

The Housing Finance Corporation Limited

Annual Report
and Accounts

2025

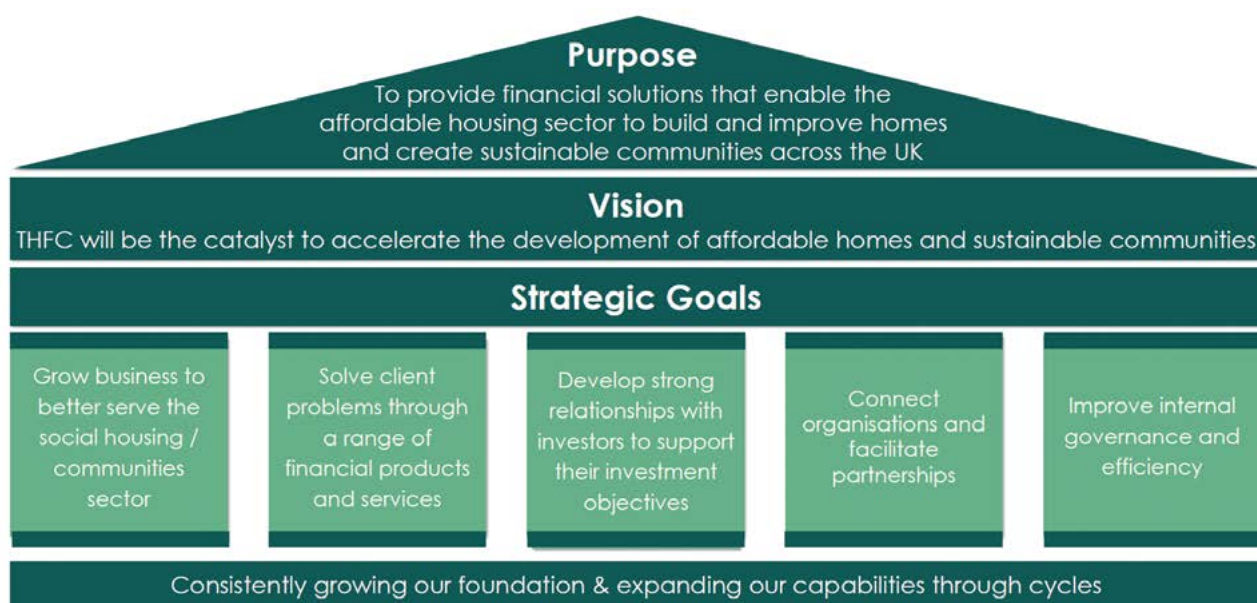


The Housing Finance Corporation Limited



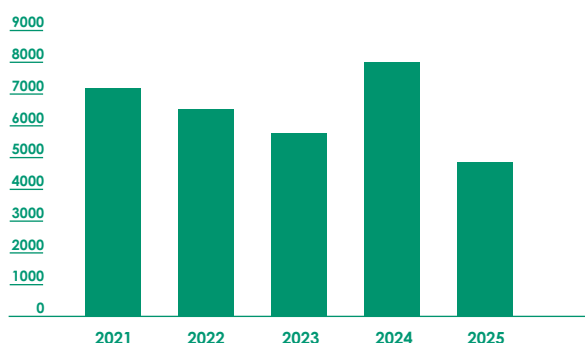
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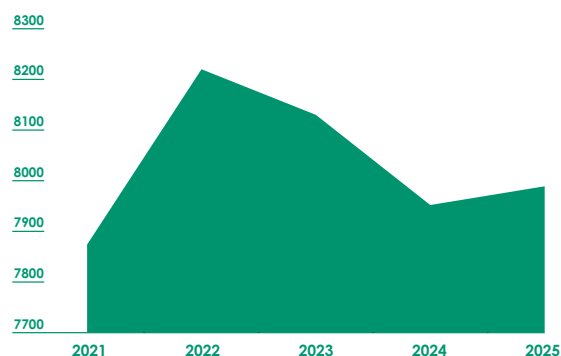


Highlights

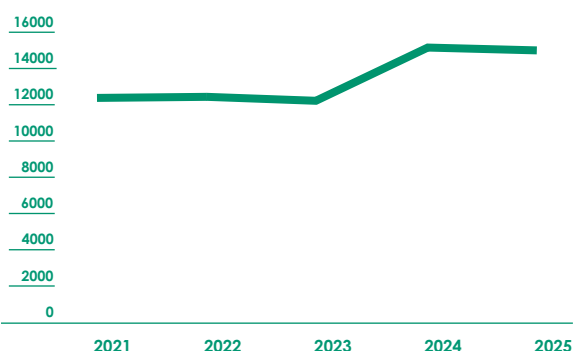
£4,847k (2024: £7,992k)
Group pre-tax surplus



£7,989m (2024: £7,952m)
THFC group loan book



£15,049k (2024: £15,206k)
Group total revenue*



149
(2024: 155)
Housing Associations
lent to



32,000+
Homes
Funded under
AHF



*Includes all fees and investment income on deposits.



Chair's Report



George Blunden
Chair

It is my privilege to present this year's Chair's Report, reflecting a period of both challenge and achievement. I wish to acknowledge the leadership of our Chief Executive and the dedication of our team, whose efforts have ensured we remain true to our mission.

Strategic Assurance

Our founding purpose—to empower the affordable housing sector and support thriving communities—remains central to all we do. This year, the Board has worked closely with the executive team to ensure our strategy remains robust and responsive amid ever evolving circumstances, where the sector we serve continues to adapt to normalised interest rates, inflation and regulatory change. Our mutual model continues to prioritise long-term value for our stakeholders and the sector.

Governance and Oversight

The Board has maintained strong oversight of our financial performance, risk management, and governance. We are pleased to report:

- **Strong Financial Results:** Consistent surpluses and growth in group reserves, reflecting prudent management and renewed demand for our products and services. Our investment plan aligns with our strategic ambitions, and the business remains resilient.
- **Stable Credit Ratings:** Moody's reaffirmed bLEND's A2 rating, and S&P upgraded THFC Group to A+ stable, underscoring our strength and reliability.
- **Innovation and Leadership:** The launch of the retrofit guarantee programme and the 7-year bLEND benchmark transaction highlight our commitment to sector innovation and to adapt to the evolving needs of the sector.

- **Enhanced and Agile Governance:** Established an Executive Credit and Issuance Committee with delegated authority to expedite decision-making and introduced a New Business Committee at Board level to oversee and support strategic growth initiatives.

We have also supported the executive team in accelerating digitisation, enhancing governance, and ensuring we remain agile in meeting client needs.

Sector Context

The sector is undergoing significant transformation, shaped by new government initiatives and regulatory reforms. The Board welcomes the government's £39bn Affordable Homes Programme, the creation of a National Housing Bank, and renewed focus on building safety and quality. We remain committed to engaging with policymakers and stakeholders to champion the sector's interests.

Looking Ahead

The Board's priorities are clear:

- Champion innovation and collaboration across the sector.
- Ensure we continue to deliver value and impact for our stakeholders and their communities.
- Support the executive team in delivering on strategic goals.
- Maintain robust governance and risk management.

On behalf of the Board, I thank our Chief Executive, leadership team, employees and partners for their dedication and trust. Together, we are building on a proud legacy and shaping a vibrant future for affordable housing in the UK.

George Blunden

George Blunden
Chair

28 July 2025



Chief Executive Report



Priya Nair
Chief Executive

I am honoured to present my first annual report as Chief Executive, building on the strong foundation established since 1987. 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. Our commitment is unwavering, even as we navigate a rapidly changing environment.

Strategic Overview

This year brought significant challenges for the sector we serve. The impacts of normalised interest rates, inflation and regulatory change continue to challenge organisations to find different solutions. We are determined to support the sector through these market conditions and as a response we have:

- Reinforced our role as a catalyst for affordable housing and sustainable communities.
- Sharpened our strategic goals to:
- Grow our business to better serve social housing providers.
- Expand our product range to address client needs.
- Deepen investor relationships.
- Connect organisations to drive innovation.
- Improve governance and operational efficiency.

We have strengthened our leadership, invested in operational resilience, and laid the groundwork for sustainable growth.

Key Achievements

Despite a challenging environment, we delivered strong results:

- Financial Performance: Achieved consistent pre- and post-tax surpluses, reflecting prudent management and renewed demand. Our investment plan aligns with our strategic ambitions, and the business remains resilient.
- Growth in Reserves: Enhanced financial strength to support more clients and invest in our future.
- Stable Credit Ratings: Moody's reaffirmed bLEND's A2 rating, and S&P upgraded THFC Group's credit rating to A+ stable, underscoring our resilience and reliability.
- Innovation: Launched the inaugural retrofit guarantee programme with the National Wealth Fund and completed our first 7-year bLEND benchmark transaction.

Investment in People and Infrastructure:

- Strengthened both operational and senior leadership teams through targeted recruitment.
- Acquired Hargreaves Risk and Strategy (HRS), enhancing our client offering and sector expertise.
- Upgraded our facilities by refurbishing our office facilities, adding new meeting spaces, a boardroom, and informal areas to better serve stakeholders.
- Our resilient business model supported investment in our people, digitisation, and innovative financing solutions. We launched new products and provided sector insights, helping clients adapt to change and seize new opportunities.
- Many of these investments were one-off costs.



Sector and Policy Update

Our clients are focused on accelerating development and growth while meeting rising regulatory and service standard requirements. Key government announcements this year include:

- A £39bn Affordable Homes Programme targeting 300,000 new homes, with 60% for social rent.
- A 10-year rent settlement and access to remediation funding providing certainty to make investment decisions.
- Creation of a National Housing Bank within Homes England, backed by £16bn of financial capacity to accelerate housebuilding.
- Building Safety Regulator reforms to accelerate high-rise construction.
- Consultations on a new Decent Homes Standard and energy-efficiency standards.

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 will continue to innovate, strengthen sector leadership, and create value for clients and stakeholders, with a clear focus on meaningful impact. Our commitment to supporting the sector through change and uncertainty is stronger than ever.

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.

Thank you for your continued trust and partnership.

Priya Nair

Priya Nair
Chief Executive

28 July 2025



Strategic Report

The directors present their Strategic Report and the audited financial statements of The Housing Finance Corporation Limited (“THFC”) and its subsidiaries (together the “Group”) for the year ended 31 March 2025.

Strategic Report

Although THFC is not incorporated under the Companies Act 2006, so would ordinarily not be bound by its requirements, some of its subsidiaries are, and they meet the relevant size criteria required to provide a strategic report on a standalone basis. Following best practice and seeking to provide greater transparency to its stakeholders, THFC has therefore voluntarily opted to prepare a group-level strategic report for the year ended 31 March 2025. This has been prepared in accordance with the provisions of Section 414C of the Companies Act 2006 and covers matters relating to the Group’s future developments and a summary of how the directors have acted in good faith 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, long-term funding to not-for-profit UK Registered Providers of Social Housing (housing associations, or “HAs”) by sourcing funding from institutional investors either through issuing long dated sterling denominated bonds in the capital markets or providing secured loans.

THFC is an unregulated, not-for-profit Society registered under the Co-operative and Community Benefit Societies Act 2014. The not-for-profit status of the Group Parent Company means the Group operates a non-distributable reserves policy which further supports the principal activity as this provides additional lending and cash flow cover in the event of a borrower default.

The Group Report (pages 10-13) describes the Group’s structure and provides more detail on the business model.

The Group’s strategy is disclosed within this report as part of the S172(2) Statement: Duty to Promote the Success of the Company (pages 6-9).

Review of Business

The Group achieved a pre-tax surplus of £4.8m (2024: £8.0m) and continued to achieve a steady growth in the Group’s financial reserves, now totalling £66.4m (2024: £62.7m).

Refer to page 72 for more detail on the Group’s five-year performance.

Highlighting the key performance indicators within these figures shows that total revenues (excluding loan interest) have slightly decreased by £0.2m from £15.2m to £15.0m, primarily as a result of lower interest rate returns on investment income. In addition, our operating expenses have increased by £3.0m from £7.2m to £10.2m, primarily reflecting our continued investment in staff and our future strategy. Some of these costs were non-recurring in nature. Net loans have increased by 0.5% (£8.0bn v £7.9bn), principally due to new issuance of £87.2m nominally off-setting loan maturities of £39.7m.

Additional detail on the business drivers during the financial period is provided in both the Chair’s and Chief Executive’s reports (pages 2-4).

Principal Risks and Uncertainties

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

Detail on governance structures and processes in place for assessing and managing risk under this framework is discussed in greater detail in the Corporate Governance Report (see pages 14-20).

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

Financial risks

Financial risks may impact the Group’s revenues or balance sheet, or both. This includes credit, liquidity and interest rate risk. Credit risk has been identified as being the Group’s most significant risk. This is closely monitored by the Board Committees through assessing credit propositions and monitoring the Group’s portfolio (see Corporate Governance Report pages 14-20).

Financial Risk	Risk Description
Credit risk	Credit risk is the potential for loss arising on an obligor’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.



Financial Risk	Risk Description
Liquidity risk	Liquidity risk is the risk that the Group becomes unable to meet its obligations as they fall due for payment. Payments that are made by the Group are matched by the incoming cash flow. 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 the poor execution of those decisions and the lack of resource allocation.

Business Risk	Risk Description
Strategy risk	Strategy risk, the risk that a strategy will result in losses, is inherent in all strategies so doesn't necessarily mean 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 continuously monitors internal and external environments, as well as regulatory landscapes, to identify new and emerging risks to its strategy.
People risk	<p>The risk that people, which are the Group's main resource, are inadequately allocated or capacity is constrained.</p> <p>At a time of record low unemployment and given the high calibre of staff employed by the Group, staff attrition constitutes a key people-related risk for the organisation.</p> <p>To mitigate this, the executive team have 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 14-20).</p>

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 3rd party audit plan.

The Group has a robust business continuity plan which is tested periodically.

Future Trends

The fundamentals underpinning the social housing sector remain strong with demand for affordable housing continuing to be high. The current UK government has an ambitious target to deliver 1.5m homes over the term of this parliament and as such confirmed a package of support measures in its October 2024 budget and furthermore in 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.

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

Notwithstanding these dynamics a combination of high inflation, normalised interest rates and pressure to improve building safety and reduce carbon emissions are a demanding confluence of factors for HAs who are purposed to build more homes and improve service for their tenants and communities. These competing demands on the sector's resources will require some difficult trade-offs as they all place pressure on cashflow and demand different strategies from HAs in order 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 in order to continue to support HAs balance these factors. This is reflected in our strategy. These factors also mean that a more nuanced approach to underwriting needs to be undertaken as the political, economic and regulatory factors evolve.

