

BLEND

# OUTCOMES STATEMENT

1 JANUARY 2025 — 31 DECEMBER 2025



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# A. INTRODUCTION

In accordance with the Conduct of Business Sourcebook (COBS) 18.12.21R to 18.12.23R, Blend Loan Network Limited ("BLEND") must publish, within four months of its financial year-end, an Outcomes Statement.

Outcomes Statements are required to be publicly available on the BLEND website for 10 years.

The Outcomes Statement shows:

- the expected and actual default rate of all loans originated within a financial year by reference to the risk categories used by the firm,
- a summary of the assumptions used to determine expected future defaults, and
- the actual return achieved compared to the target rate of return.

The firm will disclose borrower default(s) where:

- the borrower has defaulted on their loan(s) and this has resulted in investors losing their capital;
- an insolvency practitioner has been appointed to manage the recover in the loan, resulting in investors receiving their capital and interest; and
- the borrower is more than 180 past the original repayment date, this is referred to as being in 'Technical Default'.

# B. ASSUMPTIONS

## EXTERNAL ASSUMPTIONS

### HOUSING MARKET & INTEREST RATES

Since 2008/2009 the UK housing market was in a very low-interest rate environment. This changed in 2022/2023 when the Bank of England steadily increased interest rates to a peak of 5.25%. In 2025, the market saw interest rates steadily decline, with the Bank of England making four reductions. At the end of 2025 the Bank of England interest rate was 3.75%.

In terms of the UK housing market, in 2025, the UK housing market moved into a steadier phase after the recovery seen in 2024. Sales remained relatively healthy at the start of the year, helped by

slightly better mortgage rates, but activity slowed later as buyers became more cautious and more homes (both existing stock and new build) came onto the market. It should be noted that regional differences in market strength continued to persist.

At the end of 2025, some market participants were expecting further interest rate cuts in 2026. However, owing to the current macro environment at the time of this statement, it is unclear what the trajectory of either rate cuts or rate increases will be.

### COST OF ENERGY AND MATERIALS INCREASE

As noted in previous Outcomes Statements, the price of energy and materials has been higher in recent years. Whilst energy prices fluctuated, they stayed within a narrow band, still significantly above pre-energy crisis levels. Owing to the current macro environment at the time of this Outcomes Statement, there has been an upward trend in global gas and oil prices. It is unclear what will happen to energy costs, which stabilised in 2024-2025.

Furthermore, the price of building materials was relatively stable in 2025, with signs of lower demand for key materials, with brick deliveries in December 2025 being 6.7% lower than December 2024 and concrete block deliveries falling 17.3% over the same period. It is anticipated that there will be a rise in the cost of building materials in 2026, likely driven by higher energy costs and lower production volumes.

BLEND continues to maintain close on-site monitoring of each individual loan currently live on the platform to make its best endeavours to ensure each borrower can service their ongoing credit obligations in relation to the BLEND lender base.

Any forecasted difficulties will be addressed by the firm in a proactive manner to ensure that the loans remain performing as far as possible and that expectations on returns are appropriately managed through timely and up to date developments on loans portfolios.

Updates are made to lenders on a loan-by-loan basis either email or via the platform. BLEND's credit team takes into consideration the macroeconomic environment and adjusts its lending parameters accordingly.

## INTERNAL ASSUMPTIONS

In addition to the External Assumptions detailed herein, there are a number of assumptions pertaining specifically to each scheme that the firm funds. The key assumptions that the firm tracks are as follows:

- Borrower's equity
- Borrower's experience
- Loan to Value
- Loan to Costs
- Liquidity of the asset
- Location
- Profit of the project
- Exit strategy

## RISK & RETURN

BLEND loans are categorised into one of five fixed risk categories. This categorisation takes place at the start of each Project and will apply for all future loans in relation to that Project:

<b>CATEGORY</b>	<b>RISK</b>	<b>COMMENTARY</b>
<b>A</b>	LOW	Very strong criteria on the project with a strong experience from the borrower and a low LTV.
<b>B</b>	MEDIUM	At least one the main criteria (either LTV or Experience) is a medium risk.
<b>C</b>	MEDIUM-HIGH	The parameters of the project have produced a medium – high risk score. It can be a highly experienced borrower with a higher LTV or medium experienced borrower with a medium LTV as examples.
<b>D</b>	HIGH	The risk of at least one of the parameters is too high and the firm will most likely reject the deal.
<b>E</b>	VERY HIGH	The risk of the parameters is too high and the firm will reject the deal.

