounts

2021



Contents

Page:

Interim Management Report

Financial Highlights

	Note	As at 30 September 2021 (unaudited)	As at 30 September 2020 (unaudited)	As at 31 March 2021 (audited)
		£000	£000	£000
New Business Income	11	1,970	2,328	4,910
Operating Income Net of Interest	11	4,020	3,674	7,519
Total Income Net of Interest		5,990	6,002	12,429
Administration Expenditure		(2,739)	(2,617)	(5,231)
Profit before Tax		3,251	3,385	7,198
Loan Book		8,143,199	7,638,658	7,874,149
Retained earnings		49,215	44,445	46,582

Review

The Board is pleased to present its interim accounts for the six-month period ended 30 September 2021.

During this period, the group made a pre-tax surplus of £3.251m compared to £3.385m for the same period last year. Pre-tax surplus was slightly below the comparative period last year due to the timing of receipt of arrangement fees. The timing of receipts of arrangement fees is driven by market conditions and demand from borrowers.

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

Arrangement fees receivable in the period amounted to £1.970m derived from £244.0m of new loan facilities made available to borrowers originated through THFC and Blend (Funding) Plc.

Blend is funded under a Euro Medium Term Note (EMTN) programme and offers diverse and flexible lending structures to its borrowers including most recently the ability to fix issue price and defer borrower drawdown.

Total income net of interest has reduced slightly by £12k compared to the same period last year whilst costs are £122k higher at £2.739m.

Operating income (before arrangement fees) net of interest grew by 9.4% in the period ended 30 September 2021. This was driven by a combination of indexation on existing annual fees and volume uplifts from new lending in the period.

Administration expenditure increased marginally in the period to £2.739m from £2.617m and the ratio of operating expenses to loan book at 30 September 2021 remained at 0.03%.

During the period ended 30 September 2021, a total of £249.0m of new money sourced from bond issues was advanced to housing associations by members of the THFC group (2020: £292.9m) resulting in a group loan book of £8.14bn at 30 September 2021 compared to £7.64bn at 30 September 2020.

The proceeds of a further £60.0m of bond issuance by Blend (Funding) Plc has been retained and will be used to fund future agreed drawdowns by housing associations. This has given borrowers the ability to lock-in rates now whilst drawing funds at a future date.

During the period all the loans made by the group's subsidiary, T.H.F.C. (First Variable) Limited, matured and the final payments of interest and principal were made to lenders on 30 April 2021.

Total group reserves stood at £49.2m (2020: £44.4m) All reserves are non-distributable. There are restrictions over the use of Affordable Housing Finance PLC's reserves as set out in the Licence with the Department for Levelling-Up, Housing and Communities ("DLUHC").

Coronavirus Pandemic & Sector Risks

As we publish our interim statement the UK is beginning to return to some normality as social distancing restrictions, economic and other measures to counter the spread and impact of the Covid-19 virus are lifted. The pandemic has caused unprecedented economic hardship and we continue to monitor the performance of our borrowers in this context.

The group makes loans to registered providers of social housing and thus its viability is dependent on the ongoing receipt of interest, principal and fees from its borrowers in order to meet its own obligations under the terms of its funding arrangements.

The pandemic had the potential to cause serious interruption to THFC's business operations, but due to the seamless invoking of its established "business recovery" procedures, the group was able to maintain normal operations and so there was no adverse impact on any aspect of the group's activities. Having demonstrated that the group can operate successfully under an entirely remote working basis, the group has successfully transitioned to a new hybrid office-based working approach.

The group has been closely monitoring its borrowers during the pandemic, through the review of their long-term financial forecasts, annual accounts, and quarterly management information supplemented by periodic meetings where necessary. We are pleased to report that all borrowers appear to have successfully navigated the pandemic, and generally the financial impact was less than had been anticipated, doubtless helped by the furlough scheme, and the strenuous efforts made by the sector to support their tenants.

Interim Management Report

(continued)

As mentioned in the 2021 Annual Report, borrowers continue to face the twin challenges of fire safety remediation work, and in the longer term, the costs associated with the decarbonisation of their housing stock. These challenges have been exacerbated by significant inflation in building materials costs, some materials shortages, and the shortage of skilled labour in some areas. We have continued to maintain a close watch on all of our borrowers and in particular those borrowers who have a significant number of high rise buildings to remediate, and there are currently no cases where the group believes that a borrower may be unable to meet its debt service commitments to the group.