THFC has positioned its strategy to support the expected accelerated growth in the building of new affordable homes though providing long-term 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 our compliance with risk appetite as 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.

THFC is not incorporated under the Companies Act 2006; however, certain subsidiaries within the Group are. Those subsidiaries that meet the relevant size criteria comply with the Companies (Miscellaneous Reporting) Regulations 2018,



which require disclosure of how the requirements of Section 172(1) have been met. In recognition of the importance of good governance, 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 stakeholders as a whole, having regard to (among other matters):

- 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 maintenance of high standards of business conduct; and
- The need to act fairly between members of the Society.

THFC's stakeholders include members, employees, customers, lenders and investors, suppliers, regulators, government bodies, and the local communities affected by the Group's activities. The following paragraphs summarise how the Board has fulfilled these duties during the year.

Long-Term Consequences of Decisions

To fulfil its main aim of providing cost-effective, long-term funding to housing associations (HAs), the Board has set a strategy focused on 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 continually meet legal and investor obligations. Borrower performance and material risks are regularly monitored to protect the Group's long-term health (see Corporate Governance Report, pages 14-20). Following a refreshed corporate strategy, a strengthened senior leadership team, and increased emphasis on governance and technology, the Group is positioned for impactful best practice improvements and long-term sustainability.

As the largest debt aggregator in the HA sector with the highest credit rating, the Group's broad client base and significant loan book provide deep insight into sector risks. This enables a prudent approach to growth, helping the Group maintain its market leadership and offer lower funding costs to borrowers.

The Group's non-profit status and prudent risk appetite reinforce each other. 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, and material interest rate risks.

The Board sets lending risk appetite based on financial strength, governance quality, internal credit grades, regulatory status, and potential loss in default. Additional considerations include debt concentration, business mix, and exposure to higher-risk activities. Comprehensive due diligence covers both financial and non-financial risks, including EPC ratings, safety remediation, and net zero targets.

This prudent, risk-aware approach has enabled selective loan book growth and underpins the Group's strong credit profile, reassuring investors. The Group's values of prudence and stewardship, and its commitment to serving the sector through all economic cycles, support a sustainable, steady growth model. The Board also regularly reviews sector and market trends to inform decisions.

Culture and Conduct

In October 2024, THFC was certified as a Great Place to Work®, achieving a 73% trust index and a 94% engagement rate. The performance management and bonus framework were enhanced for greater transparency and alignment with refreshed strategic goals, rewarding excellence and promoting accountability, fairness, and continuous improvement.

Senior and operational leadership teams were established to strengthen and streamline leadership. Group policies were updated to reflect the new structure, including the appointment of Guy Thomas as whistleblowing champion.

Transparency, accountability, fairness, and responsibility are central to the Group's long-term success. The Group operates from a strong governance foundation, with eight Non-Executive Directors providing independent challenge (see Corporate Governance Report, pages 14-20).

During the year the Group updated its purpose, vision and supporting values, which together form the basis of our mission. A range of initiatives falling under people and culture were undertaken throughout the year to embed these values in the business.

The Interests of the Group's Employees

The Board recognises that the success of THFC is intrinsically linked to the engagement, wellbeing, and development of its employees. In fulfilling its duties under Section 172, the Board has taken a proactive approach to understanding and responding to employee interests, fostering a supportive and inclusive workplace culture.

During the year, the Voice of the Employee (VOTE) Committee was established, providing a direct channel for staff to raise issues and contribute to organisational improvements. Regular communication is maintained through periodic updates, Town Hall meetings, and 'Lunch



and Learn' sessions. The Group supports professional development, offers 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')

THFC is committed to fostering a diverse and inclusive workforce and Board, recognising that a broad range of perspectives enhances decision-making and drives long-term success for the Group and its stakeholders.

The Remuneration and Nomination Committee, supported by a dedicated DEI Committee and DEI Champion, oversees the implementation of the Group's DEI strategy. David Montague, as the DEI Champion, provides non-executive mentorship and guidance to the Committee.

Key DEI initiatives during the year included:

- Reviewing and updating policies and organisational structures to align with best practice in DEI;
- Embedding DEI principles into the Group's core values and culture;
- Enhancing recruitment processes to attract and retain diverse talent;
- Incorporating DEI objectives into Executive Team appraisals to ensure leadership accountability.

These initiatives have been successfully implemented, reflecting our commitment to continuous improvement in diversity, equity, and inclusion.

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 senior Board position should be held by a woman;
3. At least one Board member should be from an ethnic minority background.

THFC is pleased to confirm that it has met the majority of the FCA Board diversity targets.

Ongoing commitment

The Board recognises that supporting employees and advancing DEI is an ongoing journey. We remain dedicated to investing in initiatives that promote employee engagement, wellbeing, and diversity, and to regularly reviewing our progress to ensure meaningful and sustained improvement.

Need to Foster Business Relationships

The Board recognises that strong, constructive business relationships are essential to the Group's long-term success. During the year, the Group further strengthened its client-facing teams, notably through the appointment of a Head of Relationship Management to enhance client engagement and responsiveness.

To ensure a deep understanding of stakeholder needs and sector developments, the Board receives regular presentations from key stakeholders, organises focus groups, and participates in relevant industry conferences. Directors nominated by the Regulator of Social Housing and the National Housing Federation provide direct channels for stakeholder feedback and ensure the Group's strategy remains closely aligned with sector priorities and regulatory expectations.

The organisation has a number of key relationships ranging from borrowers, investors, financial guarantors, government stakeholders and material suppliers. The strength of these relationships and key horizon issues are monitored through the risk management framework at Audit and Risk Committee via a range of lenses.

The Board approved changes to how customer lending decisions and new product development oversight is discharged during the period. These changes reflected a desire to ensure product development has an appropriate focus given the evolving market conditions.

THFC also acquired a consultancy business known as Hargreaves Risk and Strategy during the period. This business provides a range of niche risk management consultancy services which align to THFC's purpose by providing expert support to housing associations on risk-related matters.

Impact on Community and Environment

Supporting the development of affordable housing across the UK is central to the Group's mission. As a not-for-profit organisation, THFC retains surpluses to reinvest in providing loans and value-added services, keeping social purpose at the heart of its operations.

The Board recognises climate change as a significant risk and is committed to minimising the Group's direct environmental impact while supporting borrowers in their sustainability transitions. Key initiatives included:

- Establishing a framework for social and sustainability bonds to fund decarbonisation projects.
- Early adoption and promotion of the Sustainability Reporting Standard (SRS), including the publication of bLEND's fourth annual SRS Report.



- Launching a retrofit funding product in partnership with the National Wealth Fund and Rothesay to support energy efficiency improvements.
- Promoting sustainable employee practices, such as participation in the Cycle to Work scheme and the development of an electric vehicle scheme.

These actions demonstrate the Board's 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 upholding the highest standards of governance, thereby maintaining a strong reputation with both investors and borrowers. The following measures are in place to support these objectives:

- Comprehensive induction for new staff ensures all employees understand the company's values, governance framework, and operational procedures from the outset.
- The Code of Conduct is founded on the Nolan Committee's seven principles of public life – selflessness, integrity, objectivity, accountability, openness, honesty, and leadership – and guides the behaviour of all staff and Board members.
- Compliance with all relevant legislation is monitored closely, in line with regulatory and statutory requirements to promote best practice and safeguard the interests of stakeholders.
- Ongoing training is provided to all staff on key compliance topics, including anti-money laundering and data protection, to ensure awareness of and adherence to legal and regulatory obligations.
- A Whistleblowing Policy enables staff to report concerns confidentially and without fear of reprisal. A non-executive Board member is designated as the Whistleblowing Champion to oversee the effectiveness of this policy and provide an independent point of contact. The current Whistleblowing Champion is Guy Thomas.

These measures demonstrate our ongoing commitment to robust governance, ethical conduct, and the long-term success of the company 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. 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 decision-making. Regular opportunities for challenge and input are provided, supporting transparency and fairness in all Board deliberations.

Events after the Reporting Date

On 3 June 2025 retained bonds with a loan nominal value of £3.4m were sold into the market through THFC.

On 4 June 2025 a further issue of secured notes with a nominal value of £260.0m was made through bLEND.

Approved by the Board of directors on 28 July 2025 and signed on their behalf by:

Martin Fent

Martin Fent
Director and Company Secretary
 The Housing Finance Corporation Limited



Group Report

The Housing Finance Corporation Limited (“THFC”) 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 THFC 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. The Group is 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. This allows the Group to offer full and comprehensive support to its borrowers with very limited reliance on consultants and contractors.

The structure of the Group is set out in the diagram on the inside back cover (page 73).

Business model

The Group has served the funding requirements of not-for-profit UK Registered Providers of Social Housing (housing associations, or “HAs”) for the last 38 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 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 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 almost 150 HAs across the United Kingdom (“UK”); it maintains close relationships with a number of sector banks, institutional investors and treasury advisors; it works closely with the ‘National

Housing Federation’ and the ‘Regulator of Social Housing’, both of whom are represented on its Board and with the regulators of social housing in other parts 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 and Homes England in managing the Affordable Housing Guarantee Scheme.

Group Financing Principles

THFC and its subsidiaries, 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”), (together with THFC, the “issuing companies”) – 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 £3 billion EMTN Programme.

THFC 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 HAs.
- Funds are on-lent on a predominantly identical maturity, interest rate and repayment profile thus ensuring that mismatch risk is minimised on interest rate movements.
- No currency risk in relation to its funds is taken by the Group or passed on to its borrowers.
- Loans (except under the NWF scheme) are fully secured and covenanted in accordance with the terms of the relevant individual issuing company’s governing trust deed.
- THFC 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.
- THFC 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.

Indexed 2 and Social Housing Finance are societies registered under the Co-operative and Community Benefit Societies Act 2014 (“the Societies”).



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 THFC Group Loans table found on pages 31-34. 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 15 Group entities are registered with the Financial Conduct Authority as Annex 1 companies.

Property security

Most borrowers continue to prefer to provide fixed charge security on specified properties and all new borrowers choose to adopt this option from the outset, although the Societies can offer HAs the ability to secure their loans by way of floating charges, subject to appropriate asset cover tests. Only one borrower has an element of floating charge security on its loan. Where borrowers have opted for fixed charge security, borrowers are required to maintain a minimum level of asset cover (expressed as a percentage of the outstanding loan balance). For borrowers from the Societies, the minimum asset cover is 150% and for borrowers from bLEND, minimum asset cover is between 110% and 120%. In all cases there is a net annual income requirement of a minimum of 100% (120% in Indexed 2, now fully matured so security has been released). 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.

External credit ratings

THFC 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" 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 38-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 health 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.

THFC 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 £66.2m (2024: £62.7m).

The following entities are structured differently from the issuing companies.

Affordable Housing Finance Plc ("AHF")

AHF, a subsidiary of THFCS, 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 2025 AHF had issued guaranteed secured bonds amounting to £1,744.1m. Guaranteed bank loans drawn at 31 March 2025 amounted to £1,500.0m. 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. Its bond-issuing vehicle, Sunderland (SHG) Finance Plc (currently rated: A3 by Moody's and A- by S&P) currently has issued bonds with a nominal value of £212.8m, with a balance outstanding of £192.9m as at the financial year end.

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. TSF holds an issuer rating of "A" from S&P, as part of S&P's rating of the THFC Group. The company will adhere to the Group Financing Principles outlined above and will act as an issuing entity. Borrowers from TSF are required to maintain a minimum asset cover ranging between 110% and 120%, and must allocate a proportion of the funding to "green" projects. 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.

T.H.F.C. Sustainable Finance (No.2) Plc ("TSF2")

T.H.F.C. Sustainable Finance (No.2) Plc ("TSF2") was incorporated in August 2024 for the purpose of providing the secured loan tranche under the NWF scheme approved during the year.

Taxation

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

Administration Services to Related Companies

The Group's service company, THFCS, 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 THFC. These companies are regarded as related parties for accounting disclosure purposes. THFCS is the largest provider of bond administration services to the HA sector and its income in the year from related company contracts was £190,202 (2024: £181,632).

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 THFCS 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 THFCS 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 THFCS 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 THFC at cost for on-lending by it to housing associations. Like all other lenders to THFC, Funding No. 1, Funding No. 2 and Funding No. 3 have a *pari passu* floating charge over THFC’s assets.

Haven Funding Plc and Haven Funding (32) Plc

Since 1999 THFCS 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 2025. S&P withdrew their ratings in the year as they don’t rate the underlying borrowers. As at 31 March 2025 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 THFCS has provided loan administration and company secretariat services to Sunderland (SHG) Finance Plc, rated A- by S&P and A3 by Moody’s, which as at 31 March 2025 had a £192.9m (nominal) loan outstanding to Gentoo Group on-lent via T.H.F.C. (Capital) Plc.

Harbour Funding Plc

In August 2003 THFCS 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 withdrew their rating in the year as they don’t rate the underlying borrowers.

As at 31 March 2025, Harbour Funding Plc had loans outstanding of £206.3m (nominal) made to three housing associations.



Corporate Governance Report

Introduction

The Board of THFC recognises that strong transparency, accountability, ethical conduct, and integrity are fundamental to the Group's ongoing success.

Although not legally required to adopt a formal corporate governance code, THFC 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 not-for-profit distributing society registered under the Co-operative and Community Benefit Societies Act 2014.

Group Governance

As a Community Benefit Society, THFC's shareholders are also its members (see the Directors' Report on page 21 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 THFC. The Group does not operate share incentive schemes, and all surpluses are retained within the business as non-distributable funds.

All Independent Non-Executive Directors are issued a share in THFC 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 shareholder base are, for all practical purposes, aligned.

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

Governance and Leadership

The Group is overseen by a consolidated Board responsible for strategic direction, investment policy, performance criteria, and risk parameters. The Board sets the Group's strategic objectives, determines investment policies, agrees performance criteria, and delegates detailed planning and execution to executive management within a defined risk management framework.

