

NEW ISSUE - BOOK ENTRY ONLY

This cover page contains information for quick reference only. It is not a summary of the information contained in this Official Statement. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision. Capitalized terms used on this cover page have the respective meanings ascribed thereto in this Official Statement.



\$115,000,000*
ALASKA HOUSING FINANCE CORPORATION
State Capital Project Bonds II
2026 Series A

<i>Dated</i>	Date of delivery.
<i>Due</i>	As shown on inside cover page.
<i>Price</i>	As shown on inside cover page.
<i>Tax Exemption</i>	In the opinion of Bond Counsel, assuming compliance with certain covenants which are designed to meet the requirements of the Code, under existing laws, regulations, rulings and judicial decisions, interest on the Offered Bonds (i) is <i>excludable</i> from gross income for federal income tax purposes and (ii) is <i>not</i> a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Offered Bonds may affect the federal alternative minimum tax imposed on certain corporations. In the opinion of Bond Counsel, interest on the Offered Bonds is free from taxation by the State of Alaska under existing law (<i>except</i> that no opinion is expressed as to such exemption from State estate and inheritance taxes and taxes of transfers by or in anticipation of death). Bond Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Offered Bonds. See "Tax Matters."
<i>Redemption</i>	The Offered Bonds are subject to redemption at par prior to maturity under the circumstances described herein. See "The Offered Bonds — Redemption — Optional Redemption."
<i>Interest Rates</i>	The Offered Bonds will bear interest at the rates set forth on the inside cover page.
<i>Security</i>	The Bonds are general obligations of the Corporation for which its full faith and credit are pledged, subject to agreements made and to be made with the holders of other obligations of the Corporation pledging particular revenues and assets not pledged to the Bonds and to the exclusion of money in the Corporation's Housing Development Fund. The Bonds are not secured by a pledge of any assets or any fund or account <i>except</i> the Accounts (other than the Rebate Account) established under the Indenture. The Bonds are not secured by the pledge of any mortgage loans. The State has never provided, does not currently provide, and the Corporation does not expect the State to provide in the future, a source of funds for the payment of debt service on the Bonds. THE CORPORATION HAS NO TAXING POWER. THE BONDS DO NOT CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE STATE OF ALASKA OR OF ANY POLITICAL SUBDIVISION THEREOF OR A PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER OF THE STATE OF ALASKA OR OF ANY POLITICAL SUBDIVISION THEREOF. THE BONDS ARE GENERAL OBLIGATIONS OF THE CORPORATION AND ARE NOT INSURED OR GUARANTEED BY ANY OTHER GOVERNMENTAL AGENCY.
<i>Interest Payment Dates</i>	Each June 1 and December 1, commencing December 1, 2026.
<i>Denominations</i>	\$5,000 or any integral multiple thereof.
<i>Delivery Date</i>	July __, 2026.
<i>Bond Counsel</i>	Kutak Rock LLP.
<i>Underwriters' Counsel</i>	Hawkins Delafield & Wood LLP.
<i>Trustee</i>	U.S. Bank Trust Company, National Association.
<i>Financial Advisor</i>	Masterson Advisors LLC.
<i>Book-Entry System</i>	The Depository Trust Company. See "The Offered Bonds — Book Entry Only."

The Offered Bonds (except to the extent not reoffered) are offered when, as and if issued and received by the Underwriters, subject to the approval of legality and the confirmation of certain tax matters by Bond Counsel, and to certain other conditions.

Jefferies

BofA Securities	Morgan Stanley	Raymond James
RBC Capital Markets		Wells Fargo Securities

June __, 2026

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

MATURITY SCHEDULE*

\$115,000,000 2026 Series A Bonds

\$115,000,000 2026 Series A Serial Bonds

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP</u> [†]
June 1, 2027	\$ 6,000,000	%	%	
June 1, 2028	5,000,000			
June 1, 2029	5,000,000			
June 1, 2030	1,000,000			
June 1, 2031	1,000,000			
June 1, 2032	1,000,000			
June 1, 2033	1,000,000			
June 1, 2034	5,000,000			
December 1, 2034	10,000,000			
June 1, 2035	20,000,000			
December 1, 2035	20,000,000			
June 1, 2036	20,000,000			
December 1, 2036	20,000,000			

* Preliminary, subject to change.

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No dealer, broker, salesman or other person has been authorized by the Corporation or the Underwriters to give any information or to make any representations, other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Offered Bonds, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the Corporation and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriters. The Underwriters have reviewed the information in this Official Statement pursuant to their responsibilities to investors under the federal securities laws, but the Underwriters do not guarantee the accuracy or completeness of such information. All summaries herein of documents and agreements are qualified in their entirety by reference to such documents and agreements, and all summaries herein of the Offered Bonds are qualified in their entirety by reference to the form thereof included in the Indenture and the provisions with respect thereto included in the aforesaid documents and agreements. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the information or opinions set forth herein after the date of this Official Statement.

In connection with the offering of the Offered Bonds, the Underwriters may effect transactions which stabilize or maintain the market price of the Offered Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, SEC Rule 15c2-12.

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**OFFICIAL STATEMENT
OF
ALASKA HOUSING FINANCE CORPORATION**

Relating to

**\$115,000,000* State Capital Project Bonds II
2026 Series A**

INTRODUCTION

This Official Statement (including the cover page, inside cover page and appendices) of the Alaska Housing Finance Corporation (the “Corporation”) sets forth information in connection with the Corporation’s State Capital Project Bonds II, 2026 Series A (the “Offered Bonds”). The Offered Bonds are authorized to be issued pursuant to Chapters 55 and 56 of Title 18 of the Alaska Statutes, as amended (the “Act”), an Indenture, dated as of October 1, 2012 (the “General Indenture”), by and between the Corporation and U.S. Bank Trust Company, National Association, Seattle, Washington, as trustee (the “Trustee”), and a 2026 Series A Supplemental Indenture, dated as of July 1, 2026 (the “2026 Series A Supplemental Indenture”), by and between the Corporation and the Trustee. All bonds outstanding under the General Indenture (including additional bonds which may hereafter be issued) are referred to collectively as the “Bonds.” Each series of Bonds is issued pursuant to a Supplemental Indenture. The General Indenture and all Supplemental Indentures (including the 2026 Series A Supplemental Indenture) are referred to collectively as the “Indenture.” The Bonds issued under the Indenture prior to the issuance of the Offered Bonds are referred to collectively as the “Prior Series Bonds.” Capitalized terms used and not otherwise defined herein have the respective meanings ascribed thereto in the Indenture. See “Summary of Certain Provisions of the Indenture — Certain Definitions.”

The Offered Bonds are the twenty-sixth Series of Bonds issued under the Indenture. As of April 30, 2026, there were Prior Series Bonds Outstanding in the aggregate principal amount of \$1,311,575,000. The Corporation is permitted to issue additional bonds (including refunding bonds) pursuant to and secured under the Indenture (“Additional Bonds”), subject to certain conditions. See “Summary of Certain Provisions of the Indenture — Issuance and Delivery of Bonds.” The Offered Bonds will be secured on a parity with the Prior Series Bonds and any Additional Bonds.

The proceeds of the Offered Bonds are expected to be used to refund certain Outstanding Prior Series Bonds (the “Refunded Bonds”), to refund certain outstanding obligations of the Corporation (the “Refunded Obligations”) which originally refunded certain Prior Series Bonds, to reimburse the Corporation for certain governmental purpose expenditures, for any other authorized purpose of the Corporation, and to pay costs of issuance. See “Application of Funds.”

The underwriters listed on the cover page (collectively, the “Underwriters”) will act as underwriters with respect to the Offered Bonds. See “Underwriting.”

* Preliminary, subject to change.

THE PRIMARY SOURCE OF PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE OFFERED BONDS WILL BE THE CORPORATION'S GENERAL UNRESTRICTED FUNDS. NO MORTGAGE LOANS WILL BE PLEDGED TO THE PAYMENT OF THE OFFERED BONDS. THE STATE HAS NEVER PROVIDED, DOES NOT CURRENTLY PROVIDE, AND THE CORPORATION DOES NOT EXPECT THE STATE TO PROVIDE IN THE FUTURE, A SOURCE OF FUNDS FOR THE PAYMENT OF DEBT SERVICE ON THE BONDS.

The Corporation has no taxing power. The Bonds do not constitute a debt, liability or obligation of the State of Alaska (the "State") or a pledge of its faith and credit or taxing power. The Bonds are general obligations of the Corporation and are not insured or guaranteed by any other governmental agency.

The Bonds are, as substantially all bonds of the Corporation currently are, general obligations of the Corporation for which its full faith and credit are pledged, subject to agreements made and to be made with the holders of other obligations of the Corporation pledging particular revenues and assets not pledged to the Bonds and to the exclusion of moneys in the Corporation's Housing Development Fund. A significant portion of the assets of the Corporation is pledged to the payment of outstanding obligations of the Corporation. See Appendix A — "Financial Statements of the Corporation."

In this Official Statement "Bondholder" or "Holder" means any holder of Offered Bonds, except that (i) where the context so requires, such terms shall mean Holders of Bonds under the Indenture and (ii) except under "Tax Matters" herein, so long as the Offered Bonds are immobilized in the custody of DTC, such terms shall mean, for purposes of giving notice to such Bondholders or Holders, DTC or its nominee. See "The Offered Bonds — Book Entry Only."

The summaries herein of the Offered Bonds, the Indenture, the Continuing Disclosure Certificate (defined below) and other documents and materials are brief outlines of certain provisions contained therein and do not purport to summarize or describe all the provisions thereof. For further information, reference is hereby made to the Act, the Indenture and such other documents and materials for the complete provisions thereof, copies of which will be furnished by the Corporation upon request. See "The Corporation — General" for the Corporation's address and telephone number.

SOURCES OF PAYMENT AND SECURITY FOR THE BONDS

The Bonds are general obligations of the Corporation for which its full faith and credit are pledged for the payment of principal of and interest on the Bonds, *subject to* agreements made and to be made with the holders of other obligations of the Corporation pledging particular revenues and assets and the exclusion by the Act of a pledge of funds in the Housing Development Fund. The Bonds are not secured by a pledge of any assets or any fund or account *except* the Accounts (other than the Rebate Account) established under the Indenture. See the definition of Investment Securities under "Summary of Certain Provisions of the Indenture — Certain Definitions." **THE PRIMARY SOURCE OF PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS WILL BE THE CORPORATION'S GENERAL UNRESTRICTED FUNDS. NO MORTGAGE LOANS WILL BE PLEDGED TO THE**

PAYMENT OF THE BONDS. THE STATE HAS NEVER PROVIDED, DOES NOT CURRENTLY PROVIDE, AND THE CORPORATION DOES NOT EXPECT THE STATE TO PROVIDE IN THE FUTURE, A SOURCE OF FUNDS FOR THE PAYMENT OF DEBT SERVICE ON THE BONDS. The Corporation may issue additional Bonds under the Indenture without limit as to principal amount for any purpose of the Corporation. The Corporation will determine which provisions of the Indenture will be applicable to such additional Bonds, except that such issuance, in and of itself, shall not result in the ratings then in effect on the Bonds being reduced or withdrawn. The Corporation has issued, and expects to continue to issue, under other indentures other bonds that are general obligations of the Corporation. A significant portion of the assets of the Corporation is pledged to the payment of outstanding obligations of the Corporation. See Appendix A — “Financial Statements of the Corporation,” “The Corporation — Activities of the Corporation” and “Summary of Certain Provisions of the Indenture — Issuance and Delivery of Bonds.”

APPLICATION OF FUNDS*

The proceeds of the Offered Bonds and certain amounts contributed by the Corporation are expected to be applied approximately as follows:

Refunding of Refunded Bonds	\$
Refunding of Refunded Obligations	
Reimbursement of Governmental Purpose Expenditures	
Payment of Underwriting Fee	
Payment of other Costs of Issuance	
TOTAL	\$

THE OFFERED BONDS

General

The Offered Bonds will be dated as set forth on the cover page and interest thereon will be payable on the dates set forth on the cover page. The Offered Bonds will be issuable in the denominations set forth on the cover page and will mature on the dates and in the amounts set forth on the inside cover page.

The Offered Bonds will bear interest (calculated on the basis of a 360-day year of twelve 30-day months) from their dated date to maturity at the applicable rates set forth on the inside cover page.

The Offered Bonds are being issued only as fully-registered bonds without coupons, in book-entry form only, registered in the name of Cede & Co., as registered owner and nominee for DTC, which will act as securities depository for the Offered Bonds. See “Book Entry Only” below.

* Preliminary, subject to change.

Redemption*

Optional Redemption

The Offered Bonds maturing on or after June 1, 2035, are subject to redemption at the option of the Corporation at 100% of the principal amount thereof, plus accrued interest, at any time on or after December 1, 2034, in whole or in part, from any source of funds.

Selection of Bonds for Redemption

If the Offered Bonds are redeemed in part by optional redemption, the Offered Bonds to be redeemed will be selected as shall be directed by the Corporation. The Indenture provides that if less than all the Offered Bonds of a particular maturity bearing the same interest rate (and otherwise of like tenor) are to be redeemed, the particular Offered Bonds of such maturity bearing the same interest rate (and otherwise of like tenor) to be redeemed will be selected by the Trustee by lot, using such method of selection as it deems proper in its discretion.

Notice of Redemption

Notice of the redemption, identifying the Offered Bonds or portion thereof to be redeemed, will be given by the Trustee by mailing a copy of the redemption notice by first class mail (postage prepaid) not more than 60 days and not less than 30 days prior to the redemption date to the registered owner of each Offered Bond to be redeemed in whole or in part at the address shown on the registration books maintained by the Trustee. Pursuant to the Indenture, neither failure to receive any redemption notice nor any defect in such redemption notice shall affect the sufficiency of the proceedings for such redemption and failure by the Trustee to deliver such notice of redemption of the Bonds at the times required in the Indenture shall not impair the ability of the Trustee and the Corporation to effect such redemption.

The 2026 Series A Supplemental Indenture provides that, notwithstanding anything in the General Indenture to the contrary, any notice of redemption for the 2026 Series A Bonds may state that such redemption is subject to the satisfaction of certain conditions. 2026 Series A Bonds called for redemption shall be redeemed on the Redemption Date upon the satisfaction of such conditions. If such conditions have not been satisfied on or prior to the Redemption Date, the 2026 Series A Bonds, or portions thereof, shall not be redeemed and shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

Book Entry Only

General

The Offered Bonds will be issued as fully-registered bonds in the name of Cede & Co., as nominee of DTC, as registered owner of the Offered Bonds. Purchasers of such Bonds will not receive physical delivery of bond certificates. For purposes of this Official Statement, so long as

* Preliminary, subject to change.

all of the Offered Bonds are immobilized in the custody of DTC, references to holders or owners of Offered Bonds (*except* under “Tax Matters”) mean DTC or its nominee.

The information in this section concerning DTC and the DTC book-entry system has been obtained from DTC, and neither the Corporation nor the Underwriters take responsibility for the accuracy or completeness thereof.

DTC will act as securities depository for the Offered Bonds. The Offered Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Offered Bond certificate will be issued for all Offered Bonds of each particular maturity bearing the same interest rate (and otherwise of like tenor), in the aggregate principal amount of the Offered Bonds of such maturity bearing the same interest rate (and otherwise of like tenor), and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Offered Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Offered Bonds on DTC’s records. The ownership interest of each actual purchaser of each Offered Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Offered Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on

behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Offered Bonds, except in the event that use of the book-entry system for the Offered Bonds is discontinued.

To facilitate subsequent transfers, all Offered Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Offered Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Offered Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Offered Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Offered Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Offered Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Indenture. For example, Beneficial Owners of Offered Bonds may wish to ascertain that the nominee holding the Offered Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Offered Bonds of a particular maturity bearing the same interest rate (and otherwise of like tenor) are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Offered Bonds of such maturity bearing the same interest rate (and otherwise of like tenor) to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Offered Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Corporation as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Offered Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of and interest on the Offered Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Corporation or the Trustee, on a payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Corporation, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee or the Corporation,

disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants. NEITHER THE CORPORATION NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS, TO THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE OFFERED BONDS, OR TO ANY BENEFICIAL OWNER IN RESPECT OF THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT, THE PAYMENT BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT OF ANY AMOUNT IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE OFFERED BONDS, ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS UNDER THE INDENTURE, THE SELECTION BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE OFFERED BONDS OR ANY OTHER ACTION TAKEN BY DTC AS REGISTERED BONDHOLDER.

DTC may discontinue providing its services as depository with respect to the Offered Bonds at any time by giving reasonable notice to the Corporation or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Offered Bond certificates are required to be printed and delivered as described in the Indenture.

The Corporation may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Offered Bond certificates will be required to be printed and delivered as described in the Indenture.

If bond certificates are issued, the principal due upon maturity or redemption of any of the Offered Bonds will be payable at the office of the Trustee, as paying agent, upon presentation and surrender of such Offered Bonds by the registered owner thereof on or after the date of maturity or redemption, as the case may be. Payment of the interest on each Offered Bond will be made by the Trustee to the registered owner of such Offered Bond by check mailed by first class mail (or, upon request of a registered owner of \$1,000,000 or more aggregate principal amount of Offered Bonds, by wire transfer) on the interest payment date to such registered owner as of the 20th day of the preceding month, in each case at the address appearing on the registration books relating to the Offered Bonds.

If bond certificates are issued, the Offered Bonds may be transferred and exchanged by the registered owner thereof or the registered owner's attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or the registered owner's duly authorized attorney at the office of the Trustee in Seattle, Washington. For every such exchange or transfer the Corporation or the Trustee may charge the transferee to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such transfer or exchange. The Trustee is not obligated to make any such transfer or exchange during the 10 days next preceding an interest payment date or the date of mailing of any notice of redemption, nor of any Offered Bond selected for redemption. If any Offered Bond is mutilated, lost, stolen or destroyed, the Trustee may execute and deliver a new Offered Bond or Offered Bonds of the same series, maturity, interest rate and principal amount as the Offered Bond or Offered Bonds so mutilated, lost, stolen or destroyed, provided that such Offered Bond is surrendered to the Trustee, or evidence

of loss, destruction or theft, together with satisfactory indemnity, is provided to the Trustee. The fees and expenses of the Corporation and the Trustee in connection with such replacement shall be paid by the owner.

THE CORPORATION

Certain Definitions

“Authority” means the Alaska State Housing Authority.

“Board” means the Board of Directors of the Corporation.

“Department” means the former Department of Community and Regional Affairs.

“Dividend Plan” means the dividend plan adopted by the Board in 1991 to transfer one-half of the lesser of its unrestricted net income or total net income to the State.

“Division” means The Public Housing Division of the Corporation.

“HUD” means the U.S. Department of Housing and Urban Development.

“Self-Liquidity Bonds” means, collectively, the Corporation’s State Capital Project Bonds II, 2017 Series B; State Capital Project Bonds II, 2018 Series A; and State Capital Project Bonds II, 2019 Series A.

General

The Corporation was established in 1971 as a non-stock, public corporation and government instrumentality of the State. The Corporation currently functions as a major source of residential mortgage loan financing and capital project financing in the State. The Corporation’s programs were originally established to take advantage of tax-exempt financing permitted under federal income tax law. Mortgages which meet applicable federal income tax requirements are financed by selling tax-exempt bonds. All other mortgages generally are financed through the issuance of taxable bonds or from internal funds. Since 1972, the Corporation has acquired mortgage loans by appropriation from the State and by purchase from independent originating lending institutions operating throughout the State. On July 1, 1992, the Corporation succeeded to the public housing functions of the Authority and the rural housing and residential energy functions of the Department pursuant to legislation enacted in the State’s 1992 legislative session. As a result, the rights and obligations created by bonds and notes that were previously issued by the Authority became rights and obligations of the Corporation.

The Corporation prepares and publishes on its website a monthly Mortgage and Bond Disclosure Report containing detailed information concerning characteristics of the Corporation’s mortgage loan portfolios and outstanding bond issues, including bond redemptions and mortgage prepayments. The Corporation presently intends to continue to provide such information, but is not legally obligated to do so. Certain financial and statistical information relating to the Corporation and its programs under the subheadings “Activities of the Corporation,” “Financial Results of Operations” and “Legislative Activity/Transfers to the State — Dividend to the State of Alaska” below was obtained from the April 2026 Mortgage and Bond Disclosure Report of the Corporation and the audited financial statements of the Corporation as of and for the year ended June 30, 2025. Copies of such financial statements and disclosure report may be obtained upon request from the Corporation. The Corporation’s main office is located at 4300 Boniface Parkway, Anchorage, Alaska 99504, and its telephone number is (907) 338-

6100. Electronic versions of the financial statements and disclosure reports are available at the Corporation's website.

Board of Directors, Staff and Organization

The Corporation is required by law to comply (except for the procurement provisions of the Alaska Executive Budget Act), and does comply, with the State budget process. The Corporation administratively operates within the State Department of Revenue. The Board of Directors of the Corporation is comprised of the Commissioner of Revenue, the Commissioner of Commerce, Community and Economic Development and the Commissioner of Health and Social Services, as well as four members from the following sectors of the general public appointed by the Governor to serve two-year terms: one member with expertise or experience in finance or real estate; one member who is a rural resident of the State or who has expertise or experience with a regional housing authority; one member who has expertise or experience in residential energy efficient home-building or weatherization; and one member who has expertise or experience in the provision of senior or low-income housing. The powers of the Corporation are vested in and exercised by a majority of its Board of Directors then in office, who may delegate such powers and duties as appropriate and permitted under the Act. The Corporation's current members of its Board of Directors are as follows:

<u>Name</u>	<u>Occupation and Location</u>
Mr. Jess Hall Chair	Vice President Hall Quality Homes Palmer, Alaska
Mr. Brent LeValley	Retired Fairbanks, Alaska
Mr. Allen Hippler	Chief Financial Officer Tagiugmiullu Nunamiullu Housing Authority Anchorage, Alaska
Mr. David Pruhs	Owner Pruhs Real Estate Group Fairbanks, Alaska
Ms. Janelle Earls (or designee)	Commissioner (Acting) Alaska Department of Revenue Juneau, Alaska
Ms. Heidi Hedberg (or designee)	Commissioner Alaska Department of Health Juneau, Alaska
Ms. Julie Sande (or designee)	Commissioner Alaska Department of Commerce, Community and Economic Development Juneau, Alaska

Principal financial officers of the Corporation are as follows:

Bryan Butcher - Chief Executive Officer/Executive Director. Mr. Butcher rejoined the Corporation on August 7, 2013. Prior to his appointment as Chief Executive Officer/Executive Director, Mr. Butcher served as Commissioner of the Alaska Department of Revenue from January 2011 to August 2013, as the Corporation's director of governmental relations and public affairs from 2003 to 2011, and as a senior aide to the House and Senate Finance Committees of the Alaska Legislature for 12 years. Mr. Butcher holds a Bachelor of Science degree from the University of Oregon.

Akis Gialopsos - Deputy Executive Director. Mr. Gialopsos joined the Corporation in January 2023, having previously worked in the Alaska Legislature in various aide positions, including to the Alaska House of Representatives, to the Chief of Staff for the Alaska Senate President and to the Senate Resources Committee. He also served as Deputy Chief of Staff and as Legislative Director in the Office of Governor Mike Dunleavy. Mr. Gialopsos is a graduate of the University of Alaska, Anchorage.

Michael Strand - Chief Financial Officer/Finance Director. Mr. Strand joined the Corporation in 2001, and previously served as Senior Finance Officer, Finance Officer and Financial Analyst II. Mr. Strand is a graduate of the University of Alaska, Anchorage, with Bachelor of Business Administration degrees in Finance and Economics.

Derrick Chan - Senior Finance Officer. Mr. Chan joined the Corporation in 2014, and previously served as Financial Analyst II and Planner I. Mr. Chan is a graduate of the University of Oregon with a Bachelor of Business Administration degree and also holds a Master of Business Administration degree in Finance and Investments from the Alaska Pacific University.

Gerard Deta - Finance Officer. Mr. Deta has been with the Corporation since 2001, and previously served as Financial Analyst II. Prior to joining the Corporation, he served as an auditor with Deloitte & Touche LLP. Mr. Deta is a graduate of Southern Utah University with Bachelor of Science degrees in Finance and Accounting.

Activities of the Corporation

The principal activity of the Corporation is the purchase of residential mortgage loans. This activity has been supplemented by the merger with the Authority under which the Corporation assumed responsibility for the public housing functions of the Authority and its assumption of the rural housing and residential energy functions of the Department. See "The Corporation — General."

Financing Activities

The Corporation is authorized by the State Legislature to issue its own bonds, bond anticipation notes and other obligations in such principal amounts as the Corporation deems necessary to provide sufficient funds for carrying out its purpose.

Pursuant to State law, the maximum amount of bonds that the Corporation may issue during any fiscal year (the Corporation's fiscal years end on June 30) is \$1.5 billion. Bonds issued to refund outstanding bonds and to refinance outstanding obligations of the Corporation are not counted against the maximum annual limit.

Since 1986, implementation of refinancing programs by the Corporation has resulted in the prepayment of outstanding mortgage loans with a corresponding redemption at par of substantial amounts of the Corporation's notes or bonds secured by such mortgage loans.

Since 1997, the Corporation has issued certain Self-Liquidity Bonds, which are variable rate demand obligations with weekly interest rate resets. If these bonds are tendered or deemed tendered, the Corporation has the obligation to purchase any such bonds that cannot be remarketed. This general obligation is not secured by any particular funds or assets, including any assets that may be held under the related indentures. The Corporation may issue additional bonds for which it will provide liquidity support, similar to that which it currently provides for the Self-Liquidity Bonds.

Other variable rate demand obligations issued by the Corporation are the subject of liquidity facilities provided by third-party liquidity providers in the form of standby bond purchase agreements and/or letters of credit. If such obligations are tendered or deemed tendered, the related liquidity provider is obligated to purchase any such obligations that cannot be remarketed. Such purchase obligation also arises in connection with the expiration of such facility in the absence of a qualifying substitute therefor. Bonds so purchased and held by third-party liquidity providers will thereupon begin to bear higher rates of interest and be subject to accelerated mandatory redemption by the Corporation, in each case in accordance with and secured by the related indenture.

The following table sets forth certain information regarding the Corporation's variable rate demand obligations as of April 30, 2026:

<u>Bond Series</u>	<u>Amount Outstanding</u>	<u>Liquidity Provider (or Self-Liquidity)</u>	<u>Facility Expiration Date</u>
Governmental Purpose Bonds, 2001 Series A and B	\$ 44,490,000	Federal Home Loan Bank - Des Moines	December 1, 2030 ⁽¹⁾
Home Mortgage Revenue Bonds, 2002 Series A	19,935,000	Federal Home Loan Bank- Des Moines	June 1, 2032 ⁽¹⁾
Home Mortgage Revenue Bonds, 2007 Series A, B and D	184,420,000	Federal Home Loan Bank- Des Moines	August 10, 2028
Home Mortgage Revenue Bonds, 2009 Series A and B	131,130,000	Federal Home Loan Bank- Des Moines	May 1, 2031 ⁽¹⁾
Home Mortgage Revenue Bonds, 2009 Series D	65,550,000	Federal Home Loan Bank- Des Moines	May 1, 2031 ⁽¹⁾
State Capital Project Bonds II, 2017 Series B	90,000,000	Self-Liquidity ⁽²⁾	NA ⁽³⁾
State Capital Project Bonds II, 2018 Series A	90,000,000	Self-Liquidity ⁽²⁾	NA ⁽³⁾
State Capital Project Bonds II, 2019 Series A	140,000,000	Self-Liquidity ⁽²⁾	NA ⁽³⁾
State Capital Project Bonds II, 2022 Series A	<u>200,000,000</u>	Barclays Bank PLC	June 1, 2027
	<u>\$965,525,000</u>		

⁽¹⁾ The Corporation extended certain of its liquidity facilities with the Federal Home Loan Bank of Des Moines effective May 1, 2026.

⁽²⁾ A \$180,000,000 standby letter of credit is currently in place with the Sumitomo Mitsui Banking Corporation, acting through its New York Branch, to further support self-liquidity by providing funds for the purchase of the Corporation's Commercial Paper Notes and certain variable rate State Capital Project Bonds II which are tendered and not remarketed and which are supported by Self Liquidity. Unless extended or terminated pursuant to its terms, this agreement will expire on April 1, 2030. Additionally, a \$140,000,000 standby letter of credit is currently in place with Royal Bank of Canada, acting through its New York Branch, to further support self-liquidity by providing funds for the purchase of the Corporation's Commercial Paper Notes and certain variable rate State Capital Project Bonds II which are tendered and not remarketed and which are supported by Self-Liquidity. Unless extended or terminated pursuant to its terms, this agreement will expire on April 30, 2030.

⁽³⁾ The Corporation's obligation to purchase Self-Liquidity Bonds tendered or deemed tendered remains in effect so long as the related variable rate bonds are outstanding or until a qualifying third-party liquidity facility has replaced it.

The Corporation's financing activities include, in addition to the issuance of Bonds under the Indenture, recurring long-term debt issuances under established bond indentures described below. Such issuances constitute the majority of the Corporation's financing activities.

Home Mortgage Revenue Bonds. The Corporation issues Home Mortgage Revenue Bonds to finance the purchase of mortgage loans or to refund other obligations of the Corporation. Mortgage loans and/or other assets are pledged as collateral for the Home Mortgage Revenue Bonds. Home Mortgage Revenue Bonds are also general obligations of the Corporation.

General Mortgage Revenue Bonds II. The Corporation issues General Mortgage Revenue Bonds II to finance the purchase of mortgage loans or to refund other obligations of the Corporation. Mortgage loans and other assets are pledged as collateral for the General Mortgage Revenue Bonds II. General Mortgage Revenue Bonds II are general obligations of the Corporation.

Collateralized Bonds (Veterans Mortgage Program). The Corporation funds its Veterans Mortgage Program with the proceeds of State-guaranteed Collateralized Bonds. Qualified mortgage loans and/or mortgage-backed securities are pledged as collateral for the Collateralized Bonds. Collateralized Bonds are also general obligations of the Corporation and general obligations of the State.

Governmental Purpose Bonds. The Corporation issues Governmental Purpose Bonds to finance capital expenditures of the State for governmental purposes, with certain proceeds available for general corporate purposes. Governmental Purpose Bonds are general obligations of the Corporation.

State Capital Project Bonds II. The Corporation issues State Capital Project Bonds II to finance designated capital projects of State agencies and the Corporation, to refund other obligations of the Corporation and to finance building purchases that may or may not be secured by lease agreements between the Corporation and the State of Alaska. State Capital Project Bonds II are general obligations of the Corporation.

The following tables set forth certain information as of April 30, 2026, regarding bonds issued under the above-described financing programs and the Bonds issued under the Indenture:

Bonds Issued and Remaining Outstanding by Program

<u>Bond Program</u>	<u>Issued through</u> <u>04/30/2026</u>	<u>Issued During</u> <u>Ten Months</u> <u>Ended</u> <u>04/30/2026</u>	<u>Outstanding</u> <u>as of</u> <u>04/30/2026</u>
State Capital Project Bonds II	\$ 2,397,410,000	\$133,000,000	\$1,311,575,000
General Mortgage Revenue Bonds II	1,505,480,000	106,400,000	956,140,000
Home Mortgage Revenue Bonds	1,262,675,000	0	401,035,000
Collateralized Bonds (Veterans Mortgage Program)	1,017,785,000	100,000,000	254,345,000
Governmental Purpose Bonds	973,170,000	0	44,490,000
Other Bonds	<u>14,283,874,122</u>	<u>0</u>	<u>0</u>
Total Bonds	<u>\$21,440,394,122</u>	<u>\$339,400,000</u>	<u>\$2,967,585,000</u>

Summary of Bonds Issued and Remaining Outstanding

	Issued through 04/30/2026	Issued During Ten Months Ended 04/30/2026	Outstanding as of 04/30/2026
Tax-Exempt Bonds	\$15,818,469,122 [†]	\$339,400,000	\$2,246,850,000
Taxable Bonds	<u>5,621,925,000</u>	<u>0</u>	<u>720,735,000</u>
Total Bonds	<u>\$21,440,394,122</u>	<u>\$339,400,000</u>	<u>\$2,967,585,000</u>
Self-Liquidity Bonds ^{††}	<u>\$380,000,000</u>	<u>\$0</u>	<u>\$320,000,000</u>

[†] Includes release of proceeds of \$193,100,000 Mortgage Revenue Bonds originally issued in 2009.

^{††} For information only. These amounts are already included in the categories above.

The Corporation's financing activities also include recurring short-term debt issuances under established programs or agreements. The proceeds of such issuances may be used for any lawful purpose of the Corporation; however, the Corporation has in the past used and intends to continue to use such proceeds to temporarily refund outstanding tax-exempt obligations prior to their permanent refunding through the issuance of tax-exempt bonds.

Commercial Paper Notes Program. On June 13, 2007, the Corporation's Board of Directors authorized a domestic Commercial Paper Notes Program with a major dealer under which the maximum principal amount of notes outstanding at any one time shall not exceed \$150,000,000. The Commercial Paper Notes Program is rated "P-1" by Moody's, "A-1+" by S&P, and "F1+" by Fitch.

Reverse Repurchase Agreements. The Corporation may enter into reverse repurchase agreements in such amounts as it deems necessary for carrying out its purpose.

TBA Markets. From time to time, in lieu of utilizing the proceeds of bond issues to finance certain federally insured or guaranteed mortgage loans, the Corporation pools those mortgage loans into GNMA Mortgage-Backed Securities and sells the securities into the national TBA ("To Be Announced") future delivery market through a third-party turnkey provider.

Lending Activities

The Corporation finances its lending activities with a combination of general operating funds, bond proceeds, and loan prepayments and earnings derived from the permitted spread between borrowing and lending rates. The Corporation acquires mortgage loans after they have been originated and closed by direct lenders, which normally are financial institutions or mortgage companies with operations in the State. Under many of the Corporation's programs, the originating lender continues to service the mortgage loan on behalf of the Corporation. The Corporation also makes available a streamlined refinance option that allows applicants to obtain new financing secured by property that is currently financed by the Corporation without income, credit, or appraisal qualifications.

In addition to the lending programs described below, the Corporation funded a loan totaling approximately \$145 million (\$50 million on November 20, 2013; \$24 million on July 29, 2016; \$46 million on June 9, 2017; and \$25 million on January 12, 2018) for the construction and rehabilitation of rental housing on two United States Army bases in the State, Fort Wainwright and Fort Greely, bearing interest at a rate of 6.625% per annum and amortizing over a 40-year term maturing April 15, 2058, with

a 35-year lockout for prepayment. As of April 30, 2026, the remaining principal balance on this loan was \$135,934,799.

Following are brief descriptions of the Corporation's lending programs:

First Home Limited Program. The First Home Limited Program offers lower interest rates to eligible borrowers who meet income, purchase price, and other requirements of the Code.

First Home Program. The First Home Program offers a reduced interest rate to first-time homebuyers who do not meet the Code requirements of the First Home Limited Program.

Veterans Mortgage Program. The Veterans Mortgage Program offers a reduced interest rate to qualified veterans who purchase or construct owner-occupied single-family residences or, with certain restrictions, who purchase a duplex, triplex, or fourplex.

Rural Loan Program. The Rural Loan Program offers financing to purchase, construct, or renovate owner occupied and non-owner occupied housing in small communities. The Rural interest rate is applied to the first \$250,000 of the loan only. The balance of the loan is at the Rural interest rate plus 1%.

My Home Program. The My Home Program is available statewide for applicants or properties not meeting requirements of other Corporation programs. Borrowers and properties must meet the Corporation's general financing requirements.

Uniquely Alaskan Program. The Uniquely Alaskan Program is targeted toward non-conforming loans for certain properties for which financing may not be obtained through private, state or federal mortgage programs.

Multi-Family Loan Purchase Program. The Corporation participates with approved lenders to provide financing for the acquisition, rehabilitation, and refinancing of multi-family housing (buildings with at least five units and designed principally for residential use) as well as certain special-needs and congregate housing facilities.

The following tables set forth certain information as of April 30, 2026, regarding the mortgage loans financed under the above-described lending programs:

Mortgage Purchases by Program

<u>Loan Program</u>	<u>Original Principal Balance of Mortgage Loans Purchased during FY 2025</u>	<u>Original Principal Balance of Mortgage Loans Purchased during Ten Months Ended 04/30/2026</u>
My Home	\$212,200,393	\$168,854,067
First Home	143,641,082	118,508,674
First Home Limited	127,337,455	105,499,823
Veterans	107,126,489	66,276,634
Rural	46,849,629	34,353,580
Multi-Family/Special Needs	10,922,650	3,112,850
Other Loan Programs	<u>1,751,745</u>	<u>4,645,500</u>
Total Mortgage Purchases	<u>\$649,829,443</u>	<u>\$501,251,128</u>

Percentage of Original Principal Balance of Total Mortgage Purchases during Period Representing Streamline Refinance Loans

0.1%

0.9%

Mortgage Portfolio Summary

	<u>As of 6/30/2025</u>	<u>As of 04/30/2026</u>
Mortgages	\$3,735,255,096	\$3,909,389,228
Participation Loans	141,327,633	167,734,150
Unconventional Loans/REO	<u>80,448,161</u>	<u>80,449,840</u>
Total Mortgage Portfolio	<u>\$3,957,030,890</u>	<u>\$4,157,573,218</u>

Mortgage Insurance Summary[†]

<u>Type</u>	<u>Outstanding Principal Balance as of 04/30/2026</u>	<u>Percentage of Total Mortgage Loans by Outstanding Principal Balance</u>
Uninsured ^{††}	\$2,250,755,089	54.3%
Private Mortgage Insurance ^{†††}	1,177,123,468	28.2%
Federally Insured – VA	309,716,584	7.4%
Federally Insured – FHA	242,054,617	5.8%
Federally Insured – RD	104,610,832	2.5%
Federally Insured – HUD 184	<u>73,312,628</u>	<u>1.8%</u>
TOTAL	<u>\$4,157,573,218</u>	<u>100.0%</u>

[†] This table contains information regarding the types of primary mortgage insurance coverage applicable to the Corporation's mortgage loans at their respective originations. No representation is made as to the current status of primary mortgage insurance coverage.

^{††} Uninsured Mortgage Loans represent loans for which the original loan-to-value ratio was not in excess of 80% (90% for loans in rural areas) and insurance coverage was therefore not required. No representation is made as to current loan-to-value ratios.

^{†††} The following table sets forth information with respect to the providers of such private mortgage insurance. No representation is made as to the amount of private mortgage insurance coverage provided by carriers whose claims-paying ability is rated investment grade or better by Moody's, S&P or Fitch.

<u>PMI Provider</u>	<u>Outstanding Principal Balance as of 04/30/2026</u>	<u>Percentage of Total Mortgage Loans by Outstanding Principal Balance</u>
Radian Guaranty	\$ 412,808,076	9.9%
National Mortgage Insurance	207,054,269	5.0%
United Guaranty	201,626,983	4.8%
Mortgage Guaranty	186,839,124	4.5%
Essent Guaranty	90,715,540	2.2%
Genworth GE	62,319,758	1.5%
CMG Mortgage Insurance	14,232,598	0.3%
Commonwealth	801,694	0.0%
PMI Mortgage Insurance	<u>725,426</u>	<u>0.0%</u>
TOTAL	<u>\$1,177,123,468</u>	<u>28.2%</u>

Mortgage Geography Summary

<u>Property Location</u>	<u>Outstanding Principal Balance as of 04/30/2026</u>	<u>Percentage of Total Mortgage Loans by Outstanding Principal Balance</u>
Anchorage	\$1,643,283,161	39.5%
Fairbanks/North Pole/Ft. Wainwright	555,411,239	13.4%
Wasilla/Palmer	520,793,991	12.6%
Juneau/Ketchikan	382,723,986	9.2%
Kenai/Soldotna/Homer	289,963,945	7.0%
Eagle River/Chugiak	221,168,438	5.3%
Kodiak Island	103,269,257	2.5%
Other Geographic Region	<u>440,959,201</u>	<u>10.5%</u>
TOTAL	<u>\$4,157,573,218</u>	<u>100.0%</u>

The following table sets forth certain delinquency information as of April 30, 2026:

Corporation Mortgage Delinquency Summary

<u>Status</u>	<u>As of 6/30/2025</u>	<u>As of 04/30/2026</u>
Delinquent 30 Days	1.58%	1.38%
Delinquent 60 Days	0.47%	0.55%
Delinquent 90 Days or More	<u>0.57%</u>	<u>0.49%</u>
Total Mortgage Delinquency	<u>2.62%</u>	<u>2.42%</u>

Corporation Mortgage Foreclosure Summary

	<u>Foreclosed During FY 2025</u>	<u>Foreclosed during Ten Months Ended 04/30/2026</u>
Total Foreclosures	<u>\$3,542,891</u>	<u>\$3,237,282</u>

Public Housing Activities

The Corporation performs certain public housing functions in the State through the Division. The Division operates Low Rent and Section 8 New Construction/Additional Assistance housing to serve low-income families, disabled persons and seniors in several communities throughout Alaska. The Division also administers the rent subsidies for numerous families located in private-sector housing through vouchers, certificates, and coupons issued pursuant to Section 8 of the United States Housing Act of 1937. The Division's operating budget is funded primarily through contracts with HUD. The Division is engaged in a number of multifamily renovation and new construction projects throughout the State.

Financial Results of Operations

The following is a summary of revenues, expenses and changes in net position of the Corporation for each of its five most recent fiscal years ended June 30. For additional detail, see the Statement of Revenues, Expenses, and Changes in Net Position in the Corporation's financial statements as of and for the year ended June 30, 2025, included in Appendix A to this Official Statement.

Summary of Revenues, Expenses and Changes in Net Position (000's)

	Fiscal Year Ended June 30				
	2025	2024	2023	2022	2021
Assets and Deferred Outflows	\$4,783,856	\$4,516,164	\$4,324,347	\$4,352,496	\$4,502,474
Liabilities and Deferred Inflows	3,084,628	2,863,328	2,696,097	2,753,035	2,886,543
Net Position	1,699,228	1,652,836	1,628,250	1,599,461	1,615,931
Operating Revenues	391,059	312,219	338,627	424,642	306,080
Operating Expenses	341,324	281,968	301,791	422,408	296,102
Operating Income (Loss)	49,735	30,251	36,836	2,234	9,978
Contribution to State	(3,324)	(5,665)	(8,047)	(933)	(1,011)
Change in Net Position	\$46,411	\$24,586	\$28,789	\$1,301	\$8,967

Legislative Activity/Transfers to the State

Prior Transfers to the State

The Board adopted the Dividend Plan in 1991 to transfer one-half of the lesser of its unrestricted net income or total net income to the State. Under the Dividend Plan, in 1991 the Corporation transferred a total of \$114,324,000 to the State. Additionally, in 1995, the Board voted to make a one-time payment to the State in the amount of \$200,000,000. On April 27, 1995, the Corporation agreed to make a one-time transfer of \$50,000,000 to the State and close the Dividend Plan. In 1997, the Corporation transferred to the State's general fund \$20,000,000 made available as a consequence of certain bond retirements.

The Current Transfer Plan

In the fiscal year 1996 capital appropriation bill (the April 27, 1995, agreement referred to in the immediately preceding paragraph and the 1996 capital appropriation bill, as amended, collectively, the “Transfer Plan”) the Legislature expressed its intent that the Corporation transfer to the State (or expend on its behalf) amounts not to exceed \$127,000,000 in fiscal year 1996 and \$103,000,000 in each fiscal year from 1997 to 2000, but that, “[T]o ensure the prudent management of [the Corporation and] to protect its excellent debt rating ...” in no fiscal year should such amount exceed the Corporation’s net income for the preceding fiscal year.

The 1998 Legislature adopted legislation (the “1998 Act”) authorizing the Corporation to finance state capital projects through the issuance of up to \$224,000,000 in bonds. The 1998 Act also extended the term of the Transfer Plan by stating the Legislature’s intent that the Corporation transfer to the State (or expend on its behalf) an amount not to exceed \$103,000,000 in each fiscal year through fiscal year 2006, again stating that, to protect the Corporation and its bond rating, in no fiscal year should such amount exceed the Corporation’s net income for the preceding fiscal year.

The 2000 Legislature adopted legislation (the “2000 Act”) authorizing the issuance of bonds in sufficient amounts to fund the construction of various State capital projects, and extended the Transfer Plan (as described above) through fiscal year 2008.

The 2002 Legislature adopted legislation (the “2002 Act”) authorizing the issuance of \$60,250,000 in capital project bonds for the renovation and deferred maintenance of the Corporation’s Public Housing facilities.

The 2004 Legislature adopted legislation (the “2004 Act”) authorizing the additional issuance of bonds in sufficient amounts to fund the construction of various State capital projects. The bond proceeds are allocated to agencies and municipalities subject to specific legislative appropriation.

The Corporation has issued \$196,345,000 principal amount of State Capital Project Bonds pursuant to the 1998 Act, \$74,535,000 principal amount of State Capital Project Bonds pursuant to the 2000 Act, \$60,250,000 principal amount of State Capital Project Bonds pursuant to the 2002 Act, and \$45,000,000 principal amount of State Capital Project Bonds pursuant to the 2004 Act, and has completed its issuance authority under the Acts. Payment of principal and interest on these bonds is categorized as a transfer pursuant to the Transfer Plan and is included in the Corporation’s capital budget.

The 2003 Legislature enacted Chapter 76 SLA 2003, subsequently amended by Chapter 120 SLA 2004, Chapter 7 SLA 2006 and Chapter 35 SLA 2010 (as so amended, the “2003 Act”), which modified and incorporated provisions of the Transfer Plan. The Corporation views the 2003 Act as an indefinite, sustainable continuation of the Transfer Plan. The 2003 Act provides that the amount transferred by the Corporation to the State in fiscal years 2004, 2005, and 2006 shall not exceed \$103,000,000 (in each case, less debt service on certain State Capital Project Bonds and any legislative appropriation of the Corporation’s unrestricted, unencumbered funds other than appropriations for the Corporation’s operating budget).

The 2003 Act further provides that the amount transferred by the Corporation to the State in each fiscal year beginning with fiscal year 2007 shall not exceed:

- (i) the lesser of (A) \$103,000,000 and (B) the respective percentage of adjusted change in net assets for the fiscal year two years prior thereto (the “base fiscal year”) for such fiscal year set forth in the table below, less

- (ii) debt service on certain State Capital Project Bonds, less
- (iii) any legislative appropriation of the Corporation's unrestricted, unencumbered funds other than appropriations for the Corporation's operating budget.

<u>Fiscal Year</u>	<u>Percentage of Adjusted Change in Net Assets</u>
2007	95%
2008	85%
2009 and thereafter	75%

Under the 2003 Act, "adjusted change in net assets" means the change in net assets for a base fiscal year as reflected in the Corporation's financial statements, adjusted for capital expenditures incurred during such year and, effective June 20, 2010, temporary market value adjustments to assets and liabilities made during such year.

Dividend to the State of Alaska

Following are the details of the Corporation's dividend to the State as of June 30, 2025 (in thousands).

	<u>Dividend Due to State</u>	<u>Expenditures</u>	<u>Remaining Commitments</u>
State General Fund Transfers	\$ 799,514	\$ (788,948)	\$ 10,566
State Capital Projects Debt Service	517,697	(514,512)	3,185
State of Alaska Capital Projects	294,915	(270,614)	24,301
Corporation Capital Projects	<u>671,832</u>	<u>(579,776)</u>	<u>92,056</u>
Total	<u>\$2,283,958</u>	<u>\$(2,153,850)</u>	<u>\$130,108</u>

Corporation Budget Legislation

The Corporation's fiscal year 2027 operating budget is expected to be enacted by the Legislature during the 2026 legislative session. Consistent with the Transfer Plan, the fiscal year 2027 capital budget estimates that \$54.3 million will be available from the adjusted change in net position for payment of debt service, appropriation for capital projects and transfers to the State General Fund.

There can be no assurance that the Legislature or the Governor of the State will not seek and/or enact larger dividends or other transfers of Corporation assets by legislative enactment or other means in the future; however, the Transfer Plan, as amended, has been honored to date by all parties thereto.

Litigation

There are no threatened or pending cases in which the Corporation is or may be a defendant which the Corporation feels have merit and which it feels could give rise to materially negative economic consequences.

Continuity of Operations

Certain external events, including but not limited to pandemics, natural disasters, technological emergencies, and acts of war or terrorism, could potentially disrupt the Corporation's ability to conduct

business operations or have an adverse effect on its financial condition. To minimize the impact of such events, the Corporation developed a Business Continuity Plan that provides for continued execution of mission-critical functions during emergencies and facilitates a return to normal operating conditions as soon as practical. No assurances can be given that the Business Continuity Plan will fully mitigate the effects of an emergency event on business operations.

Cybersecurity

The Corporation operates in a complex technology environment that includes the exchange of personal, private, and sensitive information. Accordingly, it faces multiple threats to its cybersecurity, including, but not limited to, hacking, viruses, and malware attacks against its digital networks and systems. The Corporation maintains an Information Security Plan that includes regular testing of its digital systems and periodic reporting of such results to senior management. Additionally, the Corporation mandates recurring information security and privacy awareness training for all staff and conducts phishing campaigns and penetration tests of its cybersecurity systems and infrastructure. No assurances can be given that such security and operational control measures will be successful in fully mitigating cyber threats and attacks, and such events could negatively impact business operations, compromise digital networks and systems, and damage the Corporation's reputation, financial performance, and customer or vendor relationships. Such events could also result in litigation or regulatory investigations or actions, including regulatory actions by state and federal governmental authorities. The costs of remedying any such damage could be substantial and could adversely affect the Corporation's ability to conduct operations in the future.

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

Certain covenants and security provisions of the Indenture are summarized below. Reference should be made to the Indenture for a full and complete statement of their provisions.

Certain Definitions (Section 101)

“Bond Counsel’s Opinion” means an opinion signed by an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal, state and public agency financing, selected by the Corporation.

“Code” means the Internal Revenue Code of 1986, as amended, and United States Treasury regulations promulgated thereunder or applicable thereto.

“Credit Enhancement” means any source of payment of principal or interest with respect to Bonds (including principal and interest payable upon a tendering of the Bonds in accordance with their terms) other than assets and revenues under the Indenture and includes, by example and not limitation, letters of credit, bond insurance, liquidity facilities, surety bonds, and stand-by bond purchase agreements.

“Credit Enhancer” means any entity or entities which provide Credit Enhancement.

“DTC” means The Depository Trust Company, New York, New York.

“Government Obligations” means:

(1) direct obligations of, or obligations guaranteed as to full and timely payment of interest and principal by, the United States of America or any agency or instrumentality of the United States of America the obligations of which are backed by the full faith and credit of the United States of America; or

(2) instruments evidencing direct ownership interests in direct obligations, or specified portions (such as principal or interest) of such obligations, of the United States of America which obligations are held by a custodian in safe keeping on behalf of the holders of such receipts.

“Investment Securities” means any investments selected by the Corporation, if and to the extent the same are at the time legal investments by the Corporation of the funds to be invested therein and in compliance with the Corporation’s then current investment policies.

“Outstanding,” when used with reference to Bonds, means, as of any date, all Bonds theretofore or thereupon being authenticated and delivered under the Indenture except:

(1) any Bond canceled by the Trustee or delivered to the Trustee for cancellation at or prior to such date;

(2) any Bond in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to the Indenture; and

(3) any Bond that has been paid or is deemed to have been paid as described under “Summary of Certain Provisions of the Indenture — Defeasance.”

“Rating Agency” means any national securities rating service requested by the Corporation to rate the Bonds and which, at the time of consideration, provides a published rating for the Bonds.

“Rating Quality” means, with respect to any Series of Bonds, having terms, conditions and/or a credit quality such that the item stated to be of “Rating Quality” will not, as confirmed in writing received by the Trustee from each of the Rating Agencies, impair the ability of the Corporation to obtain the ratings initially from the Rating Agencies anticipated to be received with respect to such Bonds as described in the Supplemental Indenture authorizing such Bonds and, if the Bonds have been rated, will not cause any such Rating Agency to lower or withdraw the rating it has assigned to the Bonds.

“Rebate Amount” means that amount with respect to the Bonds determined by the Corporation to be required to be rebated to the United States government pursuant to the Code.

“Redemption Price” means, with respect to any Bonds that have been designated for redemption, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof.

“Revenues” means, in addition to amounts so identified in the Indenture, such amounts derived from such sources as the Corporation may identify in a Supplemental Indenture authorizing the issuance of a Series of Bonds.

Pledge Effected by Indenture; Indenture to Constitute a Contract (Section 201)

All amounts in the Program Account and the Revenue Account are pledged under the Indenture to secure the payment of the principal of and interest on the Bonds, subject only to the provisions of the Indenture permitting the application thereof for other purposes; provided, however, that the Corporation may direct the Trustee to establish subaccounts for any such accounts to secure all or any portion of a Series or Subseries of Bonds, and, upon the creation of such subaccount, any amounts deposited or held therein may be pledged to secure the payment of principal of and interest on only those Bonds for which such subaccount was created.