Therefore, at the date of this statement there is no evidence to suggest that the group or any borrower will be unable to meet its debt service obligations in the foreseeable future.

Statement of Directors’ Responsibilities

We confirm that to the best of our knowledge:

a) The condensed set of interim financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation taken as a whole as at 30 September 2021 as required by DTR 4.2.4R;

b) The interim management report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that the group faces; and

c) The condensed set of interim financial statements have been prepared in accordance with IAS 34.

Forward-looking statements

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

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

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

Colin Burke

Company Secretary

By order of the Board

16 November 2021

Condensed Group Statement of Comprehensive Income

Six month period ended 30 September 2021

	Note	**Six months ended 30 September 2021 (unaudited)**	Six months ended 30 September 2020 (unaudited)	Year ended 31 March 2021 (audited)
OPERATING INCOME	**Note**	**£000**	£000	£000
On loans to housing associations				
Interest receivable	5	**140,112**	134,865	269,388
Discount amortised		**745**	670	2,100
Premium amortised		**(6,488)**	(6,139)	(13,879)
Income from securitised assets		**658**	785	1,508
Indexation on investments		**115**	506	625
Premium receivable on prepayment		**-**	10	2,136
Other interest		**5**	108	152
Fees receivable and other income		**5,939**	5,877	12,254
		141,086	136,682	274,284
OPERATING EXPENDITURE				
On debenture stocks, secured bonds, bank loans and other loans				
Interest payable	6	**140,775**	135,645	270,874
Discount amortised		**745**	670	2,100
Premium amortised		**(6,539)**	(6,139)	(13,879)
Indexation on loans payable		**115**	504	630
Premium payable on prepayment		**-**	-	2,130
Administration expenses		**2,739**	2,617	5,178
Finance costs		**-**	-	53
		137,835	133,297	267,086
SURPLUS BEFORE TAXATION		**3,251**	3,385	7,198
Taxation		**(618)**	(643)	(1,459)
Surplus after taxation		**2,633**	2,742	5,739
Other comprehensive income		**-**	-	(860)
TOTAL COMPREHENSIVE INCOME		**2,633**	2,742	4,879

Condensed Group Statement of Financial Position

As at 30 September 2021

	Note	**As at 30 September 2021 (unaudited)**	As at 30 September 2020 (unaudited)	As at 31 March 2021 (audited)
ASSETS	**Note**	**£000**	£000	£000
Non-current assets				
Loans	7	**7,980,970**	7,561,479	7,733,888
Intangible assets		**168**	86	169
Property, plant and equipment		**1,241**	1,435	1,330
Deferred tax asset		**339**	175	339
Current assets				
Loans	7	**162,229**	77,179	140,261
Other receivables		**40,329**	42,751	41,722
Short-term deposits		**104,604**	22,498	16,005
Cash and cash equivalents		**60,683**	57,545	70,719
TOTAL ASSETS		**8,350,563**	7,763,148	8,004,433
EQUITY AND LIABILITIES				
Non-Current liabilities				
Financial liabilities – borrowings	8	**8,053,335**	7,563,592	7,735,262
Leases		**942**	1,107	1,024
Deferred tax liabilities		**193**	192	193
Defined benefit pension liability		**1,678**	809	1,784
Current liabilities				
Financial liabilities – borrowings	8	**164,487**	77,179	143,063
Trade and other payables		**80,008**	75,098	75,439
Leases		**163**	159	163
Current tax liabilities		**542**	567	923
TOTAL LIABILITIES		**8,301,348**	7,718,704	7,957,851
EQUITY				
Called up share capital		**-**	-	-
Retained earnings		**49,215**	44,445	46,582
TOTAL EQUITY				
TOTAL EQUITY AND LIABILITIES		**8,350,563**	7,763,148	8,004,433

The accompanying notes on pages 9-18 are an integral part of these condensed consolidated financial statements. These condensed consolidated financial statements on pages 4-18 were approved by the board on 16 November 2021.