Board Composition

As at the date of this report, the THFC Board comprises:

Non-Executive Chair

George Blunden

Non-Executive Directors

Scott Bottles

Tony King – Chair, Remuneration and Nomination Committee

Fiona MacGregor – RSH Nominated Director

David Montague – Chair, New Business Committee

Shirley Smith – Senior Independent Director

Gail Teasdale – NHF Nominated Director

Guy Thomas – Chair, Audit and Risk Committee

Executive Directors

Priya Nair – Chief Executive (appointed 1 April 2024)

Martin Fent – Chief Risk and Operations Officer (appointed 31 January 2025)

Ben Rick – Deputy Chief Executive and Chief Commercial Officer (appointed 4 November 2024)

Directors who resigned during the year

Julie Coetzee (resigned 9 August 2024)

Arun Poobalasingam (resigned 21 February 2025)

David Stokes (resigned 6 August 2024)

Piers Williamson (resigned 1 April 2024)

Members of the THFC Board also serve on the Boards of the Group's key subsidiaries and mutual societies. This overlapping membership promotes consistent governance and strategic alignment across the Group. The Boards of the Group's remaining subsidiaries are composed solely of the three Executive Directors, reflecting their operational focus and scale.

The roles of Chief Executive and Chair are held by different individuals. George Blunden, Chair of the Board, is an Independent Non-Executive Director whose independence was determined on appointment. Directors' biographies are available on pages 25-30. 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 if the Board is not functioning effectively, leads the appraisal of the Chair, and acts as a point of contact for investors and other stakeholders when concerns cannot be resolved through the usual channels. The current SID is Shirley Smith, appointed on 28 July 2020.



Directors' independence

All Board members are Non-Executive Directors except for the Chief Executive, Deputy Chief Executive and Chief Commercial Officer, and Chief Risk and Operations Officer. 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 Gail Teasdale are nominated by the RSH and NHF respectively, the Board considers them independent under Provision 10 of the UK Corporate Governance Code. Neither the RSH nor NHF holds significant shares beyond a nominal one share each, held in trust for THFC, and neither maintains a material business relationship with the Group.

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 or approved by the Board as appropriate.

Terms of office

Non-Executive Directors, with the exception of the Chair, are limited to a maximum tenure of nine years on the Board. Independent directors are initially elected for two three-year terms, followed by up to three one-year terms, and may offer themselves for re-election at the conclusion of each term.

Non-Executive Directors nominated by members of the Society—namely Gail Teasdale and Fiona MacGregor—are not subject to the standard three-year and subsequent annual re-election cycle 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-election at the AGM. In exceptional circumstances, the Board may extend the Chair's term by one additional year.

The Board has approved an extension of George Blunden's term as Chair by one year, to July 2026, to ensure continuity and stable leadership during a period of significant strategic transformation and senior management transition. Details of directors retiring and offering themselves for re-election at the next AGM can be found on page 21.

While the UK Corporate Governance Code recommends annual re-election of all directors, THFC's constitution requires independent directors to be re-elected according to the terms described above. The Board recognises the Code's aim to safeguard shareholder influence over Board composition but believes that the current approach—two three-year terms followed by annual re-election—appropriately balances governance standards with the

Society's unique structure, where shareholders are also Non-Executive Directors.

Directors' Remuneration

Executive directors

The remuneration of Executive Directors is determined by the Board, guided by periodic independent advice from external consultants. Willis Towers Watson currently provides remuneration advice to THFC and has no known connections with the Group or any of its Executive or Non-Executive Directors.

In addition to base salaries and bonuses, Executive Directors receive pension benefits and other employee benefits in line with Board-approved guidelines.

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

As a Community Benefit Society, THFC's shares are non-beneficial and non-distributing. The Group does not operate any share-based or other incentive remuneration schemes. The remuneration package for Executive Directors is therefore limited to salaries, bonuses, pension, and employee benefits available to all staff, reflecting the Group's fundamental principle of remuneration alignment.

Non-Executive Directors' fees

Fees are paid to all Non-Executive Directors. The fee payable to Fiona MacGregor (RSH nominee) is remitted in full to her nominating organisation. For Gail Teasdale (NHF nominee), 50% of her fee is paid directly to NHF, with the remaining 50% paid to her personally.

On 1 April 2024 Non-Executive Director fees were increased by 4% (2023: 7.0%), reflecting the annual rate of change in the Consumer Price Index (CPI) in the 12 months to 31 March 2024.

Non-Executive Directors do not receive pension contributions, bonuses, or other benefits-in-kind, but are reimbursed for reasonable travel and related expenses.

Further details of directors' remuneration are disclosed in Note 4: Directors' Remuneration.

Training and development

All newly appointed Non-Executive Directors receive a tailored induction programme shortly after joining the Board, including briefings from professional advisers where appropriate.

As part of the annual Board performance evaluation process, directors are invited to identify any training needs or areas for further development. Where emerging issues or sector developments require deeper understanding, the Board is provided with focused briefings or presentations by subject matter experts.



Senior Management

During the year, the Group strengthened its senior management team to support its strategic objectives. Priya Nair was appointed Chief Executive on 1 April 2024, succeeding Piers Williamson upon his retirement. Ben Rick was appointed as Chief Finance Officer in November 2024 and became the Deputy Chief Executive and Chief Commercial Officer in May 2025. Martin Fent was appointed as Chief Risk and Operations Officer in January 2025. These roles replace the former Finance Director and Credit and Risk Director roles held by Julie Coetzee and David Stokes who retired during the year. A Senior Director of Strategy, Lindsay Ahrens, was also appointed during the year to support the Group's forward planning. These changes reflect the Group's ongoing commitment to effective leadership and robust governance.

Board Roles and 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 between Chair and Chief Executive functions. The Chief Executive's powers and responsibilities are clearly defined and delegated by the Board, with an annual review to ensure they remain 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 Chair or Non-Executive Director approval, with all other significant decisions requiring formal Board approval.

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

Board Meetings

The Board of THFC met six times during the year as part of its scheduled calendar of meetings, covering both standard and ad hoc business. Standard items of business are captured in a board diary that helps shape the standard section of each meeting agenda, ensuring that key recurring matters are addressed systematically. A rolling agenda is also 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 Secretary maintains a comprehensive record of all decisions, material discussions, and concerns raised by directors. Board minutes are reviewed and approved by members 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 23. When directors are unable to attend scheduled meetings, the Chair is informed of the reasons for their absence. Special Board meetings, called at short notice to address urgent business, do not require attendance from every director but must meet quorum requirements. All directors receive notice of such meetings along with the agenda.

Matters Reserved

The Board retains responsibility for a range of matters that are reserved exclusively for its decision, including:

- 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 these 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 overseeing and managing all risks across the Group, including the approval of THFC's overall strategy and defining the acceptable level of risk.

THFC operates under a robust risk management framework that provides a comprehensive approach to managing risk within the Group. This framework identifies key business risks, assigns ownership of each risk area to specific executive team members, and is annually reviewed by the Audit and Risk Committee before being recommended to the Board for final approval.



The perceived 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 twice yearly. The principal risks faced by the Group are detailed in the Strategic Report.

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), established during the year, is responsible for approving all new credit risks in line with the Credit Risk Policy, which the Board reviews and approves annually. Credit risks exceeding the Committee's authority are escalated to the New Business Committee for consideration and approval.

The New Business Committee is responsible for monitoring the broader credit portfolio and assessing the viability of new business opportunities. It reports its findings and recommendations, along with any significant issues, directly to the Board to support informed decision-making and ensure effective risk management.

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 specific business risks faced by the Group. As such, it 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:** Establishment of a defined organisational structure with clearly delineated levels of authority and responsibilities to ensure effective decision-making and accountability.
- **Planning and Monitoring:** A comprehensive system of reporting, budgeting, and business planning against which performance is regularly monitored and assessed.
- **Policies and Procedures:** Formulation and enforcement of policies, along with formal approval procedures in critical areas such as loan administration, treasury operations, financial reporting, and the preparation of consolidated financial statements.
- **Independent Assurance:** Regular assurance on the adequacy and effectiveness of internal controls provided by third-party internal auditors (see page 18 for further detail).

All loans to borrowers are substantially matched in terms of maturity, interest, and repayment profile to the corresponding bond issue or bank loan. Consequently, the Group's primary operating risks relate to initial credit assessment, ongoing credit monitoring, 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 these reviews, the Board is satisfied that the internal control framework remains effective and appropriate to the Group's current scale and complexity.

Performance Evaluation

During the year, the Board undertook a partial evaluation of its effectiveness. This approach was considered most appropriate in light of the significant changes in both Board and senior management composition, allowing new members time to integrate and for the Board to establish new working relationships. A full evaluation is scheduled for later in the year to ensure a more comprehensive and meaningful assessment once the new structure is fully embedded.

The Chair's performance was reviewed by the Senior Independent Non-Executive Director, with no significant issues identified. Overall, the evaluation indicated that the Board was functioning well, with effective oversight and positive engagement among Directors during this period of transition.

As part of the evaluation, Directors also reflected on the performance of Committees. The following actions were identified and are being implemented:

Action Required	Action Taken
Clarification of responsibilities between the Executive Credit and Issuance Committee, New Business Committee, and Audit and Risk Committee to prevent overlaps or gaps	Steps are being taken to define and document Committee remits to prevent overlap or gaps in oversight.
Review New Business Committee meeting structure and duration to allow more detailed discussion	The structure and timing of NBC meetings are under review to ensure adequate discussion of key matters.
Streamline and condense Board papers	A new Board paper format and guidance have been introduced to improve efficiency and clarity.
Maintain regular CEO briefings and structured engagement with Non-Executive Directors	The CEO has maintained weekly briefings with Non-Executive Directors and the Chair to ensure all Directors remain fully informed.

The Board remains committed to continuous improvement and effective governance as the Company adapts to its evolving operating environment.



Committees of the Board

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

The Board and its Committees meet at regular intervals to cover all ongoing business, with ad hoc meetings convened as necessary to address urgent or exceptional matters. Each Committee is chaired by an appointed member, who reports to the Board on the proceedings and key matters discussed at each Committee meeting. In addition, 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 2025):

Member Name	Role	Appointments and resignations during the year
Guy Thomas	Chair	n/a
Scott Bottles	Member	n/a
David Montague	Member	n/a
Gail Teasdale	Member	n/a
Tony King	Member	Resigned 1 November 2024

The Audit and Risk Committee is responsible for overseeing the integrity of the Group's financial reporting process, the audit process, the system of internal controls, and ensuring compliance with relevant laws and regulations. The Committee's remit includes oversight of the appointment, engagement, remuneration, and independence of the external auditor; the appointment and monitoring of the internal auditor; and ensuring adherence to key legislation, policies, and procedures. The Committee meets at least four times per year and is entirely comprised of independent Non-Executive Directors. The Board appoints one of these Directors as Committee Chair. The Chair of the Company is not eligible to be a member of the Committee but is invited to attend each meeting and receives all Committee papers. The Chief Executive and other members of the executive team attend meetings as required.

All Committee members have relevant experience for their roles, and at least one member has recent and relevant financial experience, fulfilling the requirements of the UK Corporate Governance Code.

The Committee operates under written terms of reference, reviewed annually and approved by the Board. These are available on the Group's website.

Matters considered by the committee

During the year, the Committee:

- Reviewed the financial statements for the year ended 31 March 2024.
- Oversaw the Group's risk management processes and advised the Board on current risk exposures (see Note 21: Financial Instruments – Fair Value and Risk Management).
- Reviewed and updated the Group's policies and procedures to ensure compliance with key legislation, including Data Protection Legislation, the Modern Slavery Act 2015, the Criminal Finances Act 2015, and the Anti-Bribery Act 2010.
- Overviewed risk reporting in line with the risk management framework including oversight of the performance of the loan portfolio.
- Overviewed THFC's anti money laundering controls in line with regulatory requirements as an FCA Annex 1 firm.
- Reviewed the Group's Whistleblowing Policy, which enables staff to raise concerns in confidence with appropriate Directors regarding possible improprieties in financial reporting or other matters.

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

Independent auditor

S&W Partners Audit Limited (formerly CLA Evelyn Partners Limited) has acted as auditor to all Group companies since 2014, following a competitive tender overseen by the Committee Chair and the executive team. A resolution for their re-appointment will be proposed at the annual general meeting.

Prior to recommending re-appointment, the Committee conducts an annual review of the auditor's independence and the non-audit services provided. S&W Partners Audit Limited has established safeguards to ensure their integrity and independence, including periodic rotation of audit partners and senior staff in line with best practice. In July 2021, the audit engagement partner was rotated at the end of a seven-year tenure. The Committee has assessed and is satisfied with the auditor's independence, and the Board has accepted the Committee's recommendation to reappoint them. The independent auditor's report for the year ended 31 March 2025 is set out on pages 37-39 of this report.



Internal audit

Given the Group's size, the Board has determined that establishing an in-house internal audit function is not appropriate. Instead, the Group appoints professional accounting firms to undertake periodic reviews of internal controls; Crowe (UK) LLP is the Group's current internal audit service provider. Their reviews provide independent assurance on the design and effectiveness of the Group's internal controls and risk management. The external auditor has full access to internal audit reports to inform their risk assessment, although they do not place reliance on the work of internal audit in conducting their own audit procedures.

Remuneration and Nomination Committee

Committee Membership (as at 31 March 2025):

Member Name	Role	Appointments and resignations during the year
Tony King	Chair	n/a
David Montague	Member	n/a
Fiona MacGregor	Member	n/a
George Blunden	Member	Resigned 1 November 2024; reappointed 28 March 2025
Shirley Smith	Member	Resigned 1 November 2024; reappointed 28 March 2025

The Remuneration Committee and Nomination Committee were merged in 2023 to form the Remuneration and Nomination Committee. The combined Committee fulfils all requirements of 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.

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
- Oversight of 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 Executive Directors' remuneration
- Approved a refreshed performance management framework and received the findings of the triennial external salary benchmarking exercise
- Made recommendations to the Board regarding maximum pension contributions, revised salaries, and bonus awards, in line with the Remuneration Policy
- Oversaw the recruitment process for two new executive Board members (Deputy Chief Executive and Chief Commercial Officer, and Chief Risk and Operations Officer), with the support of an external executive search agency
- Recommended the re-election of George Blunden as Chair of the Board for a further year to provide stability during a period of Board and senior leadership change
- Received and considered the internal Board evaluation findings, recommending actions to the Board for approval
- Reviewed the composition of the Board and its committees, undertook a Board skills assessment, and monitored executive and non-executive succession planning
- 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 team size and the unique nature of most roles, which makes direct comparisons 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.