In consideration of the purchase and acceptance of the Bonds by those who shall hold the same from time to time, the provisions of the Indenture shall be a part of the contract of the Corporation with the holders of Bonds and shall be deemed to be and shall constitute a contract between the Corporation, the Trustee and the holders from time to time of the Bonds. The pledges and assignments made by the Indenture and the provisions, covenants and agreements set forth in the Indenture to be performed by or on behalf of the Corporation shall be for the equal benefit, protection and security of the holders of any and all of such Bonds, each of which, regardless of the time or times of its issue or maturity, shall be of equal rank without preference, priority or distinction over any other thereof except as expressly provided in the Indenture (and, in particular, except that one or more Series of Bonds may be issued with Credit Enhancement which, as permitted by the Indenture, may be pledged to such Series of Bonds and, at the Corporation's sole discretion, may not benefit any other Series of Bonds).

Issuance and Delivery of Bonds (Section 203)

The Corporation may from time to time issue additional Series of Bonds under the Indenture with such provisions of the Indenture applicable as it determines in an unlimited aggregate principal amount to provide additional funds for any purpose of the Corporation.

Before the Trustee may authenticate an additional Series of Bonds, there must be delivered to the Trustee, among other things, evidence from each Rating Agency that the issuance of such additional Series of Bonds will not, in and of itself, result in the ratings then in effect on any Bonds then Outstanding being reduced or withdrawn.

Investment of Certain Funds (Section 403)

The Corporation shall direct the Trustee to invest amounts in the Accounts in Investment Securities; in the absence of direction from the Corporation, the Trustee shall, to the maximum extent practicable, keep amounts in the Accounts invested in money market funds, secured by obligations with maturities of one year or less, the payment of principal and interest on which is guaranteed by the full faith and credit of the United States of America. Notwithstanding the foregoing, the Corporation shall not direct the investment of, and the Trustee shall hold uninvested, moneys held for the payment of Bonds that may be tendered for purchase, and that have been tendered for purchase, pursuant to the terms of the supplemental indenture authorizing the issuance of such Bonds.

Investment Securities purchased as an investment of moneys in any Account held by the Trustee under the provisions of the Indenture shall be deemed at all times to be a part of such

Account, but the income or interest earned (other than accrued interest at the time of purchase of the Investment Securities) and gains realized in excess of losses suffered by an Account due to the investment thereof shall be deposited in the Revenue Account or shall be credited as Revenues to the Revenue Account from time to time and reinvested in accordance with the provisions described in the immediately preceding paragraph.

The Trustee may commingle any of the Accounts established pursuant to the Indenture or any supplemental indenture into a separate fund or funds for investment purposes only; provided, however, that all Accounts held by the Trustee under the Indenture shall be accounted for separately notwithstanding such commingling. In addition, for investment purposes only, the Trustee may, at its sole discretion, commingle any of the Accounts established under any other indenture, resolution, or agreement of the Corporation with the Trustee, to the extent permitted therein.

Valuation and Sale of Investments (Section 404)

Except as provided in the Indenture, in computing the amount in any Account, obligations purchased as an investment of moneys therein shall be valued at amortized value. Amortized value means par, if the obligation was purchased at par, or, when used with respect to an obligation purchased at a premium above or a discount below par, means the value as of any given time obtained by dividing the total premium or discount at which such obligation was purchased by the number of interest payments remaining on such obligation after such purchase and deducting the amount thus calculated for each Interest Payment Date after such purchase from the purchase price in the case of an obligation purchased at a premium or adding the amount thus calculated for each Interest Payment Date after such purchase to the purchase price in the case of an obligation purchased at a discount.

Establishment of Accounts (Section 501)

The Indenture establishes and creates the following Accounts and Subaccounts:

- (1) Program Account and, within the Program Account, Program Subaccounts;
- (2) Revenue Account; and
- (3) Rebate Account.

The Corporation may establish with the Trustee additional accounts and subaccounts in a supplemental indenture for the purpose of creating additional security for a Series of Bonds and may provide in such supplemental indenture that such account is only for the security of such Series of Bonds and not to secure any other bonds of the Corporation, including any other Bonds issued under the Indenture.

Program Account (Section 502)

The Program Account consists of, and there may be created and established, one or more Program Subaccounts for each Series of Bonds as required by the supplemental indenture authorizing such Series.

Revenue Account (Section 503)

The Corporation shall pay or cause to be paid to the Trustee, at least two Business Days prior to the due date thereof, assets and revenues of the Corporation as may be available (subject to agreements made with holders of other obligations of the Corporation pledging particular assets and revenues and the exclusion by the Act of a pledge of funds in the Housing Development Fund) as needed to make all payments of principal, interest and premium with respect to the Bonds and any other payments required by the Indenture or by any supplemental indenture authorizing the issuance of a Series of Bonds. The Trustee shall deposit such amounts in the Revenue Account or, if required under the terms of a supplemental indenture authorizing the issuance of a Series of Bonds, in such subaccount thereof as may be created by such supplemental indenture for such Series of Bonds. There shall also be deposited in the Revenue Account, or subaccount thereof if applicable, any other amounts required to be deposited therein pursuant to the Indenture or a supplemental indenture.

The Revenue Account may consist of, and there may be created and established, one or more Revenue Subaccounts for each Series of Bonds (and subaccounts of such Revenue Subaccounts for any subseries of such Series) as required by the supplemental indenture authorizing such Series. Amounts deposited in a Revenue Subaccount may be used only for the purposes stated in the supplemental indenture creating such Revenue Subaccount.

The Trustee shall pay out of the Revenue Account:

(i) on each Interest Payment Date, the amounts required for the payment of principal due, if any, and interest due on the Bonds on such date; and

(ii) on any Redemption Date or date of purchase, the amounts required for the payment of accrued interest on the Bonds and for the payment of principal and Sinking Fund Payments to become due on the Bonds to be redeemed or purchased on such date, unless the payment of such accrued interest is otherwise provided for, and in each such case, such amounts will be applied by the Trustee to such payments or to reimburse any Credit Enhancer for any such payment made with any such Credit Enhancer's Credit Enhancement. The Trustee shall deliver written notice to the Corporation (which may be by facsimile transmission or otherwise) on the day before any payment required by the preceding sentence if on such date there are not sufficient funds in the Revenue Account to make such required payment, which notice shall include a statement of the amount of such deficiency.

As soon as practicable after the 45th day preceding the due date of any Sinking Fund Payment, the Trustee shall proceed to call for redemption on such due date, Bonds of the Series and maturity for which such Sinking Fund Payment was established in such amount as shall be necessary to complete the retirement of a principal amount of such Bonds of such maturity equal to the unsatisfied balance of such Sinking Fund Payment. The Trustee shall so call such Bonds for redemption whether or not it then has moneys in the Revenue Account sufficient to pay the applicable Redemption Price thereof on the Redemption Date. The Trustee shall pay out of the Revenue Account on the Redemption Date the amount required for the redemption of the Bonds so called for redemption, and such amount shall be applied by the Trustee to such redemption.

Upon written instruction from the Corporation at any time, the Trustee shall apply amounts in the Revenue Account to the purchase of Outstanding Bonds in lieu of any redemption of such Bonds pursuant to the supplemental indenture applicable to such Bonds, and upon such purchase such Bonds shall be canceled. The Corporation shall notify the Trustee three Business Days before any date that the Corporation intends to instruct the Trustee to purchase Bonds, and, on the date of any such purchase, the Trustee shall notify the Credit Enhancer, if any, that has provided Credit Enhancement applicable to such Bonds. Any purchases shall be settled on such dates as the Corporation and the Trustee mutually agree will permit the Trustee to proceed with the payment of interest on any Bonds remaining Outstanding after such purchase on the applicable Interest Payment Date or with the redemption of any Bonds remaining Outstanding after such purchase on the applicable redemption date. The price paid by the Trustee for any Bond (excluding accrued interest on such Bonds, but including any brokerage and other charges) purchased pursuant to this paragraph shall not exceed the Redemption Price thereof. The Trustee will also pay from the Revenue Account accrued interest on any such Bond. Subject to the above limitations, the Trustee shall, at the written direction of the Corporation, purchase Bonds at such times, for such prices, in such amounts, and in such manner (whether after advertisement for tenders or otherwise) as the Corporation may determine and as may be possible with the amount of money available in the Revenue Account.

On the day following the payment of principal or interest with respect to the Bonds, the Trustee shall make transfers and payments from amounts remaining in the Revenue Account in the manner directed in writing by the Corporation or as provided in a supplemental indenture authorizing the issuance of a Series of Bonds.

Rebate Account (Section 504)

The Rebate Account is not pledged to secure the payment of principal or Redemption Price, if any, of or any interest on the Bonds.

The Corporation shall determine the Rebate Amount in accordance with the Code. If the Corporation determines that a Rebate Amount is required to be paid, the Corporation shall deposit such amount in the Rebate Account with written instructions to the Trustee to pay such amount to the federal government. The Trustee shall make such payment in accordance with such written instructions.

If the amount in the Rebate Account exceeds the Rebate Amount, the Corporation may direct the Trustee in writing to withdraw such excess amount and deliver it to the Corporation, and, upon receipt of such written direction, the Trustee shall so withdraw and deliver such excess amounts free and clear of the lien of the Indenture.

Payment of Redeemed Bonds (Section 606)

Notice having been given by mailing in the manner provided in the Indenture, the Bonds or portion thereof so called for redemption will become due and payable on the Redemption Date so designated at the Redemption Price, plus interest accrued and unpaid to the Redemption Date. If there shall be drawn for redemption less than the entire principal amount of a Bond, the Corporation shall execute and the Trustee shall authenticate and deliver, upon the surrender of

such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Bond so surrendered Bonds of like Series, interest rate and maturity in any of the Authorized Denominations. If, on the Redemption Date, moneys for the redemption of all the Bonds or portions thereof of any like Series and maturity to be redeemed, together with interest to the Redemption Date, are held by the Trustee so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the Redemption Date interest on the Bonds or portions thereof of such Series and maturities so called for redemption shall cease to accrue and become payable. If said moneys are not so available on the Redemption Date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

Payment of Bonds (Section 701)

The Corporation shall duly and punctually pay or cause to be paid the principal or Redemption Price, if any, of and the interest on every Bond at the dates and places and in the manner stated in the Bonds and in the Indenture according to the true intent and meaning thereof and will duly and punctually pay or cause to be paid all Sinking Fund Payments, if any, becoming payable with respect to any of the Bonds.

Power to Issue Bonds and Pledge Revenues and Other Property (Section 704)

The Corporation is duly authorized by law to authorize and issue the Bonds and to enter into, execute and deliver the Indenture and to pledge the assets and revenues purported to be pledged by the Indenture in the manner and to the extent provided in the Indenture. Except as provided in the Indenture and in the supplemental indentures authorizing the issuance of any Series of Bonds, the assets and revenues so pledged are and will be free and clear of any pledge, lien, charge or encumbrance thereon, or with respect thereto prior to, or of equal rank with, the pledge created by the Indenture, and all corporate or other action on the part of the Corporation to that end has been or will be duly and validly taken. The Bonds and the provisions of the Indenture are and will be the valid and legally enforceable obligations of the Corporation in accordance with their terms and the terms of the Indenture. The Corporation directs that the Trustee shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the revenues and other assets, including rights therein pledged under the Indenture and in the supplemental indentures and all the rights of the Bondholders under the Indenture against all claims and demands of all persons whomsoever, and the Corporation shall cooperate in all such matters.

Tax Covenants (Section 706)

With respect to Bonds, the interest on which was, at the time of initial issuance of the Bonds, intended to be excluded from gross income for federal income tax purposes, the Corporation shall not knowingly take or cause any action to be taken which will adversely affect such exclusion. The Corporation shall at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid on such Bonds will, for the purposes of federal income taxation, be excludable from the gross income of the recipients thereof and exempt from such taxation pursuant to the provisions of Section 103 of the Code, and the Regulations promulgated thereunder.

The Corporation shall not knowingly permit at any time or times any of the proceeds of such Bonds described in the immediately preceding paragraph or any other funds of the Corporation to be used directly or indirectly to acquire any securities or obligations, the acquisition of which would cause any such Bond to be an “arbitrage bond” as defined in Section 148 of the Code.

Accounts and Reports (Section 707)

The Corporation shall keep, or cause to be kept, proper books and reports in which complete and accurate entries will be made of all transactions relating to any programs for which Bonds are issued and all Accounts established by the Indenture, which books and reports and accountings shall at all reasonable times be subject to inspection by the Trustee, each Credit Enhancer and the holders of an aggregate of not less than 5% in principal amount of Bonds then Outstanding or their representatives duly authorized in writing.

The Trustee shall advise the Corporation, in writing, on or before the 20th day of each calendar month, of the details of all deposits and Investment Securities held for the credit of each Fund and Account in its custody under the provisions of the Indenture as of the end of the preceding month. The Trustee shall also maintain, at the expense of the Corporation, an electronic access system which the Corporation may use to access the balances and respective investment holdings of each fund or account on a daily basis.

Supplemental Indentures (Sections 801, 802 and 803)

For any one or more of the following purposes and at any time or from time to time, a supplemental indenture may be entered into by and between the Corporation and the Trustee: (a) to provide for the issuance of a Series of Bonds and to fix or modify the terms of the Indenture with respect to a Series of Bonds or the creation of a Subseries of Bonds; (b) to add to the covenants and agreements of the Corporation in the Indenture other covenants and agreements to be observed by the Corporation which are not contrary to or inconsistent with the Indenture as theretofore in effect; (c) to add to the limitations and restrictions in the Indenture other limitations and restrictions to be observed by the Corporation which are not contrary to or inconsistent with the Indenture as theretofore in effect; (d) to surrender any right, power or privilege reserved to or conferred upon the Corporation by the terms of the Indenture, but only if the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Corporation contained in the Indenture; (e) to confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Indenture of any revenues or assets; (f) to modify the Indenture in any respect if:

(i) (A) such modification shall be, and be expressed to be, effective only with respect to Bonds issued after the date of the adoption of such supplemental indenture and (B) such supplemental indenture shall be specifically referred to in the text of all Bonds authenticated and delivered after the date of the adoption of such supplemental indenture and of Bonds issued in exchange therefor or in place thereof, or

(ii) such change affects only Bonds which are subject to mandatory tender for purchase and such change is effective as of a date for such mandatory tender; or

(g) to provide for such terms as may be necessary to obtain or maintain the ratings on the Bonds or to provide for Credit Enhancement or other additional security for any Bonds.

At any time or from time to time a supplemental indenture may be entered into, which, upon a finding recited therein by the Corporation and the Trustee (which will be based on reliance on a Bond Counsel's Opinion) that there is no material adverse effect on the Bondholders, shall be fully effective in accordance with its terms:

(a) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Indenture;

(b) to insert such provisions clarifying matters or questions arising under the Indenture as are necessary or desirable and are not contrary to or inconsistent with the Indenture as theretofore in effect;

(c) to provide additional duties of the Trustee; or

(d) to make any other changes not materially adverse to the interests of the Bondholders.

At any time or from time to time, a supplemental indenture may be entered into subject to consent by Bondholders in accordance with and subject to the provisions of the Indenture, which supplemental indenture, upon compliance with the provisions of the Indenture, shall become fully effective in accordance with its terms as provided in the Indenture.

Amendment (Sections 902 and 903)

Any modification of or amendment to the Indenture and of the rights and obligations of the Corporation and of the holders of the Bonds may be made by a supplemental indenture with the written consent given as provided in the Indenture of the holders of at least 60% in principal amount of the Bonds Outstanding at the time such consent is given and in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the holders of at least 60% in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given. If any such modification or amendment will not take effect so long as any Bonds of any specified maturity remain Outstanding, however, the consent of the holders of such Bonds shall not be required and any such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this paragraph. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount of the Redemption Price thereof or in the rate of interest thereon without the consent of the holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds, the consent of the holders of which is required to effect any such modification or amendment, or shall change or modify its written assent thereto. For the purposes of this paragraph, a Series shall be deemed to be affected by a modification or amendment of the Indenture if the same adversely affects or diminishes the rights of the holders of Bonds of such Series. The Trustee may in its sole discretion determine whether or not in accordance with the foregoing powers of amendment Bonds of any particular Series or maturity

would be affected by any modification or amendment of the Indenture and any such determination shall be binding and conclusive on the Corporation and all holders of Bonds.

Such supplemental indenture shall not be effective unless and until (a) there shall have been filed with the Trustee (i) the written consents of holders of the percentages of Outstanding Bonds specified in the immediately preceding paragraph and (ii) a Bond Counsel's Opinion stating that such supplemental indenture has been duly and lawfully entered into by the Corporation and the Trustee in accordance with the provisions of the Indenture, is authorized or permitted thereby and is valid and binding upon the Corporation and enforceable in accordance with its terms and (b) notice shall have been mailed to Bondholders as provided in the Indenture.

Modifications by Unanimous Consent (Section 904)

The terms and provisions of the Indenture and the rights and obligations of the Corporation and of the holders of the Bonds may be modified or amended in any respect upon the entering into and filing by the Corporation of a supplemental indenture and the consent of the holders of all the Bonds then Outstanding, such consent to be given as provided in the Indenture, except that no notice of any such modification or amendment to Bondholders is required; but no such modification or amendment may change or modify any of the rights or obligations of the Trustee without the filing with the Trustee of the written assent thereto of the Trustee in addition to the consent of the Bondholders.

Events of Default (Section 1001)

Each of the following is declared an "Event of Default": (a) the Corporation defaults in the payment of the principal of or Redemption Price, if any, on any Bond when and as the same shall become due, whether at maturity or upon call for redemption or otherwise; (b) payment of any installment of interest on any of the Bonds is not made when and as the same becomes due; (c) the Corporation fails or refuses to comply with any of the provisions of the Indenture, or defaults in the performance or observance of any of the covenants, agreements or conditions on its part contained in the Indenture or in any supplemental indenture or in the Bonds, and such failure, refusal or default continues for a period of 45 days after written notice thereof given to the Corporation by the Trustee or the holders of not less than 25% in principal amount of the Outstanding Bonds; or (d) any event designated an Event of Default by a supplemental indenture has occurred and remains uncured.

Remedies (Section 1002)

Upon the happening and continuance of an Event of Default described in clauses (a) or (b) under "Summary of Certain Provisions of the Indenture — Events of Default," the Trustee shall proceed to protect and enforce its rights and the rights of the Bondholders by such of the remedies described herein as the Trustee, being advised by counsel, deems most effectual to protect and enforce such rights. Upon the happening and continuance of any Event of Default described in clauses (c) or (d) under "Summary of Certain Provisions of the Indenture — Events of Default," the Trustee may proceed to enforce such rights and, upon the written request of the holders of not less than 25% in principal amount of the Outstanding Bonds, shall proceed to enforce such rights in its own name, subject to the provisions of the Indenture. The remedies

available to the Trustee under the Indenture are: (a) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the Bondholders or the Trustee, including the right to require the Corporation to receive and collect the revenues and assets adequate to carry out the covenants and agreements as to, and the pledge of, such revenues and assets and to require the Corporation to carry out any other covenants or agreements with Bondholders and to perform its duties under the Act; (b) by bringing suit upon the Bonds; (c) by action or suit in equity, to require the Corporation to account as if it were the trustee of an express trust for the holders of the Bonds; (d) by action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the holders of the Bonds; or (e) by declaring all Bonds due and payable, and if all defaults are cured, then, with the written consent of the holders of not less than 25% in principal amount of the Outstanding Bonds, by annulling such declaration and its consequences; provided, however, that no such declaration with respect to Bonds secured by Credit Enhancement may be annulled, regardless of any consent of Bondholders, unless and until the Credit Enhancer has verified to the Trustee in writing that the Credit Enhancement is in effect with respect to such Bonds to the same extent that it would have been in effect had the declaration not been made.

In the enforcement of any rights and remedies under the Indenture, the Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any default becoming due, and at any time remaining due and unpaid for principal, Redemption Price, interest or otherwise, under any provisions of the Indenture or a supplemental indenture or of the Bonds, with interest on overdue payments at the rate of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings thereunder and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce a judgment or decree for any portion of such amounts remaining unpaid, with interest, costs and expenses (including without limitation pre-trial, trial and appellate attorney fees), and to collect from any assets pledged under the Indenture, in any manner provided by law, the moneys adjudged or decreed to be payable.

Upon the occurrence of any Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Bondholders under the Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the revenues and of the assets pledged under the Indenture, pending such proceedings, with such powers as the court making such appointment shall confer.

A supplemental indenture may contain provisions granting to any Credit Enhancer the power to control the enforcement of remedies described under this heading “Summary of Certain Provisions of the Indenture — Remedies” with respect to the Series of Bonds to which the Credit Enhancement provided by the Credit Enhancer applies.

Priority of Payments after Default (Section 1003)

In the event that upon the happening and continuance of any Event of Default the funds held by the Trustee shall be insufficient for the payment of principal or Redemption Price, if any, and interest then due on the Bonds, such funds (other than funds held for the payment or redemption of particular Bonds which have theretofore become due at maturity or by call for redemption) and any other amounts received or collected by the Trustee acting pursuant to the

Act and the Indenture, after making provision for the payment of any expenses necessary in the opinion of the Trustee to protect the interest of the holders of the Bonds and for the payment of the charges and expenses and liabilities incurred and advances made by the Trustee, including those of its attorneys, in the performance of its duties under the Indenture shall be applied as follows:

(i) Unless the principal of all of the Bonds shall have become or have been declared due and payable:

First, to the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available is not sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installments, to the persons entitled thereto, without any discrimination or preference; and

Second, to the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amounts available shall not be sufficient to pay in full all of the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price, if any, due on such date, to the persons entitled thereto, without any discrimination or preference.

(ii) If the principal of all of the Bonds shall have become or shall have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds.

Whenever moneys are to be applied by the Trustee pursuant to the above-described provisions, such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, and the Trustee shall incur no liability whatsoever to the Corporation, to any Bondholder or to any other person for any delay in applying any such moneys, so long as the Trustee acts with reasonable diligence, having due regard for the circumstances, and ultimately applies the same in accordance with such provisions of the Indenture as may be applicable at the time of application by the Trustee.

Bondholders' Direction of Proceedings (Section 1005)

Anything in the Indenture to the contrary notwithstanding, the holders of the majority in principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings to be taken by the Trustee under the Indenture, provided that such direction shall not be otherwise than in accordance with law or the provisions of the Indenture, and that the Trustee shall have the right to decline to follow any such direction which

in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

Limitation on Rights of Bondholders (Section 1006)

No holder of any Bond will have any right to institute any suit, action, mandamus or other proceeding in equity or at law under the Indenture, or for the protection or enforcement of any right under the Indenture unless such holder has given to the Trustee written notice of the Event of Default or breach of duty on account of which such suit, action or proceeding is to be taken, and unless the holders of not less than 25% in principal amount of the Bonds then Outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have occurred, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted by the Indenture or granted under the law or to institute such action, suit or proceeding in its name and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time; and such notification, request and offer of indemnity are declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers under the Indenture or for any other remedy under the Indenture or by law. It is understood and intended that no one or more holders of the Bonds shall have any right in any manner whatsoever by his or their action to affect, disturb or prejudice the security of the Indenture, or to enforce any right under the Indenture or under law with respect to the Bonds or the Indenture, except in the manner provided in the Indenture, and that all proceedings at law or in equity will be instituted, and maintained in the manner provided in the Indenture and for the benefit of all holders of the Outstanding Bonds. Nothing contained in the Indenture shall affect or impair the right of any Bondholder to enforce the payment of the principal of and interest on, or Redemption Price, if any, of his or her Bonds, or the obligation of the Corporation to pay the principal of and interest on, or Redemption Price, if any, of each Bond issued under the Indenture to the holder thereof at the time and place specified in said Bond.

Notwithstanding anything to the contrary contained in the Indenture, each holder of any Bond by his acceptance thereof shall be deemed to have agreed that any court in its discretion may require, in any suit for the enforcement of any right or remedy under the Indenture or any supplemental indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of any undertaking to pay the reasonable costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in any such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions described in this paragraph shall not apply to any suit instituted by the Trustee, to any suit instituted by any Bondholder, or group of Bondholders, holding at least 25% in principal amount of the Bonds Outstanding, or to any suit instituted by any Bondholder for the enforcement of the payment of the principal of or interest on any Bond on or after the respective due date thereof expressed in such Bond.

Trustee (Article XI)

Except during the existence of an Event of Default, the Corporation shall remove the Trustee, on thirty (30) days' notice, if requested by an instrument or concurrent instruments in writing, filed with the Trustee and the Corporation and signed by the holders of a majority in principal amount of the Bonds then Outstanding or their attorney-in-fact duly authorized, excluding any Bonds held by or for the account of the Corporation. Except during the existence of an Event of Default, the Corporation may remove the Trustee at any time for any such cause as determined in the sole discretion of the Corporation. Any successor to the Trustee must be a trust company or a bank having the powers of a trust company and having a capital, surplus and undivided profits aggregating at least \$25 million. The Corporation is required to pay to the Trustee from time to time, reasonable compensation for all services rendered under the Indenture and also all reasonable expenses, charges, counsel fees and other disbursements, including those of their attorneys, agents and employees, incurred in the performance of their powers and duties under the Indenture.

Defeasance (Section 1201)

If the Corporation shall pay or cause to be paid to the holders of the Bonds the principal and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in the Indenture, then the pledge of any revenues and other moneys, securities, funds and property pledged by the Indenture and all other rights granted by the Indenture with respect to such Bonds shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the Corporation, execute and deliver to the Corporation all such instruments as may be desirable to evidence such discharge and satisfaction and the Trustee shall pay over or deliver to the Corporation all moneys or securities held by the Trustee pursuant to the Indenture which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption. If the Corporation shall pay or cause to be paid, or there shall otherwise be paid, to the holders of all Outstanding Bonds of a particular Series the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Indenture, such Bonds shall cease to be entitled to any lien, benefit or security under the Indenture and all covenants, agreements and obligations of the Corporation to the holders of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds shall, prior to the maturity or Redemption Date thereof, be deemed to have been paid with the effect expressed in the immediately preceding paragraph if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Corporation shall have given to the Trustee in form satisfactory to it irrevocable instructions to provide notice of redemption on said date of such Bonds, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Government Obligations the principal of and the interest on which when due will provide moneys in an amount which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, in the opinion of an Accountant, to pay when due the principal or Redemption Price, if any, of and interest due and to become due on said Bonds on and prior to the Redemption Date or maturity date thereof as the case may be, and (iii) in the event said Bonds do not mature and are not by their terms subject to redemption within the next succeeding 60 days, the Corporation shall have given the Trustee in form

satisfactory to it irrevocable instructions to mail, as soon as practicable, a notice to the holders of such Bonds that the deposit required by (ii) above of this paragraph has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the Indenture and stating such maturity or Redemption Date upon which moneys are to be available for the payment of the principal or Redemption Price, if any, on said Bonds. Neither Government Obligations nor moneys deposited with the Trustee nor principal or interest payments on any such Government Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if any, of and interest on said Bonds; but any cash received from such principal or interest payments on such Government Obligations deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Government Obligations maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if any, and interest to become due on said Bonds on and prior to such Redemption Date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Corporation, as received by the Trustee, free and clear of any trust, lien or pledge. There shall also be delivered to the Trustee in connection with the deposit of moneys or Government Obligations a Bond Counsel's Opinion that, with respect to Bonds the interest on which was intended at the time of their initial issuance to be excluded from gross income for federal income tax purposes, the deposit of moneys does not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes and such deposit has been made in compliance with the Indenture.

Anything in the Indenture to the contrary notwithstanding, any moneys held by the Trustee in trust for the payment and discharge of any of the Bonds which remain unclaimed for two years after the date when all of the Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee at such date, or for two years after the date of deposit of such moneys if deposited with the Trustee after the said date when all of the Bonds became due and payable, shall, at the written request of the Corporation, be repaid by the Trustee to the Corporation, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Bond Counsel, to be delivered on the date of issuance of the Offered Bonds, assuming compliance with certain covenants which are designed to meet the requirements of the Code, under existing laws, regulations, rulings and judicial decisions, interest on the Offered Bonds (including any original issue discount properly allocable to the owner of an Offered Bond) (i) is *excludable* from gross income for federal income tax purposes and (ii) is *not* a specific preference item for purposes of the alternative minimum tax imposed on individuals. Interest on the Offered Bonds may affect the federal alternative minimum tax imposed on certain corporations.

In the opinion of Bond Counsel, interest on the Offered Bonds is free from taxation by the State under existing law (*except* that no opinion is expressed as to such exemption from State estate and inheritance taxes and taxes of transfers by or in anticipation of death).

Compliance

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Offered Bonds, including compliance with restrictions on the yield of investments and periodic rebate payments to the federal government. The Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986 of the Corporation, which will be delivered concurrently with the delivery of the Offered Bonds, will contain provisions and procedures relating to compliance with such requirements of the Code. The Corporation also has covenanted in the Indenture to do and perform all acts and things permitted by law and necessary or desirable to assure that interest paid on the Offered Bonds shall not be included in gross income for federal income tax purposes. Failure to comply with these covenants may result in interest on the Offered Bonds being included in gross income for federal income tax purposes from the date of issuance of the Offered Bonds. The opinion of Bond Counsel assumes the Corporation is in compliance with these covenants. Bond Counsel is not aware of any reason why the Corporation cannot or will not be in compliance with such covenants. *However*, Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Offered Bonds may affect the tax status of interest on the Offered Bonds.

Original Issue Discount

Offered Bonds sold at an initial public offering price that is less than the stated amount to be paid at maturity constitute "Discount Bonds." The difference between the initial public offering prices of any such Discount Bond and the stated amount to be paid at maturity constitutes original issue discount treated as interest which is excluded from gross income for federal income tax purposes to the same extent as interest on such Offered Bond.

The amount of original issue discount which is treated as having accrued with respect to such Discount Bond is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received upon disposition of such Discount Bond which are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days that are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount which would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, less the amount of any interest payable for such Discount Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount which would have been accrued for that semiannual compounding period for

federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Bond.

Original Issue Premium

Offered Bonds sold at an initial public offering price that is greater than the stated amount to be paid at maturity constitute "Premium Bonds." An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. An initial purchaser of a Premium Bond must amortize any premium over such Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). As premium is amortized, the purchaser's basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of Premium Bonds should consult with their tax advisors with respect to the determination and treatment of amortizable premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

Certain Additional Federal Tax Consequences

The foregoing is a brief discussion of certain federal and state income tax matters with respect to the Offered Bonds under existing statutes. It does not purport to deal with all aspects of federal or state taxation that may be relevant to a particular owner of Offered Bonds. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal, state and local tax consequences of owning and disposing of the Offered Bonds.

Although Bond Counsel will render an opinion that interest on the Offered Bonds will be *excludable* from gross income for federal income tax purposes, the accrual or receipt of interest on the Offered Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences. Purchasers of the Offered Bonds, particularly purchasers that are corporations (including S corporations, foreign corporations operating branches in the United States of America, and certain corporations subject to the alternative minimum tax imposed on corporations), property or casualty insurance companies, banks, thrifts or other financial institutions or recipients of Social Security or Railroad Retirement benefits, taxpayers otherwise entitled to claim the earned income credit and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations, are advised to consult their tax advisors as to the tax consequences of purchasing, holding or selling the Offered Bonds.

Backup Withholding

An owner of an Offered Bond may be subject to backup withholding at the applicable rate determined by statute with respect to interest paid with respect to the Offered Bonds if such owner fails to provide to any person required to collect such information pursuant to Section 6049 of the Code with such owner's taxpayer identification number, furnishes an incorrect taxpayer identification number, fails to report interest, dividends or other "reportable payments" (as defined in the Code) properly, or, under certain circumstances, fails to provide such persons with a certified statement, under penalty of perjury, that such owner is not subject to backup withholding.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the Offered Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Offered Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Offered Bonds or the market value thereof would be impacted thereby. Purchasers of the Offered Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Offered Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

PROSPECTIVE PURCHASERS OF THE OFFERED BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE OFFERED BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE OFFERED BONDS.

CONTINUING DISCLOSURE UNDER SEC RULE 15c2-12

In order to assist the Underwriters in complying with Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule"), the Corporation will execute and deliver a Continuing Disclosure Certificate with respect to the Offered Bonds. The Corporation will undertake to provide the Municipal Securities Rulemaking Board (the "MSRB"), on an annual basis on or before 180 days after the end of each fiscal year for the Corporation, commencing with the fiscal year ending June 30, 2026, the financial and operating data concerning the Corporation outlined in the Continuing Disclosure Certificate. In addition, the Corporation will undertake, for the benefit of the registered owners and beneficial owners of the Offered Bonds, to provide to the MSRB, the notices described in the Continuing Disclosure Certificate by the times set forth therein.

The sole and exclusive remedy for breach or default under the Continuing Disclosure Certificate is an action to compel specific performance of the undertakings of the Corporation, and no person, including a registered owner or beneficial owner of the Offered Bonds, may recover monetary damages thereunder under any circumstances. A breach or default under the Continuing Disclosure Certificate shall not constitute an Event of Default under the Indenture. In addition, if all or any part of the Rule ceases to be in effect for any reason, then the information required to be provided under the Continuing Disclosure Certificate, insofar as the provision of the Rule no longer in effect required the provision of such information, shall no longer be required to be provided.

The specific nature of the information to be provided is summarized in Appendix C — “Form of Continuing Disclosure Certificate.”

RATINGS OF THE OFFERED BONDS

S&P has assigned the Offered Bonds a rating of “AA+” and Moody’s has assigned the Offered Bonds a rating of “Aa1”. The Corporation has furnished to each rating agency certain information and materials with respect to the Offered Bonds. Generally, rating agencies base their ratings on such information and materials, and on investigations, studies and assumptions made by the rating agencies. The obligation of the Underwriters to purchase the Offered Bonds is conditioned on the assignment by S&P and Moody’s of the respective aforementioned ratings to the Offered Bonds. Each rating reflects only the view of the applicable rating agency at the time such rating was issued and an explanation of the significance of such rating may be obtained from the rating agency. There is no assurance that any such rating will continue for any given period of time or that any such ratings will not be revised downward or withdrawn entirely by the applicable rating agency if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of any such rating can be expected to have an adverse effect on the market price of the Offered Bonds.

FINANCIAL STATEMENTS

The unaudited financial statements of the Corporation as of and for the six months ended December 31, 2025, included in Appendix A to this Official Statement, appear without review or audit by an independent accountant.

The Corporation’s unaudited financial statements as of and for the nine months ended March 31, 2026 are not available for inclusion in this Preliminary Official Statement but are expected to be available prior to the delivery of the Official Statement and will be posted to the Corporation’s website when available.

The Corporation’s financial statements as of and for the year ended June 30, 2025, included in Appendix A to this Official Statement, have been audited by Eide Bailly LLP, independent auditors, as stated in their report appearing herein.

LITIGATION

There is no controversy or litigation of any material nature now pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Offered Bonds, or in any way

contesting or affecting the validity of the Offered Bonds or any proceedings of the Corporation taken with respect to the issuance or sale thereof, or the pledge or application of any moneys or security provided for the payment of the Offered Bonds or the existence or powers of the Corporation.

LEGAL MATTERS

All legal matters incident to the authorization, sale and delivery of the Offered Bonds and certain federal and state tax matters are subject to the approval of Kutak Rock LLP, Bond Counsel to the Corporation. Certain legal matters will be passed upon for the Underwriters by their counsel, Hawkins Delafield & Wood LLP.

STATE NOT LIABLE ON BONDS

The Bonds do not constitute a debt, liability or obligation of the State or of any political subdivision thereof or a pledge of the faith and credit of the State or of any political subdivision thereof, but are payable solely from the revenue or assets of the Corporation.

LEGALITY FOR INVESTMENT

Subject to any applicable federal requirements or limitations, the Offered Bonds are eligible for investment by all public officers and public bodies of the State and its political subdivisions, and, to the extent controlled by State law, all insurance companies, trust companies, banking associations, investment companies, executors, administrators, trustees and other fiduciaries may properly and legally invest funds, including capital in their control or belonging to them, in the Offered Bonds.

UNDERWRITING

The Offered Bonds are being purchased by the Underwriters. The Underwriters have jointly and severally agreed to purchase the Offered Bonds at the price of \$_____ (equal to the principal amount of the Offered Bonds, plus original issue premium of \$_____, less underwriters' discount of \$_____). The Bond Purchase Agreement with respect to the Offered Bonds provides that the Underwriters will purchase all of such Bonds, if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in such Bond Purchase Agreement, the receipt of certain legal opinions, and certain other conditions. The initial public offering prices and yields of the Offered Bonds may be changed from time to time by the Underwriters. The Underwriters may offer and sell the Offered Bonds to certain dealers (including dealers depositing such Bonds into unit investment trusts, certain of which may be sponsored or managed by an Underwriter) and others at prices lower or yields higher than the public offering prices and yields of the Offered Bonds set forth on the inside cover page.

The following paragraph has been provided by the Underwriters:

Each of the Underwriters and its affiliates is a full-service financial institution engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and

brokerage activities. Each of the Underwriters and its affiliates may have, from time to time, performed and may in the future perform, various investment banking services for the Corporation, for which they may have received or will receive customary fees and expenses. In the ordinary course of their various business activities, each of the Underwriters and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Corporation. Each of the Underwriters and its affiliates may hold bonds that the Corporation is refunding through the issuance of the Offered Bonds and as a result may receive proceeds from such refunding.

The following paragraph has been provided by BofA Securities, Inc.:

BofA Securities, Inc., an underwriter of the Offered Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPF&S”). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Offered Bonds.

The following paragraph has been provided by RBC Capital Markets, LLC:

RBC Capital Markets, LLC (RBCCM), an underwriter of the Offered Bonds, has entered into a distribution arrangement with its affiliate RBC Securities, Inc. (RBC Securities) (formerly known as City National Securities, Inc.). As part of this arrangement, RBCCM may distribute municipal securities to investors through the financial advisor network of RBC Securities. As part of this arrangement, RBCCM may compensate RBC Securities for its selling efforts with respect to the Offered Bonds. RBCCM serves as remarketing agent on a separate Corporation issue. RBCCM is a subsidiary of the Royal Bank of Canada, which provides a revolving credit agreement for the Corporation.

The following paragraph has been provided by Wells Fargo Bank, National Association:

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Finance Group (“WFBNA”), an underwriter of the Offered Bonds, has entered into an agreement (the “WFA Distribution Agreement”) with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name “Wells Fargo Advisors”) (“WFA”), for the distribution of certain municipal securities offerings, including the Offered Bonds. Pursuant to the WFA Distribution Agreement, WFBNA

will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Offered Bonds with WFA. WFBNA has also entered into an agreement (the “WFSLLC Distribution Agreement”) with its affiliate Wells Fargo Securities, LLC (“WFSLLC”), for the distribution of municipal securities offerings, including the Offered Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC’s expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

FINANCIAL ADVISOR

Masterson Advisors LLC is employed as Financial Advisor to the Corporation in connection with the issuance of the Offered Bonds. The Financial Advisor’s fee for services rendered with respect to the sale of the Offered Bonds is contingent upon the issuance and delivery of the Offered Bonds. Masterson Advisors LLC, in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Offered Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Financial Advisor to the Corporation has provided the following sentence for inclusion in this Official Statement.

The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the Corporation and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

FORWARD-LOOKING STATEMENTS

The following statements are made as contemplated by the provisions of the Private Securities Litigation Reform Act of 1995: If and when included in this Official Statement, the words “expects,” “forecasts,” “projects,” “intends,” “anticipates,” “estimates,” “assumes” and analogous expressions are intended to identify forward-looking statements and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those that have been projected. Such risks and uncertainties include, among others, general economic and business conditions relating to the Corporation and the housing industry in general, changes in political, social and economic conditions, regulatory initiatives and compliance with governmental regulations, litigation and various other events, conditions and circumstances, many of which are beyond the control of the Corporation. These forward-looking statements speak only as of the date of this Official Statement. The Corporation disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the Corporation’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

ADDITIONAL INFORMATION

The summaries and references herein to the Act, the Offered Bonds, the Indenture and other documents and materials are brief outlines of certain provisions contained therein and do not purport to summarize or describe all the provisions thereof. For further information, reference is hereby made to the Act, the Indenture and such other documents and materials for the complete provisions thereof, copies of which will be furnished by the Corporation upon request. See “The Corporation — General” for the address and telephone number of the Corporation’s main office.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Corporation and the owner of any Offered Bonds.

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APPENDIX A

FINANCIAL STATEMENTS OF THE CORPORATION

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A Component Unit of the State of Alaska

**Quarterly Unaudited
Financial Statements**

December 31, 2025

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This publication of Alaska Housing Finance Corporation. For comments or questions:
Website: <https://www.ahfc.us/investors/financials-history> or
E-Mail: finance@ahfc.us

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ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF NET POSITION
COMBINED – ALL MAJOR PROGRAMS
As of December 31, 2025
(in thousands of dollars)

	Administrative Fund	Grant Programs	Mortgage and Bond Funds	Other Funds and Programs	Total Programs and Funds
Assets					
Current					
Cash	\$ 25,414	\$ 7,765	\$ 75	\$ 31,703	\$ 64,957
Investments	409,366	-	105,653	32	515,051
Lease receivable	-	-	2,935	61	2,996
Accrued interest receivable	1,979	-	14,536	144	16,659
Inter-fund due (to)/from, net	(39,275)	(4,726)	46,196	(2,077)	118
Mortgage loans, notes and other loans, net	9,343	34	110,582	1,621	121,580
Other assets	3,293	13,706	-	2,694	19,693
Intergovernmental receivable	108	11,224	-	568	11,900
Total current	410,228	28,003	279,977	34,746	752,954
Non current					
Investments	23,935	-	23,632	-	47,567
Lease receivable	-	-	4,427	-	4,427
Inter-fund due (to)/from, net	-	1,423	-	-	1,423
Mortgage loans, notes and other loans, net	274,042	935	3,575,462	52,425	3,902,864
Capital assets - non-depreciable	2,430	13,167	-	15,707	31,304
Capital assets - depreciable, net	8,859	5,966	-	36,254	51,079
Other assets	2,240	245	2,354	20	4,859
OPEB asset	14,472	-	-	-	14,472
Total non current	325,978	21,736	3,605,875	104,406	4,057,995
Total assets	736,206	49,739	3,885,852	139,152	4,810,949
Deferred Outflow Of Resources	5,977	-	37,370	-	43,347
Liabilities					
Current					
Bonds payable	-	-	98,660	-	98,660
Short term debt	99,543	-	-	-	99,543
Accrued interest payable	-	-	9,758	-	9,758
Other liabilities	7,119	21,786	835	1,098	30,838
Intergovernmental payable	-	-	75	-	75
Total current	106,662	21,786	109,328	1,098	238,874
Non current					
Bonds payable	-	-	2,851,293	-	2,851,293
Other liabilities	2,471	239	627	17	3,354
Derivative instrument - interest rate swaps	-	-	26,755	-	26,755
Pension liability	33,945	-	-	-	33,945
Total non current	36,416	239	2,878,675	17	2,915,347
Total liabilities	143,078	22,025	2,988,003	1,115	3,154,221
Deferred Inflow Of Resources	438	-	8,413	49	8,900
Net Position					
Net investment in capital assets	11,289	19,133	-	51,961	82,383
Restricted by bond resolutions	-	-	674,642	-	674,642
Restricted by contractual or statutory agreements	193,359	50,547	-	86,064	329,970
Unrestricted or (deficit)	394,019	(41,966)	252,164	(37)	604,180
Total net position	\$ 598,667	\$ 27,714	\$ 926,806	\$ 137,988	\$ 1,691,175

See accompanying notes to the financial statements.

Alaska Corporation for Affordable Housing	Total December 31, 2025
\$ 10,525	\$ 75,482
-	515,051
3,264	6,260
145	16,804
(118)	-
-	121,580
459	20,152
-	11,900
14,275	767,229
-	47,567
-	4,427
(1,423)	-
24,123	3,926,987
4,740	36,044
-	51,079
1	4,860
-	14,472
27,441	4,085,436
41,716	4,852,665
-	43,347
-	98,660
-	99,543
-	9,758
812	31,650
-	75
812	239,686
-	2,851,293
190	3,544
-	26,755
-	33,945
190	2,915,537
1,002	3,155,223
3,043	11,943
4,740	87,123
-	674,642
32,961	362,931
(30)	604,150
\$ 37,671	\$ 1,728,846

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

COMBINED – ALL MAJOR PROGRAMS

For the Year Ended December 31, 2025

(in thousands of dollars)

	Administrative Fund	Grant Programs	Mortgage and Bond Funds	Other Funds and Programs	Total Programs and Funds
Operating Revenues					
Mortgage and loan revenue	\$ 7,412	\$ -	\$ 88,468	\$ 874	\$ 96,754
Investment interest	7,074	176	5,502	317	13,069
Net change in the fair value of investments	618	-	1,698	1	2,317
Total investment revenue	<u>7,692</u>	<u>176</u>	<u>7,200</u>	<u>318</u>	<u>15,386</u>
Grant revenue	-	57,694	-	2,385	60,079
Housing rental subsidies	-	-	-	6,981	6,981
Rental revenue	5	-	-	6,643	6,648
Gain (loss) on disposal of capital assets	-	-	-	-	-
Other revenue	1,333	287	-	6	1,626
Total operating revenues	<u>16,442</u>	<u>58,157</u>	<u>95,668</u>	<u>17,207</u>	<u>187,474</u>
Operating expenses					
Interest	1,045	-	51,644	-	52,689
Mortgage and loan costs	1,993	-	5,702	71	7,766
Bond financing expenses	205	-	3,253	-	3,458
Provision for loan loss	301	6	1,141	36	1,484
Operations and administration	11,201	8,402	2,960	9,207	31,770
Rental housing operating expenses	-	149	-	6,812	6,961
Grant expense	-	51,814	-	-	51,814
Total operating expenses	<u>14,745</u>	<u>60,371</u>	<u>64,700</u>	<u>16,126</u>	<u>155,942</u>
Operating income (loss)	<u>1,697</u>	<u>(2,214)</u>	<u>30,968</u>	<u>1,081</u>	<u>31,532</u>
Non-operating expenses and transfers					
Contributions to State of Alaska or State agencies	(1,583)	-	-	-	(1,583)
Interfund receipts (payments) for operations	106,112	11,551	(118,867)	1,136	(68)
Change in net position	<u>106,226</u>	<u>9,337</u>	<u>(87,899)</u>	<u>2,217</u>	<u>29,881</u>
Net position at beginning of year	<u>492,441</u>	<u>18,377</u>	<u>1,014,705</u>	<u>135,771</u>	<u>1,661,294</u>
Net position at end of period	<u>\$ 598,667</u>	<u>\$ 27,714</u>	<u>\$ 926,806</u>	<u>\$ 137,988</u>	<u>\$ 1,691,175</u>

See accompanying notes to the financial statements.

Alaska Corporation for Affordable Housing	Total December 31, 2025
\$ 311	\$ 97,065
125	13,194
-	2,317
<u>125</u>	<u>15,511</u>
-	60,079
-	6,981
35	6,683
-	-
12	1,638
<u>483</u>	<u>187,957</u>
-	52,689
-	7,766
-	3,458
578	2,062
236	32,006
-	6,961
-	51,814
<u>814</u>	<u>156,756</u>
<u>(331)</u>	<u>31,201</u>
-	(1,583)
68	-
<u>(263)</u>	<u>29,618</u>
<u>37,934</u>	<u>1,699,228</u>
<u>\$ 37,671</u>	<u>\$ 1,728,846</u>

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF CASH FLOWS
COMBINED – ALL MAJOR PROGRAMS
For the Six Months Ended December 31, 2025
(in thousands of dollars)

	Administrative Fund	Grant Programs	Mortgage and Bond Funds	Other Funds and Programs	Total Programs and Funds
Cash Flows					
Operating activities					
Interest income on mortgages and loans	\$ 6,100	\$ -	\$ 80,677	\$ 778	\$ 87,555
Principal receipts on mortgages and loans	11,027	-	163,399	2,494	176,920
Disbursements to fund mortgages and loans	(336,644)	-	-	-	(336,644)
Receipts (payments) for interfund loan transfers	292,260	-	(285,857)	(6,403)	-
Mortgage and loan proceeds receipts	276,898	-	-	-	276,898
Mortgage and loan proceeds paid to trust funds	(266,258)	-	-	-	(266,258)
Payroll-related disbursements	(14,050)	(3,649)	-	(5,797)	(23,496)
Payments for goods and services	(3,920)	(2,087)	-	(8,048)	(14,055)
Receipts from externally funded programs	-	18,555	-	10,807	29,362
Receipts from Federal HAP subsidies	-	20,504	-	-	20,504
Payments for Federal HAP subsidies	-	(23,423)	-	-	(23,423)
Interfund receipts (payments)	(22,694)	23,824	-	(1,149)	(19)
Grant payments to other agencies	-	(29,512)	-	-	(29,512)
Other operating cash receipts (payments)	(11,141)	(91)	(121)	6,024	(5,329)
Net cash receipts (disbursements)	(68,422)	4,121	(41,902)	(1,294)	(107,497)
Non-capital financing activities					
Proceeds from bond issuance	-	-	244,496	-	244,496
Principal paid on bonds	-	-	(88,245)	-	(88,245)
Payment of bond issuance costs	-	-	(1,448)	-	(1,448)
Interest paid on bonds	-	-	(57,076)	-	(57,076)
Proceeds from short-term debt issuance	99,192	-	-	-	99,192
Payment of short term debt	(128,187)	-	-	-	(128,187)
Contributions to State of Alaska or State agencies	(1,583)	-	-	-	(1,583)
Transfers from (to) other funds	120,433	-	(120,433)	-	-
Net cash receipts (disbursements)	89,855	-	(22,706)	-	67,149
Capital financing activities					
Acquisition of capital assets	-	(11,335)	-	(2,298)	(13,633)
Proceeds from direct financing leases	-	-	3,304	-	3,304
Net cash receipts (disbursements)	-	(11,335)	-	(2,298)	(10,329)
Investing activities					
Purchase of investments	(2,172,844)	-	(461,393)	(3,111)	(2,637,348)
Proceeds from maturity of investments	2,151,601	-	518,948	6,142	2,676,691
Interest received from investments	6,915	176	3,628	316	11,035
Net cash receipts (disbursements)	(14,328)	176	61,183	3,347	50,378
Net Increase (decrease) in cash	7,105	(7,038)	(121)	(245)	(299)
Cash at beginning of year	18,309	14,803	196	31,948	65,256
Cash at end of period	\$ 25,414	\$ 7,765	\$ 75	\$ 31,703	\$ 64,957

Alaska Corporation for Affordable Housing	Total December 31, 2025
\$ -	\$ 87,555
-	176,920
-	(336,644)
-	-
-	276,898
-	(266,258)
(168)	(23,664)
(62)	(14,117)
-	29,362
-	20,504
-	(23,423)
19	-
-	(29,512)
4,109	(1,220)
3,898	(103,599)
-	244,496
-	(88,245)
-	(1,448)
-	(57,076)
-	99,192
-	(128,187)
-	(1,583)
-	-
-	67,149
-	(13,633)
-	3,304
-	(10,329)
-	(2,637,348)
-	2,676,691
128	11,163
128	50,506
4,026	3,727
6,499	71,755
\$ 10,525	\$ 75,482

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF CASH FLOWS
COMBINED – ALL MAJOR PROGRAMS
For the Six Months Ended December 31, 2025
(in thousands of dollars)

	Administrative Fund	Grant Programs	Mortgage and Bond Funds	Other Funds and Programs	Total Programs and Funds
Reconciliation					
Operating income (loss) to net cash					
Operating income (loss)	\$ 1,697	\$ (2,214)	\$ 30,968	\$ 1,081	\$ 31,532
<i>Adjustments:</i>					
Depreciation expense	459	220	-	2,618	3,297
Provision for loan loss	301	6	1,141	36	1,484
Net change in the fair value of investments	(618)	-	(1,698)	(1)	(2,317)
Interfund receipts (payments) for operations	106,112	11,551	(118,867)	1,136	(68)
Interest received from investments	(6,915)	(176)	(3,628)	(316)	(11,035)
Interest paid on bonds and capital notes	-	-	57,076	-	57,076
<i>Change in assets, liabilities and deferred resources:</i>					
Net (increase) decrease in mortgages and loans	(32,020)	6	(113,558)	(3,553)	(149,125)
Net increase (decrease) in assets, liabilities, and deferred resources	(137,438)	(5,272)	106,664	(2,295)	(38,341)
Net operating cash receipts (disbursements)	\$ (68,422)	\$ 4,121	\$ (41,902)	\$ (1,294)	\$ (107,497)
Non-cash activities					
Deferred outflow of resources - derivatives	\$ -	\$ -	\$ 3,475	\$ -	\$ 3,475
Derivative instruments liability	-	-	(3,475)	-	(3,475)
Net change of hedge termination	-	-	244	-	244
Deferred outflow debt refunding	-	-	2,590	-	2,590
Total non-cash activities	\$ -	\$ -	\$ 2,834	\$ -	\$ 2,834

See accompanying notes to the financial statements.