## 2026 EXPECTED RETURNS & DEFAULT RATE

The table below shows the expected annualised percentage return after fees, but before bad debt and taxes, with interest not re-lent, for loans that will be listed on BLEND's platform in 2026. Calculated taking an average of the expected Annual Interest Rate (AIR) across all loans. The average AIR isn't weighted based on the value of monies lent and assumes that the average AIR is achievable based on lending the same amount to all loans listed on the platform.

When investing in a loan, there is a risk that the loan does not perform which represents a Default. A Default does not always represent a loss. The loan can repay in full late, or the security can be sold and potentially repay the full amount. The risk of Default is higher than the risk of loss. The actual return is calculated as the actual return deducted by the actual loss.

BLEND uses its internal Loss Given Default model, which includes the factors outlined in the Assumptions section, to assist in the calculation of the Expected Default Rate. For example, the Loss Given Default model includes, but is not limited to, calculations that include: (i) the greater the borrower's experience the lower the risk of default; (ii) the higher the level of borrower equity in the scheme, the lower the risk of default; and (iii) the more liquid an asset is considered, the lower the risk of default.

	<b>RISK CATEGORY</b>	<b>AVERAGE ANNUAL INTEREST RATE (AIR)</b>	<b>EXPECTED LOSSES</b>	<b>EXPECTED DEFAULT RATE</b>	<b>AVERAGE AIR AFTER EXPECTED LOSSES</b>
<b>2026</b> <i>(1 Jan – 31 Dec 2026)</i>	A	9.00%	0.50%	2.50%	8.50%
	B	9.75%	1.00%	5.00%	8.75%
	C	10.75%	1.50%	7.50%	9.25%
	D	N/A	N/A	N/A	N/A

## GLOSSARY

- **RISK CATEGORY.** Defined above.
- **AVERAGE ANNUAL INTEREST RATE (AIR).** Calculated using the firm's Investor Pricing model.
- **EXPECTED LOSSES.** Calculated using the firm's Loss Given Default model.
- **EXPECTED DEFAULT RATE.** Calculated with reference to: (i) the firm's Loss Given Default model; and (ii) checked against the historical Defaults across the portfolio, by risk rating.
- **AVERAGE AIR AFTER EXPECTED LOSSES.** The AIR less Expected Losses.

## C. LOAN BOOK PERFORMANCE

In line with the FCA's definition, a borrower must have: (i) missed a payment for more than 180 days; or (ii) they are unlikely to meet their obligations without the enforcement of a security, for a 'default' to have occurred. This Outcomes Statements has therefore been structured on this basis. Loans that have gone into arrears and are 90 days (but less than 180 days) late have also been included. A Project refers to one real estate financing project. Projects may be funded by more than one Loan. All figures in the table below are shown in the Year in which the first Loan of a Project was funded.

YEAR	LOANS FUNDED (#)	CAPITAL LOSSES (£)	ACTUAL DEFAULT (Projects)		TECHNICAL DEFAULT (180+ Days Late) (Projects)		ARREARS (90+ Days Late) (Projects)	
			COUNT (#)	RECOVERED	COUNT (#)	RESOLVED	COUNT (#)	RESOLVED
<b>2025</b> 1 Jan – 31 Dec	44	Nil	-	-	-	-	-	-
<b>2024</b> 1 Jan – 31 Dec	41	Nil	-	-	-	-	1 (2 Loans)	-
<b>2023</b> 1 Jan – 31 Dec	30	Nil	-	-	-	-	3 (14 Loans)	2 (7 Loans)
<b>2022</b> 1 Jan – 31 Dec	37	Nil	-	-	2 (10 Loans)	2 (10 Loans)	1 (4 Loans)	1 (4 Loans)
<b>2021</b> 1 Jan – 31 Dec	25	Nil	-	-	2 (7 Loans)	1 (2 Loans)	-	-
<b>2020</b> 1 Jan – 31 Dec	24	Nil	-	-	-	-	-	-
<b>2019</b> 1 Jan – 31 Dec	18	Nil	-	-	1 (4 Loans)	1 (4 Loans)	-	-
<b>2018</b> 1 Jan – 31 Dec	15	Nil	1 (1 Loans)	1 (1 Loans)	1 (1 Loans)	1 (1 Loans)	-	-
<b>2017</b> 1 Jan – 31 Dec	3	Nil	-	-	-	-	-	-
<b>TOTAL</b>	<b>237</b>	<b>Nil</b>	<b>1</b>	<b>1</b>	<b>6</b>	<b>5</b>	<b>5</b>	<b>3</b>