The Housing Finance Corporation Limited

Registration Number: IP25862R

Condensed Group Statement of Changes in Equity

Six month period ended 30 September 2021

	Share capital	Retained earnings	Total equity
	£	£000	£000
Balance as at 1 April 2021 (audited)	9	46,582	46,582
Surplus for period	-	2,633	2,633
Balance as at 30 September 2021 (unaudited)	**9**	**49,215**	**49,215**
Balance as at 1 April 2020 (audited)	10	41,703	41,703
Shares issued in period	1	-	-
Shares cancelled in period	(2)	-	-
Surplus for period	-	2,742	**2,742**
Balance as at 30 September 2020 (unaudited)	**9**	**44,445**	**44,445**
Balance as at 1 April 2020 (audited)	10	41,703	41,703
Shares issued in year	1	-	-
Shares cancelled in year	(2)	-	-
Surplus for year	-	5,739	5,739
Other comprehensive income	-	(860)	(860)
Balance as at 31 March 2021 (audited)	**9**	**46,582**	**46,582**

Condensed Group Statement of Cash flows

Six-month period ended 30 September 2021

		Six months ended 30 September 2021 (unaudited)	Six months ended 30 September 2020 (unaudited)	Year ended 31 March 2021 (audited)
NET CASH FLOW FROM OPERATING ACTIVITIES	**Note**	**£000**	£000	£000
Cash generated from operating activities	9	**6,295**	6,441	9,711
Interest received on loans to housing associations		**139,456**	135,397	270,802
Interest paid on debenture stocks, secured bonds, secured notes, bank loans and other loans		**(135,053)**	(134,895)	(268,316)
Premium received on prepayment		**-**	-	2,136
Premium paid on prepayment		**-**	-	(2,130)
Loans to housing associations		**(303,995)**	(292,890)	(590,503)
Repayment of loans by housing associations		**27,889**	103,030	158,961
New borrowings		**373,894**	292,890	590,503
Repayment of amounts borrowed		**(28,769)**	(102,887)	(156,755)
Tax paid		**(1,000)**	(369)	(792)
NET CASH GENERATED FROM OPERATING ACTIVITIES		**78,717**	6,717	13,617
CASH FLOW FROM INVESTING ACTIVITIES				
Movement on short-term deposits		**(88,599)**	(5,737)	756
Purchase of property, plant and equipment		**(36)**	(4)	(22)
Purchase of intangible assets		**(22)**	(27)	(131)
NET CASH (USED IN) / GENERATED FROM INVESTING ACTIVITIES		**(88,657)**	(5,864)	410
CASHFLOW FROM FINANCING ACTIVITIES				
Principal element of lease payments		**(96)**	(96)	(193)
NET CASH USED IN FINANCING ACTIVITIES		**(96)**	(96)	(193)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**(10,036)**	853	14,027
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**70,719**	56,692	56,692
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**60,683**	57,545	70,719

Notes to the Condensed Consolidated Financial Statements

1. GENERAL INFORMATION

The Housing Finance Corporation Limited ("THFC" or "the company") provides funding for housing associations. THFC is a private limited company domiciled and incorporated in England and Wales and registered under the Co-operative and Community Benefit Societies Act 2014.

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

The interim condensed consolidated financial statements of THFC together with its subsidiaries (the "group") for the six months ended 30 September 2021 were approved by the Board of Directors for issue on 16 November 2021.

2. BASIS OF PREPARATION & STATUTORY ACCOUNTS

Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 September 2021 have been prepared using accounting policies consistent with IFRS as adopted by the UK. IFRS is subject to amendment and interpretation by the International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee ("IFRIC") and there is ongoing process of review and endorsement by the UK Endorsement Board, and, as regards the parent company financial statements, applied in accordance with the provisions of the Co-operative and Community Benefit Societies Act 2014. The financial information has been prepared on the basis of international accounting standards that the Directors expect to be adopted by the UK and applicable as at 31 March 2022. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the group's annual financial statements for the year ended 31 March 2021.

The financial statements have been prepared under the historical cost convention. A summary of the more important group accounting policies is set out below.

The condensed set of interim financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting.

Statutory accounts

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

The financial information for the six months ended 30 September 2021 and 30 September 2020 is unaudited and has not been subject to review in accordance with International Standards on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

3. ACCOUNTING POLICIES

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

Interims tax policy

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

Changes in accounting policies and disclosures

A number of new and amended standards and interpretations are effective from 1 April 2021 but they do not have a material effect on the Group's financial statements.

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

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

1. Loans to housing associations are expected to run to contractual maturity and are classified as loans and receivables. Debenture stocks, secured bonds, secured notes, bank borrowings and other long-term borrowings are classified as financial liabilities.