Alaska Corporation for Affordable Housing	Total December 31, 2025
\$ (331)	\$ 31,201
-	3,297
578	2,062
-	(2,317)
68	-
(128)	(11,163)
-	57,076
(1,073)	(150,198)
4,784	(33,557)
<u>\$ 3,898</u>	<u>\$ (103,599)</u>
\$ -	\$ 3,475
-	(3,475)
-	244
-	2,590
<u>\$ -</u>	<u>\$ 2,834</u>

NOTE DISCLOSURES INDEX

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FOR THE SIX MONTHS ENDED DECEMBER 31, 2025

1 AUTHORIZING LEGISLATION AND FUNDING

The Alaska Housing Finance Corporation (the "Corporation") or ("AHFC"), a public corporation and government instrumentality of the State of Alaska (the "State"), was created in 1971, and substantially modified in 1992, by acts of the Alaska State Legislature (the "Legislature") to assist in the financing, development and sale of dwelling units, operate the State's public housing, offer various home loan programs emphasizing housing for low and moderate-income and rural residents, and administer energy efficiency and weatherization programs within Alaska. The Corporation is a component unit of the State and is discretely presented in the State's financial statements.

Generally, the Corporation accomplishes its mortgage-related objectives by functioning as a secondary market for qualified real estate loans originated by financial institutions. The Corporation is authorized by the Legislature to issue its own bonds, bond anticipation notes and other obligations in such principal amounts as, in the opinion of the Corporation, will be necessary to provide sufficient funds for carrying out its purpose. Certain bonds issued to finance residences for qualified veterans are unconditionally guaranteed by the State. No other obligations constitute a debt of the State.

The non-mortgage related programs of the Corporation are funded through various grant and program agreements with the federal government's departments of Housing and Urban Development ("HUD"), Agriculture ("USDA"), Veterans Affairs ("VA"), Treasury ("DOT"), Energy ("DOE"), and Health and Human Services ("HHS"), funding from the State of Alaska, as well as capital and operating subsidies from the Corporation's own funds.

The Corporation has affiliates incorporated under the Alaska Nonprofit Corporation Act (AS 10.20) and provisions of the Alaska Housing Finance Corporation Act (AS 18.56), as amended. Each affiliate issues annual audited financial statements. Copies may be found at the following links, or please contact AHFC to obtain a copy. The affiliates are as follows:

- Northern Tobacco Securitization Corporation ("NTSC") incorporated on September 29, 2000, pursuant to House Bill No. 281 of the 2000 Legislature. <https://www.ahfc.us/about-us/subsidiaries/ntsc>
- Alaska Housing Capital Corporation ("AHCC") incorporated on May 23, 2006, pursuant to Senate Bill No. 232 of the 2006 Legislature. <https://www.ahfc.us/about-us/subsidiaries/ahcc>
- Alaska Corporation for Affordable Housing ("ACAH") incorporated on February 1, 2012, pursuant to House Bill No. 119 of the 2011 Legislature. <https://www.ahfc.us/about-us/subsidiaries/acah>
- Alaska Sustainable Energy Corporation ("ASEC") incorporated on November 5, 2024, pursuant to House Bill No. 273 of the 2024 Legislature. <https://www.ahfc.us/about-us/subsidiaries/asec>

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The financial reporting entity consists of AHFC and the blended component unit ACAH. The entities are closely related and financially integrated. The board of directors for AHFC and ACAH are the same and both entities have similar mission statements. ACAH is a legally separate entity from AHFC, but is considered a blended component unit of AHFC due to AHFC's operational responsibility for ACAH and the potential financial benefit or financial burden between AHFC and ACAH. AHFC is financially accountable for ACAH.

The other affiliates of AHFC are not closely related to, nor financially integrated with AHFC. There is no financial accountability for the other affiliates by AHFC. They are not component units of AHFC, hence they are not included in these financial statements. NTSC, AHCC and ASEC are component units of the State.

Neither AHFC nor the State is liable for any debt issued by NTSC, AHCC and ASEC. They are government instrumentalities of, but have a legal existence separate and apart from, the State. The State is additionally not liable for any debt issued by ACAH.

Basis of Accounting

The financial reporting entity utilizes the economic resource measurement focus and full accrual basis of accounting wherein revenues are recognized when earned and expenses when incurred. The financial statements have been prepared in conformity with generally accepted accounting principles ("GAAP") as prescribed by the Governmental Accounting Standards Board ("GASB"). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles as set forth in GASB's pronouncements.

Basis of Presentation

The financial reporting entity is engaged in business-type activities that utilize enterprise funds. The basic fund financial statements are comprised of the Statement of Net Position (Exhibit A), the Statement of Revenues, Expenses and Changes in Net Position (Exhibit B), the Cash Flow Statement (Exhibit C) and the accompanying note disclosures. The supplementary section contains combining financial statements by program, purpose, or bond indenture.

The basic financial statements include a Total Programs and Funds column representing an aggregate of AHFC amounts, and a Total column for the financial reporting entity, an aggregation of both AHFC and ACAH amounts.

Major Funds and Component Unit

The basic fund financial statements present the major funds of AHFC and the major component unit ACAH.

Administrative Fund: This is the Corporation's primary operating fund. It accounts for all financial resources of the Corporation not accounted for in other funds.

Grant Programs: Resources provided to other agencies and individuals to develop and improve affordable housing units for lower income families, to assist in improving the energy efficiency of Alaska homes, and to provide tenant-based rental assistance programs for families in the private market (administered by the Corporation under contract with HUD).

Mortgage or Bond Funds: Provides resources to assist in the financing of loan programs or to fund Legislature appropriations.

Other Funds or Programs: Includes the Low Rent program and other affordable housing for low income families managed under contract with HUD, but owned by AHFC; as well as, the Home Ownership Fund and the Senior Housing Revolving Loan Fund.

Component Unit ACAH: A non-profit public benefit corporation that develops and operates affordable housing for Alaskans, utilizing various funding sources. ACAH is reported as a major component unit for the benefit of users of AHFC's financial statements.

Restricted Net Position

The restricted net position of the Administrative Fund consists of the Corporation's remaining commitments to the State (refer to Footnote No. 19 State Authorizations and Commitments for further details) and resources of the Affordable Housing Development Program. The remaining resources of the Administrative Fund are unrestricted.

The other financial activities of the Corporation are restricted by the Corporation's bond indentures, requirements from the Legislature, and statutory requirements or third-party agreements that restrict the use of resources. These restricted resources are recorded in various special purpose funds and accounts. Restricted funds with a net deficit balance are shown as having an unrestricted net position balance pursuant to reporting requirements.

When both restricted and unrestricted resources are available in a fund, it is the Corporation's policy to spend restricted funds to the extent allowed and only spend unrestricted funds when needed.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates. The major estimate for the Corporation is the allowance for loan losses.

Investments

All investments are stated at fair value.

Accrued Interest Receivable on Loans and Real Estate Owned

Interest is accrued based upon the principal amount outstanding. Accrual of interest income is discontinued on loans when, in the opinion of management, collection of such interest becomes doubtful. When payment of interest is provided for pursuant to the terms of loan insurance or guarantees, accrual of interest on delinquent loans and real estate owned is continued.

Loans and Allowances for Estimated Loan Losses

Mortgage loans are carried at their unpaid principal balances net of allowance for estimated loan losses. Once monies have been disbursed, the mortgage loans are recorded.

The Corporation provides for possible losses on loans on which foreclosure is anticipated. A potential loss is recorded when the net realizable value, or fair value, of the related collateral or security interest is estimated to be less than the Corporation's investment in the property less anticipated recoveries from private mortgage insurance, private credit insurance, and various other loan guarantees. In providing for losses, through a charge to operations, consideration is given to the costs of holding real estate, including interest costs. The loan portfolio, property holding periods and property holding costs are reviewed periodically. A general allowance is applied to the performing loan portfolio, and a specific reserve on individual non-performing. This can be modified. While management uses the best information available to make evaluations, future adjustments to the allowances may be necessary if there are significant changes in economic conditions or property disposal programs.

Real Estate Owned

Real estate owned consists principally of properties acquired through foreclosure or repossession and is carried at the lower of cost or estimated net realizable value. These amounts are included in other assets.

Depreciation

Depreciation and amortization of buildings, equipment, and leasehold improvements are computed on a straight-line basis over the estimated useful lives of the related assets. Estimated useful lives range from 3 to 40 years. The capitalization threshold is \$5,000.

Bonds

The Corporation issues bonds to provide capital for its mortgage programs and other uses consistent with its mission. The bonds are recorded at cost plus accreted interest and premiums, less discounts. Discounts and premiums are amortized using the straight-line method. Costs of issuance are expensed when incurred.

Deferred Debt Refunding Expenses

Deferred debt refunding expenses occur when new debt is issued to replace existing debt. The differences between the carrying value of the old debt and the resources used to redeem it are called deferred debt refunding expenses. The unamortized balances of these expenses are recorded as deferred outflows of resources. These expenses are amortized over the shorter of the remaining life of the old debt or the remaining life of the new debt.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System ("PERS") and additions to/from the PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits

Information about the Other Post-Employment Benefits ("OPEB") fiduciary net position of the PERS plans has been determined on the same basis as reported by PERS. The PERS information includes the valuation of the net OPEB asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense. Benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Compensated Absences

The Corporation provides paid leave for jury duty, active military service and personal reasons. Paid active military leave is limited to five days. Personal leave accrues at a rate based on the employee's years of service. Employees of the Corporation may not accumulate more than 1,000 hours of personal leave at the end of each twelve-month period for use in the following twelve-month period. The Corporation does not recognize a liability for court leave or active military leave because it is paid when it occurs. The Corporation recognizes a compensated absences liability for accrued personal leave that has not been settled as of the measurement date. Additions to the liability include the total of accrued personal leave calculated at the pay rate of employees as of the measurement date, and the Corporation's portion of federal and state payroll taxes. Reductions of the liability include the total of personal leave used for time off, paid in cash or settled through contribution to a 457 Deferred Compensation Account.

Leases

The Corporation recognizes Right of Use Assets, Lease Liabilities, Lease Receivables and Deferred Inflow of Resources for lease contracts with terms greater than 12 months. The Corporation as a Lessee records the Right of Use Assets and Lease Liability, and as a Lessor, records Lease Receivable and Deferred Inflow of Resources, measured at the present value of future lease payments and receipts, respectively, discounted at the Corporation's incremental borrowing rate of 5%. Finance lease costs are recognized in two components, interest expense and amortization expense. As payments are received over the term of the lease, lease revenues are recognized in two components: interest revenue on lease receivable and revenue from amortization of deferred inflow of resources.

Derivative Instruments-Interest Rate Swaps

Subject to certain restrictions, the Corporation's Fiscal Policies allow it to enter into derivative financial instruments called interest rate swap agreements, or swaps. The Corporation enters into swaps with various counterparties to achieve a lower overall cost of funds for certain bond issuances. Under these agreements, the Corporation pays a fixed interest rate to a counterparty in exchange for a variable interest rate payment from that counterparty, or vice versa. All swaps are presented at fair value, with the change in fair value of hedgeable derivatives being recorded as deferred inflows of resources or deferred outflows of resources, and the change in fair value of investment derivatives being recorded as investment revenue.

Operating Revenues and Expenses

The Corporation is authorized to issue bonds to finance the purchase of mortgage loans made to borrowers and to fund other lawful activities of the Corporation. Operating revenues are primarily derived from interest income on mortgage loans and investments. Additionally, the Corporation's statutory purpose includes providing financial assistance programs for rental subsidies to tenants of various housing developments. The Corporation records all revenues from mortgages and loans, investments, rental activities, and externally funded programs as operating revenues. The primary costs of providing these programs are recorded as operating expenses.

Income Taxes

The Corporation is exempt from federal and state income taxes.

3 CASH AND INVESTMENTS

Cash consists of demand deposits, time deposits, and cash held in trust. The carrying amount of the Corporation's cash is restricted by bond resolutions, contractual agreements, and statutory agreements. A summary of the Corporation's cash is shown below (in thousands):

	<u>December 31, 2025</u>
Restricted cash	\$ 58,249
Unrestricted cash	<u>17,233</u>
Carrying amount	<u>\$ 75,482</u>
Bank balance	<u>\$ 77,240</u>

Investment Valuation

AHFC categorizes its fair value measurements within the fair value hierarchy established by Generally Accepted Accounting Principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

AHFC measures its investments using quoted market prices (Level 1 inputs).

Investment Maturities

The fair value of debt security investments by contractual maturity is shown below (in thousands). Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without penalty.

Investment Maturities					
	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years	December 31, 2025
Securities of U.S. Government agencies and corporations	\$ 4,500	\$ 23,935	\$ -	\$ -	\$ 28,435
Commercial paper & medium-term notes	290,203	-	-	-	290,203
Corporate certificates of deposit	33,853	-	-	-	33,853
Guaranteed investment contracts	-	10,000	13,632	-	23,632
Money market funds	151,482	-	-	-	151,482
Total not including GeFONSI	<u>\$ 480,038</u>	<u>\$ 33,935</u>	<u>\$ 13,632</u>	<u>\$ -</u>	<u>\$ 527,605</u>
GeFONSI pool					35,013
Total AHFC investment portfolio					<u>\$ 562,618</u>

Restricted Investments

A large portion of the Corporation's investments, \$300,023,000, is restricted by bond resolutions, contractual agreements and statutory agreements. The remainder, \$262,595,000, is unrestricted.

Realized Gains and Losses

The calculation of realized gains and losses is independent of the calculation of the net increase in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current period may have been recognized as an increase or decrease in the fair value of investments reported in the prior year. The net increase in the fair value of investments in the table below includes all changes in fair value (including purchases and sales) that occurred during the period. A summary of the gains and losses is shown below (in thousands):

<u>Original Amount</u>	<u>December 31, 2025</u>
Ending unrealized holding gain	\$ 4,995
Beginning unrealized holding gain	5,137
Net change in unrealized holding gain	(142)
Net realized gain (loss)	2,459
Net increase (decrease) in fair value	<u>\$ 2,317</u>

Deposit and Investment Policies

The Corporation utilizes different investment strategies depending upon the nature and intended use of the assets being invested. All funds are classified as trusted or non-trusted, and this classification determines the applicable investment guidelines used by staff when making investment decisions. Trusted funds are invested in accordance with their respective indentures or governing agreements. Non-trusted funds are governed by the terms outlined in the Corporation's Fiscal Policies and are typically invested to meet future projected funding need.

The following securities are eligible for investment under the Corporation's Fiscal Policies.

- Obligations backed by the full faith and credit of the United States;
- Obligations of U.S. government-sponsored enterprises ("GSEs") and federal agencies not backed by the full faith and credit of the United States;
- Obligations of the World Bank rated at least "AA" by S&P or "Aa2" by Moody's or "AA" by Fitch if maturing in excess of one year or "A-1" by S&P or "P-1" by Moody's or "F1" by Fitch if maturing in one year or less;
- Money market funds rated at least "AAm" by S&P or "Aa-mf" by Moody's or "AAmmf" by Fitch;
- Banker's acceptances and negotiable certificates of deposit of any bank, the unsecured short-term obligations of which are rated at least "A-1" by S&P or "P-1" by Moody's or "F-1" by Fitch and which is incorporated under the laws of the United States of America or any state thereof and subject to supervision and examination by federal or state banking authorities, or which is a foreign bank with a branch or agency licensed under the laws of the United States of America or any state thereof and subject to supervision and examination by federal or state banking authorities, or which is a foreign bank having a long-term issuer rating of at least "AA" from S&P or "Aa2" from Moody's or "AA" from Fitch;

- Commercial paper, including asset-backed commercial paper, rated at least “A-1” by S&P or “P-1” by Moody’s or “F1” by Fitch;
- Repurchase agreements (“repos”) where: the counterparty is designated as a primary dealer by the Federal Reserve and has a long-term debt rating of at least “A” by S&P or “A” by Moody’s or “A” by Fitch or a short-term rating of at least “A-1” by S&P or “P-1” by Moody’s or “F-1” by Fitch; collateral is pledged at a minimum level of 102%, valued on a daily basis with a one-business-day cure period; the term of such repurchase agreement is one week or less; a third-party custodian acting as the Corporation’s agent has possession of the collateral and holds such collateral in the Corporation’s name; the agreement is evidenced by standard documents published by the Securities Industry and Financial Markets Association (“SIFMA”); and the securities to be repurchased are obligations backed by the full faith and credit of the United States or obligations of U.S. government-sponsored enterprises and federal agencies not backed by the full faith and credit of the United States or obligations of the World Bank rated at least “AA” by S&P or “Aa2” by Moody’s or “AA” by Fitch if maturing in excess of one year or “A-1” by S&P or “P-1” by Moody’s or “F1” by Fitch if maturing in one year or less;
- Guaranteed investment contracts with a financial institution having outstanding unsecured long-term obligations rated, or an investment agreement rating of, at least “AA” by S&P or “Aa2” by Moody’s or “AA” by Fitch, or, if the term is one year or less, at least “A-1” by S&P or “P-1” by Moody’s or “F-1” by Fitch;
- Fixed and floating-rate notes and bonds, other than commercial paper, issued by corporate or municipal obligors and rated at least “AA” by S&P or “Aa2” by Moody’s or “AA” by Fitch if maturing in excess of one year, or at least “A-1” by S&P or “P-1” by Moody’s or “F1” by Fitch if maturing, or with a provision for investor withdrawal or put at par, in one year or less;
- Asset-backed securities, other than asset-backed commercial paper, rated at least “AA+” by S&P or “Aa1” by Moody’s or “AA+” by Fitch; and
- Investment pools managed by the State of Alaska, including the General Fund and Other Non-Segregated Investments (“GeFONSI”) pool.

Credit Risk

Credit risk is the risk of loss due to the failure of the security or backer. The Corporation mitigates its credit risk by limiting investments to those permitted in its Fiscal Policies and relevant governing agreements, diversifying the investment portfolio, and pre-qualifying firms with which the Corporation administers its investment activities.

The credit quality ratings of the Corporation’s investments as of December 31, 2025, as determined by nationally recognized statistical rating organizations, are shown below (in thousands), and do not include investments held by GeFONSI pool.

	S&P	Moody’s	Investment Fair Value
Securities of U.S. Government agencies & corporations, commercial paper (“CP”), medium-term notes, guaranteed investment contracts (“GIC”) & certificates of deposit (“CD”):	A-1+	P-1	\$ 55,727
	AA+	Aa1	23,935
	AA+	Aa3	13,632
	A-1	P-1	204,291
	A+	A2	10,000
	A-1	NA	23,686
	A-2	P-1	21,423
	NA	P-1	15,689
	NR	P-1	501
	A-2	P-2	6,989
	NR	NR	250
Money market funds (“MMF”):	AAAm	Aaa-mf	151,482
			<u>\$ 527,605</u>

Concentration Risk

Concentration risk is the risk of loss attributed to the magnitude of the Corporation's investments in a single issuer. Concentration limits are not established in the bond indentures and governing agreements for trust investments. The following table details the maximum concentration limits for non-trust investments as outlined in the Corporation's Fiscal Policies. Under certain conditions, the Fiscal Policies permit investments in excess of these limits. For more information, please see the Corporation's Fiscal Policies at: <http://www.ahfc.us/pros/investors/fiscal-policies>.

Investment Category	Category Limit as % of Total Portfolio	Issuer Limit as % of Total Portfolio
U.S. Government obligations	n/a	n/a
U.S. GSEs and agencies	n/a	35%
World Bank obligations	n/a	35%
Money market funds	n/a	n/a
Banker's acceptances, negotiable CDs	n/a	5%
Commercial paper	n/a	5%
Repurchase agreements	n/a	25%
Guaranteed investment contracts	n/a	5%
Corporate and municipal notes and bonds	n/a	5%
Asset-backed securities	20%	5%
State of Alaska investment pools	n/a	n/a

Investment Holdings Greater than Five Percent of Total Portfolio

The following investment holdings, summarized by issuer, include both investments that are governed by the maximum concentration limits of the Corporation's Fiscal Policies and trusted investments which have no established concentration limits. As of December 31, 2025, the Corporation had investment balances greater than 5 percent of the Corporation's total investments with the following issuers (in thousands).

Issuer	Investment Fair Value	Percentage of Total Portfolio	Investment Category
Morgan Stanley	\$ 86,384	15.35%	MMF
Invesco Ltd.	52,538	9.34%	MMF
	\$ 138,922		

Custodial Credit Risk

The Corporation assumes levels of custodial credit risk for its deposits with financial institutions, bank investment agreements, and investments. For deposits, custodial credit risk is the risk that, in the event of a bank failure, the Corporation's deposits may not be returned. For bank investment agreements and investments, custodial credit risk is the risk that, in the event of failure of the custodian or counterparty holding the investment, the Corporation will not be able to recover the value of the investment. As stated in the Corporation's Fiscal Policies, credit risk is mitigated by limiting investments to those highly-rated securities permitted in the Fiscal Policies and by pre-qualifying firms through which the Corporation administers its investment activities.

Of the Corporation's \$77,240,000 bank balance as of December 31, 2025, cash deposits in the amount of \$923,000 were uninsured and uncollateralized.

Interest Rate Risk

Interest rate risk is the risk that the market value of investments will decline as a result of changes in general interest rates. As stated in the Corporation's Fiscal Policies, for non-trust investments, the Corporation mitigates interest rate risk by structuring its investment maturities to meet cash requirements (including corporate operations), thereby avoiding the need to sell securities in the open market prior to maturity. For investments held in trust, investment maturities are structured to meet cash requirements as outlined in the bond indentures and contractual and statutory agreements.

The GeFONSI pool investment interest rate risk details are at the end of this footnote.

Modified Duration

Modified duration estimates the sensitivity of an investment to interest rate changes. The following table shows the Corporation's trusted and non-trusted investments (in thousands, net of GeFONSI holdings) with their modified duration as of December 31, 2025, in thousands:

Issuer	Investment Fair Value	Modified Duration
Securities of U.S. Government agencies and corporations:		
Federal agency pass through securities	\$ 28,435	3.843
Certificate of deposit	33,853	0.286
Commercial paper & medium-term notes:		
Commercial paper discounts	286,305	0.253
Medium-term notes	3,898	0.446
Guaranteed investment contracts	23,632	4.133
Money market funds	151,482	0.000
Portfolio modified duration	\$ 527,605	0.517

Investment in GeFONSI Pool

The Alaska State Department of Revenue, Treasury Division, has established various investment pools to manage funds for which the Commissioner of Revenue has fiduciary responsibility. The GeFONSI pool in which the Corporation participates is itself comprised of investment shares of the State's Short-term Fixed Income, and Intermediate-term Fixed Income investment pools. Assets in these pools are reported at fair value with purchases and sales recorded on a trade-date basis. Securities are valued each business day using prices obtained from a pricing service. The complete financial activity of the State's investment pools is shown in the Annual Comprehensive Financial Report (ACFR) available from the Department of Administration, Division of Finance.

The accrual basis of accounting is used for the investment income and GeFONSI investment income is distributed to pool participants monthly if prescribed by statute or if appropriated by state legislature. Income in the Short-term, Short-term Liquidity and Intermediate-term Fixed Income Pools is allocated to the pool participants daily on a pro-rata basis. The fair value of the Corporation's investment in the GeFONSI pool was \$35,013,000 as of December 31, 2025.

For additional information on interest rate risk, credit risk, foreign exchange, derivatives, fair value, and counterparty credit risk see the separately issued report on the Invested Assets of the Commissioner of Revenue at: <http://treasury.dor.alaska.gov/Investments/Annual-Investment-Reports.aspx>.

4 INTERFUND RECEIVABLE/PAYABLE

A summary of the interfund receivable/payable balance as of December 31, 2025, is shown below (in thousands):

		Due From					Total
		Administrative Fund	Grant Programs	Mortgage or Bond Programs	Other Funds or Programs	Alaska Corporation for Affordable Housing	
Due To	Administrative fund	\$ -	\$ 7,951	\$ -	\$ 2,733	\$ 118	\$ 10,802
	Grant programs	3,225	-	-	-	1,423	4,648
	Mortgage or bond programs	46,196	-	-	-	-	46,196
	Other funds or programs	656	-	-	-	-	656
	Total	\$ 50,077	\$ 7,951	\$ -	\$ 2,733	\$ 1,541	\$ 62,302

The balance due to the Mortgage or Bond programs from the Administrative Fund resulted primarily from monies belonging to these funds being deposited in an Administrative Fund account to obtain a greater rate of return.

The balance due to the Administrative Fund from Grant Programs, Other Funds or Programs, and ACAH resulted primarily from expenditures paid by the Administrative Fund on behalf of those programs, as well as an allocation of management and bookkeeping fees mandated by HUD.

The balance due from ACAH to the Grant Programs is the result of a repayable grant to ACAH for the purchase of land in 2013.

5 MORTGAGE LOANS, NOTES AND OTHER LOANS

A summary of mortgage loans, notes and other loans as of December 31, 2025, is shown below (in thousands):

	December 31, 2025
Mortgage loans	\$ 3,671,568
Multifamily loans	357,805
Other notes receivable	79,400
	4,108,773
Less: allowance for losses	(60,206)
Net mortgages, notes & other loans	\$ 4,048,567

Of the \$4,108,773,000 mortgage loans, notes, and other loans, \$121,580,000 is due within a year.

Other notes receivable include monies due to AHFC for various unconventional loan programs, monies remaining unexpended by grant recipients, and notes receivable due to ACAH of \$37,112,000. Included in the allowance for losses is \$12,989,000 for ACAH's notes receivable, bringing ACAH's net notes receivable to \$24,123,000.

Other supplementary loan information is summarized in the following table (in thousands):

	December 31, 2025
Loans delinquent 30 days or more	\$ 107,531
Foreclosures during reporting period	1,586
Loans in foreclosure process	9,402
<u>Mortgage-related commitments:</u>	
To purchase mortgage loans	\$ 102,973

6 INSURANCE AGREEMENTS

The Corporation has obtained private mortgage insurance, credit insurance, or guarantees on certain mortgages and loans. The agreements protect the Corporation to varying degrees against losses arising from the disposition of the related collateral obtained through foreclosure or repossession, as well as the costs of obtaining title to, maintaining, and liquidating the collateral. The Corporation is exposed to losses on disposition in the event the insurers or guarantors are unable or refuse to meet their obligations under these agreements.

7 LEASES

Lease Liability and Asset

As of December 31, 2025, the Corporation recognized a total \$1,333,000 Lease Liability, consisting of \$90,000 Current Lease Liability and \$1,243,000 Long term Lease Liability. Also recognized are \$1,784,000 Right-of-Use Asset and related accumulated amortization of \$560,000. The Corporation, as a Lessee, records the Right-of-Use Asset and Lease Liability at the present value of future lease payments, discounted at a weighted-average discount rate based on the Corporation's incremental borrowing rate of 5%, subject to annual reassessment.

The Corporation leases certain office facilities and equipment for various terms under long-term, non-cancelable operating lease agreements. The leases expire at various dates through 2041 and provide for renewal options ranging from one year to ten years. The Corporation included in the determination of the right-of-use asset and lease liabilities any renewal options when the options are reasonably certain to be exercised. The leases provide for increases in future minimum annual rental payments based on lease agreements subject to certain minimum increases.

Remaining obligations associated with these leases are as follows (in thousands):

Date	Interest Due	Principal Due
6/30/2026	\$ 63	\$ 89
6/30/2027	59	91
6/30/2028	55	96
6/30/2029	49	92
6/30/2030	45	71
2031 and thereafter	\$ 241	\$ 894

Lease Receivable

In 2007, the Corporation constructed a parking garage (the "Pacillo Parking Garage") in downtown Anchorage with its corporate assets. The Pacillo Parking Garage cost \$44,000,000 and was leased to the State of Alaska for use by its departments and agencies located in Anchorage.

The State has the option to purchase the Pacillo Parking Garage for \$1 after December 1, 2027, which is the end of the lease. In 2015, the Corporation issued its State Capital Project Bonds II, 2015 Series B and C, respectively, to partially refund its State Capital Project Bonds, 2007 Series A, which were originally issued in 2007 to finance the Pacillo Parking Garage.

As of December 31, 2025, the Corporation recognized a Lease Receivable valued at \$7,362,000, measured based on the discounted future lease payments at the Corporation's incremental borrowing rate of 5% subject to annual reassessment. The following table details the components of the Lease Receivable and shows the future minimum payments under the lease for the next two years (in thousands):

Future Minimum Payments Due	
Twelve Months Ending December 31,	Total
2027	\$ 3,304
2028	3,303
Gross payments due	6,607
Plus: interest amortization adjustments	755
Net lease receivable – Pacillo parking garage	\$ 7,362

The Corporation receives lease payments from leasing certain properties to a local charitable organization in the form of a monthly utility offset payment. The lease term commenced on April 1, 2009, and ended June 30, 2019. The Corporation opted to renew for an additional 10-year period, which terminates this lease in March 2029. As of December 31, 2025, the Corporation recognized a Lease Receivable of \$61,000 from this lease, measured at the present value of the expected future lease payments to be received during the lease term, discounted at a 5% incremental borrowing rate subject to annual reassessment.

ACAH receives lease payments from leasing various properties in Anchorage, Wasilla, and Fairbanks in the form of monthly and annual payments. The lease terms expire at various dates through 2078 and provide for renewal options of one year. As of December 31, 2025, ACAH recognized a Lease Receivable of \$3,264,000 measured at the present value of future lease receivable expected to be received during the lease term, discounted at the 5% incremental borrowing rate.

As of December 31, 2025, AHFC recognized a combined total Lease Receivable as follows (in thousands):

Lease Receivable	December 31, 2025
Pacillo parking garage	\$ 7,362
ACAH properties	3,264
Leases to charitable organizations	61
Total lease receivable	\$ 10,687

8 CAPITAL ASSETS

Capital assets activity for the six months ended December 31, 2025, and a summary of balances is shown below (in thousands):

Issuer	July 1, 2025	Additions	Reductions	December 31, 2025
Non-Depreciable Capital Assets:				
Land	\$ 22,411	\$ 11,335		\$ 33,746
Construction in progress	-	2,308	(10)	2,298
Total non-depreciable	22,411	13,643	(10)	36,044
Depreciable Capital Assets:				
Buildings	259,405	-	-	259,405
Computers & equipment	4,319	-	-	4,319
Vehicles	4,013	70	-	4,083
Less: accumulated depreciation				
Buildings	(206,740)	(2,975)	-	(209,715)
Computers & equipment	(3,899)	(142)	-	(4,041)
Vehicles	(2,791)	(181)	-	(2,972)
Total depreciable, net	54,307	(3,228)	-	51,079
Total Capital Assets, Net	\$ 76,718	\$ 10,415	\$ (10)	\$ 87,123

The above capital assets include \$4,740,000 of land and land improvements that belong to ACAH.

Depreciation expense charged by the Corporation was \$3,298,000 for the six months ended December 31, 2025.

The Corporation is obligated under contracts and other commitments to purchase and/or modernize certain fixed assets. The total commitment, including amounts to be funded by third parties, was \$9,244,000 as of December 31, 2025.

In 2017, the State exercised the option to purchase the Atwood Office Building and associated land, identified as Block 79, for \$1. The Atwood Office Building was leased to the State of Alaska as part of the Corporation's State Building Lease Program. Block 102, containing land the State did not transfer but may take ownership of at a later date, is reported as a Corporation asset at the assessed value of \$4,175,000, with a net book value of zero in the Other Non-Current Assets section of the financial statements, pending potential future transfers.

On September 25, 2025, AHFC closed on the purchase of land from the University of Alaska in Anchorage for a total amount of \$11,335,000. To fund the acquisition, a sum of \$10,835,000 was used from residual Emergency Rental Assistance Program funding through the U.S. Department of Treasury for future housing development. The remaining sum of \$500,000 was utilized from the Statewide Housing Development Program. The purchased land will be disposed of at a later date to the Corporation's grant sub-recipients for the development of low income housing.

9 DEFERRED OUTFLOWS OF RESOURCES

The Government Accounting Standards Board has defined deferred outflows of resources as the consumption of resources that are applicable to a future period. As of December 31, 2025, AHFC recognized a combined total deferred outflows of \$43,347,000 as follows:

- Interest rate swap derivatives of \$26,754,000.
- Deferred debt refunding expense of \$10,616,000.
- Pension deferred outflows of \$2,485,000.
- Other post-employment benefits deferred outflows of \$3,492,000.

10 BONDS PAYABLE

All of the bonds are general obligations of the Corporation for which its full faith and credit are pledged. All of the bonds are secured, as described in the applicable agreements, by the revenues, monies, investments, mortgage loans, and other assets in the funds and accounts established by the respective security agreements. A substantial portion of the assets of the Corporation are pledged to the outstanding obligations of the Corporation.

The Corporation's obligations are not a debt of the State, and the State is not directly liable thereon except for the Veterans Mortgage Program Bonds. The Veterans Mortgage Program Bonds are backed by the full faith and credit of the State. Although the Corporation has always made its Veterans Mortgage Program Bond payments, in the event that the Corporation cannot make the payments, the State would be responsible for the principal and interest.

Bonds outstanding as of December 31, 2025, are as follows (in thousands):

	Original Amount	December 31, 2025
Housing Bonds:		
Home Mortgage Revenue Bonds, Tax-Exempt:		
• 2002 Series A; floating rate*; 2.55% at December 31, 2025, due 2032-2036	\$ 170,000	\$ 19,935
Unamortized swap termination penalty		(530)
• 2007 Series A; floating rate*; 3.27% at December 31, 2025, due 2026-2041	75,000	57,790
• 2007 Series B; floating rate*; 3.29% at December 31, 2025, due 2026-2041	75,000	57,790
• 2007 Series D; floating rate*; 3.27% at December 31, 2025, due 2026-2041	89,370	68,840
• 2009 Series A; floating rate*; 3.27% at December 31, 2025, due 2026-2040	80,880	65,565
• 2009 Series B; floating rate*; 3.29% at December 31, 2025, due 2026-2040	80,880	65,565
• 2009 Series D; floating rate*; 3.27% at December 31, 2025, due 2026-2040	80,870	65,550
Total Home Mortgage Revenue Bonds, Tax Exempt	652,000	400,505
Collateralized Bonds (Veterans Mortgage Program), Tax-Exempt:		
• 2016 First and Second Series; 1.90% to 2.90%, due 2026-2037	50,000	20,795
• 2019 First and Second Series; 2.30% to 4.00%, due 2026-2048	60,000	8,650
Unamortized premium		138
• 2023 First Series; 3.15% to 4.65%, due 2027-2052	49,900	49,900
• 2024 First Series; 3.25% to 4.65%, due 2027-2053	75,000	75,000
Unamortized discount		(409)
• 2025 First Series; 2.50% to 5.00%, due 2026-2054	100,000	100,000
Total Collateralized Bonds (Veterans Mortgage Program), Tax Exempt	334,900	254,074

	Original Amount	December 31, 2025
Housing Bonds (cont.):		
General Mortgage Revenue Bonds II, Tax-Exempt:		
• 2016 Series A; 2.15%-3.00%, due 2026-2033	100,000	25,880
• 2018 Series A; 2.85%-4.00%, due 2026-2048	109,260	13,325
Unamortized premium		378
• 2018 Series B; 5.00%, due 2031	58,520	28,465
Unamortized premium		2,171
• 2019 Series A; 1.65%-3.75%, due 2026-2044	136,700	72,955
Unamortized premium		519
• 2019 Series B; 5.00%, due 2030-2033	24,985	19,985
Unamortized premium		2,537
• 2020 Series A; 1.05%-3.25%, due 2026-2044	135,170	86,385
Unamortized premium		1,540
• 2020 Series B; 2.00%-5.00%, due 2030-2035	74,675	74,675
Unamortized premium		7,309
• 2022 Series A; 0.80%-3.00%, due 2026-2051	39,065	29,255
Unamortized premium		580
• 2022 Series B; 1.65%-5.00%, due 2030-2036	83,730	83,730
Unamortized premium		10,062
• 2022 Series C; 3.00%-5.75%, due 2026-2052	87,965	76,850
Unamortized premium		1,695
• 2024 Series A; 3.25%-6.00%, due 2026-2054	75,000	71,565
Unamortized premium		1,585
• 2024 Series B; 3.63%-5.00%, due 2031-2036	48,120	48,120
Unamortized premium		2,979
• 2025 Series A; 3.00%-6.00%, due 2026-2054	110,000	108,495
Unamortized premium		2,203
Total General Mortgage Revenue Bonds II, Tax-Exempt	1,083,190	773,243
General Mortgage Revenue Bonds II, Taxable:		
• 2024 Series C; 4.81%-6.25%, due 2026-2053	120,000	113,455
Unamortized premium		892
Total General Mortgage Revenue Bonds II, Taxable	120,000	114,347
Governmental Purpose Bonds, Tax-Exempt:		
• 2001 Series A; floating rate*; 3.27% at December 31, 2025, due 2026-2030	76,580	20,025
Unamortized swap termination penalty		(834)
• 2001 Series B; floating rate*; 3.27% at December 31, 2025, due 2026-2030	93,590	24,465
Total Governmental Purpose Bonds, Tax Exempt	170,170	43,656
Total Housing Bonds	2,360,260	1,585,825

	Original Amount	December 31, 2025
Non-Housing Bonds:		
State Capital Project Bonds II, Tax-Exempt:		
• 2017 Series A; 4.00% to 5.00%, due 2026-2032	143,955	89,845
Unamortized premium		4,212
• 2017 Series C; 5.00%, due 2026-2032	43,855	28,580
Unamortized premium		1,277
• 2018 Series B; 3.13% to 5.00%, due 2026-2038	35,570	26,710
Unamortized discount		(38)
Unamortized premium		1,570
• 2019 Series B; 4.00% to 5.00%, due 2026-2039	60,000	47,510
Unamortized premium		4,515
• 2021 Series A; 4.00% to 5.00%, due 2026-2030	90,420	72,610
Unamortized premium		6,120
• 2022 Series B; 4.00% to 5.00%, due 2026-2037	97,700	78,945
Unamortized discount		(30)
Unamortized premium		4,449
• 2023 Series A; 5.00%-5.25%, due 2027-2041	99,995	99,995
Unamortized premium		7,037
• 2024 Series A; 5.00%, due 2027-2039	127,100	127,100
Unamortized premium		13,175
• 2025 Series A; 5.00%, due 2027-2033	133,000	133,000
Unamortized premium		10,266
Total State Capital Project Bonds II, Tax-Exempt	<u>831,595</u>	<u>756,848</u>
State Capital Project Bonds II, Taxable:		
• 2017 Series B; floating rate*; 3.83% at December 31, 2025, due 2047	150,000	90,000
• 2018 Series A; floating rate*; 3.83% at December 31, 2025, due 2031-2043	90,000	90,000
• 2019 Series A; floating rate*; 3.83% at December 31, 2025, due 2033-2044	140,000	140,000
• 2020 Series A; 1.40% to 2.18%, due 2026-2033	96,665	87,820
• 2022 Series A; floating rate*; 3.85% at December 31, 2025, due 2037-2052	200,000	200,000
Total State Capital Project Bonds II, Taxable	<u>676,665</u>	<u>607,280</u>
Total Non-Housing Bonds	<u>1,508,260</u>	<u>1,364,128</u>
Total Bonds Payable	\$ 3,868,520	\$ 2,949,953

Note: Debt service payments on the above-mentioned bonds are semi-annual unless otherwise mentioned.

* Interest rates on the annotated variable-rate bonds are established by the Remarketing Agents on each Rate Determination Date.

Assets Pledged as Collateral for Debt

AHFC's bonds are secured by the general obligation of the Corporation and may also be secured with collateral from mortgages, investments and/or direct financing leases. See the table below (in thousands):

	Mortgages	Investments	Leases	Total
Housing	\$ 2,163,007	\$ 85,660	\$ -	\$ 2,248,667
Non-housing	-	-	7,362	7,362
Total	<u>\$ 2,163,007</u>	<u>\$ 85,660</u>	<u>\$ 7,362</u>	<u>\$ 2,256,029</u>

Redemption Provisions

The bonds are generally subject to certain early-redemption provisions, both mandatory and at the option of the Corporation. The Corporation redeems debt pursuant to the terms of the related agreements governing such redemptions. For housing bonds, such agreements typically permit surplus revenues resulting primarily from mortgage loan prepayments to be used to retire housing obligations at par. With respect to non-housing and direct placement bonds, such agreements typically permit optional redemptions at par from any source of funds on or after a specified date.

The Corporation also issues new debt whose proceeds are used to redeem previously issued debt, called current refundings. The related discounts and costs of issuance of the old debt are classified as a deferred outflow of resources and amortized as interest expense. The Corporation may call some bonds at a premium using any monies once bonds reach a certain age and may also use a clean-up call to redeem certain bonds once the outstanding amount falls below 15% of the total issuance.

During the six months ended December 31, 2025, the Corporation made special redemptions in the amount of \$71,475,000, of which \$31,045,000 was from a prior period defeasance.

Bond Defeasances

There were no new bond defeasances during the six months ending December 31, 2025. As of December 31, 2025, there is no defeased debt to be redeemed.

Debt Service Requirements*

For all bonds in the preceding schedules, excluding any defeased bonds, the Corporation's annual debt service requirements through 2030, and in five year increments thereafter to maturity, follows (in thousands):

Twelve Months Ending December 31,	Housing Bond Debt Service		Non-Housing Bond Debt Service		Total Debt Service		Total
	Principal***	Interest**	Principal***	Interest**	Principal***	Interest**	
2026	\$ 51,505	\$ 59,681	\$ 47,155	\$ 56,523	\$ 98,660	\$ 116,204	\$ 214,864
2027	56,160	58,161	102,165	54,113	158,325	112,274	270,599
2028	53,715	56,537	79,790	49,124	133,505	105,661	239,166
2029	56,435	54,871	80,090	45,550	136,525	100,421	236,946
2030	81,295	52,951	82,815	45,107	164,110	98,058	262,168
31-35	520,275	204,550	336,810	172,556	857,085	377,106	1,234,191
36-40	307,435	134,176	240,190	110,752	547,625	244,928	792,553
41-45	155,730	87,063	161,295	58,345	317,025	145,408	462,433
46-50	159,775	52,317	159,545	21,339	319,320	73,656	392,976
51-55	110,685	11,790	21,720	960	132,405	12,750	145,155
	\$ 1,553,010	\$ 772,097	\$ 1,311,575	\$ 614,369	\$ 2,864,585	\$ 1,386,466	\$ 4,251,051

* Also see Note 11 – Derivatives.

** Interest requirements have been computed for hedged variable rate bonds using the associated fixed swap rates and for unhedged variable rate bonds using interest rates in effect at December 31, 2025.

*** Excludes unamortized premiums and discounts.

Events of Default

Significant finance-related events of default with respect to the Corporation's outstanding housing, non-housing, and direct placement bonds include a failure to repay principal at stated maturity or upon redemption; a failure to pay interest when due; and a continued failure to comply with, or default in the performance or observance of, certain other covenants, agreements or conditions in the Indenture 45 days after having received written notice thereof. There were no events of default during the six months ending December 31, 2025.

Conduit Debt

From time to time, the Corporation has issued debt to assist private-sector entities in the acquisition or construction of facilities that help the Corporation fulfill its mission of making housing affordable for all Alaskans. The bonds are secured by the properties financed and are payable from rents, payments received on the underlying mortgage loans, as well as tax credits, grants and other subsidy funding. Neither the Corporation nor the State is obligated in any manner for repayment of the bonds. Accordingly, the bonds and any related assets are not reported as assets or liabilities in the accompanying financial statements.

A summary of all conduit debt as of December 31, 2025, follows (in thousands):

	Balance
Revenue Bonds, 2025 (ACAH Valdez)	\$ 5,603
Revenue Bonds, 2025 (Ketchikan PSH)	1,060
Revenue Bonds, 2024 (Chenana)	7,435
Revenue Bonds, 2021 (Little Dipper Project)	4,251
Total	<u>\$ 18,349</u>

11 DERIVATIVES

The Corporation entered into certain derivatives contracts to reduce its overall cost of capital and protect against the risk of rising interest rates. The Corporation's derivatives consist of interest rate swap agreements entered into in connection with its long-term variable rate bonds. The interest rate swaps are pay-fixed, receive-variable agreements, and were entered into at a cost less than what the Corporation would have paid to issue conventional fixed-rate debt. The swaps are recorded and disclosed as either hedging derivatives or investment derivatives. The synthetic instrument method was used to determine whether or not the derivatives constitute effective hedges. The fair values of the hedgeable derivatives and investment derivatives are presented in the Statement of Net Position, either as a derivative liability (negative fair value amount) or as a derivative asset (positive fair value amount). If a swap changes from a hedgeable derivative to an investment derivative, the hedge is considered terminated and the accumulated change in fair value is no longer deferred but recognized as a revenue item.

AHFC categorizes its fair value measurements within the fair value hierarchy established by Generally Accepted Accounting Principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The fair value amounts, obtained from mark to market statements from the respective counterparties and reconciled to present value calculations done by the Corporation, represent mid-market valuations that approximate the current economic value using market averages, reference rates, and/or mathematical models. These measurements are Level 2 inputs. Actual trade prices may vary significantly from these estimates as a result of various factors, which may include (but are not limited to) portfolio composition, current trading intentions, prevailing credit spreads, market liquidity, hedging costs and risks, position size, transaction and financing costs, and the use of capital profit. The fair value represents the current price to settle swap assets or liabilities in the marketplace if a swap were to be terminated.

The Corporation's interest rate swaps require that if the ratings on the associated bonds fall to "BBB+/Baa1", the Corporation would have to post collateral of up to 100 percent of the swap's fair value. As of December 31, 2025, the Corporation had not posted any collateral and was not required to post any collateral.

Hedging Derivatives

The significant terms and credit ratings of the Corporation's hedging derivatives as of December 31, 2025, are shown below:

Related Bond Issue	Effective Date	Fixed Rate Paid	Variable Rate Received	Swap Termination Date	Counterparty Credit Rating ¹
GP01B ²	08/02/01	4.1127%	67% of 1M Fallback Rate (SOFR) ³	12/01/30	A+/Aa2
E021A ⁴	10/09/08	2.9800%	70% of 3M Fallback Rate (SOFR) ³	06/01/32	AA-/Aa2
E071AB ⁴	05/31/07	3.7345%	70% of 3M Fallback Rate (SOFR) ³	12/01/41	AA-/Aa2
E071BD ⁴	05/31/07	3.7200%	70% of 3M Fallback Rate (SOFR) ³	12/01/41	AA-/Aa2
E091A ⁴	05/28/09	3.7610%	70% of 3M Fallback Rate (SOFR) ³	12/01/40	A+/Aa2
E091B ⁴	05/28/09	3.7610%	70% of 3M Fallback Rate (SOFR) ³	12/01/40	AA-/Aa2
E091ABD ⁴	05/28/09	3.7400%	70% of 3M Fallback Rate (SOFR) ³	12/01/40	AA-/Aa2
SC19A ⁵	06/01/19	3.2220%	100% of 1M Fallback Rate (SOFR) ³	12/01/29	AA-/Aa2

1. Standard & Poor's/Moody's
2. Governmental Purpose Bonds
3. SOFR-Secured Overnight Finance Rate

4. Home Mortgage Revenue Bonds
5. State Capital Project Bonds II

The change in fair value and ending balance of the hedging derivatives as of December 31, 2025, is shown below (in thousands). The fair value is reported as a deferred outflow / inflow of resources in the Statement of Net Position.

Related Bond Issue	Notional Amounts	Present Values	Fair Value		Change in Fair Value
			December 31, 2025	June 30, 2025	
GP01B	\$ 24,465	\$ 25,598	\$ (1,133)	\$ (1,314)	\$ 181
E021A	19,935	20,206	(271)	(292)	21
E071AB	110,652	118,061	(7,409)	(8,391)	982
E071BD	73,768	78,647	(4,879)	(5,539)	660
E091A	59,004	62,950	(3,946)	(4,434)	488
E091B	59,004	62,950	(3,946)	(4,434)	488
E091ABD	78,672	83,843	(5,171)	(5,825)	654
SC19A	140,000	138,557	1,443	1,701	(258)
	<u>\$ 565,500</u>	<u>\$ 590,812</u>	<u>\$ (25,312)</u>	<u>\$ (28,528)</u>	<u>\$ 3,216</u>

As of December 31, 2025, debt service requirements of the Corporation's outstanding variable-rate debt and net swap payments are displayed in the following schedule (in thousands). As interest rates vary, variable-rate bond interest payments and net swap payments will also vary.

Fiscal Year Ending December 31,	VRDO Principal	VRDO Interest	Swap Net Payments	Total Payments
2026	\$ 11,890	\$ 9,589	\$ 1,134	\$ 22,613
2027	24,630	18,658	2,130	45,418
2028	25,820	17,894	1,930	45,644
2029	27,045	17,012	1,715	45,772
2030	168,345	13,443	1,975	183,763
2031-2035	125,655	40,961	9,357	175,973
2036-2040	148,840	19,363	4,437	172,640
2041-2045	33,275	946	215	34,436
	<u>\$ 565,500</u>	<u>\$ 137,866</u>	<u>\$ 22,893</u>	<u>\$ 726,259</u>

Credit Risk

As of December 31, 2025, the Corporation was exposed to credit risk on its State Capital Project Bonds II 2019 Series A, to the extent of the associated swap's positive fair value of \$1,443,000. The Corporation was not exposed to credit risk on its remaining swap agreements because these swaps all have negative fair values.

The Corporation's swap agreements require full collateralization of the fair value amount of a swap should the swap counterparty's rating fall to "BBB+/Baa1".

The Corporation currently has swap agreements with five separate counterparties. Approximately 85.2% of the total notional amount of the swaps is held with three counterparties rated "AA-/Aa2". The remaining swaps are held by two counterparties rated "A+/Aa2", approximating 14.8% of the total notional amount of the swaps.

Interest Rate Risk

The Corporation is exposed to interest rate risk on all of its interest rate swaps. As underlying indices such as SOFR or SIFMA change, the Corporation's net payment on its swaps will also change accordingly.

Basis Risk

The Corporation is exposed to basis risk when the variable payment received on an interest rate swap is based on an index that differs from the index on which the Corporation's variable-rate payment to its bondholders is based. In such instance, the float payment received from the swap counterparty may not fully offset the variable rate paid on the bonds.

As of December 31, 2025, the Corporation's interest rate swaps were based on the SOFR index, while its variable rate bonds were based on SOFR or SIFMA indexes.

The relative ratios among such indices have fluctuated since the Corporation's swap agreements became effective and will continue to do so as market conditions change.

Termination Risk

Termination risk is the risk of an unscheduled termination of a swap prior to its planned maturity. If any of the swaps are terminated, the associated floating rate bonds would no longer carry synthetic fixed interest rates and the Corporation would be exposed to interest rate risk on the bond. This risk is mitigated by the fact that the termination payment could be used to enter into an identical swap at the termination date of the existing swap. Further, if any of the swaps have a negative fair value at termination, the Corporation would be liable to the counterparty for payments equal to the swaps' fair value. The Corporation or the counterparty may terminate any of the swaps if the other party fails to perform under the terms of the agreement, including downgrades and events of default.

Rollover Risk

Rollover risk occurs when there is a mismatch in the amortization of the swap versus the amortization of the floating rate bonds. The Corporation has structured the swaps to amortize at the same rate as scheduled or anticipated reductions in the associated floating rate bonds outstanding.

12 OTHER CURRENT LIABILITIES

Other Current Liabilities as of December 31, 2025, are composed of the accounts and balances as follows (in thousands):

Other Current Liabilities	December 31, 2025
Accounts payable	\$ 1,868
Accrued payroll	5,078
Lease liability	90
Other miscellaneous liabilities	916
Service fees payables	895
Unearned grant revenue	22,803
Total	<u>\$ 31,650</u>

13 LONG TERM LIABILITIES

Activity for the six months ended December 31, 2025, is summarized in the following schedule (in thousands):

	July 1, 2025	Additions	Reductions	December 31, 2025	Due Within One Year
Total bonds and notes payable	\$ 2,802,648	\$ 244,374	\$ (97,069)	\$ 2,949,953	\$ 98,660
Compensated absences	3,571	1,719	(1,632)	3,658	2,176
Lease liability	1,333	-	-	1,333	90
Other liabilities	189	120	(117)	192	-
Total long-term liabilities	<u>\$ 2,807,741</u>	<u>\$ 246,213</u>	<u>\$ (98,818)</u>	<u>\$ 2,955,136</u>	<u>\$ 100,926</u>

14 SHORT TERM DEBT

The Corporation has a taxable commercial paper program. Commercial paper is used to refund certain tax-exempt debt until new debt replaces it. Individual maturities range up to 270 days from date of issuance. The maximum aggregate outstanding principal balance authorized by the Corporation's Board of Directors is \$150,000,000. The lowest yield during the six months ended December 31, 2025, was 3.92%, and the highest was 4.35%.