New Business Committee

Committee Membership (as at 31 March 2025):

Member Name	Role	Appointments and resignations during the year
David Montague	Chair	Appointed 31 October 2024
Scott Bottles	Member	Appointed 31 October 2024
Tony King	Member	Appointed 31 October 2024
Priya Nair	Member	Appointed 31 October 2024

The New Business Committee was established during the year, with its primary function being to assess the suitability and strategic alignment of new business opportunities for the Group.

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 goals
- Ensuring that appropriate risk mitigation measures are identified and, where necessary, implemented
- Making informed recommendations to the Board regarding the approval or rejection of new business initiatives

The Committee also considers credit propositions escalated by the Executive Credit and Issuance Committee, ensuring that all significant proposals receive appropriate scrutiny and risk assessment before being recommended to the Board.

Scheduled to meet monthly, the Committee provides a forum for discussion, constructive challenge, and support in the development of proposals aimed at strengthening and expanding the Group's core business. Through rigorous debate and careful evaluation, the Committee ensures that new business opportunities are consistent with the Group's long-term objectives and risk appetite.

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

Code Compliance Statement

THFC has complied with the principles and provisions of the UK Corporate Governance Code throughout the year, except for certain provisions not relevant to its not-for-profit structure. Any departures from the Code are clearly explained within 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 and its subsidiaries (the "Group") for the year ended 31 March 2025.

Going Concern

The Group's principal business activity, together with a review of the business, principal risks and uncertainties, and future trends, are set out within the Strategic Report located on pages 5-9. The financial position of the Group, including its liquidity status, is reflected in the balance sheet.

The directors have reviewed the Group's forecasts and projections, taking into account reasonably possible changes in trading performance, and 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 directors continue to adopt the going concern basis in preparing the financial statements.

Directors and Shareholders

Details of the directors, their service periods during the year, and the shareholders of THFC are set out in the table below. Biographies of the current directors are provided on pages 25-30 of this report. Information regarding the directors' terms of office is given on page 15.

Directors who held office during the year and their shareholdings in THFC

Name	Date Appointed	Date Resigned (if applicable)	Service Period in Year	THFC 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
Shirley Smith	20/03/2018	N/A	Full Year	£1
Tony King	17/03/2020	N/A	Full Year	£1
David Montague	17/03/2020	N/A	Full Year	£1
Fiona MacGregor	28/07/2023	N/A	Full Year	Nil
Gail Teasdale	28/03/2023	N/A	Full Year	Nil
Guy Thomas	14/05/2019	N/A	Full Year	£1
Priya Nair	01/04/2024	N/A	Full Year	Nil
Martin Fent	31/01/2025	N/A	Part Year	Nil

Name	Date Appointed	Date Resigned (if applicable)	Service Period in Year	THFC Shareholding as at 31 March 2025
Ben Rick	04/11/2024	N/A	Part Year	Nil
Julie Coetzee	07/02/2023	09/08/2024	Part Year	Nil
Arun Poobalasingam	26/07/2023	21/02/2025	Part Year	Nil
David Stokes	28/07/2023	06/08/2024	Part Year	Nil
Other shareholders				
National Housing Federation				£1
Regulator of Social Housing				£1

Share capital

Details of restrictions applicable to share capital are set out in note 17: Called up share capital.

Directors' remuneration

Details of directors' remuneration are disclosed in note 4: Directors' remuneration.

Re-election of directors

At the forthcoming Annual General Meeting, the following directors will retire and offer themselves for re-election:

- George Blunden, having completed his second three-year term, following the Board's approval for a further year of service.
- Scott Bottles and Shirley Smith, each having completed two three-year terms and an additional one-year term, will offer themselves for re-election for a further year.
- Guy Thomas, having completed his second three-year term in office, will offer himself for re-election for a further year.

Directors' attendance at meetings

Attendance at Board and Committee meetings is disclosed on page 23.

Directors' and Officers' Insurance

The Group maintains third-party liability insurance for its directors and officers, providing cover in respect of legal proceedings brought by third parties.

Charitable and Political Contributions

During the year, the Group donated £13,500 to The Ireland Funds and Sustainability for Housing. No political donations were made during the year. The Group's donations in the previous year consisted of £7,200 to More than Homes.



Streamlined Energy and Carbon Reporting ("SECR")

The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, which came into effect for reporting periods beginning on or after 1 April 2019, has implemented the UK Government's policy on SECR. This regulation requires The Housing Finance Corporation Limited and its subsidiaries, together known as (the "Group"), to disclose its annual UK energy use in kilowatt-hours ("kWh") relating to purchased electricity and gas consumption for 17 St Swithin's Lane, London, and the associated greenhouse gas emissions in tonnes of carbon dioxide equivalent ("tCO₂e"). The overall purpose of this regulation is to increase the awareness of the Group's energy usage and to adopt energy efficient measures (where possible) to ultimately reduce the impact the Group has on climate change.

The Group falls into scope of the regulation as entities that are deemed 'large' (as per s465 and s466 of the Companies Act 2006), as such the Group has disclosed the following:

- The methodology used for the carbon emissions calculation;
- The annual UK energy used (in kWh) relating to purchased gas and electricity and the associated greenhouse gas emissions in tCO₂e;
- An emissions intensity ratio;
- A narrative of measures taken to improve energy efficiency.

Methodology

The following disclosure shows the Group's energy usage and greenhouse gas emissions, as prepared using the 'Greenhouse Gas Reporting Protocol - Corporate Standard'. The 2024 (2024: 2023) UK Government greenhouse gas conversion factors have been used to convert the kWh used into tCO₂e.

The Group leases two floors on 17 St Swithin's Lane, London and as such, all energy consumption is categorised as Scope 2 (indirect energy emissions from generation of purchased energy). Natural gas consumption has been calculated on direct usage as well as annual invoiced consumption for common areas of 17 St Swithin's Lane, apportioned based on our occupied space. Electricity consumption has been calculated based on metered data for lighting, small power, associated heating, ventilation and air conditioning services for the building.

The annual UK energy used (in kWh) converted to tonnes of carbon dioxide equivalent (tCO₂e)

Emissions and energy usage for the period 1 April to 31 March	2025	2024
Total energy consumption used to calculate emissions (kWh)	80,872	48,717
Natural gas – fuel type brown (fossil fuel)	37,892	16,234
Electricity – fuel type green (renewable source)	42,980	32,483
Total emissions in metric tCO₂e	15,724	9,621
Natural gas – fuel type brown (fossil fuel)	6,916	2,964
Electricity – fuel type green (renewable source)	8,808	6,658

Emissions intensity ratio

The Group's chosen intensity metric is to weight the Group's tCO₂e emissions by its loan book size, this being an approximate measure of the size of the business and its growth between reporting periods. For every GBP 1m in loans made, the Group generates 1.9682kg of tCO₂e (2024: 1.2098kg).

Actions the Group has taken during the reporting period to reduce energy consumption and improve climate change are as follows:

Floor level meters have been introduced in 2024 and will begin to analyse its usage, in the interim however, the building has the following energy saving initiatives:

- EPC rating of 'A'
- 'Excellent' BREEAM rating
- Lighting is motion sensor automated
- Efforts have been taken to reduce waste and integrate sustainability into office supply chains

Re-appointment of Auditor

S&W Partners Audit Limited (formerly CLA Evelyn Partners Limited), Chartered Accountants and Registered Auditor, have acted as auditors for all Group companies during the year. They have expressed their willingness to continue in office, and a resolution for their re-appointment will be proposed at the forthcoming Annual General Meeting.



Directors' Attendance at Meetings

Covering period 1 April 2024 – 31 March 2025

	Main Boards (6)	Audit and Risk Committees (4)	Credit Committees (3)	New Business Committees (4)	Remuneration and Nomination Committees (3)
George Blunden	6	-	3	-	1(1)
Scott Bottles	6	4	3	4	-
Martin Fent	2(2)	-	-	-	-
Tony King	6	2(2)	3	4	3
Fiona MacGregor	6	-	-	-	3
David Montague	6	4	2	4	2
Priya Nair	6	-	-	4	-
Ben Rick	3(3)	-	-	-	-
Shirley Smith	6	-	3	-	1(1)
Gail Teasdale	6	4	-	-	-
Guy Thomas	6	4	2	-	-
Julie Coetzee	4(4)	-	-	-	-
Arun Poobalasingam	4(4)	-	2	-	-
David Stokes	4(4)	-	2(2)	-	-
Piers Williamson	0(0)	-	0(0)	-	-

- Figures show attendance at scheduled meetings as a member of the Board or Committees during the period.
- Column headers indicate the total number of scheduled meetings held.
- Numbers in brackets next to attendance indicate the total meetings a director was eligible to attend if not in post or committee member for the full year.
- A dash (-) denotes non-membership or no attendance requirement.
- Attendance as invitees or at special/ad hoc meetings is excluded. Further details are in the Corporate Governance Report and committee terms of reference.



Statement of Directors' Responsibilities in Respect of the Financial Statements

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

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

Furthermore, the Act stipulates that the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and THFC and of the surplus or deficit of the Group and THFC for that period. In preparing these financial statements, the directors are required to:

- select suitable and appropriate accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable comparable and understandable information;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and THFC will continue in business.

The directors are responsible for keeping proper accounting records that are sufficient to show and explain THFC's transactions and disclose with reasonable accuracy at any time the financial position of the Group and THFC and enable them to ensure that the financial statements comply with the Act. They are also responsible for ensuring that a satisfactory system of control over transactions has been maintained and for safeguarding the assets of the Group and THFC and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Group's financial statements are published on THFC's website (www.thfcorp.com) and the directors are responsible for the maintenance and integrity of that website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of Information to the Auditor

Each of the directors at the date of the Board approval of this Report and the Accounts has confirmed that:

- a) so far as they are aware, there is no relevant audit information of which the auditor is unaware; and
- b) they have taken all the steps that they ought to have taken as a director in order 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 of directors on 28 July 2025 and signed on their behalf by:

Martin Fent

Martin Fent

Director and Company Secretary

The Housing Finance Corporation Limited



Our Board (Chair and Executive Directors)

Key

 Audit and Risk Committee  New Business Committee  Remuneration and Nomination Committee  Committee Chair



George Blunden

Chair and Non-Executive Director

Appointed: March 2019

Appointed Chair: August 2019



George Blunden joined the THFC 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 (a charity providing holidays for disabled people and their carers)



Priya Nair

Chief Executive

Appointed: March 2024



Priya Nair joined THFC 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 THFC 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 THFC, 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)
- Senior Adviser, Good Governance Capital
- Senior Trustee, Sported (community sports charity)





Ben Rick
Deputy Chief Executive and Chief Commercial Officer
Appointed: November 2024

Ben Rick joined THFC 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:

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



Martin Fent
Chief Risk and Operations Officer
Appointed: January 2025

Martin Fent joined THFC as Chief Risk and Operations Officer in January 2025. He brings extensive experience in risk management and banking, having held Chief Risk Officer positions at RBS International and Cynergy Bank. His career encompasses UK and international lending across diverse asset classes, including structured finance, corporate lending, RMBS, and property finance.

Martin's leadership in risk has included managing NatWest's Restructuring team and the London and South East Portfolio Management Division, with a particular emphasis on capital management. He is dedicated to developing robust, practical, and commercially focused risk frameworks and promoting a sustainable, transparent risk culture through close collaboration with colleagues, Board members, and regulators.

External appointments:

- None



Our Board (Non-Executive Directors)



Scott Bottles
Non-Executive Director

Appointed: March 2018



Scott Bottles joined the THFC 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



Tony King
Non-Executive Director

Appointed: March 2020



Tony King joined the THFC 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, Platform Housing Group
- Non-Executive Director, Housing Association Property Mutual
- Trustee, Church of England Pension Board
- Governor, Heart of Worcestershire College





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



Fiona MacGregor joined the THFC Board as the Regulator of Social Housing's nominee director in July 2023. She has been Chief Executive of the Regulator of Social Housing (RSH) since October 2018, 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 London and Quadrant, 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



David Montague CBE
Non-Executive Director
Appointed: March 2020



David Montague joined the THFC 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, UPP Group Holdings Ltd
- Non-Executive Director and Chair, UPP REIT Holdings Ltd
- Non-Executive Director, Hadley Property Group
- Non-Executive Director, Heylo Housing Group
- Non-Executive Director and Chair, Abri Group
- Senior Advisor, Lloyds Banking Group





Shirley Smith
Senior Independent Non-Executive Director
Appointed: March 2018



Shirley Smith joined the THFC 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



Gail Teasdale
Non-Executive Director
(National Housing Federation Nominee)
Appointed: March 2023



Gail Teasdale joined the THFC 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 is currently Chief Executive of Broadacres, a housing association based in North Yorkshire, where she leads strategic growth and operational excellence to deliver high-quality affordable homes. Effective 31 July, Gail will step down as Chief Executive of Broadacres and as the NHF nominee director. From that date, she will continue to contribute her expertise as a Non-Executive Director.