2. Loans to housing associations are stated at amortised cost. The discounts or premiums on issue are deducted from/added to the original loan value and credited or charged to the statement of comprehensive income over the expected life of the loan so that the interest

receivable or payable, as adjusted for the amortisation of discounts or premiums, gives a constant yield to maturity.

3. The related debenture stocks, secured bonds, secured notes, bank borrowings and other borrowings are also stated at amortised cost.

Impairment of Financial Assets

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

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

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

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

No financial assets have been impaired as at 30 September 2021 (2020: None).

Interest receivable and payable

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

Securitised assets and related income

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

Fees and premiums receivable

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

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

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

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

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

Critical Judgments - Impairment

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

4. GOING CONCERN

Given the uncertainties around Covid-19, the group has assessed the likely impact of the ongoing Covid-19 pandemic on its business operations and finances. The group makes loans to registered providers of social housing and its viability is dependent on the ongoing receipt of interest, principal and fees from its borrowers in accordance with their respective loan agreements thereby ensuring that the group is able to meet its obligations under the terms of its funding arrangements in addition to covering operating costs. There are a number of key areas where the pandemic could potentially affect the cash flows of borrowers and impact their ability to service debt or meet other obligations. Having reviewed these areas, the group has concluded that there are sufficient mitigants in place to ensure there is no material impact on its borrowers' businesses such that they would encounter difficulty in meeting their loan obligations. These mitigants include government measures to support tenant incomes, the high proportion of tenant rental income payable by housing benefit and the strong liquidity position of the sector in general.

After making enquiries, the directors have formed a judgment at the time of approving the condensed consolidated financial statements that there is a reasonable expectation that THFC and the group have adequate resources to continue in operational existence for the foreseeable future, being a period of no more than 12 months from the approval of these statements. For this reason, the directors continue to adopt the going concern basis in preparing the condensed consolidated financial statements.

5. INTEREST RECEIVABLE

	Six months ended 30 September 2021 (unaudited)	Six months ended 30 September 2020 (unaudited)	Year ended 31 March 2021 (audited)
On loans to housing associations:	**£000**	£000	£000
Interest receivable	**140,112**	134,865	269,388
	140,112	134,865	269,388

6. INTEREST PAYABLE

	Six months ended 30 September 2021 (unaudited)	Six months ended 30 September 2020 (unaudited)	Year ended 31 March 2021 (audited)
On debenture stocks, secured bonds, bank borrowings and other borrowings which are:	**£000**	£000	£000
Interest payable	**140,775**	135,645	270,874
	140,775	135,645	270,874

Notes to the Condensed Consolidated Financial Statements

(continued)

7. LOANS TO BORROWERS

	Six months ended 30 September 2021 (unaudited)	Six months ended 30 September 2020 (unaudited)	Year ended 31 March 2021 (audited)
	£000	£000	£000
Loans to housing associations			
At beginning of period	**7,858,256**	7,435,226	7,435,226
Premium on new issues	**38,245**	56,390	101,753
Loans repaid during the period	**(27,889)**	(101,743)	(156,319)
Loans advanced during the period	**265,750**	236,500	488,750
	8,134,362	7,626,373	7,869,410
Discount amortised for the period	**745**	670	2,100
Premium amortised for the period	**(6,488)**	(6,139)	(13,879)
Indexation for the period	**115**	506	625
At end of period	**8,128,734**	7,621,410	7,858,256
Securitised assets			
At beginning of period	**15,893**	18,535	18,535
Loans repaid during the period	**(1,428)**	(1,287)	(2,642)
At end of period	**14,465**	17,248	15,893
Total loans and receivables	**8,143,199**	7,638,658	7,874,149
Due within one year	**162,229**	77,179	140,261
Due after more than one year	**7,980,970**	7,561,479	7,733,888
Total	**8,143,199**	7,638,658	7,874,149

Notes to the Condensed Consolidated Financial Statements

(continued)