Short term debt activity for the six months ended December 31, 2025, is summarized in the following schedule (in thousands):

	July 1, 2025	Additions	Reductions	December 31, 2025
Commercial paper	\$ 128,187	\$ 100,795	\$ (128,187)	\$ 100,795
Unamortized discount	(694)	(1,663)	1,105	(1,252)
Commercial paper, net	<u>\$ 127,493</u>	<u>\$ 99,132</u>	<u>\$ (127,082)</u>	<u>\$ 99,543</u>

15 DEFERRED INFLOWS OF RESOURCES

The Government Accounting Standards Board has defined deferred inflows of resources as the acquisition of resources that are applicable to a future period. As of December 31, 2025, AHFC recognized a combined total deferred inflows of \$11,943,000 as follows:

- Other Post-Employment Benefits ("OPEB") related deferred inflows totaled \$438,000, consisting of the sum of a) the difference of actuarial benefit assumptions vs. actual benefit experience in the amount of \$142,000 b) the net effect of changes in actuarial assumptions in the amount of \$266,000 and c) changes in proportional contribution levels among participating employers totaling \$30,000.
- Lease-related deferred inflows totaled \$10,062,000, consisting of one or more leases with local charitable organizations totaling \$49,000, with the Corporation's affordable housing subsidiary, the Alaska Corporation for Affordable Housing, totaling \$3,043,000, and the Pacillo Parking Garage lease in the amount of \$6,970,000.
- Derivatives-related deferred inflows totaled \$1,443,000.

16 TRANSFERS

Transfers for the six months ended December 31, 2025, are summarized in the following schedule (in thousands):

	From					Total
	Administrative Fund	Grant Programs	Mortgage or Bond Programs	Other Funds or Programs	Alaska Corporation for Affordable Housing	
Administrative fund	\$ -	\$ 15	\$ 407,251	\$ 6,463	\$ 796	\$ 414,525
Grant programs	11,566	-	-	-	-	11,566
Mortgage or bond programs	288,384	-	-	-	-	288,384
Other funds or programs	7,599	-	-	-	-	7,599
Alaska Corporation for Affordable Housing	864	-	-	-	-	864
Total	\$ 308,413	\$ 15	\$ 407,251	\$ 6,463	\$ 796	\$ 722,938

Transfers are used to:

1. Move cash between the Administrative Fund and the Mortgage or Bond Programs to subsidize debt service payments or satisfy bond indenture requirements;
2. Move mortgages between the Administrative Fund and the Mortgage or Bond Programs;
3. Record expenditures paid on behalf of the Grant Programs, the Mortgage or Bond Programs, and the Other Funds or Programs by the Administrative Fund;
4. Move cash and mortgages between various Mortgage or Bond Programs; or
5. Record any non-reimbursable expenditures paid by the Administrative Fund on behalf of ACAH and cash transferred between the Administrative Fund and ACAH.

17 OTHER CREDIT ARRANGEMENTS

The Corporation currently has certain outstanding debt obligations in relation to which it has entered into standby bond purchase agreements ("SBPAs") to guarantee the payment of debt service in the event of unremarketed tenders. Additionally, the Corporation entered into a direct-pay letter of credit ("D-LOC") which guarantees the purchase of unremarketed tenders and the payment of regular debt service with respect to the Corporation's \$200 million State Capital Project Bonds II, 2022 Series A. The Corporation also has two standby LOCs ("S-LOC") totaling \$320 million to secure debt issued under the State Capital Project Bonds II indenture and the Corporation's Commercial Paper Notes program.

As of December 31, 2025, the Corporation had the following available unused credit lines (in thousands):

	Credit Type	Counterparty Short-Term Ratings		Available Unused Lines of Credit
		S&P	Moody's	
Home Mortgage Revenue Bonds, 2002 Series A	SBPA	A-1+	P-1	\$ 19,935
Home Mortgage Revenue Bonds, 2007 Series A, B, D	SBPA	A-1+	P-1	184,420
Home Mortgage Revenue Bonds, 2009 Series A	SBPA	A-1+	P-1	65,565
Home Mortgage Revenue Bonds, 2009 Series B	SBPA	A-1+	P-1	65,565
Home Mortgage Revenue Bonds, 2009 Series D	SBPA	A-1+	P-1	65,550
Governmental Purpose Bonds, 2001 Series A & B	SBPA	A-1+	P-1	44,490
State Capital Project Bonds II, 2022 Series A	D-LOC	A-1	P-1	200,000
State Capital Project Bonds II & commercial paper	S-LOC	A-1	P-1	180,000
State Capital Project Bonds II & commercial paper	S-LOC	A-1+	P-1	140,000
Total				\$ 965,525

18 YIELD RESTRICTION AND ARBITRAGE REBATE

Most mortgages purchased with the proceeds of tax-exempt mortgage revenue bonds issued by the Corporation are subject to interest-rate yield restrictions of 1.125% to 1.500% over the yield of the bonds. These restrictions are in effect over the lives of the bonds.

Non-mortgage investments made under the Corporation's tax-exempt mortgage revenue bond programs are subject to rebate provisions or restricted as to yields. The rebate provisions require that a calculation be performed every five years and upon full retirement of the bonds to determine the amount, if any, of excess yield earned. As of December 31, 2025, no rebate payments were due to the Internal Revenue Service, but the Corporation accrued the following rebate-related liabilities net of receivable:

Bond Issue	December 31, 2025
Collateralized Bonds (Veterans Mortgage Program), 2023 First Series	\$ 24,000
General Mortgage Revenue Bonds II, 2022 Series AB	461,000
General Mortgage Revenue Bonds II, 2022 Series C	76,000
General Mortgage Revenue Bonds II, 2024 Series ABC	66,000
Total liabilities	627,000
Less receivable: Governmental Purpose Bonds, 2001 Series AB	(911,000)
Net total	\$ (284,000)

19 STATE AUTHORIZATIONS AND COMMITMENTS

The Corporation uses its assets to fund certain housing and non-housing capital projects identified by the State. The aggregate amount expected to be funded by the Corporation was expressed by the following language of legislative intent included in the fiscal year 1996 capital appropriation bill, enacted in 1995.

“The Legislature intends to ensure the prudent management of the Alaska Housing Finance Corporation to protect its excellent debt rating by the nation's financial community and to preserve its valuable assets of the State. To accomplish its goal, the sum of withdrawals for transfer to the general fund and for expenditure on corporate funded capital projects should not exceed the Corporation's net income for the preceding fiscal year.”

The projected amounts stated in the legislative intent language were based on the Corporation's financial operating plan and represent the total amount of anticipated State transfers and capital expenditures rather than projected “net income”. The following table shows the cumulative total of all dividends due and payable to the State since 1991, and the remaining commitment as of December 31, 2025 (in thousands):

	Dividend Due to State	Expenditures	Remaining Commitments
State general fund transfers	\$ 799,514	\$ (788,948)	\$ 10,566
State capital projects debt service	516,242	(512,952)	3,290
State of Alaska capital projects	294,915	(272,196)	22,719
AHFC capital projects	723,607	(589,476)	134,131
Total	\$ 2,334,278	\$ (2,163,572)	\$ 170,706

Transfer Plan with the State

The 1998 Legislature authorized the Corporation to finance state capital projects through the issuance of up to \$224,000,000 in bonds. Debt service payments on such bonds are categorized as transfers pursuant to the Transfer Plan. That legislation also extended the term of the Transfer Plan by stating the Legislature's intent that the Corporation transfer to the State (or expend on its behalf) an amount not to exceed \$103,000,000 in each fiscal year through fiscal year 2006, again stating that, to protect the Corporation and its bond rating, in no fiscal year should such amount exceed the Corporation's net income for the preceding fiscal year. The bond proceeds are allocated to agencies and municipalities subject to specific legislative appropriation.

The 2000 Legislature adopted legislation authorizing the issuance of bonds in sufficient amounts to fund the construction of various State capital projects, and extended the Transfer Plan (as described above) through fiscal year 2008. The 2002 Legislature authorized the issuance of capital project bonds for the renovation and deferred maintenance of the Corporation's Public Housing facilities. The 2004 Legislature adopted legislation authorizing the additional issuance of bonds in sufficient amounts to fund the construction of various State capital projects. The bond proceeds are allocated to agencies and municipalities subject to specific legislative appropriation.

The Corporation has issued \$196,345,000 principal amount of State Capital Project Bonds pursuant to the 1998 Act, \$74,535,000 principal amount of State Capital Project Bonds pursuant to the 2000 Act, \$60,250,000 principal amount of State Capital Project Bonds pursuant to the 2002 Act, and \$45,000,000 principal amount of bonds under the State Capital Project agreement pursuant to the 2004 Act, and has completed its issuance authority under the Acts. The payment of principal and interest on these bonds will be included in future capital budgets of the Corporation. Debt service payments on such bonds are categorized as transfers pursuant to the Transfer Plan.

The Twenty-Third Legislature in 2003 enacted SCS HB 256 (the "2003 Act") which added language to the Alaska Statutes to modify and incorporate the Transfer Plan. The Corporation and the State view the 2003 Act as an indefinite, sustainable continuation of the Transfer Plan. As approved and signed into law by the Governor and modified by the Twenty-Fourth Legislature in 2006 with SB 236, the 2003 Transfer Plan calls for annual transfers that will not exceed the lesser of 75% of the adjusted change in net position for the fiscal year two years prior to the current fiscal year or \$103,000,000 less debt service on certain State Capital Project Bonds, less any legislative appropriation of the Corporation's unrestricted, unencumbered funds other than appropriations of the Corporation's operating budget.

20 HOUSING GRANTS AND SUBSIDIES EXPENSES

The grant programs are funded from HUD, federal, State and Corporate proceeds. The Corporation paid grants to third parties for the following programs (in thousands):

	December 31, 2025
Beneficiaries and Special Needs Housing	\$ 770
Competitive Grants for Public Housing	(3)
Continuum of Care Homeless Assistance	899
COVID-19 American Rescue Plan Act - Homeless Assistance	8,147
COVID-19 American Rescue Plan Act - Homeowner Assistance	119
COVID-19 American Rescue Plan Act	390
COVID-19 American Rescue Plan Act-Tribal	101
Domestic Violence	1,132
Discharge Incentive grant - Operating	113
Emergency Housing Vouchers (EHV)	624
Emergency Shelter Grant (ESG)	108
Energy Efficiency Monitoring Research	9
Energy Efficient Weatherization	750
Energy Residential Program	4
Foster Youth to Independence	60
HOME Investment Partnership	746
Homeless Assistance Program (HAP)	2,598
Housing Choice Vouchers	19,929
Housing Choice Voucher - Mainstream	404
Housing Grants Individuals	590
Housing Loan Program	6,416
Housing Opportunities for Persons with AIDS	151
Housing Trust Fund	436
Low Income Weatherization Assistance	1,159
Low Income Home Energy Assistance	635
Neighborhood Stabilization Program	45
Non-Elderly Disabled (NED)	191

Parolees (TBRA)	(1)
Re-entry Housing & Support	44
Returning Home	220
Section 811 Rental Housing Assistance	303
Section 8 Rehabilitation	317
Senior Citizen Housing Development Grant	1,049
Supplemental Housing Grant	1,767
Veterans Affairs Supportive Housing	1,484
Victims of Human Trafficking	87
Youth (TBRA) Operating	10
Youth (TBRA)	11
Total Housing Grants and Subsidies Expenses	\$ 51,814

A sum of \$13,000,000, from the Corporation's Moving to Work ("MTW") Demonstration Program reserves in HUD, was transferred to ACAH to assist in funding the Fairbanks Affordable Housing Project, a multifamily housing project. ACAH advanced these funds to Fairbanks Affordable Housing, LLC in the form of a loan agreement, payable on earliest date or September 1, 2079. Interest and principal are payable at the interest rate of 3.14% annually.

A sum of \$8,000,000, from the Corporation's MTW Demonstration Program reserves in HUD, was transferred to ACAH to assist in funding the Valdez Affordable Housing Project, a multifamily housing project. ACAH advanced \$7,192,000 of the funds to Valdez Affordable Housing, LLC in the form of a loan agreement, payable on earliest date or December 31, 2065. Interest and principal are payable at the interest rate at .55% annually.

In addition to grant payments made, the Corporation advanced grant funds of \$12,957,000, and committed to third parties a sum of \$54,845,000 in grant awards as of December 31, 2025.

21 PENSION AND POST-EMPLOYMENT HEALTHCARE PLANS

Description of Plans

As of December 31, 2025, all regular employees of the Corporation who work more than fifteen hours per week participate in the Alaska Public Employees' Retirement System ("PERS"). PERS administers the State of Alaska Public Employees' Retirement System Defined Benefit Retirement Plan, which includes both pension and post-employment healthcare plans for all employees hired prior to July 1, 2006. The defined benefit plan was an agent multiple-employer, statewide plan until July 1, 2008, when Senate Bill 125 converted the plan to a multiple-employer cost-sharing plan.

PERS also administers the State of Alaska Public Employees' Retirement System Defined Contribution Retirement Plan, which includes both pension and post-employment healthcare plans for all employees hired on or after July 1, 2006.

PERS is administered by the State. Benefits and contributions provisions are established by Chapter 35 of Alaska Statute Title 39, and may be amended only by state legislature. Amendments do not affect existing employees.

PERS audited financial statements are available at www.doa.alaska.gov/drb.

Defined Benefit ("DB") Pension and Post-Employment Healthcare Plans (Employees hired prior to July 1, 2006)

Employee Benefits:

Employees hired prior to July 1, 1986, with five or more years of credited service are entitled to annual pension benefits beginning at normal retirement age 55 or early retirement age 50. The normal pension benefit is equal to 2% of the member's three-year highest average monthly compensation for the first ten years of service and for all service prior to July 1, 1986, 2¼% for the second ten years of service and 2½% for all remaining years of service. Employees with 30 or more years of credited service may retire at any age and receive a normal benefit. The plan pays the retiree medical plan premium and provides death and disability benefits.

Employees hired between July 1, 1986, and June 30, 1996, with five or more years of credited service are entitled to annual pension benefits beginning at normal retirement age 60 or early retirement age 55. The normal pension benefit is equal to 2% of the member's three-year highest average monthly compensation for the first ten years of service, 2¼% for the second ten years of service and 2½% for all remaining years of service. Employees with 30 or more years of credited service may retire at any age and receive a normal benefit. The plan does not pay the retiree medical plan premium for retirees under the age of 60 unless the retiree has 30 years of credited service. The employee may elect to pay the full premium cost for medical coverage.

Employees hired between July 1, 1996, and June 30, 2006, with five or more years of credited service are entitled to annual pension benefits beginning at normal retirement age 60 or early retirement age 55. The normal pension benefit is equal to 2% of the member's five-year highest average monthly compensation for the first ten years of service, 2¼% for the second ten years of service and 2½% for all remaining years of service. Employees with 30 or more years of credited service may retire at any age and receive a normal benefit. The plan does not pay the retiree medical plan premium for retirees with less than 10 years of service at age 60. The employee may elect to pay the full premium cost for medical coverage.

This plan was closed to new entrants as of June 30, 2006.

The Defined Benefit Pension and Post-Employment Healthcare Plan issues financial reports that are available to the public on the SOA website: alaska.gov/drb/employer/resources/gasb.html.

Funding Policy:

Under State law, covered employees are required to contribute 6.75% of their annual covered salary to the pension plan and are not required to contribute to the post-employment healthcare plan.

Under State law, the Corporation is required to contribute 22.00% of annual covered salary. For fiscal year 2026, 22.00% of covered salary is for the pension plan and 0% is for the post-employment healthcare plan.

Under AS39.35.255, the State funds 6.33%, the difference between the actuarial required contribution of 28.33% for fiscal year 2026 and the employer rate of 22.00%.

The Corporation's contributions to the Defined Benefit pension plan for the six months ended December 31, 2025, totaled \$820,000.

Pension Liability:

The pension liability for the six months ended December 31, 2025 is not available at this time.

For the year ended June 30, 2025, the Corporation reported a liability for its proportionate share of net pension liability of \$33,945,000. This amount reflected State pension support provided to the Corporation of \$12,692,000. The total net pension liability associated with the Corporation was \$46,637,000.

The net pension liability for the June 30, 2024 measurement date, and the total pension liability used to calculate the new pension liability was determined by an actuarial valuation as of June 30, 2023, and rolled forward to June 30, 2024.

	June 30, 2023 Measurement Date Employer Proportion	June 30, 2024 Measurement Date Employer Proportion	Change
Corporation's proportionate share of the net pension liability	0.61892%	0.65883%	(0.03991%)

Pension Expense:

The pension expense for the six months ended December 31, 2025 is not available at this time.

For the year ended June 30, 2025, the Corporation recognized pension expense of \$5,116,000 and revenue of \$1,079,000 for support provided by the State.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

The deferred outflow of resources and deferred inflow of resources for the six months ended December 31, 2025 are not available at this time.

For the year ended June 30, 2025, the Corporation's deferred outflows of resources related to pension expense of \$2,485,000 were due to the difference between projected and actual investment earnings of \$326,000, and contributions to the pension plan subsequent to the measurement date of \$2,159,000. The Corporation's deferred inflows of resources related to pension is zero.

Contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending June 30, 2026. The amounts recognized as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows (in thousands):

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
2026	\$ 1,249	\$ -	\$ 1,249
2027	1,693	-	1,693
2028	(250)	-	(250)
2029	(207)	-	(207)
	\$ 2,485	\$ -	\$ 2,485

Pension Employer Contributions:

In 2025, the Corporation was credited with the following contributions to the PERS plan:

	Measurement Period Corporation FY24	Measurement Period Corporation FY23
Employer PERS contributions	\$ 3,689,000	\$ 3,550,000

Pension and OPEB Actuarial Assumptions:

The total pension and OPEB Liability for the fiscal year ending June 30, 2025, was determined by an actuarial valuation as of June 30, 2023, rolled forward to the measurement date of June 30, 2024. The valuation was prepared assuming an inflation rate of 2.50%. Salary increases were determined by grading by service to range from 6.75% to 2.85%. The investment rate of return was calculated at 7.25%, net of pension and OPEB plan investment expenses, based on an average inflation rate of 2.50% and a real return of 4.75%.

Mortality rates were based on the Pub-2010 General Employee table, amount-weighted, and projected with MP-2021 general improvement. Deaths are assumed to result from occupational causes 35% of the time.

The long-term expected rate of return on pension and OPEB plans investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension and OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return, excluding the inflation component of 2.39%, for each major asset class included in the OPEB plan's target asset allocation are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
Broad domestic equity	5.48%
Global equity (non-U.S.)	7.14%
Global equity	5.79%
Aggregate bonds	2.10%
Real assets	4.63%
Private equity	8.84%
Cash equivalents	0.77%

Pension Discount rate:

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that the Corporation and non-employer State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Corporation's proportionate share of the net pension liability to changes in the discount rate:

The following presents the Corporation's proportionate share of the net pension liability using the discount rate of 7.25% and what it would be if the discount was 1% lower (6.25%) or 1% higher (8.25%), (in thousands).

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Corporation's proportionate share of the net pension liability	\$ 45,218	\$ 33,945	\$ 24,405

Defined Contribution ("DC") Pension and Post-Employment Healthcare Plans (Employees hired on or after July 1, 2006):

Employee Benefits:

Defined Contribution Pension Plan participants (PERS Tier IV) participate in the Occupational Death and Disability Plan ("ODD"), and the Retiree Medical Plan ("RM"). Information on these plans is included in the comprehensive annual financial report for the PERS Plan noted above. These plans provide for death, disability, and post-employment healthcare benefits.

There is no retirement age set, however taxes and penalties may apply if withdrawn prior to age 59 ½. Retirement benefits are equal to the Defined Contribution account balance plus interest. The employee may direct the investment of the account if so desired. The account balance is 100% of the employee's contribution plus 25% of the Corporation's contribution after two years of service, 50% of the Corporation's contribution after three years of service, 75% of the Corporation's contribution after four years of service, and 100% of the Corporation's contribution after 5 years of service. The plan pays a portion of the retiree medical plan premium if the retiree retires directly from the plan and is eligible for Medicare. The portion of premium paid by the plan is determined by years of service.

Funding Policy:

Under State law, covered employees are required to contribute 8% of their annual covered salary to the pension plan and are not required to contribute to the post-employment healthcare plan. Employer contribution rates for fiscal year 2026 are as follows:

Other Tier IV	
Pension employer contribution	5.00%
Occupational death and disability benefits (ODD)	0.24%
Retiree medical	0.86%
Total OPEB	1.10%
Total contribution rates	6.10%

Under State law, the Corporation is required to contribute 22% of annual covered salary. For fiscal year 2026, 6.10% of covered salary is split between 5.00% for the pension plan and 1.10% for the post-employment healthcare plan. Then, to offset additional individual post-employment healthcare cost, an annual flat dollar amount of \$2,467.92, representing 3% of total annual covered compensation in the Plan for each full-time employee, and \$1.58 per hour for part-time employees, is deposited in a Health Reimbursement Arrangement ("HRA") Account for each covered employee per AS 39.30.370.

Additionally, if the total amount that the Corporation has contributed for the defined contribution pension and post-employment healthcare plans is less than 22% of covered payroll after the HRA contributions, the Corporation must pay that additional amount. This additional amount is used to reduce the defined benefit plan's unfunded liability. For the six months ended December 31, 2025, the Corporation paid additional contributions of \$617,000. All of the contributions were for the defined benefit pension as of December 31, 2025.

The contributions to the pension plan for the six months ended December 31, 2025, by the employees totaled \$742,000 and by the Corporation totaled \$463,000.

The contributions to Other Post-Employment Benefits ("OPEB") plan by the Corporation for the six months ended December 31, 2025, totaled \$102,000.

The Corporation contributed \$270,000 to a Health Reimbursement Arrangement for six months ended December 31, 2025.

The Defined Contribution Pension and Post Employment Healthcare Plan issues financial reports that are available to the public on the SOA website: alaska.gov/dr/employer/resources/gasb.html.

Other Post-Employment Benefits (“OPEB”) Defined Benefit and Defined Contribution Plans

The Corporation did not contribute to the defined benefit post-employment healthcare plan for the six months ended December 31, 2025, and for the year ended June 30, 2025.

OPEB Employer Contribution Rate:

In 2025, the Corporation was credited with the following contributions to the OPEB plan:

	Measurement Period Corporation FY24	Measurement Period Corporation FY23
Employer contributions DB	\$ 90,000	\$ 44,000
Employer contributions DC RM	135,000	150,000
Employer contributions DC ODD	42,000	41,000
Total contributions	<u>\$ 267,000</u>	<u>\$ 235,000</u>

Changes in Benefit Assumptions Since the Prior Valuation of OPEB:

The actuarial assumptions used in the June 30, 2023 actuarial valuation were rolled forward to the June 30, 2024 measurement date. The actuarial assumptions used in the June 30, 2022 actuarial valuation, were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021. The assumptions used in the June 30, 2023 actuarial valuation are the same as those used in the June 30, 2022 valuation with the following exceptions:

1. For DC RM and PERS Alaska Retiree Healthcare Trust (“ARHT”), per capita claims costs were updated to reflect recent experience.
2. For all of the plans, the amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid from plan assets.

OPEB healthcare cost trend rates:

Healthcare cost trend model has been adopted by the Society of Actuaries, and has been populated with assumptions that are specific to the State of Alaska. The following table shows the rate used by actuaries to project the cost from the shown fiscal year to the next fiscal year.

	Medical Pre-65	Medical Post-65	Prescription Drugs/ Employer Group Waiver Plan (EGWP)
FY24	6.70%	5.50%	7.20%
FY25	6.40%	5.40%	6.90%
FY26	6.20%	5.40%	6.65%
FY27	6.05%	5.35%	6.35%
FY28	5.85%	5.35%	6.10%
FY29	5.65%	5.30%	5.80%
FY30	5.45%	5.30%	5.55%
FY31-FY38	5.30%	5.30%	5.30%
FY39	5.25%	5.25%	5.25%
FY40	5.20%	5.20%	5.20%
FY41	5.10%	5.10%	5.10%
FY42	5.05%	5.05%	5.05%
FY43	4.95%	4.95%	4.95%
FY44	4.90%	4.90%	4.90%
FY45	4.80%	4.80%	4.80%
FY46	4.75%	4.75%	4.75%
FY47	4.70%	4.70%	4.70%
FY48	4.60%	4.60%	4.60%
FY49	4.55%	4.55%	4.55%
FY50+	4.50%	4.50%	4.50%

Key Elements of OPEB formula:

Liability and contributions shown in the report are computed using the Entry Age Normal Actuarial Cost Method. Projected pension and post-employment healthcare benefits were determined for all active members. Cost factors designed to produce annual costs as a constant percentage of each member's expected compensation in each year from the assumed entry age to the assumed retirement age were applied to the projected benefits to determine the normal cost (the portion of the total cost of the plan allocated to the current year under the method). The normal cost is determined by summing intermediate results for active members and determining an average normal cost rate, which is then related to the total payroll of active members. The actuarial accrued liability for active members (the portion of the total cost of the plan allocated to prior years under the method) was determined as the excess of the actuarial present value of projected benefits over the actuarial present value of future normal costs.

The actuarial accrued liability for retired members, their beneficiaries currently receiving benefits, terminated vested members and disabled members not yet receiving benefits was determined as the actuarial present value of the benefits expected to be paid. No future normal costs are payable for these members.

The actuarial accrued liability under this method at any point in time is the theoretical amount of the fund that would have been accumulated had annual contributions equal to the normal cost been made in prior years (it does not represent the liability for benefits accrued to the valuation date). The unfunded actuarial accrued liability is the excess of the actuarial accrued liability over the actuarial value of plan assets measured on the valuation date.

Post-employment healthcare benefits:

For DB plan major medical benefits are provided to retirees and their surviving spouses by PERS for all employees hired before July 1, 1986, (Tier 1) and disabled retirees. Employees hired after June 30, 1986, (Tier 2) and their surviving spouses with five years of credited service (or ten years of credited service for those first hired after June 30, 1996, (Tier 3)) must pay the full monthly premium if they are under age sixty and will receive benefits paid by PERS if they are over age sixty. Tier 3 Members with between five and ten years of credited service must pay the full monthly premium regardless of their age. Tier 2 and Tier 3 members with less than five years of credited service are not eligible for post-employment healthcare benefits. Tier 2 members, who are receiving a conditional benefit and are age eligible, are eligible for post-employment healthcare benefits. Employees and their surviving spouses with thirty years of membership service receive benefits paid by PERS, regardless of their age or date of hire.

Medical, prescription drug, dental, vision and audio coverage is provided through the AlaskaCare Retiree Health Plan. Health plan provisions do not vary by retirement tier or age, except for Medicare coordination. Surviving spouses continue coverage only if a pension payment form that provided survivor benefits was elected. Where premiums are required prior to age 60, the valuation bases this payment upon the age of the retiree.

Starting in 2022, prior authorization will be required for certain special medications for all participants, while certain preventive benefits for pre-Medicare participants will now be covered by the plan.

Of those benefit recipients who are eligible for the COLA, 65% are assumed to remain in Alaska and receive COLA. 50%-75% of assumed inflation, or 1.25% and 1.875%, respectively, is valued for the annual automatic Post-Retirement Pension Adjustment ("PRPA").

For DC RM and DC ODD retirement eligibility: must retire from the plan and have 30 years of service or be eligible for Medicare and have 10 years of service. Once member becomes eligible for Medicare, the required contribution follows a set plan schedule. The plan's coverage is supplemental to Medicare, referred to in the industry as exclusion coordination. Medicare payment is deducted from the Medicare allowable expense and plan parameters are applied to the remaining amount. Starting in 2019, the prescription drug coverage will be through a Medicare Part D Employer Group Waiver Plan ("EGWP") arrangement. The premium for dependents who are not eligible for Medicare aligns with the member's subsidy. While a member is not Medicare-eligible, premiums are 100% of the estimated cost. Occupational Disability and Death benefit are 40% of salary at date of qualifying event. Medicare exclusion coordination applies to ODD benefits.

OPEB Asset:

The total net OPEB asset and total net liability for the six months ended December 31, 2025, are not available at this time.

For the year ended June 30, 2025, the total net OPEB Asset associated with the Corporation was \$14,472,000 and the total net OPEB Liability associated with the Corporation was zero.

For the year ended June 30, 2025, the Corporation reported an asset for its proportionate share of the net OPEB Asset ("NOA") that reflected an increase for State OPEB support provided to the Corporation. The amount recognized by the Corporation for its proportional share, the related State proportion, and the total were as follows:

<u>Corporation's proportionate share net OPEB asset:</u>	2025
Corporation's proportionate share of NOA – DB	\$ 13,657,000
Corporation's proportionate share of NOA – DC RM	395,000
<u>Corporation's proportionate share of NOA – DC ODD</u>	<u>420,000</u>
Total net OPEB asset	\$ 14,472,000

The net OPEB asset was measured as of June 30, 2024, and the total OPEB asset used to calculate the new OPEB asset was determined by an actuarial valuation as of June 30, 2023, and rolled forward to June 30, 2024.

<u>Corporation's Proportionate Share of the Net OPEB Asset:</u>	<u>June 30, 2023 Measurement Date Employer Proportion</u>	<u>June 30, 2024 Measurement Date Employer Proportion</u>	<u>Change</u>
DB	0.65731%	0.62019%	(0.03711%)
DC RM	0.80048%	0.84646%	0.04598%
DC ODD	0.66985%	0.70295%	0.03310%

Changes in Benefit Provisions Since Prior Valuation of OPEB:

There have been no changes in PERS DCR benefit provisions valued since the prior valuation.

OPEB Expense:

For the year ended June 30, 2025, the Corporation recognized an increase of OPEB expense of \$1,410,000 and no support provided by the State.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

For the year ended June 30, 2025, the Corporation reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources (in thousands):

<u>Year Ended June 30, 2025</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions subsequent to the measurement date	\$ 2,601	\$ -
Difference between expected and actual experience	17	(142)
Difference between projected and actual investment earnings	374	-
Changes in assumptions	341	(266)
Changes in proportion and differences between employer contributions	159	(30)
Total deferred outflows and deferred inflows	\$ 3,492	\$ (438)

Deferred outflows of resources related to OPEB resulting from contributions of \$2,601,000 reported subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (in thousands):

<u>Year Ended June 30,</u>	<u>Total</u>
2026	\$ 2,268
2027	1,363
2028	(302)
2029	(242)
2030	(36)
Thereafter	3
	<u>\$ 3,054</u>

OPEB Discount rate:

The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that the Corporation and non-employer State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability in accordance with the method prescribed by GASB Statement No. 74.

Sensitivity of the Corporation's proportionate share of the net OPEB asset to changes in the discount rate:

The following presents the Corporation's proportionate share of the net OPEB asset using the discount rate of 7.25% and what it would be if the discount was 1-percentage-point (6.25%) lower or 1-percentage-point higher (8.25%), (in thousands).

Corporation's Proportionate Share of the Net OPEB Liability (Asset):	Proportional Share	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
DB plan	0.62019%	\$ (8,648)	\$ (13,657)	\$ (17,873)
DC RM plan	0.84646%	\$ 68	\$ (395)	\$ (748)
DC ODD plan	0.70295%	\$ (394)	\$ (420)	\$ (440)

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rate:

The following presents the Corporation's net OPEB asset using current healthcare cost trend rates and comparing to a 1% increase and a 1% decrease of current healthcare costs trend rates, (in thousands).

Corporation's Proportionate Share of the Net OPEB Liability (Asset):	Proportional Share	1% Decrease	Current Trend Rate	1% Increase
DB plan	0.62019%	\$ (18,354)	\$ (13,657)	\$ (8,078)
DC RM plan	0.84646%	\$ (795)	\$ (395)	\$ 143
DC ODD plan	0.70295%	n/a	\$ (420)	n/a

OPEB plan's fiduciary net position:

All information regarding the Plan's assets, deferred outflow/inflow of resources, liabilities and fiduciary net position can be found in the PERS financial statements that are available to the public on the SOA website: <http://doa.alaska.gov/drb/employer/resources/gasb.html#.YMPxY6hKq2x>.

Annual Post-employment Healthcare Cost:

The annual postemployment healthcare cost for the six months ended December 31, 2025, is not available at this time.

For the year ended June 30, 2025, the Corporation recognized \$525,000 in DC OPEB costs. These amounts were recognized as expense.

22 OTHER COMMITMENTS AND CONTINGENCIES

Medical Self Insurance

During the fiscal year ended June 30, 1998, the Corporation began a program of self-insurance for employee medical benefits. Costs are billed directly to the Corporation by an Administrative Services Provider that processes all of the claims from the employees and their dependents. The Corporation has purchased a stop-loss policy that limits its liability to \$200,000 per employee per year. The Corporation provided an estimate of the incurred but not reported (IBNR) liability based on historic trends. Changes in the balances for the claims liabilities for the prior and current fiscal years are as follows (in thousands):

	June 30, 2025	December 31, 2025
Claims liabilities, beginning balance	\$ 2,468	\$ 2,253
Incurred claims	10,714	6,615
Claims payments	(10,929)	(6,597)
Claims liabilities, ending balance	\$ 2,253	\$ 2,271

Litigation

The Corporation, in the normal course of its activities, is involved in various claims and pending litigation, the outcome of which is not presently determinable. In the opinion of management, the disposition of these matters is not presently expected to have a material adverse effect on the Corporation's financial statements.

Contingent Liabilities

The Corporation participates in several federally assisted programs. These programs are subject to program compliance audits and adjustment by the grantor agencies or their representatives. Any disallowed claims, including amounts already collected, would become a liability of the Administrative Fund. In management's opinion, disallowance, if any, will be immaterial.

Subsequent Events

On February 4, 2026, AHFC executed a Bond Purchase Agreement with Raymond James & Associates, Inc. for the issuance of \$106,400,000 General Mortgage Revenue Bonds II, 2026 Series A. These are tax-exempt, fixed rate housing bonds to fund qualified first time homebuyer mortgage loans.

The Corporation will deliver its \$106,400,000 General Mortgage Revenue Bonds II, 2026 Series A, on March 17, 2026. The Series A Bonds are tax-exempt general obligations of the Corporation having a final maturity of December 1, 2056, and paying interest each June 1 and December 1 at fixed rates ranging from 3.35% to 6.00%. Proceeds of the Series A Bonds will be used to finance qualified mortgage loans.

23 RISK MANAGEMENT

The Corporation is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by various commercial insurance policies and contractual risk transfers. When the Corporation enters into agreements, contracts or grants, it requires insurance from the party with which the Corporation is doing business. This ensures that the party can adequately sustain any loss exposure, so the Corporation is not first in line in case of a loss. Cyber security coverage increased from \$5 million to \$8 million by the carrier's response to the market conditions. Settlements have not exceeded insurance coverage during the past three years.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Corporation's Proportionate Share of the Net Pension Liability (in thousands):

	2025	2024	2023	2022	2021
The Corporation's proportion of the net pension liability (asset)	0.618920%	0.658830%	0.692310%	0.783070%	0.629770%
The Corporation's proportionate share of the net pension liability (asset)	\$ 33,945	\$ 34,162	\$ 35,286	\$ 28,727	\$ 37,164
State's proportionate share of the net pension liability (asset) associated with the Corporation	12,692	11,386	9,767	3,891	15,376
Total	\$ 46,637	\$ 45,548	\$ 45,053	\$ 32,618	\$ 52,540
The Corporation's covered employee payroll	\$ 7,217	\$ 7,948	\$ 8,888	\$ 9,602	\$ 10,681
The Corporation's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	470.35%	429.83%	397.02%	299.18%	347.94%
Plan fiduciary net position as a percentage of the total pension liability	67.81%	68.23%	67.97%	76.46%	61.61%
	2020	2019	2018	2017	2016
The Corporation's proportion of the net pension liability (asset)	0.656900%	0.714740%	0.689820%	0.852380%	0.780600%
The Corporation's proportionate share of the net pension liability (asset)	\$ 35,960	\$ 35,515	\$ 35,660	\$ 47,645	\$ 37,859
State's proportionate share of the net pension liability (asset) associated with the Corporation	14,276	10,284	13,285	6,003	10,856
Total	\$ 50,236	\$ 45,799	\$ 48,945	\$ 53,648	\$ 48,715
The Corporation's covered employee payroll	\$ 11,680	\$ 12,583	\$ 13,817	\$ 15,252	\$ 16,314
The Corporation's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	307.88%	282.24%	258.10%	312.39%	232.06%
Plan fiduciary net position as a percentage of the total pension liability	63.42%	65.19%	63.37%	59.55%	63.96%

Information in this table is presented based on the Plan measurement date. For June 30, 2025, the plan measurement date is June 30, 2024.

The Plan is reporting no changes in benefit terms from the prior measurement period.

The Plan is reporting no changes in assumptions from the prior measurement period.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Corporation's Contributions to the Pension Plan (in thousands):

	2025	2024	2023	2022	2021
Contractually required contributions	\$ 3,377	\$ 3,518	\$ 3,448	\$ 2,474	\$ 2,292
Contributions in relation to the contractually required contributions	3,377	3,518	3,448	2,474	2,292
Contribution deficiency (excess)	-	-	-	-	-
The Corporation's covered employee payroll	7,333	7,217	7,948	8,888	9,602
Contributions as a percentage of covered-employee payroll	46.05%	48.75%	43.38%	27.83%	23.87%
	2020	2019	2018	2017	2016
Contractually required contributions	\$ 2,561	\$ 2,727	\$ 2,932	\$ 2,679	\$ 2,475
Contributions in relation to the contractually required contributions	2,561	2,727	2,932	2,679	2,475
Contribution deficiency (excess)	-	-	-	-	-
The Corporation's covered employee payroll	10,681	11,680	12,583	13,817	15,252
Contributions as a percentage of covered-employee payroll	23.98%	23.35%	23.30%	19.39%	16.23%

This table reports the Corporation's pension contributions to PERS during fiscal year 2025. These contributions are reported as a deferred outflow of resources on the June 30, 2025, basic financial statements.

This pension table presents 10 years of information.

The Plan is reporting no changes in benefit terms from the prior measurement period.

The Plan is reporting no changes in assumptions from the prior measurement period.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Corporation's Proportionate Share of the Net OPEB Liability (in thousands):

	2025	2024	2023	2022	2021
The Corporation's proportion of the net OPEB liability (asset) for Defined Benefit - Retiree Medical	0.62019%	0.65731%	0.68763%	0.78626%	0.62960%
The Corporation's proportion of the net OPEB liability (asset) for Defined Contribution Pension Plans - Retiree Medical Plan	0.84645%	0.80048%	0.79810%	0.76797%	0.74451%
The Corporation's proportion of the net OPEB liability (asset) for Defined Contribution Pension Plans - Occupational Death & Disability Plan	0.70295%	0.66985%	0.67357%	0.64746%	0.60268%
The Corporation's proportionate share of the net OPEB liability (asset)	\$ (14,472)	\$ (15,848)	\$ (14,102)	\$ (20,661)	\$ (2,963)
State's proportionate share of the net OPEB liability (asset) associated with the Corporation	(5,075)	(5,091)	(3,868)	(2,642)	(1,183)
Total	\$ (19,547)	\$ (20,939)	\$ (17,970)	\$ (23,303)	\$ (4,146)
The Corporation's covered employee payroll	\$ 22,738	\$ 21,649	\$ 21,489	\$ 20,850	\$ 20,890
The Corporation's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	(63.65%)	(73.20%)	(65.62%)	(99.09%)	(14.18%)
Defined Benefit - Retiree Medical Plan fiduciary net position as a percentage of the total OPEB liability	130.59%	133.96%	128.51%	135.54%	106.15%
Defined Contribution - Retiree Medical Plan fiduciary net position as a percentage of the total OPEB liability	119.87%	124.29%	120.08%	115.10%	95.23%
Defined Contribution - Occupational Death & Disability Plan fiduciary net position as a percentage of the total OPEB liability	346.81%	349.24%	348.80 %	374.22%	283.80%

Information in this table is presented based on the Plan measurement date. For June 30, 2025, the plan measurement date is June 30, 2024.

This OPEB table is intended to present 10 years of information. Additional years will be added to the schedule as they become available.

Defined Benefit - Retiree Medical Plan is reporting no changes in benefit terms from the prior measurement period.

The Plan is reporting no changes in assumptions from the prior measurement period.

Defined Contribution Pension Plans (Retiree Medical Plan and Occupational Death & Disability Plan) are reporting the following changes in benefit terms from the prior measurement period:

- Updated non-Medicare eligible dependent coverage premiums to reflect subsidy when the member is Medicare-eligible.
- Updated factors used to adjust the defined benefit plan costs to reflect adopted Defined Contribution Retiree Medical plan design.

Schedule of the Corporation's Proportionate Share of the Net OPEB Liability (in thousands) (cont.):

	2020	2019	2018	2017
The Corporation's proportion of the net OPEB liability (asset) for Defined Benefit - Retiree Medical	0.65680%	0.71458%	0.68992%	0.85265%
The Corporation's proportion of the net OPEB liability (asset) for Defined Contribution Pension Plans - Retiree Medical Plan	0.69949%	0.71095%	0.70310%	0.66252%
The Corporation's proportion of the net OPEB liability (asset) for Defined Contribution Pension Plans - Occupational Death & Disability Plan	0.55609%	0.71095%	0.70310%	0.66252%
The Corporation's proportionate share of the net OPEB liability (asset)	\$ 1,007	\$ 7,286	\$ 5,765	\$ 9,752
State's proportionate share of the net OPEB liability (asset) associated with the Corporation	388	2,129	2,173	-
Total	\$ 1,395	\$ 9,415	\$ 7,938	\$ 9,752
The Corporation's covered employee payroll	\$ 20,775	\$ 20,629	\$ 21,133	\$ 21,629
The Corporation's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	4.85%	35.32%	27.28%	45.09%
Defined Benefit - Retiree Medical Plan fiduciary net position as a percentage of the total OPEB liability	98.13%	88.12%	89.68%	85.45%
Defined Contribution - Retiree Medical Plan fiduciary net position as a percentage of the total OPEB liability	83.17%	88.71%	93.98%	86.82%
Defined Contribution - Occupational Death & Disability Plan fiduciary net position as a percentage of the total OPEB liability	297.43%	270.62%	212.97%	245.29%

Information in this table is presented based on the Plan measurement date. For June 30, 2025, the plan measurement date is June 30, 2024.

This OPEB table is intended to present 10 years of information. Additional years will be added to the schedule as they become available.

Defined Benefit - Retiree Medical Plan is reporting no changes in benefit terms from the prior measurement period.

The Plan is reporting no changes in assumptions from the prior measurement period.

Defined Contribution Pension Plans (Retiree Medical Plan and Occupational Death & Disability Plan) are reporting the following changes in benefit terms from the prior measurement period:

- Updated non-Medicare eligible dependent coverage premiums to reflect subsidy when the member is Medicare-eligible.
- Updated factors used to adjust the defined benefit plan costs to reflect adopted Defined Contribution Retiree Medical plan design.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Corporation's Contributions to the OPEB Plan (in thousands):

	2025	2024	2023	2022	2021
Contractually required contributions	\$ 716	\$ 678	\$ 623	\$ 1,609	\$ 1,712
Contributions in relation to the contractually required contributions	716	678	623	1,609	1,712
Contribution deficiency (excess)	-	-	-	-	-
The Corporation's covered employee payroll	25,171	22,738	21,649	21,489	20,850
Contributions as a percentage of covered-employee payroll	2.85%	2.98%	2.88%	7.49%	8.21%
	2020	2019	2018	2017	
Contractually required contributions	\$ 1,520	\$ 1,434	\$ 1,287	\$ 1,689	
Contributions in relation to the contractually required contributions	1,520	1,434	1,287	1,689	
Contribution deficiency (excess)	-	-	-	-	
The Corporation's covered employee payroll	20,890	20,775	20,629	21,133	
Contributions as a percentage of covered-employee payroll	7.28%	6.90%	6.24%	7.99%	

This table reports the Corporation's OPEB contributions to SOA during fiscal year 2025. These contributions are reported as a deferred outflow of resources on the June 30, 2025, basic financial statements.

This OPEB table is intended to present 10 years of information. Additional years will be added to the schedule as they become available.

Defined Benefit - Retiree Medical Plan is reporting no changes in benefit terms from the prior measurement period.

Defined Contribution Pension Plans (Retiree Medical Plan and Occupational Death & Disability Plan) are reporting the following changes in benefit terms from the prior measurement period:

- Updated non-Medicare eligible dependent coverage premiums to reflect subsidy when the member is Medicare-eligible.
- Updated factors used to adjust the defined benefit plan costs to reflect adopted Defined Contribution Retiree Medical plan design.

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ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

COMBINED - ALL FUNDS

As of December 31, 2025

(in thousands of dollars)

	Administrative Fund	Combined Home Mortgage Revenue Bonds	Combined General Mortgage Revenue Bonds	Combined Collateralized Veterans Mortgage Bonds	Combined Governmental Purpose Bonds
Assets					
Current					
Cash	\$ 25,414	\$ -	\$ -	\$ -	\$ -
Investments	409,366	12,750	22,920	13,711	11,395
Lease receivable	-	-	-	-	-
Accrued interest receivable	1,979	2,990	3,747	1,259	354
Inter-fund due (to)/from, net	(39,275)	8,955	12,855	3,550	1,800
Mortgage loans, notes and other loans, net	9,343	18,311	32,022	9,222	4,687
Other assets	3,293	-	-	-	-
Intergovernmental receivable, net	108	-	-	-	-
Total current	410,228	43,006	71,544	27,742	18,236
Non current					
Investments	23,935	10,000	13,632	-	-
Lease receivable	-	-	-	-	-
Inter-fund due (to)/from, net	-	-	-	-	-
Mortgage loans, notes and other loans, net	274,042	592,013	1,035,372	298,213	151,538
Capital assets - non-depreciable	2,430	-	-	-	-
Capital assets - depreciable, net	8,859	-	-	-	-
Other assets	2,240	-	-	-	911
OPEB asset	14,472	-	-	-	-
Total non current	325,978	602,013	1,049,004	298,213	152,449
Total assets	736,206	645,019	1,120,548	325,955	170,685
Deferred Outflow Of Resources	5,977	30,120	-	-	1,133
Liabilities					
Current					
Bonds payable	-	16,830	21,455	5,015	8,205
Short term debt	99,543	-	-	-	-
Accrued interest payable	-	1,176	2,909	873	138
Other liabilities	7,119	163	253	66	33
Intergovernmental payable	-	-	-	-	-
Total current	106,662	18,169	24,617	5,954	8,376
Non current					
Bonds payable	-	383,675	866,135	249,059	35,451
Other liabilities	2,471	-	603	24	-
Derivative instrument - interest rate swaps	-	25,622	-	-	1,133
Pension liability	33,945	-	-	-	-
Total non current	36,416	409,297	866,738	249,083	36,584
Total liabilities	143,078	427,466	891,355	255,037	44,960
Deferred Inflow Of Resources	438	-	-	-	-
Net Position					
Net investment in capital assets	11,289	-	-	-	-
Restricted by bond resolutions	-	247,673	229,193	70,918	126,858
Restricted by contractual or statutory agreements	193,359	-	-	-	-
Unrestricted or (deficit)	394,019	-	-	-	-
Total net position	\$ 598,667	\$ 247,673	\$ 229,193	\$ 70,918	\$ 126,858

See accompanying notes to the financial statements.

Combined State Capital Project Bonds	Combined Other Programs	Total December 31, 2025
\$ 75	\$ 49,993	\$ 75,482
44,877	32	515,051
2,935	3,325	6,260
6,186	289	16,804
19,036	(6,921)	-
46,340	1,655	121,580
-	16,859	20,152
-	11,792	11,900
119,449	77,024	767,229
-	-	47,567
4,427	-	4,427
-	-	-
1,498,326	77,483	3,926,987
-	33,614	36,044
-	42,220	51,079
1,443	266	4,860
-	-	14,472
1,504,196	153,583	4,085,436
1,623,645	230,607	4,852,665
6,117	-	43,347
47,155	-	98,660
-	-	99,543
4,662	-	9,758
320	23,696	31,650
75	-	75
52,212	23,696	239,686
1,316,973	-	2,851,293
-	446	3,544
-	-	26,755
-	-	33,945
1,316,973	446	2,915,537
1,369,185	24,142	3,155,223
8,413	3,092	11,943
-	75,834	87,123
-	-	674,642
-	169,572	362,931
252,164	(42,033)	604,150
\$ 252,164	\$ 203,373	\$ 1,728,846

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF NET POSITION
ADMINISTRATIVE FUND
As of December 31, 2025
(in thousands of dollars)

Schedule 2

	Administrative Fund	Total December 31, 2025
Assets		
Current		
Cash	\$ 25,414	\$ 25,414
Investments	409,366	409,366
Lease receivable	-	-
Accrued interest receivable	1,979	1,979
Inter-fund due (to)/from, net	(39,275)	(39,275)
Mortgage loans, notes and other loans, net	9,343	9,343
Other assets	3,293	3,293
Intergovernmental receivable, net	108	108
Total current	410,228	410,228
Non current		
Investments	23,935	23,935
Lease receivable	-	-
Inter-fund due (to)/from, net	-	-
Mortgage loans, notes and other loans, net	274,042	274,042
Capital assets - non-depreciable	2,430	2,430
Capital assets - depreciable, net	8,859	8,859
Other assets	2,240	2,240
OPEB asset	14,472	14,472
Total non current	325,978	325,978
Total assets	736,206	736,206
Deferred Outflow Of Resources	5,977	5,977
Liabilities		
Current		
Bonds payable	-	-
Short term debt	99,543	99,543
Accrued interest payable	-	-
Other liabilities	7,119	7,119
Intergovernmental payable	-	-
Total current	106,662	106,662
Non current		
Bonds payable	-	-
Other liabilities	2,471	2,471
Derivative instrument - interest rate swaps	-	-
Pension liability	33,945	33,945
Total non current	36,416	36,416
Total liabilities	143,078	143,078
Deferred Inflow Of Resources	438	438
Net Position		
Net investment in capital assets	11,289	11,289
Restricted by bond resolutions	-	-
Restricted by contractual or statutory agreements	193,359	193,359
Unrestricted or (deficit)	394,019	394,019
Total net position	\$ 598,667	\$ 598,667

See accompanying notes to the financial statements.

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ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

HOME MORTGAGE REVENUE BONDS

As of December 31, 2025

(in thousands of dollars)

	Home Mortgage Revenue Bonds 2002 A	Home Mortgage Revenue Bonds 2007 A	Home Mortgage Revenue Bonds 2007 B	Home Mortgage Revenue Bonds 2007 D	Home Mortgage Revenue Bonds 2009 A
Assets					
Current					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	933	2,169	1,200	1,146	2,129
Lease receivable	-	-	-	-	-
Accrued interest receivable	222	196	180	245	300
Inter-fund due (to)/from, net	1,262	925	395	1,357	2,093
Mortgage loans, notes and other loans, net	1,849	1,703	1,684	2,434	3,003
Other assets	-	-	-	-	-
Intergovernmental receivable, net	-	-	-	-	-
Total current	4,266	4,993	3,459	5,182	7,525
Non current					
Investments	-	-	-	-	-
Lease receivable	-	-	-	-	-
Inter-fund due (to)/from, net	-	-	-	-	-
Mortgage loans, notes and other loans, net	59,778	55,058	54,464	78,684	97,081
Capital assets - non-depreciable	-	-	-	-	-
Capital assets - depreciable, net	-	-	-	-	-
Other assets	-	-	-	-	-
OPEB asset	-	-	-	-	-
Total non current	59,778	55,058	54,464	78,684	97,081
Total assets	64,044	60,051	57,923	83,866	104,606
Deferred Outflow Of Resources	271	4,636	4,632	5,492	5,061
Liabilities					
Current					
Bonds payable	-	2,430	2,430	2,900	3,025
Short term debt	-	-	-	-	-
Accrued interest payable	46	171	171	203	195
Other liabilities	17	17	15	22	26
Intergovernmental payable	-	-	-	-	-
Total current	63	2,618	2,616	3,125	3,246
Non current					
Bonds payable	19,405	55,360	55,360	65,940	62,540
Other liabilities	-	-	-	-	-
Derivative instrument - interest rate swaps	271	3,870	3,866	4,553	4,377
Pension liability	-	-	-	-	-
Total non current	19,676	59,230	59,226	70,493	66,917
Total liabilities	19,739	61,848	61,842	73,618	70,163
Deferred Inflow Of Resources	-	-	-	-	-
Net Position					
Net investment in capital assets	-	-	-	-	-
Restricted by bond resolutions	44,576	2,839	713	15,740	39,504
Restricted by contractual or statutory agreements	-	-	-	-	-
Unrestricted or (deficit)	-	-	-	-	-
Total net position	\$ 44,576	\$ 2,839	\$ 713	\$ 15,740	\$ 39,504

See accompanying notes to the financial statements.