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:

- Board Member, Chorley Building Society





Guy Thomas
Non-Executive Director

Appointed: May 2019



Guy Thomas joined the THFC 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)



THFC Group Loans

Loans Portfolio as at 31 March 2025

Fixed Charge Security

Association borrower (legal entity)	Area	The Housing Finance Corp Limited Loans £000	Blend Funding Plc Loans £000	T.H.F.C. (Indexed 2) 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
Sovereign Network Group	National	153,845	-	-	-	230,500	-	-	384,345
Platform Housing Limited	West Midlands	3,750	180,000	-	-	140,000	-	-	323,750
Southern Housing	National	165,625	-	-	-	150,100	-	-	315,725
Peabody Trust	London	99,100	-	-	-	150,000	-	-	249,100
Wales and West Housing Association Limited	Wales	56,500	110,000	-	-	45,688	-	-	212,188
Paradigm Homes Charitable Housing Association Limited	South East	65,000	-	-	-	125,000	-	-	190,000
Home Group Limited	National	41,800	-	-	-	137,975	-	-	179,775
Vivid Housing Limited	South East	10,000	-	-	-	164,700	-	-	174,700
LiveWest Homes Limited	South West	28,257	-	-	-	122,500	-	-	150,757
Torus62 Limited	North West	38,000	100,000	-	-	-	-	-	138,000
Abri Group Limited	South West	21,000	25,000	-	-	88,700	-	-	134,700
Yorkshire Housing Limited	Yorkshire & the Humber	40,500	-	-	-	90,000	-	-	130,500
Bromford Housing Association Limited	West Midlands	55,000	-	-	-	70,000	-	-	125,000
The Riverside Group Limited	National	63,000	-	-	-	55,000	-	-	118,000
GreenSquareAccord Limited	National	20,100	75,000	-	-	20,000	-	-	115,100
Notting Hill Genesis	London	63,000	-	-	-	50,000	-	-	113,000
Stonewater Limited	National	3,500	-	-	-	100,000	-	-	103,500
Golding Homes Limited	South East	-	-	-	-	102,500	-	-	102,500
Aster Communities	South West	-	-	-	-	100,000	-	-	100,000
Orbit Housing Association Limited	National	-	-	-	-	100,000	-	-	100,000
Vico Homes Limited	Yorkshire & the Humber	-	100,000	-	-	-	-	-	100,000
West Kent Housing Association	South East	45,000	-	-	-	54,000	-	-	99,000
The Swaythling Housing Society Limited	South West	-	30,000	-	-	66,100	-	-	96,100
Trent & Dove Housing Limited	East Midlands	40,000	55,000	-	-	-	-	-	95,000
Choice Housing Ireland Limited	Northern Ireland	44,125	50,000	-	-	-	-	-	94,125
Great Places Housing Association	North West	40,000	-	-	-	50,000	-	-	90,000
Metropolitan Housing Trust Limited	National	64,656	-	-	-	25,000	-	-	89,656
Midland Heart Limited	West Midlands	32,909	-	-	-	50,000	-	-	82,909
United Welsh Housing Association Limited	Wales	57,000	-	-	-	25,000	-	-	82,000
bpha Limited	East of England	-	-	-	-	80,000	-	-	80,000
Hightown Housing Association Limited	East of England	30,000	50,000	-	-	-	-	-	80,000
A2Dominion Homes Limited	South East	79,734	-	-	-	-	-	-	79,734
Merlin Housing Society Limited	West Midlands	-	-	-	-	75,000	-	-	75,000
Walsall Housing Group	West Midlands	-	75,000	-	-	-	-	-	75,000
Westward Housing Group Limited	South West	47,000	-	-	-	20,000	-	-	67,000
Mossclare St. Vincents Housing Group Limited	North West	20,633	40,000	-	-	5,000	-	-	65,633
Jigsaw Homes North	North West	16,000	-	-	-	48,500	-	-	64,500
ForHousing Limited	North West	-	60,000	-	-	-	-	-	60,000
Hyde Housing Association Limited	South East	59,000	-	-	-	-	-	-	59,000
Wandle Housing Association Limited	London	21,418	-	-	-	35,000	-	-	56,418
Hexagon Housing Association Limited	London	7,000	-	-	-	48,813	-	-	55,813
Coastal Housing Group Limited	Wales	35,000	-	-	-	20,000	-	-	55,000
A2Dominion South Limited	South East	50,000	-	-	-	-	-	-	50,000
Moat Homes Limited	South East	-	-	-	-	50,000	-	-	50,000
Ongo Homes Limited	East of England	-	50,000	-	-	-	-	-	50,000
Radius Housing Association Limited	Northern Ireland	50,000	-	-	-	-	-	-	50,000
Regenda Limited	North West	-	50,000	-	-	-	-	-	50,000
Rooftop Housing Association Limited	West Midlands	-	50,000	-	-	-	-	-	50,000
Selwood Housing Society Limited	South West	-	-	-	-	50,000	-	-	50,000
Synergy Housing Limited	South West	-	-	-	-	50,000	-	-	50,000
Worthing Homes Limited	South East	10,000	40,000	-	-	-	-	-	50,000



Fixed Charge Security (continued)

Association borrower (legal entity)	Area	The Housing Finance Corp Limited Loans £000	Blend Funding Plc Loans £000	T.H.F.C. (Indexed 2) 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
Leeds Federated Housing Association Limited	Yorkshire & the Humber	11,300	20,000	-	-	15,000	-	-	46,300
Eastlight Community Homes Limited	East of England	-	-	-	-	46,000	-	-	46,000
Flagship Housing Group Limited	East of England	-	-	-	-	45,000	-	-	45,000
Gateway Housing Association Limited	London	-	-	-	-	45,000	-	-	45,000
Cardiff Community Housing Association Limited	Wales	6,188	37,000	-	-	-	-	-	43,188
Wheatley Homes South Limited	Scotland	40,000	-	-	-	-	-	-	40,000
Newport City Homes Housing Association Limited	North West	12,000	25,000	-	-	-	-	-	37,000
B3 Living	South East	-	35,000	-	-	-	-	-	35,000
The Community Housing Group Limited	West Midlands	-	35,000	-	-	-	-	-	35,000
Valleys to Coast Housing Limited	Wales	-	35,000	-	-	-	-	-	35,000
Karbon Homes Limited	North East	-	-	-	-	34,400	-	-	34,400
Apex Housing Association Limited	Northern Ireland	34,375	-	-	-	-	-	-	34,375
Teign Housing	South West	-	33,000	-	-	-	-	-	33,000
Coastline Housing Limited	South West	-	-	-	-	31,300	-	-	31,300
Home in Scotland Limited	Scotland	20,000	-	-	-	10,700	-	-	30,700
Octavia Housing	London	12,500	-	-	-	18,000	-	-	30,500
Accent Housing Limited	National	10,000	-	-	-	20,000	-	-	30,000
Anchor Hanover Group	National	30,000	-	-	-	-	-	-	30,000
Clanmil Housing Association Limited	Northern Ireland	30,000	-	-	-	-	-	-	30,000
Connect Housing Association Limited	Yorkshire & the Humber	-	30,000	-	-	-	-	-	30,000
Orwell Housing Association Limited	East of England	-	20,000	-	-	10,000	-	-	30,000
Taff Housing Association Limited	Wales	5,000	25,000	-	-	-	-	-	30,000
Watford Community Housing Trust	East of England	-	-	-	-	30,000	-	-	30,000
Plymouth Community Homes Limited	South West	29,250	-	-	-	-	-	-	29,250
Nottingham Community Housing Association Limited	East Midlands	-	-	-	-	29,000	-	-	29,000
Pobl Homes and Communities Limited	Wales	26,500	-	-	-	-	-	-	26,500
Newydd Housing Association (1974) Limited	North West	25,375	-	-	-	-	-	-	25,375
Cobalt Housing Limited	North West	-	25,000	-	-	-	-	-	25,000
Estuary Housing Association Limited	East of England	25,000	-	-	-	-	-	-	25,000
Irwell Valley Housing Association Limited	North West	25,000	-	-	-	-	-	-	25,000
Karibu Community Homes Limited	London	25,000	-	-	-	-	-	-	25,000
The Guinness Partnership Limited	National	-	-	-	-	25,000	-	-	25,000
New Gorbals Housing Association Limited	North West	18,500	-	-	-	5,948	-	-	24,448
Origin Housing Limited	London	23,100	-	-	-	-	-	-	23,100
Sanctuary Housing Association	National	22,500	-	-	-	-	-	-	22,500
Melin Homes Limited	Wales	22,000	-	-	-	-	-	-	22,000
Trust Housing Association Ltd	Scotland	-	22,000	-	-	-	-	-	22,000
Croydon Churches Housing Association Limited	London	7,500	-	-	-	13,000	-	-	20,500
Weaver Vale Housing Trust Limited	North West	20,500	-	-	-	-	-	-	20,500
Acis Group Limited	East Midlands	-	20,000	-	-	-	-	-	20,000
Bournville Village Trust	West Midlands	20,000	-	-	-	-	-	-	20,000
EMH Housing and Regeneration Limited	East Midlands	20,000	-	-	-	-	-	-	20,000
Newlon Housing Trust	North West	20,000	-	-	-	-	-	-	20,000
Islington & Shoreditch Housing Association Limited	London	19,500	-	-	73	-	-	-	19,573
Bernicia Group	North East	14,484	-	-	-	5,000	-	-	19,484
Amplius Living	East of England	19,000	-	-	-	-	-	-	19,000
ATEB Group Limited	Wales	-	18,000	-	-	-	-	-	18,000
Grwp Cynefin	Wales	7,500	-	-	-	10,000	-	-	17,500
Soho Housing Association Limited	London	16,500	-	-	-	-	-	-	16,500
Wheatley Homes East Limited	Scotland	16,500	-	-	-	-	-	-	16,500
Joseph Rowntree Housing Trust	Yorkshire & the Humber	15,000	-	-	-	-	-	-	15,000
Pickering and Ferens Homes	Yorkshire & the Humber	4,500	-	-	-	10,000	-	-	14,500



Loans Portfolio as at 31 March 2025

Fixed Charge Security (continued)

Association borrower (legal entity)	Area	The Housing Finance Corp Limited Loans £000	Blend Funding Plc Loans £000	T.H.F.C. (Indexed 2) 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
Glen Oaks Housing Association Limited	Scotland	14,300	-	-	-	-	-	-	14,300
Sanctuary Scotland Housing Association Limited	Scotland	14,125	-	-	-	-	-	-	14,125
54 North Homes Limited	Yorkshire & the Humber	12,750	-	-	-	-	-	-	12,750
Manningham Housing Association Limited	Yorkshire & the Humber	11,954	-	-	-	-	-	-	11,954
Citizen Housing Group Limited	West Midlands	11,000	-	-	-	-	-	-	11,000
Honeycomb Group Limited	West Midlands	11,000	-	-	-	-	-	-	11,000
Beacon Cymru Group Limited	Wales	10,000	-	-	-	-	-	-	10,000
Brighter Places	South West	10,000	-	-	-	-	-	-	10,000
Bromsgrove District Housing Trust Limited	West Midlands	10,000	-	-	-	-	-	-	10,000
Cornerstone Housing Limited	South West	5,000	-	-	-	5,000	-	-	10,000
Eildon Housing Association Limited	Scotland	10,000	-	-	-	-	-	-	10,000
English Rural Housing Association Limited	National	-	-	-	-	10,000	-	-	10,000
Hafod Housing Association Limited	Wales	10,000	-	-	-	-	-	-	10,000
Hundred Houses Society Limited	East of England	-	-	-	-	10,000	-	-	10,000
North Wales Housing Association Limited	Wales	10,000	-	-	-	-	-	-	10,000
Womens Pioneer Housing Limited	London	10,000	-	-	-	-	-	-	10,000
Durham Aged Mineworkers' Homes Association	North East	8,000	-	-	-	-	-	-	8,000
North Devon Homes Limited	South West	-	-	-	-	8,000	-	-	8,000
Unity Housing Association Limited	Yorkshire & the Humber	7,500	-	-	-	-	-	-	7,500
Onward Homes Limited	North West	7,000	-	-	377	-	-	-	7,377
Paragon Asra Housing Limited	National	7,000	-	-	-	-	-	-	7,000
Tuntum Housing Association Limited	East Midlands	7,000	-	-	-	-	-	-	7,000
Merthyr Tydfil Housing Association Limited	Wales	6,000	-	-	-	-	-	-	6,000
Mount Green Housing Association Limited	North West	-	-	-	-	6,000	-	-	6,000
Westfield Housing Association Limited	North West	6,000	-	-	-	-	-	-	6,000
Castle Rock Edinvar Housing Association Limited	Scotland	5,500	-	-	-	-	-	-	5,500
Places for People Homes Living+ Limited	National	5,500	-	-	-	-	-	-	5,500
Arches Housing Limited	Yorkshire & the Humber	5,100	-	-	-	-	-	-	5,100
Cadwyn Housing Association Limited	Wales	5,000	-	-	-	-	-	-	5,000
Clwyd Alyn Housing Association Limited	Wales	5,000	-	-	-	-	-	-	5,000
Railway Housing Association & Benefit Fund	North East	-	-	-	-	5,000	-	-	5,000
Thenue Housing Association Limited	Scotland	5,000	-	-	-	-	-	-	5,000
Willow Tree Housing Partnership Limited	South West	5,000	-	-	-	-	-	-	5,000
Grampian Housing Association Limited	Scotland	4,750	-	-	-	-	-	-	4,750
Bolton at Home Limited	North West	4,000	-	-	-	-	-	-	4,000
Connswater Homes Limited	Northern Ireland	4,000	-	-	-	-	-	-	4,000
North Glasgow Housing Association Limited	Scotland	4,000	-	-	-	-	-	-	4,000
Wirral Methodist Housing Association Limited	North West	4,000	-	-	-	-	-	-	4,000
Harrogate Housing Association Limited	Yorkshire & the Humber	3,500	-	-	-	-	-	-	3,500
Trident Housing Association Limited	West Midlands	3,500	-	-	-	-	-	-	3,500
Barcud Cyfyngedig	Wales	3,000	-	-	-	-	-	-	3,000
Innisfree Housing Association Limited	London	3,000	-	-	-	-	-	-	3,000
One Vision Housing Limited	North West	3,000	-	-	-	-	-	-	3,000
Salvation Army Housing Association	National	3,000	-	-	-	-	-	-	3,000
The Cambridge Housing Society Limited	East of England	2,200	-	-	-	-	-	-	2,200
White Horse Housing Association Limited	South West	600	-	-	-	-	-	-	600
Total Fixed Charge Security		2,609,302	1,520,000	-	450	3,242,423	-	-	7,372,175



Income Security

Association borrower (legal entity)	Area	The Housing Finance Corp Limited Loans £000	Blend Funding Plc Loans £000	T.H.F.C. (Indexed 2) 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
London & Quadrant Housing Trust	London	-	-	-	-	-	-	448	448
Bernicia Group	North East	-	-	-	-	-	-	432	432
Clarion Housing Group	National	-	-	-	-	-	-	326	326
Onward Homes Limited	North West	-	-	-	-	-	-	323	323
Vivid Housing Limited	South East	-	-	-	-	-	-	321	321
A2 Dominion Homes Limited	South East	-	-	-	-	-	-	291	291
Income Cover		-	-	-	-	-	-	2,141	2,141
T.H.F.C. (Capital) PLC									
Gentoo Group Limited	North East	-	-	-	-	-	192,861	-	192,861
Total		-	-	-	-	-	192,861	-	192,861
Grand Total		2,609,302	1,520,000	-	450	3,242,423	192,861	2,141	7,567,177
Premium 31 March 2025		-	-	-	-	-	-	-	421,947
Total at 31 March 2025		2,609,302	1,520,000	-	450	3,242,423	192,861	2,141	7,989,124



Group Source of Funds

Government Guaranteed Funds, Secured Medium Term Notes, Debenture Stocks, Eurobonds, Bank and Other Loans as at 31 March 2025.