### GLOSSARY

- **LOANS FUNDED.** The number of Loans funded in the Year.
- **CAPITAL LOSSES.** The aggregate of irrecoverable write-offs of principal (after enforcement and realisation of security has occurred).
- **ACTUAL DEFAULT.** Projects where a third-party insolvency professional has been appointed for recovery.
- **TECHNICAL DEFAULT.** Projects where the borrower is past the original contractual payment due date by 180 days or more but there has not yet been an Actual Default.
- **ARREARS.** Projects where the borrower is past the original contractual payment due date by more than 90 days, but less than 180 days.
- **RECOVERED.** Projects that have previously had an Actual Default where the formal third-party recovery process or similar has been completed.
- **RESOLVED.** Projects that have previously had either a Technical Default or were in Arrears where, despite a delay, all capital was received by investors.

## D. RETURNS BY YEAR

The table below shows:

- actual returns received by investors on fully repaid Loans;
- against the expected returns for each Risk Category.

Loans that have not been fully repaid as at the date of this Outcomes Statement (30 April 2026) have been excluded. "N/A" means the firm either did not offer any loans at the Risk Category during the relevant Period or there were no Loans that were repaid during the relevant Period.

PERIOD		RISK CATEGORY			
		A	B	C	D
2025 1 Jan 2025 – 31 Dec 2025	ACTUAL	N/A	10.00%	N/A	N/A
	EXPECTED	8.50%	8.50%	N/A	N/A
		-	+1.50%		
2024 1 Jan 2024 – 31 Dec 2024	ACTUAL	10.00%	9.73%	N/A	N/A
	EXPECTED	8.50%	8.50%	N/A	N/A
		+1.50%	+1.23%		
2023 1 Jan 2023 – 31 Dec 2023	ACTUAL	8.66%	9.43%	N/A	N/A
	EXPECTED	8.10%	9.00%	N/A	N/A
		+0.55%	+0.43%		
2022 1 Jul 2022 – 31 Dec 2022	ACTUAL	7.81%	9.50%	N/A	N/A
	EXPECTED	8.10%	9.00%	N/A	N/A
		-0.31%	+0.50%		
2021/2022 1 Jul 2021 – 30 Jun 2022	ACTUAL	7.37%	8.88%	N/A	N/A
	EXPECTED	7.50%	8.75%	N/A	N/A
		+0.13%	+0.13%		
2020/2021 1 Jul 2020 – 30 Jun 2021	ACTUAL	8.00%	9.30%	9.00%	N/A
	EXPECTED	7.50%	8.75%	9.50%	N/A
		+0.50%	+0.55%	-0.50%	

### GLOSSARY

- **ACTUAL.** The actual unweighted annualised net return of fully repaid Loans, excluding any additional penalty interest, calculated using the Period in which the capital for a relevant Loan was funded.
- **EXPECTED.** The Average AIR After Expected Losses, detailed in the relevant prior year's Outcomes Statement.

Reasons why the Actual return may differ from the Expected interest rate, include, but are not limited to:

- depending on the supply and demand for loans from both a borrowers and lenders risk / return pricing perspective, the loans could be risked priced either below or above the Expected rate;
- the default and / or delinquency rate being different to expectations; and
- macroeconomic factors such as inflation.

## E. DEFAULTS BY RISK CATEGORY

The three tables below show the different types of “defaults” incurred since the firm was founded.

The tables distinguish between loans where:

- the borrower has defaulted on a Project to the extent that there have been capital losses caused to investors;
- the borrower has defaulted on a Project and a third party has been formally engaged to manage the recovery of the Loan(s); and
- the borrower has been over 180 days late in repaying their Loan(s) but capital losses have not yet been crystallised.

All figures in the table below are shown in the Year in which the first Loan of a Project was funded.

### RATE OF ACTUAL DEFAULT

This table shows, by Risk Category, the capital losses caused to investors following a borrower defaulting on Loan(s).