Home Mortgage Revenue Bonds 2009 B	Home Mortgage Revenue Bonds 2009 D	Total December 31, 2025
\$ -	\$ -	\$ -
1,983	3,190	12,750
-	-	-
323	1,524	2,990
1,233	1,690	8,955
3,240	4,398	18,311
-	-	-
-	-	-
6,779	10,802	43,006
-	10,000	10,000
-	-	-
-	-	-
104,747	142,201	592,013
-	-	-
-	-	-
-	-	-
-	-	-
104,747	152,201	602,013
111,526	163,003	645,019
5,061	4,967	30,120
3,025	3,020	16,830
-	-	-
196	194	1,176
27	39	163
-	-	-
3,248	3,253	18,169
62,540	62,530	383,675
-	-	-
4,377	4,308	25,622
-	-	-
66,917	66,838	409,297
70,165	70,091	427,466
-	-	-
-	-	-
46,422	97,879	247,673
-	-	-
-	-	-
\$ 46,422	\$ 97,879	\$ 247,673

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF NET POSITION
GENERAL MORTGAGE REVENUE BONDS
As of December 31, 2025
(in thousands of dollars)

	General Mortgage Revenue Bonds II 2016 A	General Mortgage Revenue Bonds II 2018 A & B	General Mortgage Revenue Bonds II 2019 A & B	General Mortgage Revenue Bonds II 2020 A & B	General Mortgage Revenue Bonds II 2022 A & B
Assets					
Current					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	721	1,323	1,941	11,544	1,968
Lease receivable	-	-	-	-	-
Accrued interest receivable	109	361	345	618	436
Inter-fund due (to)/from, net	350	829	988	2,703	1,348
Mortgage loans, notes and other loans, net	1,440	2,719	3,321	6,219	5,312
Other assets	-	-	-	-	-
Intergovernmental receivable, net	-	-	-	-	-
Total current	2,620	5,232	6,595	21,084	9,064
Non current					
Investments	-	-	-	13,632	-
Lease receivable	-	-	-	-	-
Inter-fund due (to)/from, net	-	-	-	-	-
Mortgage loans, notes and other loans, net	46,567	87,926	107,372	201,069	171,742
Capital assets - non-depreciable	-	-	-	-	-
Capital assets - depreciable, net	-	-	-	-	-
Other assets	-	-	-	-	-
OPEB asset	-	-	-	-	-
Total non current	46,567	87,926	107,372	214,701	171,742
Total assets	49,187	93,158	113,967	235,785	180,806
Deferred Outflow Of Resources					
	-	-	-	-	-
Liabilities					
Current					
Bonds payable	4,720	2,285	3,870	4,335	910
Short term debt	-	-	-	-	-
Accrued interest payable	59	159	235	388	338
Other liabilities	12	23	26	50	42
Intergovernmental payable	-	-	-	-	-
Total current	4,791	2,467	4,131	4,773	1,290
Non current					
Bonds payable	21,160	42,054	92,126	165,574	122,717
Other liabilities	-	-	-	-	461
Derivative instrument - interest rate swaps	-	-	-	-	-
Pension liability	-	-	-	-	-
Total non current	21,160	42,054	92,126	165,574	123,178
Total liabilities	25,951	44,521	96,257	170,347	124,468
Deferred Inflow Of Resources					
	-	-	-	-	-
Net Position					
Net investment in capital assets	-	-	-	-	-
Restricted by bond resolutions	23,236	48,637	17,710	65,438	56,338
Restricted by contractual or statutory agreements	-	-	-	-	-
Unrestricted or (deficit)	-	-	-	-	-
Total net position	\$ 23,236	\$ 48,637	\$ 17,710	\$ 65,438	\$ 56,338

See accompanying notes to the financial statements.

General Mortgage Revenue Bonds II 2022 C	General Mortgage Revenue Bonds II 2024 A,B & C	General Mortgage Revenue Bonds II 2025 A	Total December 31, 2025
\$ -	\$ -	\$ -	\$ -
931	3,532	960	22,920
-	-	-	-
301	1,099	478	3,747
879	4,696	1,062	12,855
2,325	7,401	3,285	32,022
-	-	-	-
-	-	-	-
4,436	16,728	5,785	71,544
-	-	-	13,632
-	-	-	-
-	-	-	-
75,174	239,302	106,220	1,035,372
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
75,174	239,302	106,220	1,049,004
79,610	256,030	112,005	1,120,548
-	-	-	-
1,470	2,420	1,445	21,455
-	-	-	-
303	1,017	410	2,909
21	57	22	253
-	-	-	-
1,794	3,494	1,877	24,617
77,075	236,176	109,253	866,135
76	66	-	603
-	-	-	-
-	-	-	-
77,151	236,242	109,253	866,738
78,945	239,736	111,130	891,355
-	-	-	-
-	-	-	-
665	16,294	875	229,193
-	-	-	-
-	-	-	-
\$ 665	\$ 16,294	\$ 875	\$ 229,193

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF NET POSITION
COLLATERALIZED VETERANS MORTGAGE BONDS
As of December 31, 2025
(in thousands of dollars)

	Collateralized Bonds, 2016 1st & 2nd Series	Collateralized Bonds, 2019 1st & 2nd Series	Collateralized Bonds, 2023 1st Series	Collateralized Bonds, 2024 1st Series	Collateralized Bonds, 2025 1st Series
Assets					
Current					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	663	7,407	1,614	2,742	1,285
Lease receivable	-	-	-	-	-
Accrued interest receivable	52	266	192	287	462
Inter-fund due (to)/from, net	324	653	331	1,049	1,193
Mortgage loans, notes and other loans, net	788	1,898	1,435	2,166	2,935
Other assets	-	-	-	-	-
Intergovernmental receivable, net	-	-	-	-	-
Total current	1,827	10,224	3,572	6,244	5,875
Non current					
Investments	-	-	-	-	-
Lease receivable	-	-	-	-	-
Inter-fund due (to)/from, net	-	-	-	-	-
Mortgage loans, notes and other loans, net	25,475	61,372	46,414	70,038	94,914
Capital assets - non-depreciable	-	-	-	-	-
Capital assets - depreciable, net	-	-	-	-	-
Other assets	-	-	-	-	-
OPEB asset	-	-	-	-	-
Total non current	25,475	61,372	46,414	70,038	94,914
Total assets	27,302	71,596	49,986	76,282	100,789
Deferred Outflow Of Resources					
	-	-	-	-	-
Liabilities					
Current					
Bonds payable	2,190	890	-	-	1,935
Short term debt	-	-	-	-	-
Accrued interest payable	44	22	176	263	368
Other liabilities	4	17	11	12	22
Intergovernmental payable	-	-	-	-	-
Total current	2,238	929	187	275	2,325
Non current					
Bonds payable	18,605	7,898	49,900	74,591	98,065
Other liabilities	-	-	24	-	-
Derivative instrument - interest rate swaps	-	-	-	-	-
Pension liability	-	-	-	-	-
Total non current	18,605	7,898	49,924	74,591	98,065
Total liabilities	20,843	8,827	50,111	74,866	100,390
Deferred Inflow Of Resources					
	-	-	-	-	-
Net Position					
Net investment in capital assets	-	-	-	-	-
Restricted by bond resolutions	6,459	62,769	(125)	1,416	399
Restricted by contractual or statutory agreements	-	-	-	-	-
Unrestricted or (deficit)	-	-	-	-	-
Total net position	\$ 6,459	\$ 62,769	\$ (125)	\$ 1,416	\$ 399

See accompanying notes to the financial statements.

**Total
December 31,
2025**

\$ -
13,711
-
1,259
3,550
9,222
-
-

27,742

-
-
-
298,213
-
-
-

298,213

325,955

-

5,015
-
873
66
-

5,954

249,059
24
-
-

249,083

255,037

-

-
70,918
-
-

\$ 70,918

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF NET POSITION
GOVERNMENTAL PURPOSE BONDS
As of December 31, 2025
(in thousands of dollars)

Schedule 6

	Governmental Purpose Bonds 2001 A & B	Total December 31, 2025
Assets		
Current		
Cash	\$ -	\$ -
Investments	11,395	11,395
Lease receivable	-	-
Accrued interest receivable	354	354
Inter-fund due (to)/from, net	1,800	1,800
Mortgage loans, notes and other loans, net	4,687	4,687
Other assets	-	-
Intergovernmental receivable, net	-	-
Total current	18,236	18,236
Non current		
Investments	-	-
Lease receivable	-	-
Inter-fund due (to)/from, net	-	-
Mortgage loans, notes and other loans, net	151,538	151,538
Capital assets - non-depreciable	-	-
Capital assets - depreciable, net	-	-
Other assets	911	911
OPEB asset	-	-
Total non current	152,449	152,449
Total assets	170,685	170,685
Deferred Outflow Of Resources	1,133	1,133
Liabilities		
Current		
Bonds payable	8,205	8,205
Short term debt	-	-
Accrued interest payable	138	138
Other liabilities	33	33
Intergovernmental payable	-	-
Total current	8,376	8,376
Non current		
Bonds payable	35,451	35,451
Other liabilities	-	-
Derivative instrument - interest rate swaps	1,133	1,133
Pension liability	-	-
Total non current	36,584	36,584
Total liabilities	44,960	44,960
Deferred Inflow Of Resources	-	-
Net Position		
Net investment in capital assets	-	-
Restricted by bond resolutions	126,858	126,858
Restricted by contractual or statutory agreements	-	-
Unrestricted or (deficit)	-	-
Total net position	\$ 126,858	\$ 126,858

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF NET POSITION
STATE CAPITAL PROJECT BONDS
As of December 31, 2025
(in thousands of dollars)

Schedule 7

	State Capital Project Bonds II	Total December 31, 2025
Assets		
Current		
Cash	\$ 75	\$ 75
Investments	44,877	44,877
Lease receivable	2,935	2,935
Accrued interest receivable	6,186	6,186
Inter-fund due (to)/from, net	19,036	19,036
Mortgage loans, notes and other loans, net	46,340	46,340
Other assets	-	-
Intergovernmental receivable, net	-	-
Total current	119,449	119,449
Non current		
Investments	-	-
Lease receivable	4,427	4,427
Inter-fund due (to)/from, net	-	-
Mortgage loans, notes and other loans, net	1,498,326	1,498,326
Capital assets - non-depreciable	-	-
Capital assets - depreciable, net	-	-
Other assets	1,443	1,443
OPEB asset	-	-
Total non current	1,504,196	1,504,196
Total assets	1,623,645	1,623,645
Deferred Outflow Of Resources	6,117	6,117
Liabilities		
Current		
Bonds payable	47,155	47,155
Short term debt	-	-
Accrued interest payable	4,662	4,662
Other liabilities	320	320
Intergovernmental payable	75	75
Total current	52,212	52,212
Non current		
Bonds payable	1,316,973	1,316,973
Other liabilities	-	-
Derivative instrument - interest rate swaps	-	-
Pension liability	-	-
Total non current	1,316,973	1,316,973
Total liabilities	1,369,185	1,369,185
Deferred Inflow Of Resources	8,413	8,413
Net Position		
Net investment in capital assets	-	-
Restricted by bond resolutions	-	-
Restricted by contractual or statutory agreements	-	-
Unrestricted or (deficit)	252,164	252,164
Total net position	\$ 252,164	\$ 252,164

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

OTHER PROGRAM FUNDS

As of December 31, 2025

(in thousands of dollars)

	Low Rent Program	Market Rate Rental Housing Program	Home Ownership Fund	Senior Housing Revolving Loan Fund	Other Funds or Programs Subtotal
Assets					
Current					
Cash	\$ 16,576	\$ 15,127	\$ -	\$ -	\$ 31,703
Investments	-	-	-	32	32
Lease receivable	61	-	-	-	61
Accrued interest receivable	-	-	22	122	144
Inter-fund due (to)/from, net	(1,933)	(800)	115	541	(2,077)
Mortgage loans, notes and other loans, net	-	-	418	1,203	1,621
Other assets	2,339	355	-	-	2,694
Intergovernmental receivable, net	563	5	-	-	568
Total current	17,606	14,687	555	1,898	34,746
Non current					
Investments	-	-	-	-	-
Lease receivable	-	-	-	-	-
Inter-fund due (to)/from, net	-	-	-	-	-
Mortgage loans, notes and other loans, net	-	-	13,521	38,904	52,425
Capital assets - non-depreciable	13,757	1,950	-	-	15,707
Capital assets - depreciable, net	27,444	8,810	-	-	36,254
Other assets	19	1	-	-	20
OPEB asset	-	-	-	-	-
Total non current	41,220	10,761	13,521	38,904	104,406
Total assets	58,826	25,448	14,076	40,802	139,152
Deferred Outflow Of Resources					
	-	-	-	-	-
Liabilities					
Current					
Bonds payable	-	-	-	-	-
Short term debt	-	-	-	-	-
Accrued interest payable	-	-	-	-	-
Other liabilities	857	231	2	8	1,098
Intergovernmental payable	-	-	-	-	-
Total current	857	231	2	8	1,098
Non current					
Bonds payable	-	-	-	-	-
Other liabilities	17	-	-	-	17
Derivative instrument - interest rate swaps	-	-	-	-	-
Pension liability	-	-	-	-	-
Total non current	17	-	-	-	17
Total liabilities	874	231	2	8	1,115
Deferred Inflow Of Resources					
	49	-	-	-	49
Net Position					
Net investment in capital assets	41,201	10,760	-	-	51,961
Restricted by bond resolutions	-	-	-	-	-
Restricted by contractual or statutory agreements	16,702	14,494	14,074	40,794	86,064
Unrestricted or (deficit)	-	(37)	-	-	(37)
Total net position	\$ 57,903	\$ 25,217	\$ 14,074	\$ 40,794	\$ 137,988

See accompanying notes to the financial statements.

Energy Programs	Section 8 Voucher Programs	Other Grants	COVID-19 Grants	Grant Programs Subtotal	Alaska Corporation for Affordable Housing	Total December 31, 2025
\$ 432	\$ 1,011	\$ -	\$ 6,322	\$ 7,765	\$ 10,525	\$ 49,993
-	-	-	-	-	-	32
-	-	-	-	-	3,264	3,325
-	-	-	-	-	145	289
(219)	(2,715)	(11,342)	9,550	(4,726)	(118)	(6,921)
-	-	34	-	34	-	1,655
925	749	5,577	6,455	13,706	459	16,859
1,795	54	9,375	-	11,224	-	11,792
2,933	(901)	3,644	22,327	28,003	14,275	77,024
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	1,423	-	1,423	(1,423)	-
-	-	935	-	935	24,123	77,483
-	1,832	500	10,835	13,167	4,740	33,614
-	5,966	-	-	5,966	-	42,220
-	245	-	-	245	1	266
-	-	-	-	-	-	-
-	8,043	2,858	10,835	21,736	27,441	153,583
2,933	7,142	6,502	33,162	49,739	41,716	230,607
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	228	-	21,558	21,786	812	23,696
-	-	-	-	-	-	-
-	228	-	21,558	21,786	812	23,696
-	-	-	-	-	-	-
-	239	-	-	239	190	446
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	239	-	-	239	190	446
-	467	-	21,558	22,025	1,002	24,142
-	-	-	-	-	3,043	3,092
-	7,798	500	10,835	19,133	4,740	75,834
-	-	-	-	-	-	-
3,098	10,757	8,511	28,181	50,547	32,961	169,572
(165)	(11,880)	(2,509)	(27,412)	(41,966)	(30)	(42,033)
\$ 2,933	\$ 6,675	\$ 6,502	\$ 11,604	\$ 27,714	\$ 37,671	\$ 203,373

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

COMBINED - ALL FUNDS

For the Year Ended December 31, 2025

(in thousands of dollars)

	Administrative Fund	Combined Home Mortgage Revenue Bonds	Combined General Mortgage Revenue Bonds	Combined Collateralized Veterans Mortgage Bonds	Combined Governmental Purpose Bonds
Operating Revenues					
Mortgage and loan revenue	\$ 7,412	\$ 12,661	\$ 24,914	\$ 7,749	\$ 2,174
Investment interest	7,074	2,137	1,398	294	256
Net change in the fair value of investments	618	37	136	119	207
Total investment revenue	7,692	2,174	1,534	413	463
Grant revenue	-	-	-	-	-
Housing rental subsidies	-	-	-	-	-
Rental revenue	5	-	-	-	-
Gain (loss) on disposal of capital assets	-	-	-	-	-
Other revenue	1,333	-	-	-	-
Total operating revenues	16,442	14,835	26,448	8,162	2,637
Operating expenses					
Interest	1,045	6,618	14,833	4,138	934
Mortgage and loan costs	1,993	1,106	1,743	430	229
Bond financing expenses	205	757	99	1,116	82
Provision for loan loss	301	160	(180)	969	22
Operations and administration	11,201	573	1,012	170	135
Rental housing operating expenses	-	-	-	-	-
Grant expense	-	-	-	-	-
Total operating expenses	14,745	9,214	17,507	6,823	1,402
Operating income (loss)	1,697	5,621	8,941	1,339	1,235
Non-operating expenses and transfers					
Contributions to State of Alaska or State agencies	(1,583)	-	-	-	-
Interfund receipts (payments) for operations	106,112	(1,359)	2,414	(3,344)	176
Change in net position	106,226	4,262	11,355	(2,005)	1,411
Net position at beginning of year	492,441	243,411	217,838	72,923	125,447
Net position at end of period	\$ 598,667	\$ 247,673	\$ 229,193	\$ 70,918	\$ 126,858

See accompanying notes to the financial statements.

Combined State Capital Project Bonds	Combined Other Programs	Total December 31, 2025
\$ 40,970	\$ 1,185	\$ 97,065
1,417	618	13,194
1,199	1	2,317
<u>2,616</u>	<u>619</u>	<u>15,511</u>
-	60,079	60,079
-	6,981	6,981
-	6,678	6,683
-	-	-
-	305	1,638
<u>43,586</u>	<u>75,847</u>	<u>187,957</u>
25,121	-	52,689
2,194	71	7,766
1,199	-	3,458
170	620	2,062
1,070	17,845	32,006
-	6,961	6,961
-	51,814	51,814
<u>29,754</u>	<u>77,311</u>	<u>156,756</u>
<u>13,832</u>	<u>(1,464)</u>	<u>31,201</u>
-	-	(1,583)
(116,754)	12,755	-
<u>(102,922)</u>	<u>11,291</u>	<u>29,618</u>
355,086	192,082	1,699,228
<u>\$ 252,164</u>	<u>\$ 203,373</u>	<u>\$ 1,728,846</u>

ALASKA HOUSING FINANCE CORPORATION

Schedule 10

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

ADMINISTRATIVE FUND

For the Year Ended December 31, 2025

(in thousands of dollars)

	<u>Administrative Fund</u>	<u>Total December 31, 2025</u>
Operating Revenues		
Mortgage and loan revenue	\$ 7,412	\$ 7,412
Investment interest	7,074	7,074
Net change in the fair value of investments	618	618
Total investment revenue	<u>7,692</u>	<u>7,692</u>
Grant revenue	-	-
Housing rental subsidies	-	-
Rental revenue	5	5
Gain (loss) on disposal of capital assets	-	-
Other revenue	1,333	1,333
Total operating revenues	<u>16,442</u>	<u>16,442</u>
Operating expenses		
Interest	1,045	1,045
Mortgage and loan costs	1,993	1,993
Bond financing expenses	205	205
Provision for loan loss	301	301
Operations and administration	11,201	11,201
Rental housing operating expenses	-	-
Grant expense	-	-
Total operating expenses	<u>14,745</u>	<u>14,745</u>
Operating income (loss)	<u>1,697</u>	<u>1,697</u>
Non-operating expenses and transfers		
Contributions to State of Alaska or State agencies	(1,583)	(1,583)
Interfund receipts (payments) for operations	106,112	106,112
Change in net position	<u>106,226</u>	<u>106,226</u>
Net position at beginning of year	<u>492,441</u>	<u>492,441</u>
Net position at end of period	<u>\$ 598,667</u>	<u>\$ 598,667</u>

See accompanying notes to the financial statements.

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ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

HOME MORTGAGE REVENUE BONDS

For the Year Ended December 31, 2025

(in thousands of dollars)

	Home Mortgage Revenue Bonds 2002 A	Home Mortgage Revenue Bonds 2007 A	Home Mortgage Revenue Bonds 2007 B	Home Mortgage Revenue Bonds 2007 D	Home Mortgage Revenue Bonds 2009 A
Operating Revenues					
Mortgage and loan revenue	\$ 1,477	\$ 1,216	\$ 1,185	\$ 1,640	\$ 1,975
Investment interest	112	92	74	97	148
Net change in the fair value of investments	8	5	5	5	9
Total investment revenue	120	97	79	102	157
Grant revenue	-	-	-	-	-
Housing rental subsidies	-	-	-	-	-
Rental revenue	-	-	-	-	-
Gain (loss) on disposal of capital assets	-	-	-	-	-
Other revenue	-	-	-	-	-
Total operating revenues	1,597	1,313	1,264	1,742	2,132
Operating expenses					
Interest	351	953	957	1,132	1,074
Mortgage and loan costs	123	107	100	153	178
Bond financing expenses	35	98	101	116	138
Provision for loan loss	34	3	6	9	20
Operations and administration	82	59	55	73	82
Rental housing operating expenses	-	-	-	-	-
Grant expense	-	-	-	-	-
Total operating expenses	625	1,220	1,219	1,483	1,492
Operating income (loss)	972	93	45	259	640
Non-operating expenses and transfers					
Contributions to State of Alaska or State agencies	-	-	-	-	-
Interfund receipts (payments) for operations	117	157	155	189	220
Change in net position	1,089	250	200	448	860
Net position at beginning of year	43,487	2,589	513	15,292	38,644
Net position at end of period	\$ 44,576	\$ 2,839	\$ 713	\$ 15,740	\$ 39,504

See accompanying notes to the financial statements.

Home Mortgage Revenue Bonds 2009 B	Home Mortgage Revenue Bonds 2009 D	Total December 31, 2025
\$ 2,098	\$ 3,070	\$ 12,661
143	1,471	2,137
11	(6)	37
<u>154</u>	<u>1,465</u>	<u>2,174</u>
-	-	-
-	-	-
-	-	-
-	-	-
<u>2,252</u>	<u>4,535</u>	<u>14,835</u>
1,080	1,071	6,618
181	264	1,106
132	137	757
37	51	160
85	137	573
-	-	-
-	-	-
<u>1,515</u>	<u>1,660</u>	<u>9,214</u>
<u>737</u>	<u>2,875</u>	<u>5,621</u>
-	-	-
216	(2,413)	(1,359)
<u>953</u>	<u>462</u>	<u>4,262</u>
45,469	97,417	243,411
<u>\$ 46,422</u>	<u>\$ 97,879</u>	<u>\$ 247,673</u>

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

GENERAL MORTGAGE REVENUE BONDS

For the Year Ended December 31, 2025

(in thousands of dollars)

	General Mortgage Revenue Bonds II 2016 A	General Mortgage Revenue Bonds II 2018 A & B	General Mortgage Revenue Bonds II 2019 A & B	General Mortgage Revenue Bonds II 2020 A & B	General Mortgage Revenue Bonds II 2022 A & B
Operating Revenues					
Mortgage and loan revenue	\$ 776	\$ 2,544	\$ 2,093	\$ 3,519	\$ 2,957
Investment interest	51	106	111	608	125
Net change in the fair value of investments	-	-	-	136	-
Total investment revenue	51	106	111	744	125
Grant revenue	-	-	-	-	-
Housing rental subsidies	-	-	-	-	-
Rental revenue	-	-	-	-	-
Gain (loss) on disposal of capital assets	-	-	-	-	-
Other revenue	-	-	-	-	-
Total operating revenues	827	2,650	2,204	4,263	3,082
Operating expenses					
Interest	364	729	1,167	1,528	1,203
Mortgage and loan costs	84	164	188	335	289
Bond financing expenses	1	1	2	5	52
Provision for loan loss	(19)	(5)	(19)	(31)	34
Operations and administration	64	96	134	223	141
Rental housing operating expenses	-	-	-	-	-
Grant expense	-	-	-	-	-
Total operating expenses	494	985	1,472	2,060	1,719
Operating income (loss)	333	1,665	732	2,203	1,363
Non-operating expenses and transfers					
Contributions to State of Alaska or State agencies	-	-	-	-	-
Interfund receipts (payments) for operations	65	355	294	227	5,055
Change in net position	398	2,020	1,026	2,430	6,418
Net position at beginning of year	22,838	46,617	16,684	63,008	49,920
Net position at end of period	\$ 23,236	\$ 48,637	\$ 17,710	\$ 65,438	\$ 56,338

See accompanying notes to the financial statements.

General Mortgage Revenue Bonds II 2022 C	General Mortgage Revenue Bonds II 2024 A,B & C	General Mortgage Revenue Bonds II 2025 A	Total December 31, 2025
\$ 1,951	\$ 7,736	\$ 3,338	\$ 24,914
70	257	70	1,398
-	-	-	136
70	257	70	1,534
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
2,021	7,993	3,408	26,448
1,672	5,802	2,368	14,833
132	400	151	1,743
2	24	12	99
(30)	(100)	(10)	(180)
86	183	85	1,012
-	-	-	-
-	-	-	-
1,862	6,309	2,606	17,507
159	1,684	802	8,941
-	-	-	-
341	(4,021)	98	2,414
500	(2,337)	900	11,355
165	18,631	(25)	217,838
\$ 665	\$ 16,294	\$ 875	\$ 229,193

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

COLLATERALIZED VETERANS MORTGAGE BONDS

For the Year Ended December 31, 2025

(in thousands of dollars)

	Collateralized Bonds, 2016 1st & 2nd Series	Collateralized Bonds, 2019 1st & 2nd Series	Collateralized Bonds, 2023 1st Series	Collateralized Bonds, 2024 1st Series	Collateralized Bonds, 2025 1st Series
Operating Revenues					
Mortgage and loan revenue	\$ 411	\$ 1,502	\$ 1,198	\$ 2,026	\$ 2,612
Investment interest	35	106	60	72	21
Net change in the fair value of investments	3	86	12	18	-
Total investment revenue	38	192	72	90	21
Grant revenue	-	-	-	-	-
Housing rental subsidies	-	-	-	-	-
Rental revenue	-	-	-	-	-
Gain (loss) on disposal of capital assets	-	-	-	-	-
Other revenue	-	-	-	-	-
Total operating revenues	449	1,694	1,270	2,116	2,633
Operating expenses					
Interest	276	97	1,059	1,590	1,116
Mortgage and loan costs	36	105	67	93	129
Bond financing expenses	1	1	7	2	1,105
Provision for loan loss	(8)	(34)	14	9	988
Operations and administration	20	46	22	33	49
Rental housing operating expenses	-	-	-	-	-
Grant expense	-	-	-	-	-
Total operating expenses	325	215	1,169	1,727	3,387
Operating income (loss)	124	1,479	101	389	(754)
Non-operating expenses and transfers					
Contributions to State of Alaska or State agencies	-	-	-	-	-
Interfund receipts (payments) for operations	20	(4,575)	24	34	1,153
Change in net position	144	(3,096)	125	423	399
Net position at beginning of year	6,315	65,865	(250)	993	-
Net position at end of period	\$ 6,459	\$ 62,769	\$ (125)	\$ 1,416	\$ 399

See accompanying notes to the financial statements.

**Total
December 31,
2025**

\$ 7,749

294

119

413

-

-

-

-

-

8,162

4,138

430

1,116

969

170

-

-

6,823

1,339

-

(3,344)

(2,005)

72,923

\$ 70,918

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

Schedule 14

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

GOVERNMENTAL PURPOSE BONDS

For the Year Ended December 31, 2025

(in thousands of dollars)

	Governmental Purpose Bonds 2001 A & B	Total December 31, 2025
Operating Revenues		
Mortgage and loan revenue	\$ 2,174	\$ 2,174
Investment interest	256	256
Net change in the fair value of investments	207	207
Total investment revenue	<u>463</u>	<u>463</u>
Grant revenue	-	-
Housing rental subsidies	-	-
Rental revenue	-	-
Gain (loss) on disposal of capital assets	-	-
Other revenue	-	-
Total operating revenues	<u>2,637</u>	<u>2,637</u>
Operating expenses		
Interest	934	934
Mortgage and loan costs	229	229
Bond financing expenses	82	82
Provision for loan loss	22	22
Operations and administration	135	135
Rental housing operating expenses	-	-
Grant expense	-	-
Total operating expenses	<u>1,402</u>	<u>1,402</u>
Operating income (loss)	<u>1,235</u>	<u>1,235</u>
Non-operating expenses and transfers		
Contributions to State of Alaska or State agencies	-	-
Interfund receipts (payments) for operations	176	176
Change in net position	<u>1,411</u>	<u>1,411</u>
Net position at beginning of year	<u>125,447</u>	<u>125,447</u>
Net position at end of period	<u>\$ 126,858</u>	<u>\$ 126,858</u>

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

Schedule 15

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

STATE CAPITAL PROJECT BONDS

For the Year Ended December 31, 2025

(in thousands of dollars)

	State Capital Project Bonds II	Total December 31, 2025
Operating Revenues		
Mortgage and loan revenue	\$ 40,970	\$ 40,970
Investment interest	1,417	1,417
Net change in the fair value of investments	1,199	1,199
Total investment revenue	<u>2,616</u>	<u>2,616</u>
Grant revenue	-	-
Housing rental subsidies	-	-
Rental revenue	-	-
Gain (loss) on disposal of capital assets	-	-
Other revenue	-	-
Total operating revenues	<u>43,586</u>	<u>43,586</u>
Operating expenses		
Interest	25,121	25,121
Mortgage and loan costs	2,194	2,194
Bond financing expenses	1,199	1,199
Provision for loan loss	170	170
Operations and administration	1,070	1,070
Rental housing operating expenses	-	-
Grant expense	-	-
Total operating expenses	<u>29,754</u>	<u>29,754</u>
Operating income (loss)	<u>13,832</u>	<u>13,832</u>
Non-operating expenses and transfers		
Contributions to State of Alaska or State agencies	-	-
Interfund receipts (payments) for operations	<u>(116,754)</u>	<u>(116,754)</u>
Change in net position	<u>(102,922)</u>	<u>(102,922)</u>
Net position at beginning of year	<u>355,086</u>	<u>355,086</u>
Net position at end of period	<u>\$ 252,164</u>	<u>\$ 252,164</u>

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

OTHER PROGRAM FUNDS

For the Year Ended December 31, 2025

(in thousands of dollars)

	Low Rent Program	Market Rate Rental Housing Program	Home Ownership Fund	Senior Housing Revolving Loan Fund	Other Funds or Programs Subtotal
Operating Revenues					
Mortgage and loan revenue	\$ -	\$ -	\$ 108	\$ 766	\$ 874
Investment interest	108	106	17	86	317
Net change in the fair value of investments	-	-	-	1	1
Total investment revenue	108	106	17	87	318
Grant revenue	2,385	-	-	-	2,385
Housing rental subsidies	5,704	1,277	-	-	6,981
Rental revenue	5,392	1,251	-	-	6,643
Gain (loss) on disposal of capital assets	-	-	-	-	-
Other revenue	5	1	-	-	6
Total operating revenues	13,594	2,635	125	853	17,207
Operating expenses					
Interest	-	-	-	-	-
Mortgage and loan costs	-	-	13	58	71
Bond financing expenses	-	-	-	-	-
Provision for loan loss	-	-	6	30	36
Operations and administration	7,433	1,734	10	30	9,207
Rental housing operating expenses	5,609	1,203	-	-	6,812
Grant expense	-	-	-	-	-
Total operating expenses	13,042	2,937	29	118	16,126
Operating income (loss)	552	(302)	96	735	1,081
Non-operating expenses and transfers					
Contributions to State of Alaska or State agencies	-	-	-	-	-
Interfund receipts (payments) for operations	(979)	2,133	(48)	30	1,136
Change in net position	(427)	1,831	48	765	2,217
Net position at beginning of year	58,330	23,386	14,026	40,029	135,771
Net position at end of period	\$ 57,903	\$ 25,217	\$ 14,074	\$ 40,794	\$ 137,988

See accompanying notes to the financial statements.

Energy Programs	Section 8 Voucher Programs	Other Grants	COVID-19 Grants	Grant Programs Subtotal	Alaska Corporation for Affordable Housing	Total December 31, 2025
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 311	\$ 1,185
8	32	-	136	176	125	618
-	-	-	-	-	-	1
8	32	-	136	176	125	619
2,997	24,877	9,287	20,533	57,694	-	60,079
-	-	-	-	-	-	6,981
-	-	-	-	-	35	6,678
-	-	-	-	-	-	-
-	14	273	-	287	12	305
3,005	24,923	9,560	20,669	58,157	483	75,847
-	-	-	-	-	-	-
-	-	-	-	-	-	71
-	-	-	-	-	-	-
-	-	6	-	6	578	620
1,576	4,107	1,779	940	8,402	236	17,845
-	149	-	-	149	-	6,961
3,147	24,382	15,528	8,757	51,814	-	51,814
4,723	28,638	17,313	9,697	60,371	814	77,311
(1,718)	(3,715)	(7,753)	10,972	(2,214)	(331)	(1,464)
-	-	-	-	-	-	-
2,197	(6)	9,360	-	11,551	68	12,755
479	(3,721)	1,607	10,972	9,337	(263)	11,291
2,454	10,396	4,895	632	18,377	37,934	192,082
\$ 2,933	\$ 6,675	\$ 6,502	\$ 11,604	\$ 27,714	\$ 37,671	\$ 203,373

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

COMBINED - ALL FUNDS

For the Six Months Ended December 31, 2025

(in thousands of dollars)

	Administrative Fund	Combined Home Mortgage Revenue Bonds	Combined General Mortgage Revenue Bonds	Combined Collateralized Veterans Mortgage Bonds	Combined Governmental Purpose Bonds
Cash Flows					
Operating activities					
Interest income on mortgages and loans	\$ 6,100	\$ 11,170	\$ 23,054	\$ 6,349	\$ 1,966
Principal receipts on mortgages and loans	11,027	29,094	46,601	13,916	7,556
Disbursements to fund mortgages and loans	(336,644)	-	-	-	-
Receipts (payments) for interfund loan transfers	292,260	(48,642)	(29,748)	(111,585)	(9,901)
Mortgage and loan proceeds receipts	276,898	-	-	-	-
Mortgage and loan proceeds paid to trust funds	(266,258)	-	-	-	-
Payroll-related disbursements	(14,050)	-	-	-	-
Payments for goods and services	(3,920)	-	-	-	-
Receipts from externally funded programs	-	-	-	-	-
Receipts from Federal HAP subsidies	-	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-	-
Interfund receipts (payments)	(22,694)	-	-	-	-
Grant payments to other agencies	-	-	-	-	-
Other operating cash receipts (payments)	(11,141)	-	-	-	-
Net cash receipts (disbursements)	(68,422)	(8,378)	39,907	(91,320)	(379)
Non-capital financing activities					
Proceeds from bond issuance	-	-	9	100,109	-
Principal paid on bonds	-	(9,420)	(23,740)	(2,375)	(3,975)
Payment of bond issuance costs	-	-	(9)	(1,105)	-
Interest paid on bonds	-	(6,167)	(17,875)	(3,816)	(758)
Proceeds from short-term debt issuance	99,192	-	-	-	-
Payment of short term debt	(128,187)	-	-	-	-
Contributions to State of Alaska or State agencies	(1,583)	-	-	-	-
Transfers from (to) other funds	120,433	1,000	515	(3,625)	-
Net cash receipts (disbursements)	89,855	(14,587)	(41,100)	89,188	(4,733)
Capital financing activities					
Acquisition of capital assets	-	-	-	-	-
Proceeds from direct financing leases	-	-	-	-	-
Net cash receipts (disbursements)	-	-	-	-	-
Investing activities					
Purchase of investments	(2,172,844)	(75,191)	(89,064)	(40,313)	(32,899)
Proceeds from maturity of investments	2,151,601	97,048	89,137	42,167	37,791
Interest received from investments	6,915	1,108	1,120	278	220
Net cash receipts (disbursements)	(14,328)	22,965	1,193	2,132	5,112
Net Increase (decrease) in cash	7,105	-	-	-	-
Cash at beginning of year	18,309	-	-	-	-
Cash at end of period	\$ 25,414	\$ -	\$ -	\$ -	\$ -

Combined State Capital Project Bonds		Combined Other Programs	Total December 31, 2025
\$	38,138	\$ 778	\$ 87,555
	66,232	2,494	176,920
	-	-	(336,644)
	(85,981)	(6,403)	-
	-	-	276,898
	-	-	(266,258)
	-	(9,614)	(23,664)
	-	(10,197)	(14,117)
	-	29,362	29,362
	-	20,504	20,504
	-	(23,423)	(23,423)
	-	22,694	-
	-	(29,512)	(29,512)
	(121)	10,042	(1,220)
	18,268	6,725	(103,599)
	144,378	-	244,496
	(48,735)	-	(88,245)
	(334)	-	(1,448)
	(28,460)	-	(57,076)
	-	-	99,192
	-	-	(128,187)
	-	-	(1,583)
	(118,323)	-	-
	(51,474)	-	67,149
	-	(13,633)	(13,633)
	3,304	-	3,304
	3,304	(13,633)	(10,329)
	(223,926)	(3,111)	(2,637,348)
	252,805	6,142	2,676,691
	902	620	11,163
	29,781	3,651	50,506
	(121)	(3,257)	3,727
	196	53,250	71,755
\$	75	\$ 49,993	\$ 75,482

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

COMBINED - ALL FUNDS

For the Six Months Ended December 31, 2025

(in thousands of dollars)

	Administrative Fund	Combined Home Mortgage Revenue Bonds	Combined General Mortgage Revenue Bonds	Combined Collateralized Veterans Mortgage Bonds	Combined Governmental Purpose Bonds
Reconciliation					
Operating income (loss) to net cash					
Operating income (loss)	\$ 1,697	\$ 5,621	\$ 8,941	\$ 1,339	\$ 1,235
<i>Adjustments:</i>					
Depreciation expense	459	-	-	-	-
Provision for loan loss	301	160	(180)	969	22
Net change in the fair value of investments	(618)	(37)	(136)	(119)	(207)
Interfund receipts (payments) for operations	106,112	(1,359)	2,414	(3,344)	176
Interest received from investments	(6,915)	(1,108)	(1,120)	(278)	(220)
Interest paid on bonds and capital notes	-	6,167	17,875	3,816	758
<i>Change in assets, liabilities and deferred resources:</i>					
Net (increase) decrease in mortgages and loans	(32,020)	(15,797)	18,990	(95,969)	(2,144)
Net increase (decrease) in assets, liabilities, and deferred resources	(137,438)	(2,025)	(6,877)	2,266	1
Net operating cash receipts (disbursements)	\$ (68,422)	\$ (8,378)	\$ 39,907	\$ (91,320)	\$ (379)

See accompanying notes to the financial statements.

Combined State Capital Project Bonds	Combined Other Programs	Total December 31, 2025
\$ 13,832	\$ (1,464)	\$ 31,201
-	2,838	3,297
170	620	2,062
(1,199)	(1)	(2,317)
(116,754)	12,755	-
(902)	(620)	(11,163)
28,460	-	57,076
(18,638)	(4,620)	(150,198)
113,299	(2,783)	(33,557)
\$ 18,268	\$ 6,725	\$ (103,599)

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

ADMINISTRATIVE FUND

For the Six Months Ended December 31, 2025

(in thousands of dollars)

	Administrative Fund	Total December 31, 2025
Cash Flows		
Operating activities		
Interest income on mortgages and loans	\$ 6,100	\$ 6,100
Principal receipts on mortgages and loans	11,027	11,027
Disbursements to fund mortgages and loans	(336,644)	(336,644)
Receipts (payments) for interfund loan transfers	292,260	292,260
Mortgage and loan proceeds receipts	276,898	276,898
Mortgage and loan proceeds paid to trust funds	(266,258)	(266,258)
Payroll-related disbursements	(14,050)	(14,050)
Payments for goods and services	(3,920)	(3,920)
Receipts from externally funded programs	-	-
Receipts from Federal HAP subsidies	-	-
Payments for Federal HAP subsidies	-	-
Interfund receipts (payments)	(22,694)	(22,694)
Grant payments to other agencies	-	-
Other operating cash receipts (payments)	(11,141)	(11,141)
Net cash receipts (disbursements)	(68,422)	(68,422)
Non-capital financing activities		
Proceeds from bond issuance	-	-
Principal paid on bonds	-	-
Payment of bond issuance costs	-	-
Interest paid on bonds	-	-
Proceeds from short-term debt issuance	99,192	99,192
Payment of short term debt	(128,187)	(128,187)
Contributions to State of Alaska or State agencies	(1,583)	(1,583)
Transfers from (to) other funds	120,433	120,433
Net cash receipts (disbursements)	89,855	89,855
Capital financing activities		
Acquisition of capital assets	-	-
Proceeds from direct financing leases	-	-
Net cash receipts (disbursements)	-	-
Investing activities		
Purchase of investments	(2,172,844)	(2,172,844)
Proceeds from maturity of investments	2,151,601	2,151,601
Interest received from investments	6,915	6,915
Net cash receipts (disbursements)	(14,328)	(14,328)
Net Increase (decrease) in cash	7,105	7,105
Cash at beginning of year	18,309	18,309
Cash at end of period	\$ 25,414	\$ 25,414

	Administrative Fund	Total December 31, 2025
Reconciliation		
Operating income (loss) to net cash		
Operating income (loss)	\$ 1,697	\$ 1,697
<i>Adjustments:</i>		
Depreciation expense	459	459
Provision for loan loss	301	301
Net change in the fair value of investments	(618)	(618)
Interfund receipts (payments) for operations	106,112	106,112
Interest received from investments	(6,915)	(6,915)
Interest paid on bonds and capital notes	-	-
<i>Change in assets, liabilities and deferred resources:</i>		
Net (increase) decrease in mortgages and loans	(32,020)	(32,020)
Net increase (decrease) in assets, liabilities, and deferred resources	(137,438)	(137,438)
Net operating cash receipts (disbursements)	<u>\$ (68,422)</u>	<u>\$ (68,422)</u>

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

HOME MORTGAGE REVENUE BONDS

For the Six Months Ended December 31, 2025

(in thousands of dollars)

	Home Mortgage Revenue Bonds 2002 A	Home Mortgage Revenue Bonds 2007 A	Home Mortgage Revenue Bonds 2007 B	Home Mortgage Revenue Bonds 2007 D	Home Mortgage Revenue Bonds 2009 A
Cash Flows					
Operating activities					
Interest income on mortgages and loans	\$ 1,281	\$ 1,079	\$ 1,062	\$ 1,448	\$ 1,714
Principal receipts on mortgages and loans	2,917	3,629	2,952	3,107	5,233
Disbursements to fund mortgages and loans	-	-	-	-	-
Receipts (payments) for interfund loan transfers	(6,967)	(3,790)	(3,294)	(4,301)	(7,779)
Mortgage and loan proceeds receipts	-	-	-	-	-
Mortgage and loan proceeds paid to trust funds	-	-	-	-	-
Payroll-related disbursements	-	-	-	-	-
Payments for goods and services	-	-	-	-	-
Receipts from externally funded programs	-	-	-	-	-
Receipts from Federal HAP subsidies	-	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-	-
Interfund receipts (payments)	-	-	-	-	-
Grant payments to other agencies	-	-	-	-	-
Other operating cash receipts (payments)	-	-	-	-	-
Net cash receipts (disbursements)	(2,769)	918	720	254	(832)
Non-capital financing activities					
Proceeds from bond issuance	-	-	-	-	-
Principal paid on bonds	(1,320)	(1,170)	(1,170)	(1,390)	(1,455)
Payment of bond issuance costs	-	-	-	-	-
Interest paid on bonds	(275)	(887)	(894)	(1,054)	(1,016)
Proceeds from short-term debt issuance	-	-	-	-	-
Payment of short term debt	-	-	-	-	-
Contributions to State of Alaska or State agencies	-	-	-	-	-
Transfers from (to) other funds	-	-	-	-	-
Net cash receipts (disbursements)	(1,595)	(2,057)	(2,064)	(2,444)	(2,471)
Capital financing activities					
Acquisition of capital assets	-	-	-	-	-
Proceeds from direct financing leases	-	-	-	-	-
Net cash receipts (disbursements)	-	-	-	-	-
Investing activities					
Purchase of investments	(8,891)	(8,061)	(6,836)	(7,489)	(12,113)
Proceeds from maturity of investments	13,144	9,106	8,102	9,583	15,269
Interest received from investments	111	94	78	96	147
Net cash receipts (disbursements)	4,364	1,139	1,344	2,190	3,303
Net Increase (decrease) in cash	-	-	-	-	-
Cash at beginning of year	-	-	-	-	-
Cash at end of period	\$ -	\$ -	\$ -	\$ -	\$ -

	Home Mortgage Revenue Bonds 2009 B	Home Mortgage Revenue Bonds 2009 D	Total December 31, 2025
\$	1,890	\$ 2,696	\$ 11,170
	4,463	6,793	29,094
	-	-	-
	(7,800)	(14,711)	(48,642)
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	(1,447)	(5,222)	(8,378)
	-	-	-
	(1,455)	(1,460)	(9,420)
	-	-	-
	(1,024)	(1,017)	(6,167)
	-	-	-
	-	-	-
	-	-	-
	-	1,000	1,000
	(2,479)	(1,477)	(14,587)
	-	-	-
	-	-	-
	-	-	-
	(12,371)	(19,430)	(75,191)
	16,150	25,694	97,048
	147	435	1,108
	3,926	6,699	22,965
	-	-	-
	-	-	-
\$	-	\$ -	\$ -

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

HOME MORTGAGE REVENUE BONDS

For the Six Months Ended December 31, 2025

(in thousands of dollars)

	Home Mortgage Revenue Bonds 2002 A	Home Mortgage Revenue Bonds 2007 A	Home Mortgage Revenue Bonds 2007 B	Home Mortgage Revenue Bonds 2007 D	Home Mortgage Revenue Bonds 2009 A
Reconciliation					
Operating income (loss) to net cash					
Operating income (loss)	\$ 972	\$ 93	\$ 45	\$ 259	\$ 640
<i>Adjustments:</i>					
Depreciation expense	-	-	-	-	-
Provision for loan loss	34	3	6	9	20
Net change in the fair value of investments	(8)	(5)	(5)	(5)	(9)
Interfund receipts (payments) for operations	117	157	155	189	220
Interest received from investments	(111)	(94)	(78)	(96)	(147)
Interest paid on bonds and capital notes	275	887	894	1,054	1,016
<i>Change in assets, liabilities and deferred resources:</i>					
Net (increase) decrease in mortgages and loans	(3,379)	(294)	(583)	(856)	(1,945)
Net increase (decrease) in assets, liabilities, and deferred resources	(669)	171	286	(300)	(627)
Net operating cash receipts (disbursements)	\$ (2,769)	\$ 918	\$ 720	\$ 254	\$ (832)

See accompanying notes to the financial statements.

Home Mortgage Revenue Bonds 2009 B	Home Mortgage Revenue Bonds 2009 D	Total December 31, 2025
\$ 737	\$ 2,875	\$ 5,621
-	-	-
37	51	160
(11)	6	(37)
216	(2,413)	(1,359)
(147)	(435)	(1,108)
1,024	1,017	6,167
(3,674)	(5,066)	(15,797)
371	(1,257)	(2,025)
<u>\$ (1,447)</u>	<u>\$ (5,222)</u>	<u>\$ (8,378)</u>

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

GENERAL MORTGAGE REVENUE BONDS

For the Six Months Ended December 31, 2025

(in thousands of dollars)

	General Mortgage Revenue Bonds II 2016 A	General Mortgage Revenue Bonds II 2018 A & B	General Mortgage Revenue Bonds II 2019 A & B	General Mortgage Revenue Bonds II 2020 A & B	General Mortgage Revenue Bonds II 2022 A & B
Cash Flows					
Operating activities					
Interest income on mortgages and loans	\$ 700	\$ 2,334	\$ 1,891	\$ 3,143	\$ 2,640
Principal receipts on mortgages and loans	2,945	4,544	5,809	9,641	7,823
Disbursements to fund mortgages and loans	-	-	-	-	-
Receipts (payments) for interfund loan transfers	(766)	(3,777)	(3,140)	(6,945)	(6,397)
Mortgage and loan proceeds receipts	-	-	-	-	-
Mortgage and loan proceeds paid to trust funds	-	-	-	-	-
Payroll-related disbursements	-	-	-	-	-
Payments for goods and services	-	-	-	-	-
Receipts from externally funded programs	-	-	-	-	-
Receipts from Federal HAP subsidies	-	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-	-
Interfund receipts (payments)	-	-	-	-	-
Grant payments to other agencies	-	-	-	-	-
Other operating cash receipts (payments)	-	-	-	-	-
Net cash receipts (disbursements)	2,879	3,101	4,560	5,839	4,066
Non-capital financing activities					
Proceeds from bond issuance	-	-	-	-	-
Principal paid on bonds	(2,540)	(3,420)	(3,160)	(4,535)	(1,375)
Payment of bond issuance costs	-	-	-	-	-
Interest paid on bonds	(379)	(1,013)	(1,449)	(2,378)	(2,041)
Proceeds from short-term debt issuance	-	-	-	-	-
Payment of short term debt	-	-	-	-	-
Contributions to State of Alaska or State agencies	-	-	-	-	-
Transfers from (to) other funds	-	260	-	-	-
Net cash receipts (disbursements)	(2,919)	(4,173)	(4,609)	(6,913)	(3,416)
Capital financing activities					
Acquisition of capital assets	-	-	-	-	-
Proceeds from direct financing leases	-	-	-	-	-
Net cash receipts (disbursements)	-	-	-	-	-
Investing activities					
Purchase of investments	(3,714)	(7,019)	(7,857)	(30,100)	(10,778)
Proceeds from maturity of investments	3,700	7,971	7,778	30,908	9,986
Interest received from investments	54	120	128	266	142
Net cash receipts (disbursements)	40	1,072	49	1,074	(650)
Net Increase (decrease) in cash	-	-	-	-	-
Cash at beginning of year	-	-	-	-	-
Cash at end of period	\$ -	\$ -	\$ -	\$ -	\$ -

	General Mortgage Revenue Bonds II 2022 C	General Mortgage Revenue Bonds II 2024 A,B & C	General Mortgage Revenue Bonds II 2025 A	Total December 31, 2025
\$	1,850	\$ 7,347	\$ 3,149	\$ 23,054
	2,555	11,557	1,727	46,601
	-	-	-	-
	165	(8,133)	(755)	(29,748)
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	4,570	10,771	4,121	39,907
	-	-	9	9
	(3,070)	(4,135)	(1,505)	(23,740)
	-	-	(9)	(9)
	(1,899)	(6,221)	(2,495)	(17,875)
	-	-	-	-
	-	-	-	-
	-	-	-	-
	255	-	-	515
	(4,714)	(10,356)	(4,000)	(41,100)
	-	-	-	-
	-	-	-	-
	-	-	-	-
	(4,809)	(19,522)	(5,265)	(89,064)
	4,884	18,839	5,071	89,137
	69	268	73	1,120
	144	(415)	(121)	1,193
	-	-	-	-
	-	-	-	-
\$	\$ -	\$ -	\$ -	\$ -

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

GENERAL MORTGAGE REVENUE BONDS

For the Six Months Ended December 31, 2025

(in thousands of dollars)

	General Mortgage Revenue Bonds II 2016 A	General Mortgage Revenue Bonds II 2018 A & B	General Mortgage Revenue Bonds II 2019 A & B	General Mortgage Revenue Bonds II 2020 A & B	General Mortgage Revenue Bonds II 2022 A & B
Reconciliation					
Operating income (loss) to net cash					
Operating income (loss)	\$ 333	\$ 1,665	\$ 732	\$ 2,203	\$ 1,363
<i>Adjustments:</i>					
Depreciation expense	-	-	-	-	-
Provision for loan loss	(19)	(5)	(19)	(31)	34
Net change in the fair value of investments	-	-	-	(136)	-
Interfund receipts (payments) for operations	65	355	294	227	5,055
Interest received from investments	(54)	(120)	(128)	(266)	(142)
Interest paid on bonds and capital notes	379	1,013	1,449	2,378	2,041
<i>Change in assets, liabilities and deferred resources:</i>					
Net (increase) decrease in mortgages and loans	1,881	475	1,879	3,071	(8,919)
Net increase (decrease) in assets, liabilities, and deferred resources	294	(282)	353	(1,607)	4,634
Net operating cash receipts (disbursements)	\$ 2,879	\$ 3,101	\$ 4,560	\$ 5,839	\$ 4,066

See accompanying notes to the financial statements.