		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	498,323
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
		tranche 2	06.11.14	198,500
		tranche 3	17.03.15	194,000
2.893% Guaranteed Secured Bonds 2043/2045 (Bullet)		tranche 1	11.08.15	208,000
		tranche 2	16.03.16	209,000
		tranche 3	02.06.16	130,500
		tranche 4	04.08.16	191,400
		tranche 5	18.10.16	124,500
		tranche 6	18.01.17	114,800
		tranche 7	04.04.17	88,000
		tranche 8	24.10.17	77,000
THFC Debenture Stocks				
Discounted:	5% 2027		08.12.87	50954
Conventional Fixed Rate:	9.625% 2025 (Bullet)	tranche 1	04.07.95	36850
	9.625% 2025 (Bullet)	tranche 2	12.11.97	8,600
THFC Bank Loans				
25 year £20m fixed rate loan 2025 - EIB (Annuity)		08.09.00	10,500	257
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	1,870
25 year £9.86m sterling facility repayable 2028 (Annuity)		08.09.03	1,040	277
25 year £15m sterling fixed loan 2029 (Annuity)		16.06.04	10,000	2,229
25 year £15m revolver into term		14.03.05	8,000	2,000
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	88,000
30 year £100m Fixed and Variable rate loan 2040 - EIB (Bullet/Annuity)		04.12.09	172,500	166,188
30 year £100m Fixed and Variable rate loan 2040 - EIB (Bullet/Annuity)		14.01.10	162,500	149,219
30 year £400m Fixed and Variable rate loan 2045 - EIB (Annuity)		19.12.12	400,000	391,550
JESSICA £12m 30 year amortising facility - Greater London Authority (Annuity)		28.02.13	12,000	10,800
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
		tranche 2	21.12.06	32,000
		tranche 3	28.02.07	37,000
		tranche 4	28.11.07	20,133
		tranche 5	30.07.08	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
		tranche 2	24.03.10	72,250
		tranche 3	21.01.11	76,600
		tranche 4	04.04.11	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	42,000
	tranche 10	29.09.21	40,000	19,500
T.H.F.C. (Social Housing Finance) Limited Bank Loans				
25 year £18.9m fixed rate loan 2025 - EIB (Annuity)		08.09.00	14,900	450
UK Rents (No.1) Plc Rental Securitisation				
9.10% 2025 (Eurobond)		06.01.95	36,143	2,141
Subordinated Loan				723
T.H.F.C. (Capital) Plc Loans				
Long term loan - 6.38% due 2042		26.03.01	212,802	192,861
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
Total			7,761,174	7,568,614
Premium at 31 March 2025				421,687
Grand Total				7,990,301



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') for the year ended 31 March 2025 which comprise the Group and THFC Statements of Comprehensive Income, the Group and THFC Statements of Financial Position, the Group and THFC Statements of Changes in Equity, the Group and THFC 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 2025 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 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 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 requires 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 24 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 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 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 Board of 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") Rulebook ("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 senior statutory auditor 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 and Defined Benefit Pension Scheme.

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 Financial Reporting Council'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 company's members, as a body, in accordance with Part 7, 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 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 company and the 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

11 August 2025



Group Statement of Comprehensive Income

For the year ended 31 March 2025

	Notes	2025 £000	Restated 2024 £000
Operating income			
Interest receivable on loans to housing associations	5	266,693	276,453
Interest payable on debenture stocks, secured bonds, bank loans and other loans	5	(266,683)	(276,503)
Net interest	5	10	(50)
Other interest		4,137	4,868
Fees receivable and other income		10,902	10,388
Total income		15,049	15,206
Operating expenses			
Administration expenses		10,057	7,141
Finance costs		145	73
Total expenses		10,202	7,214
Surplus before taxation	2	4,847	7,992
Taxation	6	(1,405)	(2,060)
Surplus for the year		3,442	5,932
Other comprehensive income for the year			
Actuarial gain/(loss) on defined benefit pension plan in the year	22	96	(230)
Deferred tax associated with actuarial (loss)/gain on pension liability	15	(24)	58
Total comprehensive income for the year		3,514	5,760

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



Group Statement of Financial Position

At 31 March 2025

	Notes	2025 £000	2024 £000
Assets			
Non-current assets			
Loans	11	7,876,733	7,901,845
Intangible assets	7	329	123
Property, plant and equipment	8	1,753	802
Deferred tax asset	15	192	294
Current assets			
Loans	11	112,391	50,595
Trade and other receivables	12	41,035	39,704
Short-term deposits	21	44,940	88,491
Cash and cash equivalents	21	60,328	65,512
Total assets		8,137,701	8,147,366
Liabilities			
Non-current liabilities			
Financial liabilities – borrowings	13	7,877,196	7,940,300
Deferred tax liabilities	15	-	-
Defined benefit pension liability	22	889	1,206
Lease liability	9	1,122	698
Current liabilities			
Financial liabilities – borrowings	13	113,104	53,477
Trade and other payables	14	78,364	87,824
Lease liability	9	175	98
Current tax liabilities		656	1,082
Total liabilities		8,071,506	8,084,685
Equity			
Called up share capital	17	-	-
Retained earnings	18	66,195	62,681
Total equity		66,195	62,681
Total equity and liabilities		8,137,701	8,147,366

The financial statements on pages 40 to 71 were approved by the Board of directors on 28 July 2025 and signed on its behalf by:

George Blunden

George Blunden
Chair

Priya Nair

Priya Nair
Chief Executive

Ben Rick

Ben Rick
Director



Group Statement of Changes in Equity

For the year ended 31 March 2025

	Called up share capital £	Retained earnings £000	Total equity £000
Balance as at 1 April 2023	10	56,921	56,921
Surplus for the year	-	5,932	5,932
Shares cancelled in the year	(2)	-	-
Other comprehensive income	-	(172)	(172)
Balance as at 31 March 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



Group Statement of Cash Flows

For the year ended 31 March 2025

	Notes	2025 £000	2024 £000
Net Cash flow from operating activities			
Cash generated from operations as per reconciliation of surplus to net cash flow from operations	19	2,301	9,260
Adjustments for:			
Interest received on loans to housing associations		279,426	292,850
Interest paid on debenture stocks, secured bonds, bank loans and other loans		(287,422)	(288,916)
Premium received on prepayment		-	155
Premium paid on prepayment		-	(155)
Loans to housing associations		(87,221)	(43,291)
Repayment of loans by housing associations		36,809	207,707
New borrowings		50,000	-
Premium paid on deferred loans		-	(1)
Repayment of amounts borrowed		(39,744)	(206,774)
Tax paid		(1,766)	(1,508)
Net cash used in operating activities		(47,617)	(30,673)
Cash flows from investing activities			
Movement on short-term deposits		43,551	42,709
Purchase of property, plant and equipment	8	(540)	(20)
Purchase of intangible assets	7	(138)	(66)
Purchase of subsidiary net of cash acquired	7	(250)	-
Net cash generated from investing activities		42,623	42,623
Cash flows from financing activities			
Principal element of lease payments	20	(190)	(162)
Net cash used in financing activities		(190)	(162)
Net increase/(decrease) in cash and cash equivalents		(5,184)	11,788
Cash and cash equivalents at beginning of year		65,512	53,724
Cash and cash equivalents at end of year		60,328	65,512



THFC Statement of Comprehensive Income

For the year ended 31 March 2025

	Notes	2025 £000	Restated 2024 £000
Operating income			
Interest receivable on loans to housing associations		126,108	136,799
Interest payable on debenture stocks, bank loans and other loans		(126,109)	(136,798)
Net interest		(1)	1
Other interest		2,183	2,870
Fees receivable and other income		3,307	3,281
Total income		5,489	6,152
Operating expenses			
Administration expenses		4,989	5,652
Total expenses		4,989	5,652
Surplus before taxation	2	500	500
Taxation	6	(134)	(143)
Surplus for the year		366	357
Total comprehensive income for the year		366	357

There is no other comprehensive income (2024: £Nil)

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



THFC Statement of Financial Position

At 31 March 2025

	Notes	2025 £000	2024 £000
Assets			
Non-current assets			
Loans	11	2,684,099	2,761,341
Current assets			
Loans	11	77,242	23,067
Trade and other receivables	12	15,857	15,964
Short-term deposits	21	23,104	26,000
Cash and cash equivalents		35,194	32,498
Total assets		2,835,496	2,858,870
Liabilities			
Non-current liabilities			
Financial liabilities – borrowings	13	2,684,812	2,762,053
Current liabilities			
Financial liabilities – borrowings	13	77,242	23,067
Trade and other payables	14	42,270	42,981
Current tax liabilities		70	33
Total liabilities		2,804,394	2,828,134
Equity			
Called up share capital	17	-	-
Retained earnings	18	31,102	30,736
Total equity		31,102	30,736
Total equity and liabilities		2,835,496	2,858,870

The financial statements on pages 40 to 71 were approved by the Board of directors on 28 July 2025 and signed on its behalf by:

George Blunden

George Blunden
Chair

Priya Nair

Priya Nair
Chief Executive

Ben Rick

Ben Rick
Director



THFC Statement of Changes in Equity

For the year ended 31 March 2025

	Called up share capital £	Retained earnings £000	Total equity £000
Balance as at 1 April 2023	10	30,379	30,379
Surplus for the year	-	357	357
Shares cancelled in the year	(2)	-	-
Balance as at 31 March 2024	8	30,736	30,736
Surplus for the year	-	366	366
Balance as at 31 March 2025	8	31,102	31,102



THFC Statement of Cash Flows

For the year ended 31 March 2025

	Notes	2025 £000	2024 £000
Net Cash flow from operating activities			
Cash generated from/(used in) operations as per reconciliation of surplus to net cash flow from operations	19	523	(1,003)
Adjustments for:			
Interest received on loans to housing associations		130,350	145,911
Interest paid on debenture stocks, bank loans and other loans		(130,978)	(145,459)
Repayment of loans by housing associations		19,062	189,769
Repayment of amounts borrowed		(19,062)	(191,770)
Tax paid		(95)	(56)
Net cash used in operating activities		(200)	(2,608)
Cash flows from investing activities			
Movement on short-term deposits		2,896	1,154
Net cash generated from investing activities		2,896	1,154
Net increase/(decrease) in cash and cash equivalents		2,696	(1,454)
Cash and cash equivalents at beginning of year		32,498	33,952
Cash and cash equivalents at end of year		35,194	32,498



Notes to the Financial Statements

Year ended 31 March 2025

1. Accounting policies

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. The address of the registered office is 3rd Floor, 107 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.

Presentation 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") and THFC Sustainable Finance (2) Plc ("TSF2") 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.



1. Accounting policies continued

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 2024 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 21. 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 2025, a liability of £889,000 for pensions (2024: £1,206,000) is recorded in the statement of financial position.



Year ended 31 March 2025

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 recognises 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).



1. Accounting policies continued

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 recognises 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.



Year ended 31 March 2025

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*.

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. Intangible assets and intellectual property are subject to impairment reviews annually. They are amortised over the shorter of the term of the licence and their estimated useful economic lives.

On 31 July 2024, the Company acquired the business of Hargreaves Risk and Strategy ("HRS"), a solely owned business. The initial price paid was £250,000, £142,000 being designated as intellectual property with the remainder being allocated to goodwill on acquisition (see note below). Management will amortise this intangible asset in line with its usual policy as stated above. See note 7 for further information.

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. As detailed above 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.



1. Accounting policies continued

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.

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 amortisation 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 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.

b) 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 January 2024 have been adopted:

- IFRS 16 Lease Liability in a Sale and Leaseback;
- IAS 1 Presentation of Financial Statements: Classification of Liabilities, and;
- IAS 1 Presentation of Financial Statements: Non-current liabilities with Covenants.

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.

c) 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 IAS 1 The Effects of changes in Foreign Exchange Rates: Lack of Exchangeability;
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS7);
- Annual Improvements to IFRS Accounting Standards – Volume 11; 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.



Year ended 31 March 2025

2. Surplus before taxation

Surplus before taxation is stated after charging:

	Group 2025 £000	THFC 2025 £000	Group 2024 £000	THFC 2024 £000
Amortisation of intangible fixed assets	74	-	49	-
Goodwill impairment	108	-	-	-
Depreciation of property, plant and equipment	331	-	179	-
Fees paid to the auditor for:				
Auditing of the financial statements	116	108	108	108
Auditing of the financial statements of subsidiaries	134	-	122	-
Other tax compliance advisory services	47	-	50	-

3. Staff numbers and cost

	Group 2025	Group 2024
Average number of persons (including directors) during the year		
Non-Executive Directors	8	9
Executive Directors	3	4
Management and administrative staff	29	23
	40	36

The aggregate costs amounted to:

	£000	£000
Non-Executive Directors' fees	346	366
Wages & salaries	4,037	2,843
Bonuses	397	378
Termination benefits	76	-
Social security costs	621	459
Employee benefits	69	71
Other pension costs	348	183
	5,894	4,300

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 2025 £000	Group 2024 £000
Non-Executive Directors:		
Fees	346	366
Executive Directors:		
Salaries	1,107	923
Termination benefits	76	-
Bonuses	139	139
Benefits	9	25
Aggregate emoluments	1,677	1,453
Pension contributions	67	31
Total	1,744	1,484
Highest paid Executive Director:		
Salary	390	430
Bonus	58	64
Benefits	3	12
Aggregate emoluments	451	506
Pension contributions	-	-
Total	451	506



4. Directors' remuneration continued

The fees of the Chair were £59,704 (2024: £57,408). Each other Non-Executive Director (or their employer) received fees at the rate of £19,704 per annum from the Company (2024: £18,948) and £19,704 per annum from AHF (2024: £18,948).

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

During the year fees of £50,001 (2024: £94,749) in respect of three Non-Executive Directors (2024: three Non-Executive Directors) were paid to those directors' employers. No pension contributions were made by the Group in respect of Non-Executive Directors (2024: £Nil). One of these directors changed to direct payment on 1 July 2024. Another director resigned their position on 14 October 2024.

On 1 April 2025 Non-Executive Directors' fees were increased by 2.5%.