8. FINANCIAL LIABILITIES

	Six months ended 30 September 2021 (unaudited)	Six months ended 30 September 2020 (unaudited)	Year ended 31 March 2021 (audited)
	£000	£000	£000
Debenture stocks, secured bonds, secured notes, bank borrowings and other borrowings			
At beginning of period	**7,877,602**	7,455,003	7,455,003
Premium on new borrowings	**48,144**	56,390	101,753
Repaid during the period	**(28,769)**	(102,887)	(156,755)
Borrowings during the period	**325,750**	236,500	488,750
	8,222,727	7,645,006	7,888,751
Discount amortised	**745**	670	2,100
Premium amortised	**(6,488)**	(6,139)	(13,879)
Indexation	**115**	511	630
At end of period	**8,217,099**	7,640,048	7,877,602
Subordinated loans	**723**	723	723
Total borrowings	**8,217,822**	7,640,771	7,878,325
Amounts falling due within one year	**164,487**	77,179	143,063
Amounts falling due after one year	**8,053,335**	7,563,592	7,735,262
Total	**8,217,822**	7,640,771	7,878,325

Notes to the Condensed Consolidated Financial Statements
(continued)

9. RECONCILIATION OF PROFIT TO NET CASH GENERATED FROM OPERATIONS

	Six months ended 30 September 2021 (unaudited)	Six months ended 30 September 2020 (unaudited)	Year ended 31 March 2021 (audited)
	£000	£000	£000
Surplus before taxation	**3,251**	3,384	7,198
Interest receivable	**(134,609)**	(134,806)	(257,609)
Interest payable	**134,981**	135,645	259,095
Adjustments for:			
Depreciation and amortisation	**147**	72	287
Finance costs	**15**	17	53
Net employer contribution after administration costs	**(106)**	(105)	(211)
Decrease in other receivables	**1,228**	290	422
Increase in other payables	**1,388**	1,944	476
Net cash inflow from operating activities	**6,295**	6,441	9,711

10. RELATED PARTY TRANSACTIONS

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

THFC and each subsidiary will settle the charge in cash as and when required by THFCS. The total service charge payable by THFC to THFCS during the period ended 30 September 2021 was £0.128m (30 September 2020: £0.088m). For the year ended 31 March 2021 it was £2.250m (2020: £2.669m). The amount due to/(from) THFCS at 30 September 2021 was £0.128m (30 September 2020: (£0.076m)) (31 March 2021: £0.105m).

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 £76,697 (30 September 2020: £79,378) for providing these services and had amounts owing from/ (due to) these companies at 30 September 2021 of £9,824 (30 September 2020: £9,622). Directors of these companies are also directors of THFC.

Total interest charged by T.H.F.C. (Funding No.1) Plc, T.H.F.C. (Funding No.2) Plc, and T.H.F.C. (Funding No.3) Plc were as follows:

	Six months ended 30 September 2021 (unaudited)	Six months ended 30 September 2020 (unaudited)	Year ended 31 March 2021 (audited)
	£000	£000	£000
T.H.F.C. (Funding No.1) Plc	**6,011**	6,027	12,021
T.H.F.C. (Funding No.2) Plc	**11,742**	11,839	23,484
T.H.F.C. (Funding No.3) Plc	**25,496**	24,390	49,290

11. NEW BUSINESS INCOME & OPERATING INCOME NET OF INTEREST

	Six months ended 30 September 2021 (unaudited)	Six months ended 30 September 2020 (unaudited)	Year ended 31 March 2021 (audited)
NEW BUSINESS INCOME	**£000**	£000	£000
Arrangement fees	**1,952**	2,296	4,668
Sundry income	**18**	32	242
	1,970	2,328	4,910
OPERATING INCOME NET OF INTEREST			
Fees receivable and other income	**5,990**	6,002	12,427
- Less new business income	**(1,970)**	(2,328)	(4,910)
Other interest	**5**	108	152
Interest receivable	**140,112**	134,869	269,388
Interest payable	**(140,775)**	(135,645)	(270,874)
Income from securitised assets	**658**	785	1,508
Premium receivable	**-**	10	2,136
Premium payable	**-**	-	(2,130)
	4,020	3,801	7,697

12. EVENTS AFTER THE INTERIM PERIOD

On 29th October 2021 a further issue of secured medium-term notes with a nominal value of £55m was made through Blend (Funding) Plc to finance further loans to borrowers. From this issue, proceeds of £10m were on-lent immediately, whilst the balance of £45m was retained by the issuer to fund future agreed borrower drawdowns.

On 16th November 2021 a borrower prepaid the outstanding balance of £1.67m on their floating rate loan with THFC.