General Mortgage Revenue Bonds II 2022 C	General Mortgage Revenue Bonds II 2024 A,B & C	General Mortgage Revenue Bonds II 2025 A	Total December 31, 2025
\$ 159	\$ 1,684	\$ 802	\$ 8,941
-	-	-	-
(30)	(100)	(10)	(180)
-	-	-	(136)
341	(4,021)	98	2,414
(69)	(268)	(73)	(1,120)
1,899	6,221	2,495	17,875
8,619	10,968	1,016	18,990
(6,349)	(3,713)	(207)	-
\$ 4,570	\$ 10,771	\$ 4,121	\$ 39,907

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

COLLATERALIZED VETERANS MORTGAGE BONDS

For the Six Months Ended December 31, 2025

(in thousands of dollars)

	Collateralized Bonds, 2016 1st & 2nd Series	Collateralized Bonds, 2019 1st & 2nd Series	Collateralized Bonds, 2023 1st Series	Collateralized Bonds, 2024 1st Series	Collateralized Bonds, 2025 1st Series
Cash Flows					
Operating activities					
Interest income on mortgages and loans	\$ 381	\$ 1,417	\$ 1,111	\$ 1,928	\$ 1,512
Principal receipts on mortgages and loans	1,984	3,680	3,722	4,021	509
Disbursements to fund mortgages and loans	-	-	-	-	-
Receipts (payments) for interfund loan transfers	(1,371)	-	(5,069)	(5,147)	(99,998)
Mortgage and loan proceeds receipts	-	-	-	-	-
Mortgage and loan proceeds paid to trust funds	-	-	-	-	-
Payroll-related disbursements	-	-	-	-	-
Payments for goods and services	-	-	-	-	-
Receipts from externally funded programs	-	-	-	-	-
Receipts from Federal HAP subsidies	-	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-	-
Interfund receipts (payments)	-	-	-	-	-
Grant payments to other agencies	-	-	-	-	-
Other operating cash receipts (payments)	-	-	-	-	-
Net cash receipts (disbursements)	994	5,097	(236)	802	(97,977)
Non-capital financing activities					
Proceeds from bond issuance	-	-	-	-	100,109
Principal paid on bonds	(1,085)	(1,290)	-	-	-
Payment of bond issuance costs	-	-	-	-	(1,105)
Interest paid on bonds	(278)	(154)	(1,059)	(1,577)	(748)
Proceeds from short-term debt issuance	-	-	-	-	-
Payment of short term debt	-	-	-	-	-
Contributions to State of Alaska or State agencies	-	-	-	-	-
Transfers from (to) other funds	-	(4,621)	-	-	996
Net cash receipts (disbursements)	(1,363)	(6,065)	(1,059)	(1,577)	99,252
Capital financing activities					
Acquisition of capital assets	-	-	-	-	-
Proceeds from direct financing leases	-	-	-	-	-
Net cash receipts (disbursements)	-	-	-	-	-
Investing activities					
Purchase of investments	(3,226)	(19,644)	(7,503)	(7,910)	(2,030)
Proceeds from maturity of investments	3,560	20,511	8,734	8,617	745
Interest received from investments	35	101	64	68	10
Net cash receipts (disbursements)	369	968	1,295	775	(1,275)
Net Increase (decrease) in cash	-	-	-	-	-
Cash at beginning of year	-	-	-	-	-
Cash at end of period	\$ -	\$ -	\$ -	\$ -	\$ -

**Total
December 31,
2025**

\$ 6,349
13,916
-
(111,585)
-
-
-
-
-
-
-
-
(91,320)

100,109
(2,375)
(1,105)
(3,816)
-
-
-
(3,625)
89,188

-
-
-

(40,313)
42,167
278
2,132

-
-
\$ -

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

COLLATERALIZED VETERANS MORTGAGE BONDS

For the Six Months Ended December 31, 2025

(in thousands of dollars)

	Collateralized Bonds, 2016 1st & 2nd Series	Collateralized Bonds, 2019 1st & 2nd Series	Collateralized Bonds, 2023 1st Series	Collateralized Bonds, 2024 1st Series	Collateralized Bonds, 2025 1st Series
Reconciliation					
Operating income (loss) to net cash					
Operating income (loss)	\$ 124	\$ 1,479	\$ 101	\$ 389	\$ (754)
<i>Adjustments:</i>					
Depreciation expense	-	-	-	-	-
Provision for loan loss	(8)	(34)	14	9	988
Net change in the fair value of investments	(3)	(86)	(12)	(18)	-
Interfund receipts (payments) for operations	20	(4,575)	24	34	1,153
Interest received from investments	(35)	(101)	(64)	(68)	(10)
Interest paid on bonds and capital notes	278	154	1,059	1,577	748
<i>Change in assets, liabilities and deferred resources:</i>					
Net (increase) decrease in mortgages and loans	744	3,344	(1,343)	(865)	(97,849)
Net increase (decrease) in assets, liabilities, and deferred resources	(126)	4,916	(15)	(256)	(2,253)
Net operating cash receipts (disbursements)	\$ 994	\$ 5,097	\$ (236)	\$ 802	\$ (97,977)

See accompanying notes to the financial statements.

**Total
December 31,
2025**

\$ 1,339

-

969

(119)

(3,344)

(278)

3,816

(95,969)

2,266

\$ (91,320)

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF CASH FLOWS
GOVERNMENTAL PURPOSE BONDS
For the Six Months Ended December 31, 2025
(in thousands of dollars)

	Governmental Purpose Bonds 2001 A & B	Total December 31, 2025
Cash Flows		
Operating activities		
Interest income on mortgages and loans	\$ 1,966	\$ 1,966
Principal receipts on mortgages and loans	7,556	7,556
Disbursements to fund mortgages and loans	-	-
Receipts (payments) for interfund loan transfers	(9,901)	(9,901)
Mortgage and loan proceeds receipts	-	-
Mortgage and loan proceeds paid to trust funds	-	-
Payroll-related disbursements	-	-
Payments for goods and services	-	-
Receipts from externally funded programs	-	-
Receipts from Federal HAP subsidies	-	-
Payments for Federal HAP subsidies	-	-
Interfund receipts (payments)	-	-
Grant payments to other agencies	-	-
Other operating cash receipts (payments)	-	-
Net cash receipts (disbursements)	<u>(379)</u>	<u>(379)</u>
Non-capital financing activities		
Proceeds from bond issuance	-	-
Principal paid on bonds	(3,975)	(3,975)
Payment of bond issuance costs	-	-
Interest paid on bonds	(758)	(758)
Proceeds from short-term debt issuance	-	-
Payment of short term debt	-	-
Contributions to State of Alaska or State agencies	-	-
Transfers from (to) other funds	-	-
Net cash receipts (disbursements)	<u>(4,733)</u>	<u>(4,733)</u>
Capital financing activities		
Acquisition of capital assets	-	-
Proceeds from direct financing leases	-	-
Net cash receipts (disbursements)	<u>-</u>	<u>-</u>
Investing activities		
Purchase of investments	(32,899)	(32,899)
Proceeds from maturity of investments	37,791	37,791
Interest received from investments	220	220
Net cash receipts (disbursements)	<u>5,112</u>	<u>5,112</u>
Net Increase (decrease) in cash	-	-
Cash at beginning of year	-	-
Cash at end of period	<u>\$ -</u>	<u>\$ -</u>

	Governmental Purpose Bonds 2001 A & B	Total December 31, 2025
Reconciliation		
Operating income (loss) to net cash		
Operating income (loss)	\$ 1,235	\$ 1,235
<i>Adjustments:</i>		
Depreciation expense	-	-
Provision for loan loss	22	22
Net change in the fair value of investments	(207)	(207)
Interfund receipts (payments) for operations	176	176
Interest received from investments	(220)	(220)
Interest paid on bonds and capital notes	758	758
		-
<i>Change in assets, liabilities and deferred resources:</i>		
Net (increase) decrease in mortgages and loans	(2,144)	(2,144)
Net increase (decrease) in assets, liabilities, and deferred resources	1	1
Net operating cash receipts (disbursements)	<u>\$ (379)</u>	<u>\$ (379)</u>

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

STATE CAPITAL PROJECT BONDS

For the Six Months Ended December 31, 2025

(in thousands of dollars)

	State Capital Project Bonds II	Total December 31, 2025
Cash Flows		
Operating activities		
Interest income on mortgages and loans	\$ 38,138	\$ 38,138
Principal receipts on mortgages and loans	66,232	66,232
Disbursements to fund mortgages and loans	-	-
Receipts (payments) for interfund loan transfers	(85,981)	(85,981)
Mortgage and loan proceeds receipts	-	-
Mortgage and loan proceeds paid to trust funds	-	-
Payroll-related disbursements	-	-
Payments for goods and services	-	-
Receipts from externally funded programs	-	-
Receipts from Federal HAP subsidies	-	-
Payments for Federal HAP subsidies	-	-
Interfund receipts (payments)	-	-
Grant payments to other agencies	-	-
Other operating cash receipts (payments)	(121)	(121)
Net cash receipts (disbursements)	<u>18,268</u>	<u>18,268</u>
Non-capital financing activities		
Proceeds from bond issuance	144,378	144,378
Principal paid on bonds	(48,735)	(48,735)
Payment of bond issuance costs	(334)	(334)
Interest paid on bonds	(28,460)	(28,460)
Proceeds from short-term debt issuance	-	-
Payment of short term debt	-	-
Contributions to State of Alaska or State agencies	-	-
Transfers from (to) other funds	(118,323)	(118,323)
Net cash receipts (disbursements)	<u>(51,474)</u>	<u>(51,474)</u>
Capital financing activities		
Acquisition of capital assets	-	-
Proceeds from direct financing leases	3,304	3,304
Net cash receipts (disbursements)	<u>3,304</u>	<u>3,304</u>
Investing activities		
Purchase of investments	(223,926)	(223,926)
Proceeds from maturity of investments	252,805	252,805
Interest received from investments	902	902
Net cash receipts (disbursements)	<u>29,781</u>	<u>29,781</u>
Net Increase (decrease) in cash	(121)	(121)
Cash at beginning of year	196	196
Cash at end of period	<u>\$ 75</u>	<u>\$ 75</u>

	State Capital Project Bonds II	Total December 31, 2025
Reconciliation		
Operating income (loss) to net cash		
Operating income (loss)	\$ 13,832	\$ 13,832
<i>Adjustments:</i>		
Depreciation expense	-	-
Provision for loan loss	170	170
Net change in the fair value of investments	(1,199)	(1,199)
Interfund receipts (payments) for operations	(116,754)	(116,754)
Interest received from investments	(902)	(902)
Interest paid on bonds and capital notes	28,460	28,460
<i>Change in assets, liabilities and deferred resources:</i>		
Net (increase) decrease in mortgages and loans	(18,638)	(18,638)
Net increase (decrease) in assets, liabilities, and deferred resources	113,299	113,299
Net operating cash receipts (disbursements)	<u>\$ 18,268</u>	<u>\$ 18,268</u>

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

OTHER PROGRAM FUNDS

For the Six Months Ended December 31, 2025

(in thousands of dollars)

	Low Rent Program	Market Rate Rental Housing Program	Home Ownership Fund	Senior Housing Revolving Loan Fund	Other Funds or Programs Subtotal
Cash Flows					
Operating activities					
Interest income on mortgages and loans	\$ -	\$ -	\$ 96	\$ 682	\$ 778
Principal receipts on mortgages and loans	-	-	388	2,106	2,494
Disbursements to fund mortgages and loans	-	-	-	-	-
Receipts (payments) for interfund loan transfers	-	-	(1,040)	(5,363)	(6,403)
Mortgage and loan proceeds receipts	-	-	-	-	-
Mortgage and loan proceeds paid to trust funds	-	-	-	-	-
Payroll-related disbursements	(4,756)	(1,041)	-	-	(5,797)
Payments for goods and services	(6,741)	(1,307)	-	-	(8,048)
Receipts from externally funded programs	9,404	1,403	-	-	10,807
Receipts from Federal HAP subsidies	-	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-	-
Interfund receipts (payments)	(1,917)	768	-	-	(1,149)
Grant payments to other agencies	-	-	-	-	-
Other operating cash receipts (payments)	4,947	1,077	-	-	6,024
Net cash receipts (disbursements)	937	900	(556)	(2,575)	(1,294)
Non-capital financing activities					
Proceeds from bond issuance	-	-	-	-	-
Principal paid on bonds	-	-	-	-	-
Payment of bond issuance costs	-	-	-	-	-
Interest paid on bonds	-	-	-	-	-
Proceeds from short-term debt issuance	-	-	-	-	-
Payment of short term debt	-	-	-	-	-
Contributions to State of Alaska or State agencies	-	-	-	-	-
Transfers from (to) other funds	-	-	-	-	-
Net cash receipts (disbursements)	-	-	-	-	-
Capital financing activities					
Acquisition of capital assets	(1,477)	(821)	-	-	(2,298)
Proceeds from direct financing leases	-	-	-	-	-
Net cash receipts (disbursements)	(1,477)	(821)	-	-	(2,298)
Investing activities					
Purchase of investments	-	-	(454)	(2,657)	(3,111)
Proceeds from maturity of investments	-	-	993	5,149	6,142
Interest received from investments	109	107	17	83	316
Net cash receipts (disbursements)	109	107	556	2,575	3,347
Net Increase (decrease) in cash	(431)	186	-	-	(245)
Cash at beginning of year	17,007	14,941	-	-	31,948
Cash at end of period	\$ 16,576	\$ 15,127	\$ -	\$ -	\$ 31,703

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

OTHER PROGRAM FUNDS

For the Six Months Ended December 31, 2025

(in thousands of dollars)

	Low Rent Program	Market Rate Rental Housing Program	Home Ownership Fund	Senior Housing Revolving Loan Fund	Other Funds or Programs Subtotal
Reconciliation					
Operating income (loss) to net cash					
Operating income (loss)	\$ 552	\$ (302)	\$ 96	\$ 735	\$ 1,081
<i>Adjustments:</i>					
Depreciation expense	1,992	626	-	-	2,618
Provision for loan loss	-	-	6	30	36
Net change in the fair value of investments	-	-	-	(1)	(1)
Interfund receipts (payments) for operations	(979)	2,133	(48)	30	1,136
Interest received from investments	(109)	(107)	(17)	(83)	(316)
Interest paid on bonds and capital notes	-	-	-	-	-
<i>Change in assets, liabilities and deferred resources:</i>					
Net (increase) decrease in mortgages and loans	-	-	(563)	(2,990)	(3,553)
Net increase (decrease) in assets, liabilities, and deferred resources	(519)	(1,450)	(30)	(296)	(2,295)
Net operating cash receipts (disbursements)	\$ 937	\$ 900	\$ (556)	\$ (2,575)	\$ (1,294)

See accompanying notes to the financial statements.

Energy Programs	Section 8 Voucher Programs	Other Grants	COVID-19 Grants	Other Funds or Programs Subtotal	Alaska Corporation for Affordable Housing	Total December 31, 2025
\$ (1,718)	\$ (3,715)	\$ (7,753)	\$ 10,972	\$ (2,214)	\$ (331)	\$ (1,464)
-	220	-	-	220	-	2,838
-	-	6	-	6	578	620
-	-	-	-	-	-	(1)
2,197	(6)	9,360	-	11,551	68	12,755
(8)	(32)	-	(136)	(176)	(128)	(620)
-	-	-	-	-	-	-
-	-	6	-	6	(1,073)	(4,620)
(788)	1,439	(1,119)	(4,804)	(5,272)	4,784	(2,783)
\$ (317)	\$ (2,094)	\$ 500	\$ 6,032	\$ 4,121	\$ 3,898	\$ 6,725

Other Financial Information

Entity-wide amounts for fiscal years ending June 30 are presented below for informational purposes (in thousands):

	2025	2024	2023	2022	2021
Assets					
Cash	\$ 71,755	\$ 88,608	\$ 80,205	\$ 84,731	\$ 108,769
Investments	599,256	634,502	784,796	981,786	1,033,065
Accrued interest receivable	16,273	15,104	16,664	14,791	14,850
Mortgage loans, notes and other loans	3,897,110	3,569,388	3,229,243	3,018,160	2,995,561
Net investment in direct financing lease	-	-	-	-	20,287
Capital assets, net	76,718	68,894	71,542	75,158	81,177
Other assets	73,331	87,040	70,344	66,358	38,510
Total Assets	4,734,443	4,463,536	4,252,794	4,240,984	4,292,219
Deferred Outflow of Resources					
	49,413	52,628	71,553	111,512	210,255
Liabilities					
Bonds and notes payable	2,802,648	2,618,772	2,347,283	2,277,492	2,366,206
Short term debt	127,493	45,938	128,476	149,771	131,697
Accrued interest payable	8,954	12,297	7,339	6,013	6,681
Other liabilities	103,104	138,634	150,617	202,682	211,197
Derivative instrument - interest rate swaps	30,229	27,057	39,013	73,728	168,250
Total Liabilities	3,072,428	2,842,698	2,672,728	2,709,686	2,883,031
Deferred Inflow of Resources					
	12,200	20,630	23,369	43,349	3,512
Total Net Position	\$ 1,699,228	\$ 1,652,836	\$ 1,628,250	\$ 1,599,461	\$ 1,615,931
Operating Revenues					
Mortgage and loans revenue	\$ 177,021	\$ 147,583	\$ 127,895	\$ 120,874	\$ 132,258
Investment interest	33,314	43,959	35,962	3,440	5,669
Net change in fair value of investments	2,953	282	3,158	820	(2,158)
Net change of hedge termination	-	-	281	875	579
Total Investment Revenue	36,267	44,241	39,401	5,135	4,090
Externally funded programs	157,013	105,067	156,657	283,006	154,023
Rental	12,267	12,307	11,509	11,280	11,219
Other	8,472	3,021	3,165	4,347	4,490
Total Operating Revenues	391,040	312,219	338,627	424,642	306,080
Operating Expenses					
Interest	99,980	91,885	79,853	60,780	70,987
Mortgage and loan costs	14,992	13,814	12,501	11,767	11,342
Operations and administration	66,059	53,648	47,774	48,911	50,360
Financing expenses	5,721	6,206	4,834	4,923	6,033
Provision for loan loss	10,113	7,317	1,640	485	(2,761)
Housing grants and subsidies	127,681	90,592	138,014	276,268	143,129
Rental housing operating expenses	16,778	18,506	17,175	19,274	17,012
Total Operating Expenses	341,324	281,968	301,791	422,408	296,102
Operating Income (Loss)	49,716	30,251	36,836	2,234	9,978
Non-Operating & Special Item					
Contribution to State or State agency	(3,324)	(5,665)	(8,047)	(933)	(1,011)
Change in Net Position	\$ 46,392	\$ 24,586	\$ 28,789	\$ 1,301	\$ 8,967



A Component Unit of the State of Alaska

Financial Statements

And Independent Auditor's Report

June 30, 2025

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This publication of Alaska Housing Finance Corporation. For comments or questions:
Website: <https://www.ahfc.us/investors/financials-history> or
E-Mail: finance@ahfc.us



Independent Auditor's Report

To the Board of Directors
Alaska Housing Finance Corporation
Anchorage, Alaska

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and each major fund of the Alaska Housing Finance Corporation (the Corporation), a component unit of the State of Alaska, as of and for the years ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Alaska Housing Finance Corporation's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Alaska Housing Finance Corporation as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 required to be independent of the Corporation, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of the net pension liability, contributions to the pension plan, net OPEB liability, and contributions to the OPEB plan be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or

historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Alaska Housing Finance Corporation's basic financial statements. The combining statements of net position, combining statements of revenues, expenses, and changes in net position, and combining statements of cash flows are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining statements of net position, combining statements of revenues, expenses, and changes in net position, and combining statements of cash flows are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the five-year comparative information but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2025, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Boise, Idaho
September 26, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

THE ALASKA HOUSING FINANCE CORPORATION

The Alaska Housing Finance Corporation (the "Corporation") is a public corporation and government instrumentality of the State of Alaska (the "State") that supports the financing of affordable home ownership for Alaskans, operation of the State's public housing facilities, and administration of the State's energy efficiency and weatherization programs within Alaska. The Corporation's primary business activity is providing a secondary market for the purchase of single-family and multifamily mortgage loans. As such, the Corporation is sensitive to changes in interest rates, to the spreads between the Corporation's mortgage rates and those available in the conventional mortgage markets, and to the varying availability of affordable housing in the State.

The Corporation's main sources of revenue include mortgage loan activity, investment interest income and externally funded grants and subsidies. Market interest rates have an effect on both the mortgage program and investment income revenues. If interest rates rise, mortgage and investment income should increase as new loans are originated and new investments are purchased at the higher rates. If interest rates fall, mortgage and investment income will decrease as new loans are originated and new investments are purchased at the lower rates.

A decrease in interest rates could also cause an increase in prepayments on higher rate mortgages. The Corporation uses these prepayments to redeem higher rate bonds, thus lowering the interest expense incurred on the Corporation's overall bond portfolio, or to recycle mortgages to obtain the maximum allowable spread. The availability of long-term tax-exempt financing on favorable terms is a key element in providing the funding necessary for the Corporation to continue its mortgage financing activities. Additionally, large federal deficits or changes in programs or funding levels could have a negative impact on externally funded program revenues.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Corporation is a component unit of the State and is discretely presented in the State's financial statements. It conducts business-type activities and follows enterprise fund accounting rules. The Corporation's financial report consists of three sections: Management's Discussion and Analysis, the Basic Financial Statements, and Supplementary Schedules.

Management's Discussion and Analysis

This section presents a comparative overview of the Corporation's financial position and results of operations as of and for the fiscal years ended June 30, 2025 and 2024. It highlights significant events and provides additional detail regarding the activities of the Corporation. This information should be read in conjunction with the Independent Auditors' Report, audited financial statements and accompanying notes.

Basic Financial Statements

This section includes the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; the Statement of Cash Flows; and the Notes to Financial Statements. These statements are presented using the accrual basis of accounting and economic resources measurement focus for all of the Corporation's operations, grouped by program or function.

The *Statement of Net Position (Exhibit A)* helps answer the question: "How is the Corporation's financial health at the end of the year?" It includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Corporation, both financial and capital, short-term and long-term. Net position is presented as restricted when the use of assets is subject to external limits or rules such as bond resolutions, legal agreements, or statutes. Otherwise, assets are characterized as unrestricted.

The *Statement of Revenues, Expenses, and Changes in Net Position (Exhibit B)* helps answer the question: "Is the Corporation as a whole better or worse off as a result of the year's activities?" It measures the activities of the Corporation's operations over the past year and presents the operating income and change in net position.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The *Statement of Cash Flows (Exhibit C)* helps answer the question: "How was cash generated and used?" It provides information about the sources and uses of the Corporation's cash and the change in cash balance during the reporting period resulting from operations, non-capital and capital financing and investing activities.

The *Notes to Financial Statements* provide additional information that is essential to a full understanding of the data provided in the Basic Financial Statements. The *Notes to Financial Statements* follow *Exhibit C*.

Major Funds

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Corporation reports the following major funds:

The *Administrative Fund* is the Corporation's main operating fund, encompassing all financial activity not presented elsewhere. It provides the Corporation's working capital and is available to meet debt service, fund continuing appropriations, absorb loan foreclosures, and finance legislatively authorized transfers to and from the State.

The *Grant Programs Fund* includes resources provided to other agencies and individuals to develop and improve affordable housing units for lower income families and to assist in improving the energy efficiency of Alaskan homes, as well as tenant-based rental assistance programs for families in the private market that are administered by the Corporation under contract with the U.S. Department of Housing and Urban Development ("HUD"). These programs include the Energy Programs, the Section 8 Voucher Programs, and Other Grants.

The *Mortgage and Bond Funds* include resources to assist in financing loan programs or to fund legislative appropriations. This fund includes the Corporation's Home Mortgage Revenue Bonds, General Mortgage Revenue Bonds II, Collateralized Bonds (Veterans Mortgage Program), Governmental Purpose Bonds, and State Capital Project Bonds II indentures.

Other Funds and Programs include AHFC-owned housing for low-income families managed under contract with HUD as well as other programs that are not specifically grants or bond funds, such as the Low Rent Program, the Market Rate Rental Housing Program, the Home Ownership Fund and the Senior Housing Revolving Loan Fund.

The *Alaska Corporation for Affordable Housing ("ACAH")* is a non-profit public benefit corporation that develops and operates affordable housing for Alaskans, utilizing various funding sources. ACAH is reported as a major blended component unit for the benefit of users of the Corporation's financial statements.

FINANCIAL HIGHLIGHTS

- On July 30, 2024, the Corporation issued its \$75.0 million Collateralized Bonds (Veterans Mortgage Program), 2024 First Series. The First Series Bonds are tax-exempt general obligations of the Corporation having a final maturity of December 1, 2053, and paying interest each June 1 and December 1 at fixed rates ranging from 3.25% to 4.65%. Proceeds of the First Series Bonds were used to finance qualified veterans mortgage loans. Principal and interest on the First Series Bonds is further secured by the unconditional guarantee of the State.
- On September 10, 2024, the Corporation issued its \$127.1 million State Capital Project Bonds II, 2024 Series A. The Series A Bonds are tax-exempt general obligations of the Corporation having a final maturity of December 1, 2039, and paying interest each June 1 and December 1 at a fixed rate of 5.00%. Proceeds of the Series A Bonds were used to refund certain outstanding obligations of the Corporation and for other authorized purposes.
- On February 1, 2025, the Corporation issued its \$110.0 million General Mortgage Revenue Bonds II, 2025 Series A. The Series A Bonds are tax-exempt general obligations of the Corporation having a final maturity of December 1, 2054, and paying interest each June 1 and December 1 at fixed rates ranging from 2.95% to 6.00%. Proceeds of the Series A Bonds were used to purchase qualified mortgage loans.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CONDENSED STATEMENT OF NET POSITION

The following table presents condensed information about the Corporation's financial position as of June 30, 2025 and 2024 (in thousands of dollars):

Condensed Statement of Net Position

	2025	2024	Increase/(Decrease)	
Cash and investments	\$ 671,011	\$ 723,110	\$ (52,099)	-7.2%
Mortgage loans, notes and other loans, net	3,913,383	3,584,492	328,891	9.2%
Capital assets, net	76,718	68,894	7,824	11.4%
Other assets	73,331	87,040	(13,709)	-15.8%
Total assets	4,734,443	4,463,536	270,907	6.1%
Deferred outflow of resources	49,413	52,628	(3,215)	-6.1%
Bonds and notes payable, net	2,802,648	2,618,772	183,876	7.0%
Short term debt	127,493	45,938	81,555	177.5%
Accrued interest payable	8,954	12,297	(3,343)	-27.2%
Derivatives	30,229	27,057	3,172	11.7%
Pension and OPEB liabilities	33,945	34,162	(217)	-0.6%
Other liabilities	69,159	104,472	(35,313)	-33.8%
Total liabilities	3,072,428	2,842,698	229,730	8.1%
Deferred inflow of resources	12,200	20,630	(8,430)	-40.9%
Total net position	\$ 1,699,228	\$ 1,652,836	\$ 46,392	2.8%

- The Corporation's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources as of June 30, 2025, by \$1.7 billion (net position), an increase over 2024 of \$46.4 million, of which 39.5% was unrestricted.
- Total Assets increased by \$270.9 million or 6.1% in fiscal year 2025 mainly due to an increase in mortgage loans, notes, and other loans. The Corporation's mortgage loan portfolio is one of its primary assets. During the fiscal year ended June 30, 2025, the mortgage loan portfolio increased by 9.2%. Loan purchases increased by \$42.9 million in fiscal year 2025 and exceeded loan payoffs by \$477.2 million.
- Capital assets increased by \$7.8 million or 11.4% mainly due to the purchase of a maintenance facility located at 700 Bragaw Street, Anchorage, Alaska. The building was acquired for \$7.5 million using the Corporation's Moving to Work ("MTW") Demonstration Program HUD-held reserves. See note disclosure 8.
- Total Liabilities increased by \$229.7 million or 8.1% mainly due to an increase in bonds outstanding payable. The Corporation redeemed a total of \$254.5 million in bonds in fiscal year 2025. Of this total, scheduled bond redemptions totaled \$103.5 million and special redemptions totaled \$151.0 million. New bond issuances exceeded bond redemptions by over \$57.5 million.
- Short-term debt increased by \$81.5 million or 177.5% mainly due to the issuance of commercial paper to refund defeased SC15A and SC15B bonds that were redeemed on 6/1/25. See note disclosure 14.
- Other liabilities decreased by \$35.3 million or 33.8% due to utilization of COVID-19 funds received in 2022 from allocations of the Consolidated Appropriations and American Rescue Plan Acts of 2021.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The following table presents condensed information about the Corporation's revenues, expenses and changes in net position for the fiscal years ended June 30, 2025 and 2024 (in thousands of dollars):

Condensed Statement of Revenues, Expenses, and Changes in Net Position

	2025	2024	Increase/(Decrease)	
Mortgage and loans revenue	\$ 177,021	\$ 147,583	\$ 29,438	19.9%
Investment interest income	33,314	43,959	(10,645)	-24.2%
Net change in fair value of investments	2,953	282	2,671	947.2%
Externally funded programs	143,605	105,067	38,538	36.7%
Rental and other revenues	34,147	15,328	18,819	122.8%
Total operating revenues	391,040	312,219	78,821	25.2%
Interest expenses	99,980	91,885	8,095	8.8%
Mortgage and loan costs	14,992	13,814	1,178	8.5%
Bond financing expenses	5,721	6,206	(485)	-7.8%
Operations and administration	76,172	60,965	15,207	24.9%
Rental housing and grant expenses	144,459	109,098	35,361	32.4%
Total operating expenses	341,324	281,968	59,356	21.1%
Operating income(loss)	49,716	30,251	19,465	64.3%
Contributions to the State of Alaska	(3,324)	(5,665)	2,341	
Change in net position	\$ 46,392	\$ 24,586	\$ 21,806	88.7%

- The Corporation had operating income in fiscal year 2025 of \$49.7 million, a \$19.5 million increase from fiscal year 2024.
- Total operating revenues increased by \$78.8 million, largely due to an approximately \$34.3 million MTW disbursement from HUD held reserves. The funds received were allocated as follows: HUD reimbursement to the Central Cost Operating Center of \$18.8 million for administrative expenditures, \$7.5 million for the purchase of a maintenance facility, and \$8.0 million to fund the Valdez Affordable Housing project.
- Mortgage and loans revenue increased by \$29.4 million, commensurate with the Corporation's increased mortgage portfolio balance and average rate.
- Investment interest income decreased by \$10.6 million or 24.2% from fiscal year 2024 mainly due to decreased short-term interest rates. During the fiscal year ended June 30, 2025, the investment portfolio earned approximately 4.93% overall, as compared to 5.66% for the fiscal year ended June 30, 2024.
- Total operating expenses increased by \$59.3 million mainly due to increased rental housing and grant expenses of \$35.6 million resulting from the liquidation of COVID-19 grant advances to sub-grantees.

DEBT RATINGS

The Corporation's outstanding bonds and notes payable are secured by assets held under respective indentures, as well as the Corporation's general obligation pledge. The Corporation's general obligation is rated by three major rating agencies. Moody's long-term rating was upgraded from Aa2 to Aa1 effective April 2, 2025, and Standard & Poor's and Fitch both remained unchanged from the prior fiscal year.

Rating Category	Standard & Poor's	Moody's	Fitch Ratings
Long Term	AA+	Aa1	AA+
Short Term	A-1+	P-1	F1+

MANAGEMENT'S DISCUSSION AND ANALYSIS

CONTACTING THE CORPORATION'S FINANCIAL MANAGEMENT

This report provides a general overview of the Corporation's finances and accountability during the reporting period. For inquiries or to request additional information, please contact (907) 330-8322 or finance@ahfc.us.

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ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

COMBINED – ALL MAJOR PROGRAMS

As of June 30, 2025

(in thousands of dollars)

	Administrative Fund	Grant Programs	Mortgage and Bond Funds	Other Funds and Programs	Total Programs and Funds
Assets					
Current					
Cash	\$ 18,309	\$ 14,803	\$ 196	\$ 31,948	\$ 65,256
Investments	377,395	-	162,469	3,063	542,927
Lease receivable	-	-	2,796	61	2,857
Accrued interest receivable	1,747	-	13,131	133	15,011
Inter-fund due (to)/from, net	(44,632)	8,358	40,282	(3,867)	141
Mortgage loans, notes and other loans, net	8,780	32	107,136	1,515	117,463
Other assets	4,752	14,067	-	1,577	20,396
Intergovernmental receivable	47	12,959	-	1,960	14,966
Total current	366,398	50,219	326,010	36,390	779,017
Non current					
Investments	33,044	-	23,285	-	56,329
Lease receivable	-	-	7,362	-	7,362
Inter-fund due (to)/from, net	-	1,423	-	-	1,423
Mortgage loans, notes and other loans, net	242,585	943	3,464,091	48,978	3,756,597
Capital assets - non-depreciable	2,430	1,832	-	13,409	17,671
Capital assets - depreciable, net	9,318	6,187	-	38,802	54,307
Other assets	2,412	245	2,612	20	5,289
OPEB asset	14,472	-	-	-	14,472
Total non current	304,261	10,630	3,497,350	101,209	3,913,450
Total assets	670,659	60,849	3,823,360	137,599	4,692,467
Deferred Outflow Of Resources	5,977	-	43,436	-	49,413
Liabilities					
Current					
Bonds payable	-	-	95,170	-	95,170
Short term debt	127,493	-	-	-	127,493
Accrued interest payable	-	-	8,954	-	8,954
Other liabilities	20,236	42,234	837	1,254	64,561
Intergovernmental payable	-	-	196	508	704
Total current	147,729	42,234	105,157	1,762	296,882
Non current					
Bonds payable	-	-	2,707,478	-	2,707,478
Other liabilities	2,083	238	557	17	2,895
Derivative instrument - interest rate swaps	-	-	30,229	-	30,229
Pension liability	33,945	-	-	-	33,945
Total non current	36,028	238	2,738,264	17	2,774,547
Total liabilities	183,757	42,472	2,843,421	1,779	3,071,429
Deferred Inflow Of Resources	438	-	8,670	49	9,157
Net Position					
Net investment in capital assets	11,748	8,019	-	52,211	71,978
Restricted by bond resolutions	-	-	659,619	-	659,619
Restricted by contractual or statutory agreements	152,777	33,517	-	85,848	257,670
Unrestricted or (deficit)	327,916	(23,159)	355,086	(2,288)	672,027
Total net position	\$ 492,441	\$ 18,377	\$ 1,014,705	\$ 135,771	\$ 1,661,294

See accompanying notes to the financial statements.

Alaska Corporation for Affordable Housing	Total June 30, 2025
\$ 6,499	\$ 71,755
-	542,927
3,264	6,121
1,262	16,273
(141)	-
-	117,463
4,724	25,120
-	14,966
15,608	794,625
-	56,329
-	7,362
(1,423)	-
23,050	3,779,647
4,740	22,411
-	54,307
1	5,290
-	14,472
26,368	3,939,818
41,976	4,734,443
-	49,413
-	95,170
-	127,493
-	8,954
812	65,373
-	704
812	297,694
-	2,707,478
187	3,082
-	30,229
-	33,945
187	2,774,734
999	3,072,428
3,043	12,200
4,740	76,718
-	659,619
33,228	305,370
(34)	657,521
\$ 37,934	\$ 1,699,228

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

COMBINED – ALL MAJOR PROGRAMS

For the Year Ended June 30, 2025

(in thousands of dollars)

	Administrative Fund	Grant Programs	Mortgage and Bond Funds	Other Funds and Programs	Total Programs and Funds
Operating Revenues					
Mortgage and loan revenue	\$ 13,463	\$ -	\$ 161,328	\$ 1,645	\$ 176,436
Investment interest	19,154	426	12,703	821	33,104
Net change in the fair value of investments	(441)	-	3,394	-	2,953
Total investment revenue	18,713	426	16,097	821	36,057
Grant revenue	33	128,567	-	7,813	136,413
Housing rental subsidies	-	-	-	13,408	13,408
Rental revenue	11	-	-	12,256	12,267
Gain (loss) on disposal of capital assets	1,388	(13)	-	(959)	416
Other revenue	2,383	793	-	24	3,200
Total operating revenues	35,991	129,773	177,425	35,008	378,197
Operating expenses					
Interest	1,214	-	98,766	-	99,980
Mortgage and loan costs	4,030	-	10,823	139	14,992
Bond financing expenses	649	-	5,072	-	5,721
Provision for loan loss	892	(11)	5,188	33	6,102
Operations and administration	23,728	18,226	4,866	18,829	65,649
Rental housing operating expenses	-	107	-	16,659	16,766
Grant expense	37	123,040	-	-	123,077
Total operating expenses	30,550	141,362	124,715	35,660	332,287
Operating income (loss)	5,441	(11,589)	52,710	(652)	45,910
Non-operating expenses and transfers					
Contributions to State of Alaska or State agencies	(3,324)	-	-	-	(3,324)
Interfund receipts (payments) for operations	(189,227)	26,283	158,111	3,771	(1,062)
Change in net position	(187,110)	14,694	210,821	3,119	41,524
Net position at beginning of year	679,551	3,683	803,884	132,652	1,619,770
Net position at end of period	\$ 492,441	\$ 18,377	\$ 1,014,705	\$ 135,771	\$ 1,661,294

See accompanying notes to the financial statements.

Alaska Corporation for Affordable Housing	Total June 30, 2025
\$ 585	\$ 177,021
210	33,314
-	2,953
<u>210</u>	<u>36,267</u>
7,192	143,605
-	13,408
-	12,267
(19)	397
4,875	8,075
<u>12,843</u>	<u>391,040</u>
-	99,980
-	14,992
-	5,721
4,011	10,113
410	66,059
12	16,778
4,604	127,681
<u>9,037</u>	<u>341,324</u>
3,806	49,716
-	(3,324)
1,062	-
<u>4,868</u>	<u>46,392</u>
33,066	1,652,836
<u>\$ 37,934</u>	<u>\$ 1,699,228</u>

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

COMBINED - ALL MAJOR PROGRAMS

For the Year Ended June 30, 2025

(in thousands of dollars)

	Administrative Fund	Grant Programs	Mortgage and Bond Funds	Other Funds and Programs	Total Programs and Funds
Cash Flows					
Operating activities					
Interest income on mortgages and loans	\$ 15,055	\$ -	\$ 145,712	\$ 1,475	\$ 162,242
Principal receipts on mortgages and loans	14,910	-	288,030	4,569	307,509
Disbursements to fund mortgages and loans	(651,748)	-	-	-	(651,748)
Receipts (payments) for interfund loan transfers	470,404	-	(462,804)	(7,600)	-
Mortgage and loan proceeds receipts	480,934	-	-	-	480,934
Mortgage and loan proceeds paid to trust funds	(471,967)	-	-	-	(471,967)
Payroll-related disbursements	(25,366)	(7,560)	-	(11,481)	(44,407)
Payments for goods and services	(9,508)	(5,139)	-	(16,101)	(30,748)
Receipts from externally funded programs	33	54,231	-	19,151	73,415
Receipts from Federal HAP subsidies	-	37,785	-	-	37,785
Payments for Federal HAP subsidies	-	(43,777)	-	-	(43,777)
Interfund receipts (payments)	(46,174)	41,291	-	3,829	(1,054)
Grant payments to other agencies	(5)	(69,287)	-	-	(69,292)
Other operating cash receipts (payments)	2,385	670	1	11,604	14,660
Net cash receipts (disbursements)	(221,047)	8,214	(29,061)	5,446	(236,448)
Non-capital financing activities					
Proceeds from bond issuance	-	-	331,057	-	331,057
Principal paid on bonds	-	-	(129,845)	-	(129,845)
Payment of bond issuance costs	-	-	(1,747)	-	(1,747)
Interest paid on bonds	-	-	(112,595)	-	(112,595)
Proceeds from short-term debt issuance	142,522	-	-	-	142,522
Payment of short term debt	(62,181)	-	-	-	(62,181)
Contributions to State of Alaska or State agencies	(3,324)	-	-	-	(3,324)
Transfers from (to) other funds	99,105	-	(99,105)	-	-
Net cash receipts (disbursements)	176,122	-	(12,235)	-	163,887
Capital financing activities					
Acquisition of capital assets	(48)	(7,688)	-	(7,275)	(15,011)
Proceeds from the disposal of capital assets	1,400	-	-	12	1,412
Proceeds from direct financing leases	-	-	3,304	-	3,304
Net cash receipts (disbursements)	1,352	(7,688)	-	(7,263)	(10,295)
Investing activities					
Purchase of investments	(3,540,441)	-	(1,095,181)	(6,090)	(4,641,712)
Proceeds from maturity of investments	3,547,919	-	1,125,095	7,428	4,680,442
Interest received from investments	19,629	588	7,951	834	29,002
Net cash receipts (disbursements)	27,107	588	37,865	2,172	67,732
Net Increase (decrease) in cash	(16,466)	1,114	(127)	355	(15,124)
Cash at beginning of year	34,775	13,689	323	31,593	80,380
Cash at end of period	\$ 18,309	\$ 14,803	\$ 196	\$ 31,948	\$ 65,256

Alaska Corporation for Affordable Housing	Total June 30, 2025
\$ -	\$ 162,242
-	307,509
-	(651,748)
-	-
-	480,934
-	(471,967)
(244)	(44,651)
(6,528)	(37,276)
-	73,415
-	37,785
-	(43,777)
1,056	2
(6,000)	(75,292)
9,770	24,430
(1,946)	(238,394)
-	331,057
-	(129,845)
-	(1,747)
-	(112,595)
-	142,522
-	(62,181)
-	(3,324)
-	-
-	163,887
-	(15,011)
-	1,412
-	3,304
-	(10,295)
-	(4,641,712)
-	4,680,442
217	29,219
217	67,949
(1,729)	(16,853)
8,228	88,608
\$ 6,499	\$ 71,755

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

COMBINED - ALL MAJOR PROGRAMS

For the Year Ended June 30, 2025

(in thousands of dollars)

	Administrative Fund	Grant Programs	Mortgage and Bond Funds	Other Funds and Programs	Total Programs and Funds
Reconciliation					
Operating income (loss) to net cash					
Operating income (loss)	\$ 5,441	\$ (11,589)	\$ 52,710	\$ (652)	\$ 45,910
<i>Adjustments:</i>					
Depreciation expense	1,029	317	-	5,029	6,375
Provision for loan loss	892	(11)	5,188	33	6,102
Loss on disposal of capital assets	-	-	-	-	-
Net change in the fair value of investments	441	-	(3,394)	-	(2,953)
Interfund receipts (payments) for operations	(189,227)	26,283	158,111	3,771	(1,062)
Interest received from investments	(19,629)	(588)	(7,951)	(834)	(29,002)
Interest paid on bonds and capital notes	-	-	112,595	-	112,595
<i>Change in assets, liabilities and deferred resources:</i>					
Net (increase) decrease in mortgages and loans	57,724	(12)	(378,826)	(3,282)	(324,396)
Net increase (decrease) in assets, liabilities, and deferred resources	(77,718)	(6,186)	32,506	1,381	(50,017)
Net operating cash receipts (disbursements)	\$ (221,047)	\$ 8,214	\$ (29,061)	\$ 5,446	\$ (236,448)
Non-cash activities					
Deferred outflow of resources - derivatives	\$ -	\$ -	\$ (3,173)	\$ -	\$ (3,173)
Derivative instruments liability	-	-	3,173	-	3,173
Net change of hedge termination	-	-	541	-	541
Deferred outflow debt refunding	-	-	5,388	-	5,388
Total non-cash activities	\$ -	\$ -	\$ 5,929	\$ -	\$ 5,929

See accompanying notes to the financial statements.

<u>Alaska Corporation for Affordable Housing</u>	<u>Total June 30, 2025</u>
\$ 3,806	\$ 49,716
-	6,375
4,011	10,113
19	19
-	(2,953)
1,062	-
(217)	(29,219)
-	112,595
(3,326)	(327,722)
(7,301)	(57,318)
<u>\$ (1,946)</u>	<u>\$ (238,394)</u>
\$ -	\$ (3,173)
-	3,173
-	541
-	5,388
<u>\$ -</u>	<u>\$ 5,929</u>

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NOTE DISCLOSURES INDEX

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FOR THE TWELVE MONTHS ENDED JUNE 30, 2025

1 AUTHORIZING LEGISLATION AND FUNDING

The Alaska Housing Finance Corporation (the "Corporation") or ("AHFC"), a public corporation and government instrumentality of the State of Alaska (the "State"), was created in 1971, and substantially modified in 1992, by acts of the Alaska State Legislature (the "Legislature") to assist in the financing, development and sale of dwelling units, operate the State's public housing, offer various home loan programs emphasizing housing for low and moderate-income and rural residents, and administer energy efficiency and weatherization programs within Alaska. The Corporation is a component unit of the State and is discretely presented in the State's financial statements.

Generally, the Corporation accomplishes its mortgage-related objectives by functioning as a secondary market for qualified real estate loans originated by financial institutions. The Corporation is authorized by the Legislature to issue its own bonds, bond anticipation notes and other obligations in such principal amounts as, in the opinion of the Corporation, will be necessary to provide sufficient funds for carrying out its purpose. Certain bonds issued to finance residences for qualified veterans are unconditionally guaranteed by the State. No other obligations constitute a debt of the State.

The non-mortgage related programs of the Corporation are funded through various grant and program agreements with the federal government's departments of Housing and Urban Development ("HUD"), Agriculture ("USDA"), Veterans Affairs ("VA"), Treasury ("DOT"), Energy ("DOE"), and Health and Human Services ("HHS"), funding from the State of Alaska, as well as capital and operating subsidies from the Corporation's own funds.

The Corporation has affiliates incorporated under the Alaska Nonprofit Corporation Act (AS 10.20) and provisions of the Alaska Housing Finance Corporation Act (AS 18.56), as amended. Each affiliate issues annual audited financial statements. Copies may be found at the following links, or please contact AHFC to obtain a copy. The affiliates are as follows:

- Northern Tobacco Securitization Corporation ("NTSC") incorporated on September 29, 2000, pursuant to House Bill No. 281 of the 2000 Legislature. <https://www.ahfc.us/about-us/subsidiaries/ntsc/ntsc-financial-statements/>
- Alaska Housing Capital Corporation ("AHCC") incorporated on May 23, 2006, pursuant to Senate Bill No. 232 of the 2006 Legislature. <https://www.ahfc.us/about-us/subsidiaries/ahcc/ahcc-financial-statements/>
- Alaska Corporation for Affordable Housing ("ACAH") incorporated on February 1, 2012, pursuant to House Bill No. 119 of the 2011 Legislature. <https://www.ahfc.us/about-us/subsidiaries/alaska-corporation-affordable-housing-acah/acah-financial-statements/>
- Alaska Sustainable Energy Corporation ("ASEC") incorporated on November 5, 2024, pursuant to House Bill No. 273 of the 2024 Legislature.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The financial reporting entity consists of AHFC and the blended component unit ACAH. The entities are closely related and financially integrated. The board of directors for AHFC and ACAH are the same and both entities have similar mission statements. ACAH is a legally separate entity from AHFC, but is considered a blended component unit of AHFC due to AHFC's operational responsibility for ACAH and the potential financial benefit or financial burden between AHFC and ACAH. AHFC is financially accountable for ACAH.

The other affiliates of AHFC are not closely related to, nor financially integrated with AHFC. There is no financial accountability for the other affiliates by AHFC. They are not component units of AHFC, hence they are not included in these financial statements. NTSC, AHCC and ASEC are component units of the State.

Neither AHFC nor the State is liable for any debt issued by NTSC, AHCC and ASEC. They are government instrumentalities of, but have a legal existence separate and apart from, the State. The State is additionally not liable for any debt issued by ACAH.

Basis of Accounting

The financial reporting entity utilizes the economic resource measurement focus and full accrual basis of accounting wherein revenues are recognized when earned and expenses when incurred. The financial statements have been prepared in conformity with generally accepted accounting principles ("GAAP") as prescribed by the Governmental Accounting Standards Board ("GASB"). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles as set forth in GASB's pronouncements.

Basis of Presentation

The financial reporting entity is engaged in business-type activities that utilize enterprise funds. The basic fund financial statements are comprised of the Statement of Net Position (Exhibit A), the Statement of Revenues, Expenses and Changes in Net Position (Exhibit B), the Cash Flow Statement (Exhibit C) and the accompanying note disclosures. The supplementary section contains combining financial statements by program, purpose, or bond indenture.

The basic financial statements include a Total Programs and Funds column representing an aggregate of AHFC amounts, and a Total column for the financial reporting entity, an aggregation of both AHFC and ACAH amounts.

Major Funds and Component Unit

The basic fund financial statements present the major funds of AHFC and the major component unit ACAH.

Administrative Fund: This is the Corporation's primary operating fund. It accounts for all financial resources of the Corporation not accounted for in other funds.

Grant Programs: Resources provided to other agencies and individuals to develop and improve affordable housing units for lower income families, to assist in improving the energy efficiency of Alaska homes, and to provide tenant-based rental assistance programs for families in the private market (administered by the Corporation under contract with HUD).

Mortgage or Bond Funds: Provides resources to assist in the financing of loan programs or to fund Legislature appropriations.

Other Funds or Programs: Includes the Low Rent program and other affordable housing for low income families managed under contract with HUD, but owned by AHFC; as well as, the Home Ownership Fund and the Senior Housing Revolving Loan Fund.

Component Unit ACAH: A non-profit public benefit corporation that develops and operates affordable housing for Alaskans, utilizing various funding sources. ACAH is reported as a major component unit for the benefit of users of AHFC's financial statements.

Restricted Net Position

The restricted net position of the Administrative Fund consists of the Corporation's remaining commitments to the State (refer to Footnote No. 19 State Authorizations and Commitments for further details) and resources of the Affordable Housing Development Program. The remaining resources of the Administrative Fund are unrestricted.

The other financial activities of the Corporation are restricted by the Corporation's bond indentures, requirements from the Legislature, and statutory requirements or third-party agreements that restrict the use of resources. These restricted resources are recorded in various special purpose funds and accounts. Restricted funds with a net deficit balance are shown as having an unrestricted net position balance pursuant to reporting requirements.

When both restricted and unrestricted resources are available in a fund, it is the Corporation's policy to spend restricted funds to the extent allowed and only spend unrestricted funds when needed.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates. The major estimate for the Corporation is the allowance for loan losses.

Investments

All investments are stated at fair value.

Accrued Interest Receivable on Loans and Real Estate Owned

Interest is accrued based upon the principal amount outstanding. Accrual of interest income is discontinued on loans when, in the opinion of management, collection of such interest becomes doubtful. When payment of interest is

provided for pursuant to the terms of loan insurance or guarantees, accrual of interest on delinquent loans and real estate owned is continued.

Loans and Allowances for Estimated Loan Losses

Mortgage loans are carried at their unpaid principal balances net of allowance for estimated loan losses. Once monies have been disbursed, the mortgage loans are recorded.

The Corporation provides for possible losses on loans on which foreclosure is anticipated. A potential loss is recorded when the net realizable value, or fair value, of the related collateral or security interest is estimated to be less than the Corporation's investment in the property less anticipated recoveries from private mortgage insurance, private credit insurance, and various other loan guarantees. In providing for losses, through a charge to operations, consideration is given to the costs of holding real estate, including interest costs. The loan portfolio, property holding periods and property holding costs are reviewed periodically. A general allowance is applied to the performing loan portfolio, and a specific reserve on individual non-performing. This can be modified. While management uses the best information available to make evaluations, future adjustments to the allowances may be necessary if there are significant changes in economic conditions or property disposal programs.

Real Estate Owned

Real estate owned consists principally of properties acquired through foreclosure or repossession and is carried at the lower of cost or estimated net realizable value. These amounts are included in other assets.

Depreciation

Depreciation and amortization of buildings, equipment, and leasehold improvements are computed on a straight-line basis over the estimated useful lives of the related assets. Estimated useful lives range from 3 to 40 years. The capitalization threshold is \$5,000.

Bonds

The Corporation issues bonds to provide capital for its mortgage programs and other uses consistent with its mission. The bonds are recorded at cost plus accreted interest and premiums, less discounts. Discounts and premiums are amortized using the straight-line method. Costs of issuance are expensed when incurred.

Deferred Debt Refunding Expenses

Deferred debt refunding expenses occur when new debt is issued to replace existing debt. The differences between the carrying value of the old debt and the resources used to redeem it are called deferred debt refunding expenses. The unamortized balances of these expenses are recorded as deferred outflows of resources. These expenses are amortized over the shorter of the remaining life of the old debt or the remaining life of the new debt.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System ("PERS") and additions to/from the PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits

Information about the Other Post-Employment Benefits ("OPEB") fiduciary net position of the PERS plans has been determined on the same basis as reported by PERS. The PERS information includes the valuation of the net OPEB asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense. Benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Compensated Absences

As of July 1, 2024, the Corporation adopted GASB Statement No. 101, Compensated Absences. The standard modernizes the types of leave classified as compensated absences and provides guidance for consistent recognition and measurement of the related liability. It defines compensated absences as leave for which employees may receive one or more of the following: (a) cash payments when the leave is used; (b) other cash payments, such as payment for unused leave upon termination; or (c) noncash settlements, such as converting leave to defined benefit postemployment benefits. The standard requires recognizing a liability for compensated leave that is attributable to services already performed, which accumulates over time and is more likely than not (greater than 50% probability) to be used for time off, or otherwise paid in cash or non-cash means.