A total amount of £273,228 was paid by the Group in the year (2024: £258,984) 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
2024/25	Option A	7.8 :1	5.0 :1	2.7 :1
2023/24	Option A	9.9 :1	6.6 :1	3.1 :1

The total remuneration and salary values for the 25th, median and 75th percentile employees for 204/5 are:

Year	25th percentile	Median	75th percentile
Total remuneration	£50,260	£78,856	£146,863
Salary	£47,500	£72,446	£113,516

Notes:

- 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.
- Employee data includes full time equivalent total remuneration for all UK employees as at 31 March 2025. For each employee, remuneration was calculated based on all components of pay including base pay, performance pay paid in 2024/25, core benefits including medical insurance and car allowance, and pension payments.
- The Remuneration Committee has considered the pay data for the three individuals identified for 2024/25 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 2025 £000	THFC 2025 £000	Group 2024 £000	THFC 2024 £000
Interest receivable on loans to housing associations				
Interest receivable	280,149	130,113	288,598	141,062
Discount amortised	11 2,656	2,565	2,612	2,578
Premium amortised	11 (16,542)	(6,570)	(16,616)	(6,841)
Income from securitised assets	16 272	-	648	-
Indexation on investments	11 158	-	1056	-
Premium receivable on prepayment	-	-	155	-
Total loan interest receivable	266,693	126,108	276,453	136,799
On debenture stocks, secured bonds, bank loans and other loans				
Interest payable	280,416	130,113	289,244	141,061
Discount amortised	13 2,642	2,567	2,653	2,578
Premium amortised	13 (16,533)	(6,571)	(16,605)	(6,841)
Indexation on loans payable	13 158	-	1056	-
Premium receivable on prepayment	-	-	155	-
Total loan interest payable	266,683	126,109	276,503	136,798
Net loan interest	10	(1)	(50)	1



Year ended 31 March 2025

	Group 2025 £000	THFC 2025 £000	Group 2024 £000	THFC 2024 £000
On debenture stocks, secured bonds, secured notes, bank borrowings and other borrowings which are:				
Repayable wholly in more than five years				
Interest payable	236,810	87,145	236,479	87,965
Repayable within five years	43,780	42,968	54,640	53,096
Accelerated premium on deferred loans in year	(174)	-	(1,875)	-
	280,416	130,113	289,244	141,061

6. Taxation

	Group 2025 £000	THFC 2025 £000	Group 2024 £000	THFC 2024 £000
UK Corporation Tax in respect of current year	1,327	134	2,006	143
Deferred taxation in respect of current year (see note 15)	78	-	54	-
Total Tax expense for the year	1,405	134	2,060	143
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	4,847	500	7,992	500
Profit before tax multiplied by the standard rate of corporation tax in the UK of 25% (2024: 19%)	1,212	125	1,998	125
Timing difference between accountancy and taxation treatment of expenditure:	163	-	3	-
Permanently dis-allowed items and other timing differences	30	9	59	18
	1,405	134	2,060	143
Effective tax rate	28.99%	26.80%	25.78%	28.60%

7. Intangible assets

	Implementation costs of software £000	Intellectual property £000	Goodwill on acquisition £000	Total £000
2025				
Cost				
At beginning of year	385	-	-	385
Additions	138	-	-	138
Additions on acquisition	-	142	108	250
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



7. Intangible assets continued

2024	Implementation costs of software £000	Intellectual property £000	Goodwill on acquisition £000	Total £000
Cost				
At beginning of year	319	-	-	319
Additions	66	-	-	66
At end of year	385	-	-	385
Amortisation and impairment				
At beginning of year	213	-	-	213
Amortisation for the year	49	-	-	49
Impairment for the year	-	-	-	-
At end of year	262	-	-	262
Net book value				
At end of year	123	-	-	123
At beginning of year	106	-	-	106

8. Property, plant and equipment – Group only

	Fixtures, fittings and equipment £000	Leasehold improvements £000	Right-of-use Asset £000	Total £000
Cost				
At 31 March 2024	220	310	1,459	1,989
Additions	241	299	742	1,282
At 31 March 2025	461	609	2,201	3,271
Accumulated depreciation				
At 31 March 2024	176	301	710	1,187
Charge for the year	44	44	243	331
At 31 March 2025	220	345	953	1,518
Net book value at 31 March 2025	241	264	1,248	1,753
Net book value at 1 April 2024	44	9	749	802

9. Leases – Group only

	2025 £000	2024 £000
Leases		
Right-of-use assets		
Property	1,248	749
Total right-of-use assets	1,248	749
Lease liabilities		
Current	175	98
Non-current	1,122	698
Total lease liabilities	1,297	796

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%.



Year ended 31 March 2025

10. Investments

Investments in subsidiaries	£
At 1 April 2024 and 31 March 2025	121

Details of the Company's subsidiaries, which are all included in 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
T.H.F.C. 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

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

11. Loans receivable

	Group 2025 £000	THFC 2025 £000	Group 2024 £000	THFC 2024 £000
Loans to housing associations				
At beginning of year	7,946,324	2,784,408	8,120,092	2,978,440
Premium on new issues	(2,779)	-	791	-
Loans repaid during the year	(32,834)	(19,062)	(204,111)	(189,769)
Loans advanced during the year	90,000	-	42,500	-
	8,000,711	2,765,346	7,959,272	2,788,671
Discount amortised for the year	2,656	2,565	2,612	2,578
Premium amortised for the year	(16,542)	(6,570)	(16,616)	(6,841)
Indexation for the year	158	-	1,056	-
At end of year	7,986,983	2,761,341	7,946,324	2,784,408
Securitised assets				
At beginning of year (Note 16)	6,116	-	9,712	-
Loans repaid during the year	(3,975)	-	(3,596)	-
At end of year	2,141	-	6,116	-
Total loans and receivables	7,989,124	2,761,341	7,952,440	2,784,408
Due within one year	112,391	77,242	50,595	23,067
Due after more than one year	7,876,733	2,684,099	7,901,845	2,761,341
Total	7,989,124	2,761,341	7,952,440	2,784,408

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:

- 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);
- 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
- 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.



11. Loans receivable continued

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 2025 £000	THFC 2025 £000	Group 2024 £000	THFC 2024 £000
Due within one year:				
Accrued interest income	34,797	13,643	34,049	13,880
Other receivables	6,238	1,982	5,655	1,869
Amounts due from subsidiary undertakings	-	232	-	215
	41,035	15,857	39,704	15,964

13. Financial liabilities – borrowings

	Group 2025 £000	THFC 2025 £000	Group 2024 £000	THFC 2024 £000
Guaranteed secured bonds				
At beginning of year	1,881,047	-	1,886,698	-
Premium amortised	(5,766)	-	(5,651)	-
At end of year	1,875,281	-	1,881,047	-

	Group 2025 £000	THFC 2025 £000	Group 2024 £000	THFC 2024 £000
Guaranteed secured bank loans				
At beginning of year	1,500,000	-	1,500,000	-
Repaid during the year	(1,678)	-	-	-
At end of year	1,498,322	-	1,500,000	-

	Group 2025 £000	THFC 2025 £000	Group 2024 £000	THFC 2024 £000
Eurobonds				
At beginning of year	6,116	-	9,712	-
Repaid during the year	(3,975)	-	(3,596)	-
At end of year	2,141	-	6,116	-



Year ended 31 March 2025

	Group 2025 £000	THFC 2025 £000	Group 2024 £000	THFC 2024 £000
Secured medium term note programme				
At beginning of year	1,612,540	-	1,616,561	-
Issued during the year	50,000	-	-	-
Net premium/discount on issue	-	-	-	-
Discount amortised	75	-	73	-
Premium amortised	(4,185)	-	(4,094)	-
At end of year	1,658,430	-	1,612,540	-
	Group 2025 £000	THFC 2025 £000	Group 2024 £000	THFC 2024 £000
Debenture stocks				
At beginning of year	294,766	88,479	477,435	262,952
Repaid during the year	(13,814)	(279)	(185,204)	(175,969)
Discount amortised	2,098	2,098	2,136	2,134
Premium amortised	(170)	(159)	(657)	(638)
Indexation	158	-	1,056	-
At end of year	283,038	90,139	294,766	88,479
	Group 2025 £000	THFC 2025 £000	Group 2024 £000	THFC 2024 £000
Bank borrowings				
At beginning of year	939,066	937,122	957,040	952,923
Repaid during the year	(20,277)	(18,783)	(17,974)	(15,801)
At end of year	918,789	918,339	939,066	937,122
	Group 2025 £000	THFC 2025 £000	Group 2024 £000	THFC 2024 £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	1,759,519	1,759,519	1,765,278	1,765,278
Premium amortised	(6,412)	(6,412)	(6,203)	(6,203)
Discount amortised	469	469	444	444
At end of year	1,753,576	1,753,576	1,759,519	1,759,519
Subordinated loans (note 16)	723	-	723	-
Total borrowings	7,990,300	2,762,054	7,993,777	2,785,120
	Group 2025 £000	THFC 2025 £000	Group 2024 £000	THFC 2024 £000
Amounts falling due within one year	113,104	77,242	53,477	23,067
Amounts falling due after one year	7,877,196	2,684,812	7,940,300	2,762,053
Total	7,990,300	2,762,054	7,993,777	2,785,120



13. Financial liabilities – borrowings continued

Amounts falling due after one year are repayable as follows:

	Group 2025 £000	THFC 2025 £000	Group 2024 £000	THFC 2024 £000
Between one and two years	92,200	43,645	112,381	77,242
Between two and five years	543,179	279,474	478,919	261,763
In five years or more	7,241,817	2,361,693	7,349,000	2,423,048
	7,877,196	2,684,812	7,940,300	2,762,053

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, THFC, THFCIL2 or SHF respectively. The eurobonds are 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 2025 £000	THFC 2025 £000	Group 2024 £000	THFC 2024 £000
Due within one year:				
Accrued interest payable	70,981	40,910	77,963	41,775
Premium interest provision on deferred loans	-	-	111	-
Other taxation and social security	204	-	151	-
Other payables	7,179	636	9,599	516
Amounts due to subsidiary undertakings	-	724	-	690
	78,364	42,270	87,824	42,981

15. Deferred tax

	Group 2025 £000	THFC 2025 £000	Group 2024 £000	THFC 2024 £000
At beginning of year	294	-	291	-
Charged to the statement of profit or loss	(78)	-	(55)	-
Charged to other comprehensive income	(24)	-	58	-
	192	-	294	-

	Group 2025 £000	THFC 2025 £000	Group 2024 £000	THFC 2024 £000
The (asset)/liability for deferred taxation at the end of the year is as follows:				
Difference between accounting and taxation treatment of discounts				
Retirement benefit obligation OCI	277	-	301	-
Retirement benefit obligation	(8)	-	6	-
Accelerated capital allowances	(77)	-	(13)	-
	192	-	294	-

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 2025.



Year ended 31 March 2025

16. Securitisation transaction

UKR1 owns a pool of rent receivables of six HAs which it purchased in January 1995. The cost of the rental pool was £36.143 million. To finance the purchase of the rent receivables UKR1 issued £36.143 million of eurobonds. The HA obligation to repurchase part of the rental stream started in October 2005 and concludes in 2025.

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 2025 was £723,000 (2024: £723,000).

Under the terms of the transaction each HA undertakes to collect rent from and to manage and maintain the portfolio of rent receivables sold to UKR1. As security for these performance obligations and the repurchase obligations each HA has given first fixed charges over the underlying properties.

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 £272,000 (2024: £648,000) 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

	2025 £	2024 £
At beginning of year	8	10
Cancelled in year	-	(2)
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 2025 £000	THFC 2025 £000	Group 2024 £000	THFC 2024 £000
Opening reserves	62,681	30,736	56,921	30,379
Surplus for the year	3,442	366	5,932	357
Other comprehensive income	72	-	(172)	-
Closing reserves	66,195	31,102	62,681	30,736

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 2025 were £0.54m (2024: £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 2025 were £8.9m (2024: £8.4m).



19. Reconciliation of surplus to net cash flow from operations

	Group 2025 £000	THFC 2025 £000	Group 2024 £000	THFC 2024 £000
Surplus before taxation	4,847	500	7,992	500
Interest receivable	(266,443)	(126,108)	(274,749)	(136,799)
Interest payable	266,494	126,108	275,447	136,798
Adjustments for:				
Depreciation and amortisation	513	-	228	-
Loss on disposal of fixed assets	-	-	5	-
Finance costs	145	-	73	-
Net employer contribution after administration costs	(254)	-	(259)	-
(Increase) in other receivables	(583)	(131)	(162)	(597)
(Decrease)/increase in other payables	(2,418)	154	685	(905)
Net cash inflow/(outflow) from operating activities	2,301	523	9,260	(1,003)

20. Reconciliation of liabilities arising from financing activities

	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

	1-Apr-2023 £000	Cashflows £000	Other non-cash charges £000	31-Mar-2024 £000
Lease liabilities due within 1 year	109	(162)	151	98
Lease liabilities due in more than 1 year	752	-	(54)	698
	861	(162)	97	796

In 2024-25 and 2023-24, 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 (2024: None).

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



Year ended 31 March 2025

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 2025 £000	Fair value 2025 £000	Book value 2024 £000	Fair value 2024 £000
Assets				
Loans receivable	7,989,124	5,818,429	7,952,440	7,172,877
Trade and other receivables	41,035	41,035	39,704	39,704
Short-term cash deposits	44,940	44,940	88,491	88,491
Cash and cash equivalents	60,328	60,328	65,512	65,512
	8,135,427	5,964,732	8,146,147	7,366,584
Liabilities				
Financial liabilities - borrowings	7,990,300	5,781,582	7,993,777	7,159,670
Trade and other payables	78,397	78,397	87,824	87,824
Lease liability	1,297	1,297	796	796
	8,069,994	5,861,276	8,082,397	7,248,290

THFC

	Book value 2025 £000	Fair value 2025 £000	Book value 2024 £000	Fair value 2024 £000
Assets				
Loans receivable	2,761,341	1,531,765	2,784,408	2,649,204
Trade and other receivables	15,857	15,857	15,964	15,964
Short-term cash deposits	23,104	23,104	26,000	26,000
Cash and cash equivalents	35,194	35,194	32,498	32,498
	2,835,496	1,605,920	2,858,870	2,723,666
Liabilities				
Financial liabilities - borrowings	2,762,054	1,504,498	2,785,120	2,621,309
Trade and other payables	42,270	42,270	42,981	42,981
	2,804,324	1,546,768	2,828,101	2,664,290

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.