PERIOD		RISK CATEGORY			
		A	B	C	D
2025 1 Jan 2025 – 31 Dec 2025	ACTUAL	Nil	Nil	N/A	N/A
	EXPECTED	1.00%	4.00%	7.50%	12.50%
2024 1 Jan 2024 – 31 Dec 2024	ACTUAL	Nil	Nil	N/A	N/A
	EXPECTED	1.00%	4.00%	7.50%	12.50%
2023 1 Jan 2023– 31 Dec 2023	ACTUAL	Nil	Nil	N/A	N/A
	EXPECTED	1.00%	4.00%	7.50%	12.50%
2022 1 Jul 2022– 31 Dec 2022	ACTUAL	Nil	Nil	N/A	N/A
	EXPECTED	1.00%	4.00%	7.50%	12.50%
2021/2022 1 Jul 2021 – 30 Jun 2022	ACTUAL	Nil	Nil	N/A	N/A
	EXPECTED	1.00%	4.00%	7.50%	12.50%
2020/2021 1 Jul 2020 – 30 Jun 2021	ACTUAL	Nil	Nil	Nil	N/A
	EXPECTED	1.00%	4.00%	7.50%	12.50%
2019/2020 1 Jul 2019 – 30 Jun 2020	ACTUAL	Nil	Nil	Nil	N/A
	EXPECTED	1.00%	4.00%	7.50%	12.50%
2018/2019 1 Jul 2018 – 30 Jun 2019	ACTUAL	Nil	Nil	Nil	Nil
	EXPECTED	1.00%	4.00%	7.50%	12.50%
2017/2018 1 Jul 2018 – 30 Jun 2019	ACTUAL	Nil	Nil	Nil	Nil
	EXPECTED	1.00%	4.00%	7.50%	12.50%

NOTE: N/A means that the firm did not offer any loans at this risk category in that year.

## DEFAULTED PROJECTS

This table shows, by Risk Category, the number of Projects where the borrower has defaulted and a third party has been formally engaged to manage the recovery of the Loan(s).

Year	Period	Risk Category			
		A	B	C	D
2025	1 Jan – 31 Dec 2025	0	0	N/A	N/A
2024	1 Jan – 31 Dec 2024	0	0	N/A	N/A
2023	1 Jan – 31 Dec 2023	0	0	N/A	N/A
2022*	1 Jan – 31 Dec 2022	0	0	N/A	N/A
2021	1 Jan – 31 Dec 2021	0	0	N/A	N/A
2020	1 Jan – 31 Dec 2020	0	0	0	N/A
2019	1 Jan – 31 Dec 2019	0	0	0	N/A
2018	1 Jan – 31 Dec 2018	1 Project (1 Loan) all Capital and Interest Recovered			
2017	1 Jan – 31 Dec 2017	0	0	0	0

NOTE: N/A means that the firm did not offer any loans at this risk category in that year.

## TECHNICAL DEFAULTED PROJECTS

This table shows the number of technical defaults incurred. A technical default is defined as a project in which the borrower is more than 180 days past the original contractual repayment date.

Year	Period	Risk Category			
		A	B	C	D
2025	1 Jan – 31 Dec 2025	0	0	N/A	N/A
2024	1 Jan – 31 Dec 2024	0	0	N/A	N/A
2023	1 Jan – 31 Dec 2023	0	0	N/A	N/A
2022	1 Jan – 31 Dec 2022	1 Project(s) (7 Loans)	1 Project(s) (3 Loans)	N/A	N/A
2021	1 Jan – 31 Dec 2021	0	2 Project(s) (7 Loans)	N/A	N/A
2020	1 Jan – 31 Dec 2020	0	0	0	N/A
2019	1 Jan – 31 Dec 2019	1 Project(s) (4 Loans)			
2018	1 Jan – 31 Dec 2018	1 Project(s) (1 Loan)			
2017	1 Jan – 31 Dec 2017	0	0	0	0

NOTE: N/A means that the firm did not offer any loans at this risk category in that year.

## F. RISK MANAGEMENT & SUMMARY

In accordance with FCA rules and guidelines Blend Network has in place a Risk Management Framework which is appropriate to the nature, scale and complexity of its business.

The aim of the Risk Management Framework is to ensure that the firm applies due consideration to the associated risks when underwriting a new loan and the ongoing monitoring to minimise defaults on the platform.

To assess such risks, a risk and pricing framework has been created to fit in with Blend Network's business model and is monitored and updated as required to remain in full compliance with the FCA's rules and guidelines.