The Corporation provides paid leave for jury duty, active military service and personal reasons. Paid active military leave is limited to five days. Personal leave accrues at a rate based on the employee's years of service. Employees of the Corporation may not accumulate more than 1,000 hours of personal leave at the end of each twelve-month period for use in the following twelve-month period. The Corporation does not recognize a liability for court leave or active

military leave because it is paid when it occurs. The Corporation recognizes a compensated absences liability for accrued personal leave that has not been settled as of the measurement date. Additions to the liability include the total of accrued personal leave calculated at the pay rate of employees as of the measurement date, and the Corporation's portion of federal and state payroll taxes. Reductions of the liability include the total of personal leave used for time off, paid in cash or settled through contribution to a 457 Deferred Compensation Account. There was no effect on the Corporation's financial statements as a result of the implementation of this standard.

Leases

The Corporation recognizes Right of Use Assets, Lease Liabilities, Lease Receivables and Deferred Inflow of Resources for lease contracts with terms greater than 12 months. The Corporation as a Lessee records the Right of Use Assets and Lease Liability, and as a Lessor, records Lease Receivable and Deferred Inflow of Resources, measured at the present value of future lease payments and receipts, respectively, discounted at the Corporation's incremental borrowing rate of 5%. Finance lease costs are recognized in two components, interest expense and amortization expense. As payments are received over the term of the lease, lease revenues are recognized in two components: interest revenue on lease receivable and revenue from amortization of deferred inflow of resources.

Derivative Instruments-Interest Rate Swaps

Subject to certain restrictions, the Corporation's Fiscal Policies allow it to enter into derivative financial instruments called interest rate swap agreements, or swaps. The Corporation enters into swaps with various counterparties to achieve a lower overall cost of funds for certain bond issuances. Under these agreements, the Corporation pays a fixed interest rate to a counterparty in exchange for a variable interest rate payment from that counterparty, or vice versa. All swaps are presented at fair value, with the change in fair value of hedgeable derivatives being recorded as deferred inflows of resources or deferred outflows of resources, and the change in fair value of investment derivatives being recorded as investment revenue.

Operating Revenues and Expenses

The Corporation is authorized to issue bonds to finance the purchase of mortgage loans made to borrowers and to fund other lawful activities of the Corporation. Operating revenues are primarily derived from interest income on mortgage loans and investments. Additionally, the Corporation's statutory purpose includes providing financial assistance programs for rental subsidies to tenants of various housing developments. The Corporation records all revenues from mortgages and loans, investments, rental activities, and externally funded programs as operating revenues. The primary costs of providing these programs are recorded as operating expenses.

Income Taxes

The Corporation is exempt from federal and state income taxes.

3 CASH AND INVESTMENTS

Cash consists of demand deposits, time deposits, and cash held in trust. The carrying amount of the Corporation's cash is restricted by bond resolutions, contractual agreements, and statutory agreements. A summary of the Corporation's cash is shown below (in thousands):

	<u>June 30, 2025</u>
Restricted cash	\$ 61,562
Unrestricted cash	<u>10,193</u>
Carrying amount	<u>\$ 71,755</u>
Bank balance	<u>\$ 71,801</u>

Investment Valuation

AHFC categorizes its fair value measurements within the fair value hierarchy established by Generally Accepted Accounting Principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

AHFC measures its investments using quoted market prices (Level 1 inputs).

Investment Maturities

The fair value of debt security investments by contractual maturity is shown below (in thousands). Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without penalty.

Investment Maturities					
	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years	June 30, 2025
Securities of U.S. Government agencies and corporations	\$ 7,970	\$ 33,044	\$ -	\$ -	\$ 41,014
Commercial paper & medium-term notes	306,060	-	-	-	306,060
Corporate certificates of deposit	6,501	-	-	-	6,501
Guaranteed investment contracts	-	10,000	13,285	-	23,285
Money market funds	188,162	-	-	-	188,162
Total not including GeFONSI	<u>\$ 508,693</u>	<u>\$ 43,044</u>	<u>\$ 13,285</u>	<u>\$ -</u>	<u>\$ 565,022</u>
GeFONSI pool					<u>34,234</u>
Total AHFC investment portfolio					<u>\$ 599,256</u>

Restricted Investments

A large portion of the Corporation's investments, \$318,925,000, is restricted by bond resolutions, contractual agreements and statutory agreements. The remainder, \$280,331,000, is unrestricted.

Realized Gains and Losses

The calculation of realized gains and losses is independent of the calculation of the net increase in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current period may have been recognized as an increase or decrease in the fair value of investments reported in the prior year. The net increase in the fair value of investments in the table below includes all changes in fair value (including purchases and sales) that occurred during the period. A summary of the gains and losses is shown below (in thousands):

Original Amount	June 30, 2025
Ending unrealized holding gain	\$ 5,137
Beginning unrealized holding gain	<u>5,899</u>
Net change in unrealized holding gain	(762)
Net realized gain (loss)	<u>3,715</u>
Net increase (decrease) in fair value	<u>\$ 2,953</u>

Deposit and Investment Policies

The Corporation utilizes different investment strategies depending upon the nature and intended use of the assets being invested. All funds are classified as trusted or non-trusted, and this classification determines the applicable investment guidelines used by staff when making investment decisions. Trusted funds are invested in accordance with their respective indentures or governing agreements. Non-trusted funds are governed by the terms outlined in the Corporation's Fiscal Policies and are typically invested to meet future projected funding need.

The following securities are eligible for investment under the Corporation's Fiscal Policies.

- Obligations backed by the full faith and credit of the United States;
- Obligations of U.S. government-sponsored enterprises ("GSEs") and federal agencies not backed by the full faith and credit of the United States;
- Obligations of the World Bank rated at least "AA" by S&P or "Aa2" by Moody's or "AA" by Fitch if maturing in excess of one year or "A-1" by S&P or "P-1" by Moody's or "F1" by Fitch if maturing in one year or less;
- Money market funds rated at least "AAm" by S&P or "Aa-mf" by Moody's or "AAmmf" by Fitch;

- Banker's acceptances and negotiable certificates of deposit of any bank, the unsecured short-term obligations of which are rated at least "A-1" by S&P or "P-1" by Moody's or "F-1" by Fitch and which is incorporated under the laws of the United States of America or any state thereof and subject to supervision and examination by federal or state banking authorities, or which is a foreign bank with a branch or agency licensed under the laws of the United States of America or any state thereof and subject to supervision and examination by federal or state banking authorities, or which is a foreign bank having a long-term issuer rating of at least "AA" from S&P or "Aa2" from Moody's or "AA" from Fitch;
- Commercial paper, including asset-backed commercial paper, rated at least "A-1" by S&P or "P-1" by Moody's or "F1" by Fitch;
- Repurchase agreements ("repos") where: the counterparty is designated as a primary dealer by the Federal Reserve and has a long-term debt rating of at least "A" by S&P or "A" by Moody's or "A" by Fitch or a short-term rating of at least "A-1" by S&P or "P-1" by Moody's or "F-1" by Fitch; collateral is pledged at a minimum level of 102%, valued on a daily basis with a one-business-day cure period; the term of such repurchase agreement is one week or less; a third-party custodian acting as the Corporation's agent has possession of the collateral and holds such collateral in the Corporation's name; the agreement is evidenced by standard documents published by the Securities Industry and Financial Markets Association ("SIFMA"); and the securities to be repurchased are obligations backed by the full faith and credit of the United States or obligations of U.S. government-sponsored enterprises and federal agencies not backed by the full faith and credit of the United States or obligations of the World Bank rated at least "AA" by S&P or "Aa2" by Moody's or "AA" by Fitch if maturing in excess of one year or "A-1" by S&P or "P-1" by Moody's or "F1" by Fitch if maturing in one year or less;
- Guaranteed investment contracts with a financial institution having outstanding unsecured long-term obligations rated, or an investment agreement rating of, at least "AA" by S&P or "Aa2" by Moody's or "AA" by Fitch, or, if the term is one year or less, at least "A-1" by S&P or "P-1" by Moody's or "F-1" by Fitch;
- Fixed and floating-rate notes and bonds, other than commercial paper, issued by corporate or municipal obligors and rated at least "AA" by S&P or "Aa2" by Moody's or "AA" by Fitch if maturing in excess of one year, or at least "A-1" by S&P or "P-1" by Moody's or "F1" by Fitch if maturing, or with a provision for investor withdrawal or put at par, in one year or less;
- Asset-backed securities, other than asset-backed commercial paper, rated at least "AA+" by S&P or "Aa1" by Moody's or "AA+" by Fitch; and
- Investment pools managed by the State of Alaska, including the General Fund and Other Non-Segregated Investments ("GeFONSI") pool.

Credit Risk

Credit risk is the risk of loss due to the failure of the security or backer. The Corporation mitigates its credit risk by limiting investments to those permitted in its Fiscal Policies and relevant governing agreements, diversifying the investment portfolio, and pre-qualifying firms with which the Corporation administers its investment activities.

The credit quality ratings of the Corporation's investments as of June 30, 2025, as determined by nationally recognized statistical rating organizations, are shown below (in thousands), and do not include investments held by GeFONSI pool.

	S&P	Moody's	Investment Fair Value
Securities of U.S. Government agencies & corporations, commercial paper ("CP"), medium-term notes, guaranteed investment contracts ("GIC") & certificates of deposit ("CD"):	AA+	Aa1	\$ 33,044
	A-1+	P-1	78,169
	AA+	Aa3	13,285
	A-1	P-1	121,404
	A+	A2	10,000
	A-1	NA	41,972
	A-2	P-1	13,307
	NA	P-1	38,679
	A-2	P-2	27,000
Money market funds ("MMF"):	AAAm	Aaa-mf	188,162
			<u>\$ 565,022</u>

Concentration Risk

Concentration risk is the risk of loss attributed to the magnitude of the Corporation's investments in a single issuer. Concentration limits are not established in the bond indentures and governing agreements for trust investments. The following table details the maximum concentration limits for non-trust investments as outlined in the Corporation's Fiscal Policies. Under certain conditions, the Fiscal Policies permit investments in excess of these limits. For more information, please see the Corporation's Fiscal Policies at: <http://www.ahfc.us/pros/investors/fiscal-policies>.

Investment Category	Category Limit as % of Total Portfolio	Issuer Limit as % of Total Portfolio
U.S. Government obligations	n/a	n/a
U.S. GSEs and agencies	n/a	35%
World Bank obligations	n/a	35%
Money market funds	n/a	n/a
Banker's acceptances, negotiable CDs	n/a	5%
Commercial paper	n/a	5%
Repurchase agreements	n/a	25%
Guaranteed investment contracts	n/a	5%
Corporate and municipal notes and bonds	n/a	5%
Asset-backed securities	20%	5%
State of Alaska investment pools	n/a	n/a

Investment Holdings Greater than Five Percent of Total Portfolio

The following investment holdings, summarized by issuer, include both investments that are governed by the maximum concentration limits of the Corporation's Fiscal Policies and trusted investments which have no established concentration limits. As of June 30, 2025, the Corporation had investment balances greater than 5 percent of the Corporation's total investments with the following issuers (in thousands).

Issuer	Investment Fair Value	Percentage of Total Portfolio	Investment Category
Morgan Stanley	\$ 110,124	18.38%	MMF
Invesco Ltd.	78,021	13.02%	MMF
Federal Home Loan Banks	34,044	5.68%	Agency bond
	\$ 222,189		

Custodial Credit Risk

The Corporation assumes levels of custodial credit risk for its deposits with financial institutions, bank investment agreements, and investments. For deposits, custodial credit risk is the risk that, in the event of a bank failure, the Corporation's deposits may not be returned. For bank investment agreements and investments, custodial credit risk is the risk that, in the event of failure of the custodian or counterparty holding the investment, the Corporation will not be able to recover the value of the investment. As stated in the Corporation's Fiscal Policies, credit risk is mitigated by limiting investments to those highly-rated securities permitted in the Fiscal Policies and by pre-qualifying firms through which the Corporation administers its investment activities.

Of the Corporation's \$71,801,000 bank balance as of June 30, 2025, cash deposits in the amount of \$472,000 was uninsured and uncollateralized.

Interest Rate Risk

Interest rate risk is the risk that the market value of investments will decline as a result of changes in general interest rates. As stated in the Corporation's Fiscal Policies, for non-trust investments, the Corporation mitigates interest rate risk by structuring its investment maturities to meet cash requirements (including corporate operations), thereby avoiding the need to sell securities in the open market prior to maturity. For investments held in trust, investment maturities are structured to meet cash requirements as outlined in the bond indentures and contractual and statutory agreements.

The GeFONSI pool investment interest rate risk details are at the end of this footnote.

Modified Duration

Modified duration estimates the sensitivity of an investment to interest rate changes. The following table shows the Corporation's trusted and non-trusted investments (in thousands, net of GeFONSI holdings) with their modified duration as of June 30, 2025, in thousands:

Issuer	Investment Fair Value	Modified Duration
Securities of U.S. Government agencies and corporations:		
Federal agency pass through securities	\$ 41,014	3.515
Certificate of deposit	6,501	0.290
Commercial paper & medium-term notes:		
Commercial paper discounts	302,247	0.189
Medium-term notes	3,813	0.313
Guaranteed investment contracts	23,285	4.505
Money market funds	188,162	0.000
Portfolio modified duration	\$ 565,022	0.516

Investment in GeFONSI Pool

The Alaska State Department of Revenue, Treasury Division, has established various investment pools to manage funds for which the Commissioner of Revenue has fiduciary responsibility. The GeFONSI pool in which the Corporation participates is itself comprised of investment shares of the State's Short-term Fixed Income, and Intermediate-term Fixed Income investment pools. Assets in these pools are reported at fair value with purchases and sales recorded on a trade-date basis. Securities are valued each business day using prices obtained from a pricing service. The complete financial activity of the State's investment pools is shown in the Annual Comprehensive Financial Report (ACFR) available from the Department of Administration, Division of Finance.

The accrual basis of accounting is used for the investment income and GeFONSI investment income is distributed to pool participants monthly if prescribed by statute or if appropriated by state legislature. Income in the Short-term, Short-term Liquidity and Intermediate-term Fixed Income Pools is allocated to the pool participants daily on a pro-rata basis. The fair value of the Corporation's investment in the GeFONSI pool was \$34,234,000 as of June 30, 2025.

For additional information on interest rate risk, credit risk, foreign exchange, derivatives, fair value, and counterparty credit risk see the separately issued report on the Invested Assets of the Commissioner of Revenue at: <http://treasury.dor.alaska.gov/Investments/Annual-Investment-Reports.aspx>.

4 INTERFUND RECEIVABLE/PAYABLE

A summary of the interfund receivable/payable balance as of June 30, 2025, is shown below (in thousands):

		Due From					Total
		Administrative Fund	Grant Programs	Mortgage or Bond Programs	Other Funds or Programs	Alaska Corporation for Affordable Housing	
Due To	Administrative fund	\$ -	\$ 11,149	\$ -	\$ 4,245	\$ 141	\$ 15,535
	Grant programs	19,507	-	-	-	1,423	20,930
	Mortgage or bond programs	40,282	-	-	-	-	40,282
	Other funds or programs	378	-	-	-	-	378
	Total	\$ 60,167	\$ 11,149	\$ -	\$ 4,245	\$ 1,564	\$ 77,125

The balance due to the Mortgage or Bond programs from the Administrative Fund resulted primarily from monies belonging to these funds being deposited in an Administrative Fund account to obtain a greater rate of return.

The balance due to the Administrative Fund from Grant Programs, Other Funds or Programs, and ACAH resulted primarily from expenditures paid by the Administrative Fund on behalf of those programs, as well as an allocation of management and bookkeeping fees mandated by HUD.

The balance due from ACAH to the Grant Programs is the result of a repayable grant to ACAH for the purchase of land in 2013.

5 MORTGAGE LOANS, NOTES AND OTHER LOANS

A summary of mortgage loans, notes and other loans as of June 30, 2025, is shown below (in thousands):

	June 30, 2025
Mortgage loans	\$ 3,513,185
Multifamily loans	363,398
Other notes receivable	78,684
	3,955,267
Less: allowance for losses	(58,157)
Net mortgages, notes & other loans	\$ 3,897,110

Of the \$3,955,267,000 mortgage loans, notes, and other loans, \$117,463,000 is due within a year.

Other notes receivable include monies due to AHFC for various unconventional loan programs, monies remaining unexpended by grant recipients, and notes receivable due to ACAH of \$35,461,000. Included in the allowance for losses is \$12,411,000 for ACAH's notes receivable, bringing ACAH's net notes receivable to \$23,050,000.

Other supplementary loan information is summarized in the following table (in thousands):

	June 30, 2025
Loans delinquent 30 days or more	\$ 101,580
Foreclosures during reporting period	3,543
Loans in foreclosure process	10,405
<u>Mortgage-related commitments:</u>	
To purchase mortgage loans	\$ 120,304

6 INSURANCE AGREEMENTS

The Corporation has obtained private mortgage insurance, credit insurance, or guarantees on certain mortgages and loans. The agreements protect the Corporation to varying degrees against losses arising from the disposition of the related collateral obtained through foreclosure or repossession, as well as the costs of obtaining title to, maintaining, and liquidating the collateral. The Corporation is exposed to losses on disposition in the event the insurers or guarantors are unable or refuse to meet their obligations under these agreements.

7 LEASES

Lease Liability and Asset

As of June 30, 2025, the Corporation recognized a total \$1,333,000 Lease Liability, consisting of \$90,000 Current Lease Liability and \$1,243,000 Long term Lease Liability. Also recognized are \$1,784,000 Right-of-Use Asset and related accumulated amortization of \$560,000. The Corporation, as a Lessee, records the Right-of-Use Asset and Lease Liability at the present value of future lease payments, discounted at a weighted-average discount rate based on the Corporation's incremental borrowing rate of 5%, subject to annual reassessment.

The Corporation leases certain office facilities and equipment for various terms under long-term, non-cancelable operating lease agreements. The leases expire at various dates through 2041 and provide for renewal options ranging from one year to ten years. The Corporation included in the determination of the right-of-use asset and lease liabilities any renewal options when the options are reasonably certain to be exercised. The leases provide for increases in future minimum annual rental payments based on lease agreements subject to certain minimum increases.

Remaining obligations associated with these leases are as follows (in thousands):

<u>Date</u>	<u>Interest Due</u>	<u>Principal Due</u>
6/30/2026	\$ 63	\$ 89
6/30/2027	59	91
6/30/2028	55	96
6/30/2029	49	92
6/30/2030	45	71
2031 and thereafter	\$ 241	\$ 894

Lease Receivable

In 2007, the Corporation constructed a parking garage (the “Pacillo Parking Garage”) in downtown Anchorage with its corporate assets. The Pacillo Parking Garage cost \$44,000,000 and was leased to the State of Alaska for use by its departments and agencies located in Anchorage.

The State has the option to purchase the Pacillo Parking Garage for \$1 after December 1, 2027, which is the end of the lease. In 2015, the Corporation issued its State Capital Project Bonds II, 2015 Series B and C, respectively, to partially refund its State Capital Project Bonds, 2007 Series A, which were originally issued in 2007 to finance the Pacillo Parking Garage.

As of June 30, 2025, the Corporation recognized a Lease Receivable valued at \$10,158,000, measured based on the discounted future lease payments at the Corporation’s incremental borrowing rate of 5% subject to annual reassessment. The following table details the components of the Lease Receivable and shows the future minimum payments under the lease for the next three years (in thousands):

Future Minimum Payments Due	
<u>Twelve Months Ending June 30,</u>	<u>Total</u>
2026	\$ 3,304
2027	3,304
2028	<u>3,302</u>
Gross payments due	9,910
Plus: interest amortization adjustments	<u>248</u>
Net lease receivable – Pacillo parking garage	<u>\$ 10,158</u>

The Corporation receives lease payments from leasing certain properties to a local charitable organization in the form of a monthly utility offset payment. The lease term commenced on April 1, 2009, and ended June 30, 2019. The Corporation opted to renew for an additional 10-year period, which terminates this lease in March 2029. As of June 30, 2025, the Corporation recognized a Lease Receivable of \$61,000 from this lease, measured at the present value of the expected future lease payments to be received during the lease term, discounted at a 5% incremental borrowing rate subject to annual reassessment.

ACAH receives lease payments from leasing various properties in Anchorage, Wasilla, and Fairbanks in the form of monthly and annual payments. The lease terms expire at various dates through 2078 and provide for renewal options of one year. As of June 30, 2025, ACAH recognized a Lease Receivable of \$3,264,000 measured at the present value of future lease receivable expected to be received during the lease term, discounted at the 5% incremental borrowing rate.

As of June 30, 2025, AHFC recognized a combined total Lease Receivable as follows (in thousands):

Lease Receivable	June 30, 2025
Pacillo parking garage	\$ 10,158
ACAH properties	3,264
Leases to charitable organizations	61
Total lease receivable	\$ 13,483

8 CAPITAL ASSETS

Capital assets activity for the twelve months ended June 30, 2025, and a summary of balances is shown below (in thousands):

Issuer	July 1, 2024	Additions	Reductions	June 30, 2025
Non-Depreciable Capital Assets:				
Land	\$ 21,070	\$ 1,832	\$ (491)	\$ 22,411
Construction in progress	-	7,932	(7,932)	-
Total non-depreciable	21,070	9,764	(8,423)	22,411
Depreciable Capital Assets:				
Buildings	248,315	12,778	(1,688)	259,405
Computers & equipment	4,216	103	-	4,319
Vehicles	3,402	714	(103)	4,013
Less: accumulated depreciation				
Buildings	(201,960)	(5,614)	834	(206,740)
Computers & equipment	(3,596)	(303)	-	(3,899)
Vehicles	(2,553)	(329)	91	(2,791)
Total depreciable, net	\$ 47,824	7,349	(866)	54,307
Total Capital Assets, Net	\$ 68,894	\$ 17,113	\$ (9,289)	\$ 76,718

A total of \$7,932,000, included in the reductions above, was transferred from construction in progress to depreciable capital assets, buildings.

The above capital assets include \$4,740,000 of land and land improvements that belong to ACAH.

Depreciation expense charged by the Corporation was \$6,246,000 for the twelve months ended June 30, 2025.

The Corporation is obligated under contracts and other commitments to purchase and/or modernize certain fixed assets. The total commitment, including amounts to be funded by third parties, was \$9,328,000 as of June 30, 2025.

In 2017, the State exercised the option to purchase the Atwood Office Building and associated land, identified as Block 79, for \$1. The Atwood Office Building was leased to the State of Alaska as part of the Corporation's State Building Lease Program. Block 102, containing land the State did not transfer but may take ownership of at a later date, is reported as a Corporation asset at the assessed value of \$4,175,000, with a net book value of zero in the Other Non-Current Assets section of the financial statements, pending potential future transfers.

9 DEFERRED OUTFLOWS OF RESOURCES

The Government Accounting Standards Board has defined deferred outflows of resources as the consumption of resources that are applicable to a future period. As of June 30, 2025, AHFC recognized a combined total deferred outflows of \$49,413,000 as follows:

- Interest rate swap derivatives of \$30,229,000.
- Deferred debt refunding expense of \$13,207,000.
- Pension deferred outflows of \$2,485,000.
- Other post-employment benefits deferred outflows of \$3,492,000

10 BONDS PAYABLE

All of the bonds are general obligations of the Corporation for which its full faith and credit are pledged. All of the bonds are secured, as described in the applicable agreements, by the revenues, monies, investments, mortgage loans, and other assets in the funds and accounts established by the respective security agreements. A substantial portion of the assets of the Corporation are pledged to the outstanding obligations of the Corporation.

The Corporation's obligations are not a debt of the State, and the State is not directly liable thereon except for the Veterans Mortgage Program Bonds. The Veterans Mortgage Program Bonds are backed by the full faith and credit of the State. Although the Corporation has always made its Veterans Mortgage Program Bond payments, in the event that the Corporation cannot make the payments, the State would be responsible for the principal and interest.

Bonds outstanding as of June 30, 2025, are as follows (in thousands):

	Original Amount	June 30, 2025
Housing Bonds:		
Home Mortgage Revenue Bonds, Tax-Exempt:		
• 2002 Series A; floating rate*; 3.70% at June 30, 2025, due 2032-2036	\$ 170,000	\$ 21,255
Unamortized swap termination penalty		(609)
• 2007 Series A; floating rate*; 1.87% at June 30, 2025, due 2025-2041	75,000	58,960
• 2007 Series B; floating rate*; 1.92% at June 30, 2025, due 2025-2041	75,000	58,960
• 2007 Series D; floating rate*; 1.87% at June 30, 2025, due 2025-2041	89,370	70,230
• 2009 Series A; floating rate*; 1.87% at June 30, 2025, due 2025-2040	80,880	67,020
• 2009 Series B; floating rate*; 1.92% at June 30, 2025, due 2025-2040	80,880	67,020
• 2009 Series D; floating rate*; 1.87% at June 30, 2025, due 2025-2040	80,870	67,010
Total Home Mortgage Revenue Bonds, Tax Exempt	652,000	409,846
Collateralized Bonds (Veterans Mortgage Program), Tax-Exempt:		
• 2016 First and Second Series; 1.85% to 2.90%, due 2025-2037	50,000	21,880
• 2019 First and Second Series; 2.20% to 4.00%, due 2025-2048	60,000	9,940
Unamortized premium		191
• 2023 First Series; 3.15% to 4.65%, due 2027-2052	49,900	49,900
• 2024 First Series; 3.25% to 4.65%, due 2027-2053	75,000	75,000
Unamortized discount		(422)
Total Collateralized Bonds (Veterans Mortgage Program), Tax Exempt	234,900	156,489

	Original Amount	June 30, 2025
Housing Bonds (continued):		
General Mortgage Revenue Bonds II, Tax-Exempt:		
• 2016 Series A; 2.05%-3.50%, due 2025-2046	100,000	28,420
Unamortized premium		10
• 2018 Series A; 2.75%-4.00%, due 2025-2048	109,260	16,745
Unamortized premium		467
• 2018 Series B; 5.00%, due 2031	58,520	28,465
Unamortized premium		2,356
• 2019 Series A; 1.63%-3.75%, due 2025-2044	136,700	76,115
Unamortized premium		606
• 2019 Series B; 5.00%, due 2030-2033	24,985	19,985
Unamortized premium		2,726
• 2020 Series A; 0.95%-3.25%, due 2025-2044	135,170	90,920
Unamortized premium		1,783
• 2020 Series B; 2.00%-5.00%, due 2030-2035	74,675	74,675
Unamortized premium		7,907
• 2022 Series A; 0.70%-3.00%, due 2025-2051	39,065	30,630
Unamortized premium		657
• 2022 Series B; 1.65%-5.00%, due 2030-2036	83,730	83,730
Unamortized premium		10,820
• 2022 Series C; 2.95%-5.75%, due 2025-2052	87,965	79,920
Unamortized premium		1,910
• 2024 Series A; 3.20%-6.00%, due 2025-2054	75,000	73,050
Unamortized premium		1,700
• 2024 Series B; 3.63%-5.00%, due 2031-2036	48,120	48,120
Unamortized premium		3,188
• 2025 Series A; 2.95%-6.00%, due 2025-2054	110,000	110,000
Unamortized premium		2,324
Total General Mortgage Revenue Bonds II, Tax-Exempt	1,083,190	797,229
General Mortgage Revenue Bonds II, Taxable:		
• 2024 Series C; 4.81%-6.25%, due 2025-2053	120,000	116,105
Unamortized premium		967
Total General Mortgage Revenue Bonds II, Taxable	120,000	117,072
Governmental Purpose Bonds, Tax-Exempt:		
• 2001 Series A; floating rate*; 1.87% at June 30, 2025, due 2025-2030	76,580	21,815
Unamortized swap termination penalty		(1,000)
• 2001 Series B; floating rate*; 1.87% at June 30, 2025, due 2025-2030	93,590	26,650
Total Governmental Purpose Bonds, Tax Exempt	170,170	47,465
Total Housing Bonds	2,260,260	1,528,101

	Original Amount	June 30, 2025
Non-Housing Bonds:		
State Capital Project Bonds II, Tax-Exempt:		
• 2015 Series B; 3.38% to 4.00%, due 2029-2036	93,365	25,655
Unamortized discount		(75)
• 2015 Series C; 5.00%**	55,620	-
• 2017 Series A; 4.00% to 5.00%, due 2025-2032	143,955	94,590
Unamortized premium		4,940
• 2017 Series C; 5.00%, due 2025-2032	43,855	32,450
Unamortized premium		1,594
• 2018 Series B; 3.13% to 5.00%, due 2025-2038	35,570	27,440
Unamortized discount		(41)
Unamortized premium		1,708
• 2019 Series B; 4.00% to 5.00%, due 2025-2039	60,000	48,690
Unamortized premium		4,902
• 2021 Series A; 4.00% to 5.00%, due 2025-2030	90,420	79,345
Unamortized premium		7,520
• 2022 Series B; 4.00% to 5.00%, due 2025-2037	97,700	82,280
Unamortized discount		(31)
Unamortized premium		5,026
• 2023 Series A; 5.00%-5.25%, due 2027-2041	99,995	99,995
Unamortized premium		7,587
• 2024 Series A; 5.00%, due 2027-2039	127,100	127,100
Unamortized premium		14,107
Total State Capital Project Bonds II, Tax-Exempt	847,580	664,782
State Capital Project Bonds II, Taxable:		
• 2017 Series B; floating rate*; 4.34% at June 30, 2025, due 2047	150,000	90,000
• 2018 Series A; floating rate*; 4.35% at June 30, 2025, due 2031-2043	90,000	90,000
• 2019 Series A; floating rate*; 4.34% at June 30, 2025, due 2033-2044	140,000	140,000
• 2020 Series A; 1.19% to 2.18%, due 2025-2033	96,665	89,765
• 2022 Series A; floating rate*; 4.35% at June 30, 2025, due 2037-2052	200,000	200,000
Total State Capital Project Bonds II, Taxable	676,665	609,765
Total Non-Housing Bonds	1,524,245	1,274,547
Total Bonds Payable	\$ 3,784,505	\$ 2,802,648

Note: Debt service payments on the above-mentioned bonds are semi-annual unless otherwise mentioned.

* Interest rates on the annotated variable-rate bonds are established by the Remarketing Agents on each Rate Determination Date.

** The State Capital Project Bonds II, 2015 Series C were defeased in a prior period. They will be redeemed on December 1, 2025.

Assets Pledged as Collateral for Debt

AHFC's bonds are secured by the general obligation of the Corporation and may also be secured with collateral from mortgages, investments and/or direct financing leases. See the table below (in thousands):

	Mortgages	Investments	Leases	Total
Housing	\$ 2,065,858	\$ 113,455	\$ -	\$ 2,179,313
Non-housing	-	-	10,158	10,158
Total	\$ 2,065,858	\$ 113,455	\$ 10,158	\$ 2,189,471

Redemption Provisions

The bonds are generally subject to certain early-redemption provisions, both mandatory and at the option of the Corporation. The Corporation redeems debt pursuant to the terms of the related agreements governing such redemptions. For housing bonds, such agreements typically permit surplus revenues resulting primarily from mortgage loan prepayments to be used to retire housing obligations at par. With respect to non-housing and direct placement bonds, such agreements typically permit optional redemptions at par from any source of funds on or after a specified date.

The Corporation also issues new debt whose proceeds are used to redeem previously issued debt, called current refundings. The related discounts and costs of issuance of the old debt are classified as a deferred outflow of resources and amortized as interest expense. The Corporation may call some bonds at a premium using any monies once bonds reach a certain age and may also use a clean-up call to redeem certain bonds once the outstanding amount falls below 15% of the total issuance.

During the twelve months ended June 30, 2025, the Corporation made special redemptions in the amount of \$151,065,000, of which \$124,705,000 was from a prior period defeasance.

Bond Defeasances

There were no new bond defeasances during the twelve months ending June 30, 2025. A summary of defeased debt that will be redeemed on the first optional redemption date, as of June 30, 2025, is as follows (in thousands):

	Month Defeased	June 30, 2025
State Capital Project Bonds II, 2015 Series C	June 2021	31,045
		\$ 31,045

Debt Service Requirements*

For all bonds in the preceding schedules, excluding any defeased bonds, the Corporation's annual debt service requirements through 2030, and in five year increments thereafter to maturity, are shown below (in thousands):

Twelve Months Ending June 30,	Housing Bond Debt Service		Non-Housing Bond Debt Service		Total Debt Service		
	Principal***	Interest**	Principal***	Interest**	Principal***	Interest**	Total
2026	\$ 49,745	\$ 58,605	\$ 45,425	\$ 52,085	\$ 95,170	\$ 110,690	\$ 205,860
2027	52,410	57,118	48,075	49,988	100,485	107,106	207,591
2028	51,845	55,505	77,130	47,101	128,975	102,606	231,581
2029	53,005	53,816	76,020	43,732	129,025	97,548	226,573
2030	61,335	52,088	71,800	41,988	133,135	94,076	227,211
31-35	515,870	204,180	302,385	176,146	818,255	380,326	1,198,581
36-40	304,410	129,187	244,745	116,634	549,155	245,821	794,976
41-45	159,790	80,468	173,745	62,592	333,535	143,060	476,595
46-50	137,675	49,710	159,115	24,880	296,790	74,590	371,380
51-55	106,435	12,586	28,870	1,598	135,305	14,184	149,489
	\$ 1,492,520	\$ 753,263	\$ 1,227,310	\$ 616,744	\$ 2,719,830	\$ 1,370,007	\$ 4,089,837

* Also see Note 11 – Derivatives.

** Interest requirements have been computed for hedged variable rate bonds using the associated fixed swap rates and for unhedged variable rate bonds using interest rates in effect at June 30, 2025.

*** Excludes unamortized premiums and discounts.

Events of Default

Significant finance-related events of default with respect to the Corporation's outstanding housing, non-housing, and direct placement bonds include a failure to repay principal at stated maturity or upon redemption; a failure to pay interest when due; and a continued failure to comply with, or default in the performance or observance of, certain other covenants, agreements or conditions in the Indenture 45 days after having received written notice thereof.

Conduit Debt

From time to time, the Corporation has issued debt to assist private-sector entities in the acquisition or construction of facilities that help the Corporation fulfill its mission of making housing affordable for all Alaskans. The bonds are secured by the properties financed and are payable from rents, payments received on the underlying mortgage loans, as well as tax credits, grants and other subsidy funding. Neither the Corporation nor the State is obligated in any manner for repayment of the bonds. Accordingly, the bonds and any related assets are not reported as assets or liabilities in the accompanying financial statements.

A summary of all conduit debt as of June 30, 2025, follows (in thousands):

	Balance
Revenue bonds, 2025 (ACAH Valdez)	\$ 894
Revenue bonds, 2024 (Chenana)	7,460
Revenue bonds, 2023 (Spenard East Phase II)	10,000
Revenue bonds, 2023 (Brewsters MT View 21)	5,446
Revenue bonds, 2021 (Little Dipper Project)	4,276
Total	<u>\$ 28,076</u>

11 DERIVATIVES

The Corporation entered into certain derivatives contracts to reduce its overall cost of capital and protect against the risk of rising interest rates. The Corporation's derivatives consist of interest rate swap agreements entered into in connection with its long-term variable rate bonds. The interest rate swaps are pay-fixed, receive-variable agreements, and were entered into at a cost less than what the Corporation would have paid to issue conventional fixed-rate debt. The swaps are recorded and disclosed as either hedging derivatives or investment derivatives. The synthetic instrument method was used to determine whether or not the derivatives constitute effective hedges. The fair values of the hedgeable derivatives and investment derivatives are presented in the Statement of Net Position, either as a derivative liability (negative fair value amount) or as a derivative asset (positive fair value amount). If a swap changes from a hedgeable derivative to an investment derivative, the hedge is considered terminated and the accumulated change in fair value is no longer deferred but recognized as a revenue item.

AHFC categorizes its fair value measurements within the fair value hierarchy established by Generally Accepted Accounting Principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The fair value amounts, obtained from mark to market statements from the respective counterparties and reconciled to present value calculations done by the Corporation, represent mid-market valuations that approximate the current economic value using market averages, reference rates, and/or mathematical models. These measurements are Level 2 inputs. Actual trade prices may vary significantly from these estimates as a result of various factors, which may include (but are not limited to) portfolio composition, current trading intentions, prevailing credit spreads, market liquidity, hedging costs and risks, position size, transaction and financing costs, and the use of capital profit. The fair value represents the current price to settle swap assets or liabilities in the marketplace if a swap were to be terminated.

The Corporation's interest rate swaps require that if the ratings on the associated bonds fall to "BBB+/Baa1", the Corporation would have to post collateral of up to 100 percent of the swap's fair value. As of June 30, 2025, the Corporation had not posted any collateral and was not required to post any collateral.

Hedging Derivatives

The significant terms and credit ratings of the Corporation's hedging derivatives as of June 30, 2025, are shown below:

Related Bond Issue	Effective Date	Fixed Rate Paid	Variable Rate Received	Swap Termination Date	Counterparty Credit Rating ¹
GP01B ²	08/02/01	4.1127%	67% of 1M Fallback Rate (SOFR) ³	12/01/30	A+/Aa2
E021A ⁴	10/09/08	2.9800%	70% of 3M Fallback Rate (SOFR) ³	06/01/32	AA-/Aa2
E071AB ⁴	05/31/07	3.7345%	70% of 3M Fallback Rate (SOFR) ³	12/01/41	AA-/Aa2
E071BD ⁴	05/31/07	3.7200%	70% of 3M Fallback Rate (SOFR) ³	12/01/41	AA-/Aa2
E091A ⁴	05/28/09	3.7610%	70% of 3M Fallback Rate (SOFR) ³	12/01/40	A+/Aa2
E091B ⁴	05/28/09	3.7610%	70% of 3M Fallback Rate (SOFR) ³	12/01/40	AA-/Aa2
E091ABD ⁴	05/28/09	3.7400%	70% of 3M Fallback Rate (SOFR) ³	12/01/40	AA-/Aa2
SC19A ⁵	06/01/19	3.2220%	100% of 1M Fallback Rate (SOFR) ³	12/01/29	A/Aa3

1. Standard & Poor's/Moody's
2. Governmental Purpose Bonds
3. SOFR-Secured Overnight Finance Rate

4. Home Mortgage Revenue Bonds
5. State Capital Project Bonds II

The change in fair value and ending balance of the hedging derivatives as of June 30, 2025, is shown below (in thousands). The fair value is reported as a deferred outflow / inflow of resources in the Statement of Net Position.

Related Bond Issue	Notional Amounts	Present Values	Fair Value		Change in Fair Value
			June 30, 2025	June 30, 2024	
GP01B	\$ 26,650	\$ 27,964	\$ (1,314)	\$ (1,276)	\$ (38)
E021A	21,255	21,547	(292)	39	(331)
E071AB	112,890	121,281	(8,391)	(7,597)	(794)
E071BD	75,260	80,799	(5,539)	(5,022)	(517)
E091A	60,315	64,749	(4,434)	(3,972)	(462)
E091B	60,315	64,749	(4,434)	(3,972)	(462)
E091ABD	80,420	86,245	(5,825)	(5,218)	(607)
SC19A	140,000	138,299	1,701	6,207	(4,506)
	\$ 577,105	\$ 605,633	\$ (28,528)	\$ (20,811)	\$ (7,717)

As of June 30, 2025, debt service requirements of the Corporation's outstanding variable-rate debt and net swap payments are displayed in the following schedule (in thousands). As interest rates vary, variable-rate bond interest payments and net swap payments will also vary.

Fiscal Year Ending June 30,	VRDO Principal	VRDO Interest	Swap Net Payments	Total Payments
2026	\$ 23,495	\$ 14,599	\$ 512	\$ 38,606
2027	24,630	14,112	381	39,123
2028	25,820	13,627	242	39,689
2029	27,045	13,055	99	40,199
2030	168,345	9,432	810	178,587
2031-2035	125,655	23,743	6,416	155,814
2036-2040	148,840	11,146	3,050	163,036
2041-2045	33,275	544	147	33,966
	\$ 577,105	\$ 100,258	\$ 11,657	\$ 689,020

Credit Risk

As of June 30, 2025, the Corporation was exposed to credit risk on its State Capital Project Bonds II 2019 Series A, to the extent of the associated swap's positive fair value of \$1,701,000. The Corporation was not exposed to credit risk on its remaining swap agreements because these swaps all have negative fair values.

The Corporation's swap agreements require full collateralization of the fair value amount of a swap should the swap counterparty's rating fall to "BBB+/Baa1".

The Corporation currently has swap agreements with five separate counterparties. Approximately 60.7% of the total notional amount of the swaps is held with two counterparties rated "AA-/Aa2". Another 24.3.0% of the total notional amount of the swaps is held with another counterparty rated "A/Aa3". The remaining swaps are held by two counterparties rated "A+/Aa2", approximating 15.1% of the total notional amount of the swaps.

Interest Rate Risk

The Corporation is exposed to interest rate risk on all of its interest rate swaps. As underlying indices such as SOFR or SIFMA change, the Corporation's net payment on its swaps will also change accordingly.

Basis Risk

The Corporation is exposed to basis risk when the variable payment received on an interest rate swap is based on an index that differs from the index on which the Corporation's variable-rate payment to its bondholders is based. In such instance, the float payment received from the swap counterparty may not fully offset the variable rate paid on the bonds.

As of June 30, 2025, the Corporation's interest rate swaps were based on the SOFR index, while its variable rate bonds were based on SOFR or SIFMA indexes.

The relative ratios among such indices have fluctuated since the Corporation's swap agreements became effective and will continue to do so as market conditions change.

Termination Risk

Termination risk is the risk of an unscheduled termination of a swap prior to its planned maturity. If any of the swaps are terminated, the associated floating rate bonds would no longer carry synthetic fixed interest rates and the Corporation would be exposed to interest rate risk on the bond. This risk is mitigated by the fact that the termination payment could be used to enter into an identical swap at the termination date of the existing swap. Further, if any of the swaps have a negative fair value at termination, the Corporation would be liable to the counterparty for payments equal to the swaps' fair value. The Corporation or the counterparty may terminate any of the swaps if the other party fails to perform under the terms of the agreement, including downgrades and events of default.

Rollover Risk

Rollover risk occurs when there is a mismatch in the amortization of the swap versus the amortization of the floating rate bonds. The Corporation has structured the swaps to amortize at the same rate as scheduled or anticipated reductions in the associated floating rate bonds outstanding.

12 OTHER CURRENT LIABILITIES

Other Current Liabilities as of June 30, 2025, are composed of the accounts and balances as follows (in thousands):

<u>Other Current Liabilities</u>	<u>June 30, 2025</u>
Accounts payable	\$ 12,659
Accrued payroll	7,068
Lease liability	90
Other miscellaneous liabilities	1,024
Service fees payables	891
Unearned grant revenue	43,641
Total	<u>\$ 65,373</u>

13 LONG TERM LIABILITIES

Activity for the twelve months ended June 30, 2025, is summarized in the following schedule (in thousands):

	July 1, 2024	Additions	Reductions	June 30, 2025	Due Within One Year
Total bonds and notes payable	\$ 2,618,772	\$ 329,599	\$ (145,723)	\$ 2,802,648	\$ 95,170
Compensated absences	3,052	3,735	(3,216)	3,571	2,478
Lease liability	7,648	855	(7,170)	1,333	90
Other liabilities	204	312	(327)	189	-
Total long-term liabilities	<u>\$ 2,629,676</u>	<u>\$ 334,501</u>	<u>\$ (156,436)</u>	<u>\$ 2,807,741</u>	<u>\$ 97,738</u>

14 SHORT TERM DEBT

The Corporation has a taxable commercial paper program. Commercial paper is used to refund certain tax-exempt debt until new debt replaces it. Individual maturities range up to 270 days from date of issuance. The maximum aggregate outstanding principal balance authorized by the Corporation's Board of Directors is \$150,000,000. The lowest yield during the twelve months ended June 30, 2025, was 4.30%, and the highest was 5.37%.

Short term debt activity for the twelve months ended June 30, 2025, is summarized in the following schedule (in thousands):

	July 1, 2024	Additions	Reductions	June 30, 2025
Commercial paper	\$ 46,542	\$ 143,826	\$ (62,181)	\$ 128,187
Unamortized discount	(604)	(1,080)	990	(694)
Commercial paper, net	<u>\$ 45,938</u>	<u>\$ 142,746</u>	<u>\$ (61,191)</u>	<u>\$ 127,493</u>

15 DEFERRED INFLOWS OF RESOURCES

The Government Accounting Standards Board has defined deferred inflows of resources as the acquisition of resources that are applicable to a future period. As of June 30, 2025, AHFC recognized a combined total deferred inflows of \$12,200,000 as follows:

- Other Post-Employment Benefits ("OPEB") related deferred inflows totaled \$438,000, consisting of the sum of a) the difference of actuarial benefit assumptions vs. actual benefit experience in the amount of \$142,000 b) the net effect of changes in actuarial assumptions in the amount of \$266,000 and c) changes in proportional contribution levels among participating employers totaling \$30,000.
- Lease-related deferred inflows totaled \$10,061,000, consisting of one or more leases with local charitable organizations totaling \$49,000, with the Corporation's affordable housing subsidiary, the Alaska Corporation for Affordable Housing, totaling \$3,043,000, and the Pacillo Parking Garage lease in the amount of \$6,969,000.
- Derivatives-related deferred inflows totaled \$1,701,000.

16 TRANSFERS

Transfers for the twelve months ended June 30, 2025, are summarized in the following schedule (in thousands):

	From					Total
	Administrative Fund	Grant Programs	Mortgage or Bond Programs	Other Funds or Programs	Alaska Corporation for Affordable Housing	
Administrative fund	\$ -	\$ 586	\$ 530,376	\$ 7,599	\$ -	\$ 538,561
Grant programs	26,869	-	-	-	-	26,869
Mortgage or bond programs	688,487	-	-	-	-	688,487
Other funds or programs	11,370	-	-	-	-	11,370
Alaska Corporation for Affordable Housing	1,062	-	-	-	-	1,062
Total	\$ 727,788	\$ 586	\$ 530,376	\$ 7,599	\$ -	\$ 1,266,349

Transfers are used to:

1. Move cash between the Administrative Fund and the Mortgage or Bond Programs to subsidize debt service payments or satisfy bond indenture requirements;
2. Move mortgages between the Administrative Fund and the Mortgage or Bond Programs;
3. Record expenditures paid on behalf of the Grant Programs, the Mortgage or Bond Programs, and the Other Funds or Programs by the Administrative Fund;
4. Move cash and mortgages between various Mortgage or Bond Programs; or
5. Record any non-reimbursable expenditures paid by the Administrative Fund on behalf of ACAH and cash transferred between the Administrative Fund and ACAH.

17 OTHER CREDIT ARRANGEMENTS

The Corporation currently has certain outstanding debt obligations in relation to which it has entered into standby bond purchase agreements ("SBPAs") to guarantee the payment of debt service in the event of unremarketed tenders. Additionally, the Corporation entered into a direct-pay letter of credit ("D-LOC") which guarantees the purchase of unremarketed tenders and the payment of regular debt service with respect to the Corporation's \$200 million State Capital Project Bonds II, 2022 Series A. The Corporation also has a \$180 million standby LOC ("S-LOC") and \$140 million S-LOC to secure debt issued under the State Capital Project Bonds II indenture and the Corporation's Commercial Paper Notes program.

As of June 30, 2025, the Corporation had the following available unused credit lines (in thousands):

	Credit Type	Counterparty Short-Term Ratings		Available Unused Lines of Credit
		S&P	Moody's	
Home Mortgage Revenue Bonds, 2002 Series A	SBPA	A-1+	P-1	\$ 21,255
Home Mortgage Revenue Bonds, 2007 Series A, B, D	SBPA	A-1+	P-1	188,150
Home Mortgage Revenue Bonds, 2009 Series A	SBPA	A-1+	P-1	67,020
Home Mortgage Revenue Bonds, 2009 Series B	SBPA	A-1+	P-1	67,020
Home Mortgage Revenue Bonds, 2009 Series D	SBPA	A-1+	P-1	67,010
Governmental Purpose Bonds, 2001 Series A & B	SBPA	A-1+	P-1	48,465
State Capital Project Bonds II, 2022 Series A	D-LOC	A-1	P-1	200,000
State Capital Project Bonds II & commercial paper	S-LOC	A-1	P-1	180,000
State Capital Project Bonds II & commercial paper	S-LOC	A-1+	P-1	140,000
Total				\$ 978,920

18 YIELD RESTRICTION AND ARBITRAGE REBATE

Most mortgages purchased with the proceeds of tax-exempt mortgage revenue bonds issued by the Corporation are subject to interest-rate yield restrictions of 1.125% to 1.500% over the yield of the bonds. These restrictions are in effect over the lives of the bonds.

Non-mortgage investments made under the Corporation's tax-exempt mortgage revenue bond programs are subject to rebate provisions or restricted as to yields. The rebate provisions require that a calculation be performed every five years and upon full retirement of the bonds to determine the amount, if any, of excess yield earned. As of June 30, 2025, no rebate payments were due to the Internal Revenue Service, but the Corporation accrued the following rebate-related liabilities net of receivable:

Bond Issue	June 30, 2025
Collateralized Bonds (Veterans Mortgage Program), 2023 First Series	\$ 18,000
General Mortgage Revenue Bonds II, 2022 Series AB	412,000
General Mortgage Revenue Bonds II, 2022 Series C	76,000
General Mortgage Revenue Bonds II, 2024 Series ABC	51,000
Total liabilities	557,000
Less receivable: Governmental Purpose Bonds, 2001 Series AB	(911,000)
Net total	\$ (354,000)

19 STATE AUTHORIZATIONS AND COMMITMENTS

The Corporation uses its assets to fund certain housing and non-housing capital projects identified by the State. The aggregate amount expected to be funded by the Corporation was expressed by the following language of legislative intent included in the fiscal year 1996 capital appropriation bill, enacted in 1995.

“The Legislature intends to ensure the prudent management of the Alaska Housing Finance Corporation to protect its excellent debt rating by the nation's financial community and to preserve its valuable assets of the State. To accomplish its goal, the sum of withdrawals for transfer to the general fund and for expenditure on corporate funded capital projects should not exceed the Corporation's net income for the preceding fiscal year.”

The projected amounts stated in the legislative intent language were based on the Corporation's financial operating plan and represent the total amount of anticipated State transfers and capital expenditures rather than projected “net income”. The following table shows the cumulative total of all dividends due and payable to the State since 1991, and the remaining commitment as of June 30, 2025 (in thousands):

	Dividend Due to State	Expenditures	Remaining Commitments
State general fund transfers	\$ 799,514	\$ (788,948)	\$ 10,566
State capital projects debt service	517,697	(514,512)	3,185
State of Alaska capital projects	294,915	(270,614)	24,301
AHFC capital projects	671,832	(579,776)	92,056
Total	\$ 2,283,958	\$ (2,153,850)	\$ 130,108

Transfer Plan with the State

The 1998 Legislature authorized the Corporation to finance state capital projects through the issuance of up to \$224,000,000 in bonds. Debt service payments on such bonds are categorized as transfers pursuant to the Transfer Plan. That legislation also extended the term of the Transfer Plan by stating the Legislature's intent that the Corporation transfer to the State (or expend on its behalf) an amount not to exceed \$103,000,000 in each fiscal year through fiscal year 2006, again stating that, to protect the Corporation and its bond rating, in no fiscal year should such amount exceed the Corporation's net income for the preceding fiscal year. The bond proceeds are allocated to agencies and municipalities subject to specific legislative appropriation.

The 2000 Legislature adopted legislation authorizing the issuance of bonds in sufficient amounts to fund the construction of various State capital projects, and extended the Transfer Plan (as described above) through fiscal year 2008. The 2002 Legislature authorized the issuance of capital project bonds for the renovation and deferred maintenance of the Corporation's Public Housing facilities. The 2004 Legislature adopted legislation authorizing the additional issuance of bonds in sufficient amounts to fund the construction of various State capital projects. The bond proceeds are allocated to agencies and municipalities subject to specific legislative appropriation.

The Corporation has issued \$196,345,000 principal amount of State Capital Project Bonds pursuant to the 1998 Act, \$74,535,000 principal amount of State Capital Project Bonds pursuant to the 2000 Act, \$60,250,000 principal amount of State Capital Project Bonds pursuant to the 2002 Act, and \$45,000,000 principal amount of bonds under the State Capital Project agreement pursuant to the 2004 Act, and has completed its issuance authority under the Acts. The payment of principal and interest on these bonds will be included in future capital budgets of the Corporation. Debt service payments on such bonds are categorized as transfers pursuant to the Transfer Plan.

The Twenty-Third Legislature in 2003 enacted SCS HB 256 (the "2003 Act") which added language to the Alaska Statutes to modify and incorporate the Transfer Plan. The Corporation and the State view the 2003 Act as an indefinite, sustainable continuation of the Transfer Plan. As approved and signed into law by the Governor and modified by the Twenty-Fourth Legislature in 2006 with SB 236, the 2003 Transfer Plan calls for annual transfers that will not exceed the lesser of 75% of the adjusted change in net position for the fiscal year two years prior to the current fiscal year or \$103,000,000 less debt service on certain State Capital Project Bonds, less any legislative appropriation of the Corporation's unrestricted, unencumbered funds other than appropriations of the Corporation's operating budget.