Based on the investment income budget for the year ended 31 March 2025, each 0.5% increase or decrease in interest rates gives rise to a £415,827 (2024: £396,703) increase or decrease in income for the Group and £223,920 (2024: £260,642) increase or decrease for the Company.



21. Financial instruments – Fair value and risk management continued

The effective interest rates during the year for the Group and the Company were between 1.046% and 9.625%. The weighted average interest rate on both fixed financial liabilities and fixed financial assets of the group is 3.08% and the weighted average period for which interest rates are fixed is 17.2 years. The corresponding figures for the Company are 4.779% and 15.695 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. The financial liability of £723,000 represents the obligation to repay at maturity the six subordinated loans disclosed within *note 16: Securitisation transaction*. The liability is matched by an equivalent level of short-term deposit with the interest thereon being returned to the HA.

Interest rate risk profile of loans and borrowings

	Group 2025 Financial Assets £000	THFC 2025 Financial Assets £000	Group 2024 Financial Assets £000	THFC 2024 Financial Assets £000
Fixed rate	7,684,307	2,556,624	7,620,344	2,552,411
Floating rate	304,817	204,717	332,096	231,997
	7,989,124	2,761,341	7,952,440	2,784,408

	Group 2025 Financial Liabilities £000	THFC 2025 Financial Liabilities £000	Group 2024 Financial Liabilities £000	THFC 2024 Financial Liabilities £000
Fixed rate	7,684,760	2,557,337	7,660,958	2,553,123
Floating rate	304,817	204,717	332,096	231,997
No interest payable	723	-	723	-
	7,990,300	2,762,054	7,993,777	2,785,120

(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.



Year ended 31 March 2025

No amounts are past due or otherwise impaired in either the Group or the Company at 31 March 2025 (2024: None). The maturity profile of financial assets is given below.

	Group 2025 £000	THFC 2025 £000	Group 2024 £000	THFC 2024 £000
The maturity profile of financial assets				
Loans to housing associations	7,986,983	2,761,341	7,946,324	2,784,408
Securitised assets	2,141	-	6,116	-
	7,989,124	2,761,341	7,952,440	2,784,408
Due within one year	112,391	77,242	50,595	23,067
Due between one and two years	92,200	43,645	112,381	77,242
Due between two and five years	543,179	279,474	478,919	261,763
Due in over five years	7,242,354	2,360,980	7,310,545	2,422,336
	7,989,124	2,761,341	7,952,440	2,784,408

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 which was repaid in April 2023 (2024: fully drawn) 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 2025 £000	THFC 2025 £000	Group 2024 £000	THFC 2024 £000
Within one year	-	-	5,000	5,000
Over two years	41,750	41,750	41,750	41,750
	41,750	41,750	46,750	46,750

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.



21. Financial instruments – Fair value and risk management continued

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 2025 (2024: None).

Contractual cash flows

The table below summarises the cash flows payable by the Group from 31 March 2025 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 2025 remain unchanged until the contract maturity. Similarly, on indexed liabilities it has been assumed that the liability is fixed from 31 March 2025.

GROUP	Within 1 year £000	Between 1 and 2 years £000	Between 2 and 5 years £000	Over 5 years £000	Total £000
As at 31 March 2025					
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

	Within 1 year £000	Between 1 and 2 years £000	Between 2 and 5 years £000	Over 5 years £000	Total £000
As at 31 March 2024					
Contractual interest cash flows	280,240	276,042	794,002	3,417,864	4,768,148
Contractual principal cash flows	39,586	98,408	432,048	6,993,747	7,563,789
Trade and other payables	87,824	-	-	-	87,824
Lease liability principal cash flows	117	200	533	-	850
Total contractual cash flows	407,767	374,650	1,226,583	10,411,611	12,420,611

THFC

	Within 1 year £000	Between 1 and 2 years £000	Between 2 and 5 years £000	Over 5 years £000	Total £000
As at 31 March 2025					
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

	Within 1 year £000	Between 1 and 2 years £000	Between 2 and 5 years £000	Over 5 years £000	Total £000
As at 31 March 2024					
Contractual interest cash flows	131,131	128,056	357,683	1,261,460	1,878,330
Contractual principal cash flows	19,062	73,389	246,102	2,296,837	2,635,390
Trade and other payables	42,981	-	-	-	42,981
Total contractual cash flows	193,174	201,445	603,785	3,558,297	4,556,701

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 2025, the Group has undrawn loan commitments of £40.0m (2024: £260.0m) 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.



Year ended 31 March 2025

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 £125,665 (2024: £179,141) 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 £266,564 (2025: £274,420) to the scheme in the year ended 31 March 2026.

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 2024. 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

	2025 £000	2024 £000
Pension obligations recognised as Defined Benefit schemes	889	1,206

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

Reconciliation of opening and closing balances of the defined benefit obligation

	2025 £000	2024 £000
Fair value of plan assets	5,043	5,074
Present value of defined benefit obligation	(5,932)	(6,280)
Deficit in plan	(889)	(1,206)



22. Pensions continued

Reconciliation of opening and closing balances of the defined benefit obligation

	2025 £000	2024 £000
Defined benefit obligation at start of period	6,280	6,307
Expenses	4	4
Interest expense	300	304
Actuarial losses/(gains) due to scheme experience	268	(98)
Actuarial (gains) due to changes in demographic assumptions	-	(62)
Actuarial (gains) due to changes in finance assumptions	(649)	(8)
Benefits paid and expenses	(271)	(167)
Defined benefit obligation at end of period	5,932	6,280

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

	2025 £000	2024 £000
Fair value of plan assets at start of period	5,074	5,124
Interest income	248	252
Experience on plan assets (excluding amounts included in interest income) – (loss)	(285)	(398)
Contributions by the employer	277	263
Benefits paid and expenses	(271)	(167)
Fair value of plan assets at end of period	5,043	5,074

The actual return on the plan assets (including any changes in share of assets) in the year ended 31 March 2025 was a loss of £37,000 (2024: £146,000 loss).

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

	2025 £000	2024 £000
Expenses	4	4
Net interest expense	52	52
Defined benefit costs recognised in statement of comprehensive income (SoCI)	56	56

Defined benefit costs recognised in other comprehensive income

	2025 £000	2024 £000
Experience on plan assets (excluding amounts included in net interest cost) – (loss)	(285)	(398)
Experience (losses)/gains arising on the plan liabilities – (loss)/gain	(268)	98
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain	-	62
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain	649	8
Total actuarial gain/(loss) recognised in other comprehensive income	96	(230)



Year ended 31 March 2025

Assets

	2025 £000	2024 £000
Global equity	565	506
Absolute return	-	198
Distressed opportunities	-	179
Credit relative value	-	166
Alternative risk premia	-	161
Liquid alternatives	935	-
Cash	68	100
Currency hedging	8	(2)
Emerging markets debt	-	66
Risk sharing	-	297
Insurance-linked securities	16	26
Property	253	204
Infrastructure	1	512
Private equity	4	4
Real assets	604	-
Private debt	-	200
Opportunistic illiquid credit	-	198
Private credit	617	-
Credit	193	-
Investment grade credit	155	-
High yield	-	1
Long lease property	1	33
Secured income	84	151
Liability driven investment	1,528	2,065
Net Current Assets	11	9
	5,043	5,074

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

	2025 % per annum	2024 % per annum
Discount rate	5.77	4.89
Inflation (RPI)	3.11	3.17
Inflation (CPI)	2.78	2.77
Salary growth	3.78	3.77
Allowance for commutation of pension for cash at retirement (% of maximum allowance)	75%	75%

The mortality assumptions adopted at 31 March 2025 imply the following life expectancies:

	Life expectancy at age 65 Years
Male retiring in 2025	20.5
Female retiring in 2025	23.0
Male retiring in 2045	21.7
Female retiring in 2045	24.5

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

THFCS, 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 2025 was £4,919,155 (2024: £5,482,546).

The amount due to THFCS at 31 March 2025 was £192,088 (2024: £671,634).

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 £190,202 (2024: £181,632) for providing these services and had amounts owing from these companies at 31 March 2025 of £8,903 (2024: £8,669). 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:

	2025 £	2024 £
T.H.F.C. (Funding No.1) Plc	£11,130,731	£11,161,299
T.H.F.C. (Funding No.2) Plc	£23,548,975	£23,678,010
T.H.F.C. (Funding No.3) Plc	£52,704,600	£52,846,996

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 2025 amounted to £45.4m (2024: £67.1m) for sinking fund balances and £238.2m (2024: £239.6m) for reserve funds balances.

25. Events after the reporting date

On 3 June 2025 retained bonds with a nominal value of £3.4m were sold into the market through THFC.

On 4 June 2025 a further issue of secured notes with a nominal value of £260.0m was made through Blend.



Five Year Financial Record

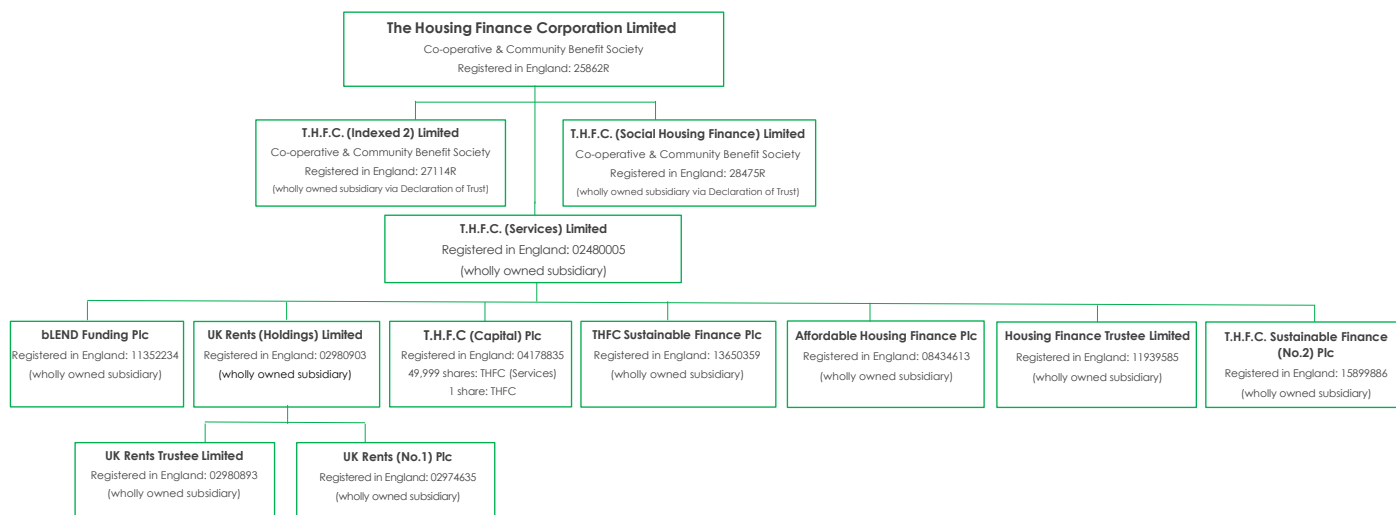
Excluding loan interest and similar items

Year to 31 March	2021 £000	2022 £000	2023 £000	2024 £000	2025 £000
Fees	12,027	11,897	10,127	10,042	10,628
Investment income	153	81	1,858	4,868	4,137
Other income	224	501	236	346	274
Interest margin	23	7	45	(50)	10
Total revenues (after interest expense off-set)	12,427	12,486	12,266	15,206	15,049
Staff costs	2,993	3,303	3,666	3,934	5,548
Non-Executive Directors costs	341	295	386	366	346
Legal/trustees and registrars	345	391	222	725	536
Premises	333	338	312	366	660
Other	1,217	1,649	1,910	1,823	3,112
Total operating expenses	5,229	5,976	6,496	7,214	10,202
Surplus before tax	7,198	6,510	5,770	7,992	4,847
Other comprehensive income	(216)	385	(216)	(172)	72
Tax	(1,096)	(1,170)	(940)	(2,060)	(1,405)
Total comprehensive income after tax	5,886	5,725	4,614	5,760	3,514
Accumulated reserves	46,582	52,307	56,921	62,681	66,195
	£m	£m	£m	£m	£m
Loans outstanding	7,874	8,220	8,130	7,952	7,989
	%	%	%	%	%
Ratio of operating expenses to loan book	0.07	0.07	0.08	0.09	0.13

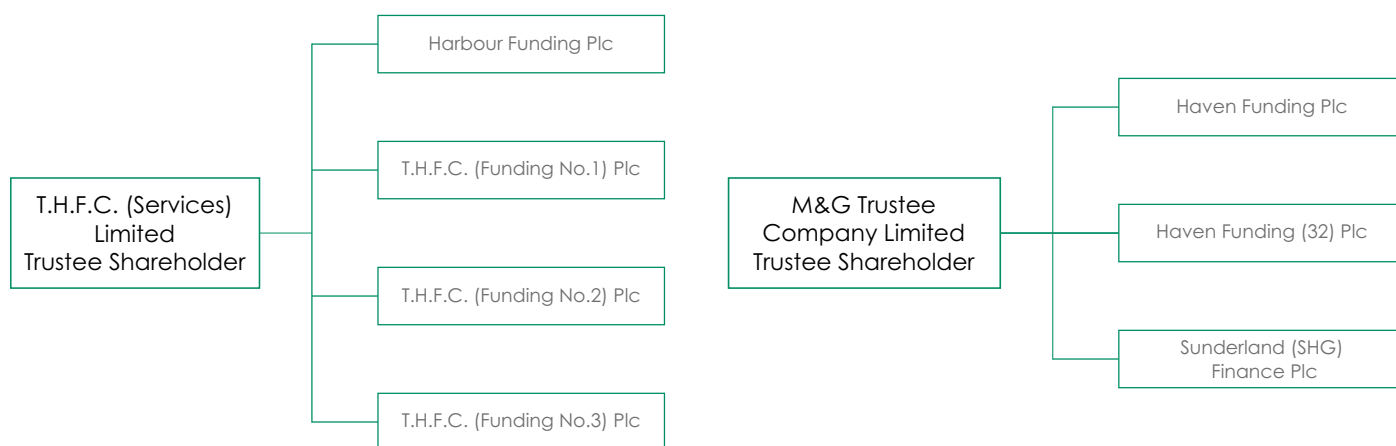
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THFC Group Structure



THFC Related Companies managed by T.H.F.C. (Services) Limited



	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 provides management services to all the above companies.





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