20 HOUSING GRANTS AND SUBSIDIES EXPENSES

The grant programs are funded from HUD, federal, State and Corporate proceeds. The Corporation paid grants to third parties for the following programs (in thousands):

	June 30, 2025
Beneficiaries and Special Needs Housing	\$ 3,108
Competitive Grants for Public Housing	69
Continuum of Care Homeless Assistance	1,961
COVID-19 American Rescue Plan Act - Homeless Assistance	26,896
COVID-19 American Rescue Plan Act - Homeowner Assistance	(912)
COVID-19 American Rescue Plan Act	4,724
COVID-19 American Rescue Plan Act-Tribal	1,010
Domestic Violence	2,131
Discharge Incentive grant - Operating	233
Emergency Housing Vouchers (EHV)	1,291
Emergency Shelter Grant (ESG)	232
Energy Efficiency Monitoring Research	491
Energy Efficient Weatherization	2,265
Energy Residential Program	56
Fairbanks Affordable Housing Project	4,622
Foster Youth to Independence	101
HOME Investment Partnership	5,180
Homeless Assistance Program (HAP)	8,750
Housing Choice Vouchers	37,265
Housing Choice Voucher - Mainstream	644
Housing Grants Individuals	40
Housing Grants - Other Agencies	37
Housing Loan Program	6,733
Housing Opportunities for Persons with AIDS	714
Housing Trust Fund	3,152
Low Income Weatherization Assistance	3,689
Low Income Home Energy Assistance	1,685

Making a Home	9
Neighborhood Stabilization Program	29
Non-Elderly Disabled (NED)	377
Parolees (TBRA)	110
PVE SEP Diamond Shamrock	60
Re-entry Housing & Support	246
Resilient and Efficient Codes - Capital	50
Returning Home	155
Section 811 Rental Housing Assistance	516
Section 8 Rehabilitation	575
Senior Citizen Housing Development Grant	1,653
Supplemental Housing Grant	4,362
Valdez Affordable Housing Project	(19)
Veterans Affairs Supportive Housing	3,051
Victims of Human Trafficking	278
Youth (TBRA)	62
Total Housing Grants and Subsidies Expenses	\$ 127,681

A sum of \$13,000,000, from the Corporation's Moving to Work ("MTW") Demonstration Program reserves in HUD, was transferred to ACAH to assist in funding the Fairbanks Affordable Housing Project, a multifamily housing project. ACAH advanced these funds to Fairbanks Affordable Housing, LLC in the form of a loan agreement, payable on earliest date or September 1, 2079. Interest and principal are payable at the interest rate of 3.14% annually.

A sum of \$8,000,000, from the Corporation's MTW Demonstration Program reserves in HUD, was transferred to ACAH to assist in funding the Valdez Affordable Housing Project, a multifamily housing project. ACAH advanced \$7,192,000 of the funds to Valdez Affordable Housing, LLC in the form of a loan agreement, payable on earliest date or December 31, 2065. Interest and principal are payable at the interest rate at .55% annually.

In addition to grant payments made, the Corporation advanced grant funds of \$13,377,000, and committed to third parties a sum of \$69,372,000 in grant awards as of June 30, 2025.

21 PENSION AND POST-EMPLOYMENT HEALTHCARE PLANS

Description of Plans

As of June 30, 2025, all regular employees of the Corporation who work more than fifteen hours per week participate in the Alaska Public Employees' Retirement System ("PERS"). PERS administers the State of Alaska Public Employees' Retirement System Defined Benefit Retirement Plan, which includes both pension and post-employment healthcare plans for all employees hired prior to July 1, 2006. The defined benefit plan was an agent multiple-employer, statewide plan until July 1, 2008, when Senate Bill 125 converted the plan to a multiple-employer cost-sharing plan.

PERS also administers the State of Alaska Public Employees' Retirement System Defined Contribution Retirement Plan, which includes both pension and post-employment healthcare plans for all employees hired on or after July 1, 2006.

PERS is administered by the State. Benefits and contributions provisions are established by Chapter 35 of Alaska Statute Title 39, and may be amended only by state legislature. Amendments do not affect existing employees.

PERS audited financial statements are available at www.doa.alaska.gov/drb.

Defined Benefit ("DB") Pension and Post-Employment Healthcare Plans (Employees hired prior to July 1, 2006)

Employee Benefits:

Employees hired prior to July 1, 1986, with five or more years of credited service are entitled to annual pension benefits beginning at normal retirement age 55 or early retirement age 50. The normal pension benefit is equal to 2% of the member's three-year highest average monthly compensation for the first ten years of service and for all service prior to July 1, 1986, 2¼% for the second ten years of service and 2½% for all remaining years of service. Employees with 30 or more years of credited service may retire at any age and receive a normal benefit. The plan pays the retiree medical plan premium and provides death and disability benefits.

Employees hired between July 1, 1986, and June 30, 1996, with five or more years of credited service are entitled to annual pension benefits beginning at normal retirement age 60 or early retirement age 55. The normal pension benefit is equal to 2% of the member's three-year highest average monthly compensation for the first ten years of service, 2¼% for the second ten years of service and 2½% for all remaining years of service. Employees with 30 or more years of credited service may retire at any age and receive a normal benefit. The plan does not pay the retiree medical plan premium for retirees under the age of 60 unless the retiree has 30 years of credited service. The employee may elect to pay the full premium cost for medical coverage.

Employees hired between July 1, 1996, and June 30, 2006, with five or more years of credited service are entitled to annual pension benefits beginning at normal retirement age 60 or early retirement age 55. The normal pension benefit is equal to 2% of the member's five-year highest average monthly compensation for the first ten years of service, 2¼% for the second ten years of service and 2½% for all remaining years of service. Employees with 30 or more years of credited service may retire at any age and receive a normal benefit. The plan does not pay the retiree medical plan premium for retirees with less than 10 years of service at age 60. The employee may elect to pay the full premium cost for medical coverage.

This plan was closed to new entrants as of June 30, 2006.

The Defined Benefit Pension and Post-Employment Healthcare Plan issues financial reports that are available to the public on the SOA website: alaska.gov/drb/employer/resources/gasb.html.

Funding Policy:

Under State law, covered employees are required to contribute 6.75% of their annual covered salary to the pension plan and are not required to contribute to the post-employment healthcare plan.

Under State law, the Corporation is required to contribute 22.00% of annual covered salary. For fiscal year 2025, 22.00% of covered salary is for the pension plan and 0% is for the post-employment healthcare plan.

Under AS39.35.255, the State funds 4.76%, the difference between the actuarial required contribution of 26.76% for fiscal year 2025 and the employer rate of 22.00%.

The Corporation's contributions to the Defined Benefit pension plan for the twelve months ended June 30, 2025, totaled \$1,585,000.

Pension Liability:

For the year ended June 30, 2025, the Corporation reported a liability for its proportionate share of net pension liability of \$33,945,000. This amount reflected State pension support provided to the Corporation of \$12,692,000. The total net pension liability associated with the Corporation was \$46,637,000.

The net pension liability for the June 30, 2024 measurement date, and the total pension liability used to calculate the new pension liability was determined by an actuarial valuation as of June 30, 2023, and rolled forward to June 30, 2024.

	June 30, 2023 Measurement Date Employer Proportion	June 30, 2024 Measurement Date Employer Proportion	Change
Corporation's proportionate share of the net pension liability	0.61892%	0.65883%	0.03991%

Pension Expense:

For the year ended June 30, 2025, the Corporation recognized pension expense of \$5,116,000 and revenue of \$1,079,000 for support provided by the State.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

For the year ended June 30, 2025, the Corporation's deferred outflows of resources related to pension expense of \$2,485,000 were due to the difference between projected and actual investment earnings of \$326,000, and contributions to the pension plan subsequent to the measurement date of \$2,159,000. The Corporation's deferred inflows of resources related to pension is zero.

Contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending June 30, 2026. The amounts recognized as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows (in thousands):

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
2026	\$ 1,249	\$ -	\$ 1,249
2027	1,693	-	1,693
2028	(250)	-	(250)
2029	(207)	-	(207)
	<u>\$ 2,485</u>	<u>\$ -</u>	<u>\$ 2,485</u>

Pension Employer Contributions:

In 2025, the Corporation was credited with the following contributions to the PERS plan:

	Measurement Period Corporation FY24	Measurement Period Corporation FY23
Employer PERS contributions	\$ 3,689,000	\$ 3,550,000

Pension and OPEB Actuarial Assumptions:

The total pension and OPEB Liability for the fiscal year ending June 30, 2025, was determined by an actuarial valuation as of June 30, 2023, rolled forward to the measurement date of June 30, 2024. The valuation was prepared assuming an inflation rate of 2.50%. Salary increases were determined by grading by service to range from 6.75% to 2.85%. The investment rate of return was calculated at 7.25%, net of pension and OPEB plan investment expenses, based on an average inflation rate of 2.50% and a real return of 4.75%.

Mortality rates were based on the Pub-2010 General Employee table, amount-weighted, and projected with MP-2021 general improvement. Deaths are assumed to result from occupational causes 35% of the time.

The long-term expected rate of return on pension and OPEB plans investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension and OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return, excluding the inflation component of 2.39%, for each major asset class included in the OPEB plan's target asset allocation are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
Broad domestic equity	5.48%
Global equity (non-U.S.)	7.14%
Global equity	5.79%
Aggregate bonds	2.10%
Real assets	4.63%
Private equity	8.84%
Cash equivalents	0.77%

Pension Discount rate:

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that the Corporation and non-employer State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Corporation's proportionate share of the net pension liability to changes in the discount rate:

The following presents the Corporation's proportionate share of the net pension liability using the discount rate of 7.25% and what it would be if the discount was 1% lower (6.25%) or 1% higher (8.25%), (in thousands).

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Corporation's proportionate share of the net pension liability	\$ 45,218	\$ 33,945	\$ 24,405

Defined Contribution (“DC”) Pension and Post-Employment Healthcare Plans (*Employees hired on or after July 1, 2006*):

Employee Benefits:

Defined Contribution Pension Plan participants (PERS Tier IV) participate in the Occupational Death and Disability Plan (“ODD”), and the Retiree Medical Plan (“RM”). Information on these plans is included in the comprehensive annual financial report for the PERS Plan noted above. These plans provide for death, disability, and post-employment healthcare benefits.

There is no retirement age set, however taxes and penalties may apply if withdrawn prior to age 59 ½. Retirement benefits are equal to the Defined Contribution account balance plus interest. The employee may direct the investment of the account if so desired. The account balance is 100% of the employee’s contribution plus 25% of the Corporation’s contribution after two years of service, 50% of the Corporation’s contribution after three years of service, 75% of the Corporation’s contribution after four years of service, and 100% of the Corporation’s contribution after 5 years of service. The plan pays a portion of the retiree medical plan premium if the retiree retires directly from the plan and is eligible for Medicare. The portion of premium paid by the plan is determined by years of service.

Funding Policy:

Under State law, covered employees are required to contribute 8% of their annual covered salary to the pension plan and are not required to contribute to the post-employment healthcare plan. Employer contribution rates for fiscal year 2025 are as follows:

	Other Tier IV
Pension employer contribution	5.00%
Occupational death and disability benefits (ODD)	0.24%
Retiree medical	0.83%
Total OPEB	1.07%
Total contribution rates	6.07%

Under State law, the Corporation is required to contribute 22% of annual covered salary. For fiscal year 2025, 6.07% of covered salary is split between 5.00% for the pension plan and 1.07% for the post-employment healthcare plan. Then, to offset additional individual post-employment healthcare cost, an annual flat dollar amount of \$2,386.80, representing 3% of total annual covered compensation in the Plan for each full-time employee, and \$1.53 per hour for part-time employees, is deposited in a Health Reimbursement Arrangement (“HRA”) Account for each covered employee per AS 39.30.370.

Additionally, if the total amount that the Corporation has contributed for the defined contribution pension and post-employment healthcare plans is less than 22% of covered payroll after the HRA contributions, the Corporation must pay that additional amount. This additional amount is used to reduce the defined benefit plan’s unfunded liability. For the twelve months ended June 30, 2025, the Corporation paid additional contributions of \$1,792,000. All of the contributions were for the defined benefit pension as of June 30, 2025.

The contributions to the pension plan for the twelve months ended June 30, 2025, by the employees totaled \$1,427,000 and by the Corporation totaled \$883,000.

The contributions to Other Post-Employment Benefits (“OPEB”) plan by the Corporation for the twelve months ended June 30, 2025, totaled \$188,000.

The Corporation contributed \$525,000 to a Health Reimbursement Arrangement for twelve months ended June 30, 2025.

The Defined Contribution Pension and Post Employment Healthcare Plan issues financial reports that are available to the public on the SOA website: alaska.gov/dr/employer/resources/gasb.html.

Other Post-Employment Benefits (“OPEB”) Defined Benefit and Defined Contribution Plans

The Corporation did not contribute to the defined benefit post-employment healthcare plan for the twelve months ended June 30, 2025, and for the year ended June 30, 2024.

OPEB Employer Contribution Rate:

In 2025, the Corporation was credited with the following contributions to the OPEB plan:

	Measurement Period Corporation FY24	Measurement Period Corporation FY23
Employer contributions DB	\$ 90,000	\$ 44,000
Employer contributions DC RM	135,000	150,000
Employer contributions DC ODD	42,000	41,000
Total contributions	\$ 267,000	\$ 235,000

Changes in Benefit Assumptions Since the Prior Valuation of OPEB:

The actuarial assumptions used in the June 30, 2023 actuarial valuation were rolled forward to the June 30, 2024 measurement date. The actuarial assumptions used in the June 30, 2022 actuarial valuation, were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021. The assumptions used in the June 30, 2023 actuarial valuation are the same as those used in the June 30, 2022 valuation with the following exceptions:

1. For DC RM and PERS Alaska Retiree Healthcare Trust (“ARHT”), per capita claims costs were updated to reflect recent experience.
2. For all of the plans, the amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid from plan assets.

OPEB healthcare cost trend rates:

Healthcare cost trend model has been adopted by the Society of Actuaries, and has been populated with assumptions that are specific to the State of Alaska. The following table shows the rate used by actuaries to project the cost from the shown fiscal year to the next fiscal year.

	Medical Pre-65	Medical Post-65	Prescription Drugs/ Employer Group Waiver Plan (EGWP)
FY24	6.70%	5.50%	7.20%
FY25	6.40%	5.40%	6.90%
FY26	6.20%	5.40%	6.65%
FY27	6.05%	5.35%	6.35%
FY28	5.85%	5.35%	6.10%
FY29	5.65%	5.30%	5.80%
FY30	5.45%	5.30%	5.55%
FY31-FY38	5.30%	5.30%	5.30%
FY39	5.25%	5.25%	5.25%
FY40	5.20%	5.20%	5.20%
FY41	5.10%	5.10%	5.10%
FY42	5.05%	5.05%	5.05%
FY43	4.95%	4.95%	4.95%
FY44	4.90%	4.90%	4.90%
FY45	4.80%	4.80%	4.80%
FY46	4.75%	4.75%	4.75%
FY47	4.70%	4.70%	4.70%
FY48	4.60%	4.60%	4.60%
FY49	4.55%	4.55%	4.55%
FY50+	4.50%	4.50%	4.50%

Key Elements of OPEB formula:

Liability and contributions shown in the report are computed using the Entry Age Normal Actuarial Cost Method. Projected pension and post-employment healthcare benefits were determined for all active members. Cost factors designed to produce annual costs as a constant percentage of each member's expected compensation in each year from the assumed entry age to the assumed retirement age were applied to the projected benefits to determine the normal cost (the portion of the total cost of the plan allocated to the current year under the method). The normal cost is determined by summing intermediate results for active members and determining an average normal cost rate, which is then related to the total payroll of active members. The actuarial accrued liability for active members (the portion of the total cost of the plan allocated to prior years under the method) was determined as the excess of the actuarial present value of projected benefits over the actuarial present value of future normal costs.

The actuarial accrued liability for retired members, their beneficiaries currently receiving benefits, terminated vested members and disabled members not yet receiving benefits was determined as the actuarial present value of the benefits expected to be paid. No future normal costs are payable for these members.

The actuarial accrued liability under this method at any point in time is the theoretical amount of the fund that would have been accumulated had annual contributions equal to the normal cost been made in prior years (it does not represent the liability for benefits accrued to the valuation date). The unfunded actuarial accrued liability is the excess of the actuarial accrued liability over the actuarial value of plan assets measured on the valuation date.

Post-employment healthcare benefits:

For DB plan major medical benefits are provided to retirees and their surviving spouses by PERS for all employees hired before July 1, 1986, (Tier 1) and disabled retirees. Employees hired after June 30, 1986, (Tier 2) and their surviving spouses with five years of credited service (or ten years of credited service for those first hired after June 30, 1996, (Tier 3)) must pay the full monthly premium if they are under age sixty and will receive benefits paid by PERS if they are over age sixty. Tier 3 Members with between five and ten years of credited service must pay the full monthly premium regardless of their age. Tier 2 and Tier 3 members with less than five years of credited service are not eligible for post-employment healthcare benefits. Tier 2 members, who are receiving a conditional benefit and are age eligible, are eligible for post-employment healthcare benefits. Employees and their surviving spouses with thirty years of membership service receive benefits paid by PERS, regardless of their age or date of hire.

Medical, prescription drug, dental, vision and audio coverage is provided through the AlaskaCare Retiree Health Plan. Health plan provisions do not vary by retirement tier or age, except for Medicare coordination. Surviving spouses continue coverage only if a pension payment form that provided survivor benefits was elected. Where premiums are required prior to age 60, the valuation bases this payment upon the age of the retiree.

Starting in 2022, prior authorization will be required for certain special medications for all participants, while certain preventive benefits for pre-Medicare participants will now be covered by the plan.

Of those benefit recipients who are eligible for the COLA, 65% are assumed to remain in Alaska and receive COLA. 50%-75% of assumed inflation, or 1.25% and 1.875%, respectively, is valued for the annual automatic Post-Retirement Pension Adjustment ("PRPA").

For DC RM and DC ODD retirement eligibility: must retire from the plan and have 30 years of service or be eligible for Medicare and have 10 years of service. Once member becomes eligible for Medicare, the required contribution follows a set plan schedule. The plan's coverage is supplemental to Medicare, referred to in the industry as exclusion coordination. Medicare payment is deducted from the Medicare allowable expense and plan parameters are applied to the remaining amount. Starting in 2019, the prescription drug coverage will be through a Medicare Part D Employer Group Waiver Plan ("EGWP") arrangement. The premium for dependents who are not eligible for Medicare aligns with the member's subsidy. While a member is not Medicare-eligible, premiums are 100% of the estimated cost. Occupational Disability and Death benefit are 40% of salary at date of qualifying event. Medicare exclusion coordination applies to ODD benefits.

OPEB Asset:

For the year ended June 30, 2025, the total net OPEB Asset associated with the Corporation was \$14,472,000 and the total net OPEB Liability associated with the Corporation was zero.

For the year ended June 30, 2025, the Corporation reported an asset for its proportionate share of the net OPEB Asset ("NOA") that reflected an increase for State OPEB support provided to the Corporation. The amount recognized by the Corporation for its proportional share, the related State proportion, and the total were as follows:

<u>Corporation's proportionate share net OPEB asset:</u>	<u>2025</u>
Corporation's proportionate share of NOA – DB	\$ 13,657,000
Corporation's proportionate share of NOA – DC RM	395,000
Corporation's proportionate share of NOA – DC ODD	420,000
Total net OPEB asset	\$ 14,472,000

The net OPEB asset was measured as of June 30, 2024, and the total OPEB asset used to calculate the new OPEB asset was determined by an actuarial valuation as of June 30, 2023, and rolled forward to June 30, 2024.

<u>Corporation's Proportionate Share of the Net OPEB Asset:</u>	<u>June 30, 2023 Measurement Date Employer Proportion</u>	<u>June 30, 2024 Measurement Date Employer Proportion</u>	<u>Change</u>
DB	0.65731%	0.62019%	(0.03711%)
DC RM	0.80048%	0.84646%	0.04598%
DC ODD	0.66985%	0.70295%	0.03310%

Changes in Benefit Provisions Since Prior Valuation of OPEB:

There have been no changes in PERS DCR benefit provisions valued since the prior valuation.

OPEB Expense:

For the year ended June 30, 2025, the Corporation recognized an increase of OPEB expense of \$1,410,000 and no support provided by the State.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

For the year ended June 30, 2025, the Corporation reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources (in thousands):

<u>Year Ended June 30, 2025</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions subsequent to the measurement date	\$ 2,601	\$ -
Difference between expected and actual experience	17	(142)
Difference between projected and actual investment earnings	374	-
Changes in assumptions	341	(266)
Changes in proportion and differences between employer contributions	159	(30)
Total deferred outflows and deferred inflows	<u>\$ 3,492</u>	<u>\$ (438)</u>

Deferred outflows of resources related to OPEB resulting from contributions of \$2,601,000 reported subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (in thousands):

<u>Year Ended June 30,</u>	<u>Total</u>
2026	\$ 2,268
2027	1,363
2028	(302)
2029	(242)
2030	(36)
Thereafter	<u>3</u>
	<u>\$ 3,054</u>

OPEB Discount rate:

The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that the Corporation and non-employer State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability in accordance with the method prescribed by GASB Statement No. 74.

Sensitivity of the Corporation's proportionate share of the net OPEB asset to changes in the discount rate:

The following presents the Corporation's proportionate share of the net OPEB asset using the discount rate of 7.25% and what it would be if the discount was 1-percentage-point (6.25%) lower or 1-percentage-point higher (8.25%), (in thousands).

Corporation's Proportionate Share of the Net OPEB Liability (Asset):	Proportional Share	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
DB plan	0.62019%	\$ (8,648)	\$ (13,657)	\$ (17,873)
DC RM plan	0.84646%	\$ 68	\$ (395)	\$ (748)
DC ODD plan	0.70295%	\$ (394)	\$ (420)	\$ (440)

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rate:

The following presents the Corporation's net OPEB asset using current healthcare cost trend rates and comparing to a 1% increase and a 1% decrease of current healthcare costs trend rates, (in thousands).

Corporation's Proportionate Share of the Net OPEB Liability (Asset):	Proportional Share	1% Decrease	Current Trend Rate	1% Increase
DB plan	0.62019%	\$ (18,354)	\$ (13,657)	\$ (8,078)
DC RM plan	0.84646%	\$ (795)	\$ (395)	\$ 143
DC ODD plan	0.70295%	n/a	\$ (420)	n/a

OPEB plan's fiduciary net position:

All information regarding the Plan's assets, deferred outflow/inflow of resources, liabilities and fiduciary net position can be found in the PERS financial statements that are available to the public on the SOA website: <http://doa.alaska.gov/drb/employer/resources/gasb.html#.YMPxY6hKg2x>.

Annual Post-employment Healthcare Cost:

For the year ended June 30, 2025, the Corporation recognized \$525,000 in DC OPEB costs. These amounts were recognized as expense.

22 OTHER COMMITMENTS AND CONTINGENCIES

Medical Self Insurance

During the fiscal year ended June 30, 1998, the Corporation began a program of self-insurance for employee medical benefits. Costs are billed directly to the Corporation by an Administrative Services Provider that processes all of the claims from the employees and their dependents. The Corporation has purchased a stop-loss policy that limits its liability to \$200,000 per employee per year. The Corporation provided an estimate of the incurred but not reported (IBNR) liability based on historic trends. Changes in the balances for the claims liabilities for the prior and current fiscal years are as follows (in thousands):

	June 30, 2024	June 30, 2025
Claims liabilities, beginning balance	\$ 3,013	\$ 2,468
Incurred claims	7,701	10,714
Claims payments	(8,246)	(10,929)
Claims liabilities, ending balance	\$ 2,468	\$ 2,253

Litigation

The Corporation, in the normal course of its activities, is involved in various claims and pending litigation, the outcome of which is not presently determinable. In the opinion of management, the disposition of these matters is not presently expected to have a material adverse effect on the Corporation's financial statements.

Contingent Liabilities

The Corporation participates in several federally assisted programs. These programs are subject to program compliance audits and adjustment by the grantor agencies or their representatives. Any disallowed claims, including amounts already collected, would become a liability of the Administrative Fund. In management's opinion, disallowance, if any, will be immaterial.

Subsequent Events

The Corporation delivered its \$133,000,000 State Capital Project Bonds II, 2025 Series A, on July 1, 2025. The Series A Bonds are tax-exempt general obligations of the Corporation having a final maturity of December 1, 2033, and paying interest each June 1 and December 1 at a fixed rate of 5.00%. Proceeds of the Series A Bonds will be used to refund certain outstanding obligations of the Corporation and for other authorized purposes.

The Corporation will deliver its \$100,000,000 Collateralized Bonds (Veterans Mortgage Program), 2025 First Series, on September 30, 2025. The First Series Bonds are tax-exempt general obligations of the Corporation having a final maturity of December 1, 2054, and paying interest each June 1 and December 1 at fixed rates ranging from 2.50% to 5.00%. Proceeds of the First Series Bonds will be used to finance qualified veterans mortgage loans. Principal and interest on the First Series Bonds is further secured by the unconditional guarantee of the State.

23 RISK MANAGEMENT

The Corporation is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by various commercial insurance policies and contractual risk transfers. When the Corporation enters into agreements, contracts or grants, it requires insurance from the party with which the Corporation is doing business. This ensures that the party can adequately sustain any loss exposure, so the Corporation is not first in line in case of a loss. There have been no significant reductions in insurance coverage from the prior fiscal year, and settlements have not exceeded insurance coverage during the past three years.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Corporation's Proportionate Share of the Net Pension Liability (in thousands):

	2025	2024	2023	2022	2021
The Corporation's proportion of the net pension liability (asset)	0.618920%	0.658830%	0.692310%	0.783070%	0.629770%
The Corporation's proportionate share of the net pension liability (asset)	\$ 33,945	\$ 34,162	\$ 35,286	\$ 28,727	\$ 37,164
State's proportionate share of the net pension liability (asset) associated with the Corporation	12,692	11,386	9,767	3,891	15,376
Total	\$ 46,637	\$ 45,548	\$ 45,053	\$ 32,618	\$ 52,540
The Corporation's covered employee payroll	\$ 7,217	\$ 7,948	\$ 8,888	\$ 9,602	\$ 10,681
The Corporation's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	470.35%	429.83%	397.02%	299.18%	347.94%
Plan fiduciary net position as a percentage of the total pension liability	67.81%	68.23%	67.97%	76.46%	61.61%
	2020	2019	2018	2017	2016
The Corporation's proportion of the net pension liability (asset)	0.656900%	0.714740%	0.689820%	0.852380%	0.780600%
The Corporation's proportionate share of the net pension liability (asset)	\$ 35,960	\$ 35,515	\$ 35,660	\$ 47,645	\$ 37,859
State's proportionate share of the net pension liability (asset) associated with the Corporation	14,276	10,284	13,285	6,003	10,856
Total	\$ 50,236	\$ 45,799	\$ 48,945	\$ 53,648	\$ 48,715
The Corporation's covered employee payroll	\$ 11,680	\$ 12,583	\$ 13,817	\$ 15,252	\$ 16,314
The Corporation's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	307.88%	282.24%	258.10%	312.39%	232.06%
Plan fiduciary net position as a percentage of the total pension liability	63.42%	65.19%	63.37%	59.55%	63.96%

Information in this table is presented based on the Plan measurement date. For June 30, 2025, the plan measurement date is June 30, 2024.

The Plan is reporting no changes in benefit terms from the prior measurement period.

The Plan is reporting no changes in assumptions from the prior measurement period.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Corporation's Contributions to the Pension Plan (in thousands):

	2025	2024	2023	2022	2021
Contractually required contributions	\$ 3,377	\$ 3,518	\$ 3,448	\$ 2,474	\$ 2,292
Contributions in relation to the contractually required contributions	3,377	3,518	3,448	2,474	2,292
Contribution deficiency (excess)	-	-	-	-	-
The Corporation's covered employee payroll	7,333	7,217	7,948	8,888	9,602
Contributions as a percentage of covered-employee payroll	46.05%	48.75%	43.38%	27.83%	23.87%
	2020	2019	2018	2017	2016
Contractually required contributions	\$ 2,561	\$ 2,727	\$ 2,932	\$ 2,679	\$ 2,475
Contributions in relation to the contractually required contributions	2,561	2,727	2,932	2,679	2,475
Contribution deficiency (excess)	-	-	-	-	-
The Corporation's covered employee payroll	10,681	11,680	12,583	13,817	15,252
Contributions as a percentage of covered-employee payroll	23.98%	23.35%	23.30%	19.39%	16.23%

This table reports the Corporation's pension contributions to PERS during fiscal year 2025. These contributions are reported as a deferred outflow of resources on the June 30, 2025, basic financial statements.

This pension table presents 10 years of information.

The Plan is reporting no changes in benefit terms from the prior measurement period.

The Plan is reporting no changes in assumptions from the prior measurement period.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Corporation's Proportionate Share of the Net OPEB Liability (in thousands):

	2025	2024	2023	2022	2021
The Corporation's proportion of the net OPEB liability (asset) for Defined Benefit - Retiree Medical	0.62019%	0.65731%	0.68763%	0.78626%	0.62960%
The Corporation's proportion of the net OPEB liability (asset) for Defined Contribution Pension Plans - Retiree Medical Plan	0.84645%	0.80048%	0.79810%	0.76797%	0.74451%
The Corporation's proportion of the net OPEB liability (asset) for Defined Contribution Pension Plans - Occupational Death & Disability Plan	0.70295%	0.66985%	0.67357%	0.64746%	0.60268%
The Corporation's proportionate share of the net OPEB liability (asset)	\$ (14,472)	\$ (15,848)	\$ (14,102)	\$ (20,661)	\$ (2,963)
State's proportionate share of the net OPEB liability (asset) associated with the Corporation	(5,075)	(5,091)	(3,868)	(2,642)	(1,183)
Total	\$ (19,547)	\$ (20,939)	\$ (17,970)	\$ (23,303)	\$ (4,146)
The Corporation's covered employee payroll	\$ 22,738	\$ 21,649	\$ 21,489	\$ 20,850	\$ 20,890
The Corporation's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	(63.65%)	(73.20%)	(65.62%)	(99.09%)	(14.18%)
Defined Benefit - Retiree Medical Plan fiduciary net position as a percentage of the total OPEB liability	130.59%	133.96%	128.51%	135.54%	106.15%
Defined Contribution - Retiree Medical Plan fiduciary net position as a percentage of the total OPEB liability	119.87%	124.29%	120.08%	115.10%	95.23%
Defined Contribution - Occupational Death & Disability Plan fiduciary net position as a percentage of the total OPEB liability	346.81%	349.24%	348.80 %	374.22%	283.80%

Information in this table is presented based on the Plan measurement date. For June 30, 2025, the plan measurement date is June 30, 2024.

This OPEB table is intended to present 10 years of information. Additional years will be added to the schedule as they become available.

Defined Benefit - Retiree Medical Plan is reporting no changes in benefit terms from the prior measurement period.

The Plan is reporting no changes in assumptions from the prior measurement period.

Defined Contribution Pension Plans (Retiree Medical Plan and Occupational Death & Disability Plan) are reporting the following changes in benefit terms from the prior measurement period:

- Updated non-Medicare eligible dependent coverage premiums to reflect subsidy when the member is Medicare-eligible.
- Updated factors used to adjust the defined benefit plan costs to reflect adopted Defined Contribution Retiree Medical plan design.

Schedule of the Corporation's Proportionate Share of the Net OPEB Liability (in thousands) (cont.):

	2020	2019	2018	2017
The Corporation's proportion of the net OPEB liability (asset) for Defined Benefit - Retiree Medical	0.65680%	0.71458%	0.68992%	0.85265%
The Corporation's proportion of the net OPEB liability (asset) for Defined Contribution Pension Plans - Retiree Medical Plan	0.69949%	0.71095%	0.70310%	0.66252%
The Corporation's proportion of the net OPEB liability (asset) for Defined Contribution Pension Plans - Occupational Death & Disability Plan	0.55609%	0.71095%	0.70310%	0.66252%
The Corporation's proportionate share of the net OPEB liability (asset)	\$ 1,007	\$ 7,286	\$ 5,765	\$ 9,752
State's proportionate share of the net OPEB liability (asset) associated with the Corporation	388	2,129	2,173	-
Total	\$ 1,395	\$ 9,415	\$ 7,938	\$ 9,752
The Corporation's covered employee payroll	\$ 20,775	\$ 20,629	\$ 21,133	\$ 21,629
The Corporation's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	4.85%	35.32%	27.28%	45.09%
Defined Benefit - Retiree Medical Plan fiduciary net position as a percentage of the total OPEB liability	98.13%	88.12%	89.68%	85.45%
Defined Contribution - Retiree Medical Plan fiduciary net position as a percentage of the total OPEB liability	83.17%	88.71%	93.98%	86.82%
Defined Contribution - Occupational Death & Disability Plan fiduciary net position as a percentage of the total OPEB liability	297.43%	270.62%	212.97%	245.29%

Information in this table is presented based on the Plan measurement date. For June 30, 2025, the plan measurement date is June 30, 2024.

This OPEB table is intended to present 10 years of information. Additional years will be added to the schedule as they become available.

Defined Benefit - Retiree Medical Plan is reporting no changes in benefit terms from the prior measurement period.

The Plan is reporting no changes in assumptions from the prior measurement period.

Defined Contribution Pension Plans (Retiree Medical Plan and Occupational Death & Disability Plan) are reporting the following changes in benefit terms from the prior measurement period:

- Updated non-Medicare eligible dependent coverage premiums to reflect subsidy when the member is Medicare-eligible.
- Updated factors used to adjust the defined benefit plan costs to reflect adopted Defined Contribution Retiree Medical plan design.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Corporation's Contributions to the OPEB Plan (in thousands):

	2025	2024	2023	2022	2021
Contractually required contributions	\$ 716	\$ 678	\$ 623	\$ 1,609	\$ 1,712
Contributions in relation to the contractually required contributions	716	678	623	1,609	1,712
Contribution deficiency (excess)	-	-	-	-	-
The Corporation's covered employee payroll	25,171	22,738	21,649	21,489	20,850
Contributions as a percentage of covered-employee payroll	2.85%	2.98%	2.88%	7.49%	8.21%
	2020	2019	2018	2017	
Contractually required contributions	\$ 1,520	\$ 1,434	\$ 1,287	\$ 1,689	
Contributions in relation to the contractually required contributions	1,520	1,434	1,287	1,689	
Contribution deficiency (excess)	-	-	-	-	
The Corporation's covered employee payroll	20,890	20,775	20,629	21,133	
Contributions as a percentage of covered-employee payroll	7.28%	6.90%	6.24%	7.99%	

This table reports the Corporation's OPEB contributions to SOA during fiscal year 2025. These contributions are reported as a deferred outflow of resources on the June 30, 2025, basic financial statements.

This OPEB table is intended to present 10 years of information. Additional years will be added to the schedule as they become available.

Defined Benefit - Retiree Medical Plan is reporting no changes in benefit terms from the prior measurement period.

Defined Contribution Pension Plans (Retiree Medical Plan and Occupational Death & Disability Plan) are reporting the following changes in benefit terms from the prior measurement period:

- Updated non-Medicare eligible dependent coverage premiums to reflect subsidy when the member is Medicare-eligible.
- Updated factors used to adjust the defined benefit plan costs to reflect adopted Defined Contribution Retiree Medical plan design.

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

COMBINED - ALL FUNDS

As of June 30, 2025

(in thousands of dollars)

	Administrative Fund	Combined Home Mortgage Revenue Bonds	Combined General Mortgage Revenue Bonds	Combined Collateralized Veterans Mortgage Bonds	Combined Governmental Purpose Bonds
Assets					
Current					
Cash	\$ 18,309	\$ -	\$ -	\$ -	\$ -
Investments	377,395	35,530	22,855	15,447	16,080
Lease receivable	-	-	-	-	-
Accrued interest receivable	1,747	1,884	3,947	852	341
Inter-fund due (to)/from, net	(44,632)	7,784	10,710	2,224	1,661
Mortgage loans, notes and other loans, net	8,780	17,835	32,555	6,343	4,622
Other assets	4,752	-	-	-	-
Intergovernmental receivable, net	47	-	-	-	-
Total current	366,398	63,033	70,067	24,866	22,704
Non current					
Investments	33,044	10,000	13,285	-	-
Lease receivable	-	-	-	-	-
Inter-fund due (to)/from, net	-	-	-	-	-
Mortgage loans, notes and other loans, net	242,585	576,692	1,052,570	205,123	149,459
Capital assets - non-depreciable	2,430	-	-	-	-
Capital assets - depreciable, net	9,318	-	-	-	-
Other assets	2,412	-	-	-	911
OPEB asset	14,472	-	-	-	-
Total non current	304,261	586,692	1,065,855	205,123	150,370
Total assets	670,659	649,725	1,135,922	229,989	173,074
Deferred Outflow Of Resources	5,977	33,591	-	-	1,314
Liabilities					
Current					
Bonds payable	-	16,415	22,225	3,065	8,040
Short term debt	127,493	-	-	-	-
Accrued interest payable	-	979	2,979	510	128
Other liabilities	20,236	165	265	49	34
Intergovernmental payable	-	-	-	-	-
Total current	147,729	17,559	25,469	3,624	8,202
Non current					
Bonds payable	-	393,431	892,076	153,424	39,425
Other liabilities	2,083	-	539	18	-
Derivative instrument - interest rate swaps	-	28,915	-	-	1,314
Pension liability	33,945	-	-	-	-
Total non current	36,028	422,346	892,615	153,442	40,739
Total liabilities	183,757	439,905	918,084	157,066	48,941
Deferred Inflow Of Resources	438	-	-	-	-
Net Position					
Net investment in capital assets	11,748	-	-	-	-
Restricted by bond resolutions	-	243,411	217,838	72,923	125,447
Restricted by contractual or statutory agreements	152,777	-	-	-	-
Unrestricted or (deficit)	327,916	-	-	-	-
Total net position	\$ 492,441	\$ 243,411	\$ 217,838	\$ 72,923	\$ 125,447

See accompanying notes to the financial statements.

Combined State Capital Project Bonds	Combined Other Programs	Total June 30, 2025
\$ 196	\$ 53,250	\$ 71,755
72,557	3,063	542,927
2,796	3,325	6,121
6,107	1,395	16,273
17,903	4,350	-
45,781	1,547	117,463
-	20,368	25,120
-	14,919	14,966
145,340	102,217	794,625
-	-	56,329
7,362	-	7,362
-	-	-
1,480,247	72,971	3,779,647
-	19,981	22,411
-	44,989	54,307
1,701	266	5,290
-	-	14,472
1,489,310	138,207	3,939,818
1,634,650	240,424	4,734,443
8,531	-	49,413
45,425	-	95,170
-	-	127,493
4,358	-	8,954
324	44,300	65,373
196	508	704
50,303	44,808	297,694
1,229,122	-	2,707,478
-	442	3,082
-	-	30,229
-	-	33,945
1,229,122	442	2,774,734
1,279,425	45,250	3,072,428
8,670	3,092	12,200
-	64,970	76,718
-	-	659,619
-	152,593	305,370
355,086	(25,481)	657,521
\$ 355,086	\$ 192,082	\$ 1,699,228

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

Schedule 2

STATEMENT OF NET POSITION

ADMINISTRATIVE FUND

As of June 30, 2025

(in thousands of dollars)

	Administrative Fund	Total June 30, 2025
Assets		
Current		
Cash	\$ 18,309	\$ 18,309
Investments	377,395	377,395
Lease receivable	-	-
Accrued interest receivable	1,747	1,747
Inter-fund due (to)/from, net	(44,632)	(44,632)
Mortgage loans, notes and other loans, net	8,780	8,780
Other assets	4,752	4,752
Intergovernmental receivable, net	47	47
Total current	366,398	366,398
Non current		
Investments	33,044	33,044
Lease receivable	-	-
Inter-fund due (to)/from, net	-	-
Mortgage loans, notes and other loans, net	242,585	242,585
Capital assets - non-depreciable	2,430	2,430
Capital assets - depreciable, net	9,318	9,318
Other assets	2,412	2,412
OPEB asset	14,472	14,472
Total non current	304,261	304,261
Total assets	670,659	670,659
Deferred Outflow Of Resources	5,977	5,977
Liabilities		
Current		
Bonds payable	-	-
Short term debt	127,493	127,493
Accrued interest payable	-	-
Other liabilities	20,236	20,236
Intergovernmental payable	-	-
Total current	147,729	147,729
Non current		
Bonds payable	-	-
Other liabilities	2,083	2,083
Derivative instrument - interest rate swaps	-	-
Pension liability	33,945	33,945
Total non current	36,028	36,028
Total liabilities	183,757	183,757
Deferred Inflow Of Resources	438	438
Net Position		
Net investment in capital assets	11,748	11,748
Restricted by bond resolutions	-	-
Restricted by contractual or statutory agreements	152,777	152,777
Unrestricted or (deficit)	327,916	327,916
Total net position	\$ 492,441	\$ 492,441

See accompanying notes to the financial statements.

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ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

HOME MORTGAGE REVENUE BONDS

As of June 30, 2025

(in thousands of dollars)

	Home Mortgage Revenue Bonds 2002 A	Home Mortgage Revenue Bonds 2007 A	Home Mortgage Revenue Bonds 2007 B	Home Mortgage Revenue Bonds 2007 D	Home Mortgage Revenue Bonds 2009 A
Assets					
Current					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	5,178	3,209	2,462	3,234	5,276
Lease receivable	-	-	-	-	-
Accrued interest receivable	211	192	179	240	274
Inter-fund due (to)/from, net	561	1,037	624	994	1,453
Mortgage loans, notes and other loans, net	1,747	1,694	1,667	2,408	2,944
Other assets	-	-	-	-	-
Intergovernmental receivable, net	-	-	-	-	-
Total current	7,697	6,132	4,932	6,876	9,947
Non current					
Investments	-	-	-	-	-
Lease receivable	-	-	-	-	-
Inter-fund due (to)/from, net	-	-	-	-	-
Mortgage loans, notes and other loans, net	56,501	54,773	53,898	77,854	95,195
Capital assets - non-depreciable	-	-	-	-	-
Capital assets - depreciable, net	-	-	-	-	-
Other assets	-	-	-	-	-
OPEB asset	-	-	-	-	-
Total non current	56,501	54,773	53,898	77,854	95,195
Total assets	64,198	60,905	58,830	84,730	105,142
Deferred Outflow Of Resources	292	5,182	5,179	6,150	5,627
Liabilities					
Current					
Bonds payable	-	2,370	2,370	2,825	2,950
Short term debt	-	-	-	-	-
Accrued interest payable	48	139	141	166	160
Other liabilities	17	17	16	23	25
Intergovernmental payable	-	-	-	-	-
Total current	65	2,526	2,527	3,014	3,135
Non current					
Bonds payable	20,646	56,590	56,590	67,405	64,070
Other liabilities	-	-	-	-	-
Derivative instrument - interest rate swaps	292	4,382	4,379	5,169	4,920
Pension liability	-	-	-	-	-
Total non current	20,938	60,972	60,969	72,574	68,990
Total liabilities	21,003	63,498	63,496	75,588	72,125
Deferred Inflow Of Resources	-	-	-	-	-
Net Position					
Net investment in capital assets	-	-	-	-	-
Restricted by bond resolutions	43,487	2,589	513	15,292	38,644
Restricted by contractual or statutory agreements	-	-	-	-	-
Unrestricted or (deficit)	-	-	-	-	-
Total net position	\$ 43,487	\$ 2,589	\$ 513	\$ 15,292	\$ 38,644

See accompanying notes to the financial statements.

Home Mortgage Revenue Bonds 2009 B	Home Mortgage Revenue Bonds 2009 D	Total June 30, 2025
\$ -	\$ -	\$ -
5,751	10,420	35,530
-	-	-
324	464	1,884
1,584	1,531	7,784
3,129	4,246	17,835
-	-	-
-	-	-
10,788	16,661	63,033
-	10,000	10,000
-	-	-
-	-	-
101,184	137,287	576,692
-	-	-
-	-	-
-	-	-
101,184	147,287	586,692
111,972	163,948	649,725
5,627	5,534	33,591
2,950	2,950	16,415
-	-	-
162	163	979
28	39	165
-	-	-
3,140	3,152	17,559
64,070	64,060	393,431
-	-	-
4,920	4,853	28,915
-	-	-
68,990	68,913	422,346
72,130	72,065	439,905
-	-	-
-	-	-
45,469	97,417	243,411
-	-	-
-	-	-
\$ 45,469	\$ 97,417	\$ 243,411

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

GENERAL MORTGAGE REVENUE BONDS

As of June 30, 2025

(in thousands of dollars)

	General Mortgage Revenue Bonds II 2016 A	General Mortgage Revenue Bonds II 2018 A & B	General Mortgage Revenue Bonds II 2019 A & B	General Mortgage Revenue Bonds II 2020 A & B	General Mortgage Revenue Bonds II 2022 A & B
Assets					
Current					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	708	2,274	1,861	12,217	1,175
Lease receivable	-	-	-	-	-
Accrued interest receivable	114	381	352	626	475
Inter-fund due (to)/from, net	633	1,068	1,599	2,254	1,240
Mortgage loans, notes and other loans, net	1,497	2,734	3,377	6,311	5,210
Other assets	-	-	-	-	-
Intergovernmental receivable, net	-	-	-	-	-
Total current	2,952	6,457	7,189	21,408	8,100
Non current					
Investments	-	-	-	13,285	-
Lease receivable	-	-	-	-	-
Inter-fund due (to)/from, net	-	-	-	-	-
Mortgage loans, notes and other loans, net	48,391	88,386	109,195	204,048	168,454
Capital assets - non-depreciable	-	-	-	-	-
Capital assets - depreciable, net	-	-	-	-	-
Other assets	-	-	-	-	-
OPEB asset	-	-	-	-	-
Total non current	48,391	88,386	109,195	217,333	168,454
Total assets	51,343	94,843	116,384	238,741	176,554
Deferred Outflow Of Resources					
	-	-	-	-	-
Liabilities					
Current					
Bonds payable	4,660	3,195	4,045	4,260	895
Short term debt	-	-	-	-	-
Accrued interest payable	63	169	241	396	340
Other liabilities	12	24	27	52	45
Intergovernmental payable	-	-	-	-	-
Total current	4,735	3,388	4,313	4,708	1,280
Non current					
Bonds payable	23,770	44,838	95,387	171,025	124,942
Other liabilities	-	-	-	-	412
Derivative instrument - interest rate swaps	-	-	-	-	-
Pension liability	-	-	-	-	-
Total non current	23,770	44,838	95,387	171,025	125,354
Total liabilities	28,505	48,226	99,700	175,733	126,634
Deferred Inflow Of Resources					
	-	-	-	-	-
Net Position					
Net investment in capital assets	-	-	-	-	-
Restricted by bond resolutions	22,838	46,617	16,684	63,008	49,920
Restricted by contractual or statutory agreements	-	-	-	-	-
Unrestricted or (deficit)	-	-	-	-	-
Total net position	\$ 22,838	\$ 46,617	\$ 16,684	\$ 63,008	\$ 49,920

See accompanying notes to the financial statements.

General Mortgage Revenue Bonds II 2022 C	General Mortgage Revenue Bonds II 2024 A,B & C	General Mortgage Revenue Bonds II 2025 A	Total June 30, 2025
\$ -	\$ -	\$ -	\$ -
1,006	2,848	766	22,855
-	-	-	-
342	1,166	491	3,947
618	2,339	959	10,710
2,413	7,697	3,316	32,555
-	-	-	-
-	-	-	-
4,379	14,050	5,532	70,067
-	-	-	13,285
-	-	-	-
-	-	-	-
78,032	248,859	107,205	1,052,570
-	-	-	-
-	-	-	-
-	-	-	-
78,032	248,859	107,205	1,065,855
82,411	262,909	112,737	1,135,922
-	-	-	-
1,430	2,345	1,395	22,225
-	-	-	-
317	1,037	416	2,979
23	60	22	265
-	-	-	-
1,770	3,442	1,833	25,469
80,400	240,785	110,929	892,076
76	51	-	539
-	-	-	-
-	-	-	-
80,476	240,836	110,929	892,615
82,246	244,278	112,762	918,084
-	-	-	-
-	-	-	-
165	18,631	(25)	217,838
-	-	-	-
-	-	-	-
\$ 165	\$ 18,631	\$ (25)	\$ 217,838

ALASKA HOUSING FINANCE CORPORATION

Schedule 5

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

COLLATERALIZED VETERANS MORTGAGE BONDS

As of June 30, 2025

(in thousands of dollars)

	Collateralized Bonds, 2016 1st & 2nd Series	Collateralized Bonds, 2019 1st & 2nd Series	Collateralized Bonds, 2023 1st Series	Collateralized Bonds, 2024 1st Series	Total June 30, 2025
Assets					
Current					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	994	8,188	2,834	3,431	15,447
Lease receivable	-	-	-	-	-
Accrued interest receivable	67	278	202	305	852
Inter-fund due (to)/from, net	179	960	313	772	2,224
Mortgage loans, notes and other loans, net	810	1,998	1,395	2,140	6,343
Other assets	-	-	-	-	-
Intergovernmental receivable, net	-	-	-	-	-
Total current	2,050	11,424	4,744	6,648	24,866
Non current					
Investments	-	-	-	-	-
Lease receivable	-	-	-	-	-
Inter-fund due (to)/from, net	-	-	-	-	-
Mortgage loans, notes and other loans, net	26,197	64,616	45,111	69,199	205,123
Capital assets - non-depreciable	-	-	-	-	-
Capital assets - depreciable, net	-	-	-	-	-
Other assets	-	-	-	-	-
OPEB asset	-	-	-	-	-
Total non current	26,197	64,616	45,111	69,199	205,123
Total assets	28,247	76,040	49,855	75,847	229,989
Deferred Outflow Of Resources					
	-	-	-	-	-
Liabilities					
Current					
Bonds payable	2,175	890	-	-	3,065
Short term debt	-	-	-	-	-
Accrued interest payable	46	26	176	262	510
Other liabilities	6	18	11	14	49
Intergovernmental payable	-	-	-	-	-
Total current	2,227	934	187	276	3,624
Non current					
Bonds payable	19,705	9,241	49,900	74,578	153,424
Other liabilities	-	-	18	-	18
Derivative instrument - interest rate swaps	-	-	-	-	-
Pension liability	-	-	-	-	-
Total non current	19,705	9,241	49,918	74,578	153,442
Total liabilities	21,932	10,175	50,105	74,854	157,066
Deferred Inflow Of Resources					
	-	-	-	-	-
Net Position					
Net investment in capital assets	-	-	-	-	-
Restricted by bond resolutions	6,315	65,865	(250)	993	72,923
Restricted by contractual or statutory agreements	-	-	-	-	-
Unrestricted or (deficit)	-	-	-	-	-
Total net position	\$ 6,315	\$ 65,865	\$ (250)	\$ 993	\$ 72,923

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

GOVERNMENTAL PURPOSE BONDS

As of June 30, 2025

(in thousands of dollars)

Schedule 6

	Governmental Purpose Bonds 2001 A & B	Total June 30, 2025
Assets		
Current		
Cash	\$ -	\$ -
Investments	16,080	16,080
Lease receivable	-	-
Accrued interest receivable	341	341
Inter-fund due (to)/from, net	1,661	1,661
Mortgage loans, notes and other loans, net	4,622	4,622
Other assets	-	-
Intergovernmental receivable, net	-	-
Total current	22,704	22,704
Non current		
Investments	-	-
Lease receivable	-	-
Inter-fund due (to)/from, net	-	-
Mortgage loans, notes and other loans, net	149,459	149,459
Capital assets - non-depreciable	-	-
Capital assets - depreciable, net	-	-
Other assets	911	911
OPEB asset	-	-
Total non current	150,370	150,370
Total assets	173,074	173,074
Deferred Outflow Of Resources	1,314	1,314
Liabilities		
Current		
Bonds payable	8,040	8,040
Short term debt	-	-
Accrued interest payable	128	128
Other liabilities	34	34
Intergovernmental payable	-	-
Total current	8,202	8,202
Non current		
Bonds payable	39,425	39,425
Other liabilities	-	-
Derivative instrument - interest rate swaps	1,314	1,314
Pension liability	-	-
Total non current	40,739	40,739
Total liabilities	48,941	48,941
Deferred Inflow Of Resources	-	-
Net Position		
Net investment in capital assets	-	-
Restricted by bond resolutions	125,447	125,447
Restricted by contractual or statutory agreements	-	-
Unrestricted or (deficit)	-	-
Total net position	\$ 125,447	\$ 125,447

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

STATE CAPITAL PROJECT BONDS

As of June 30, 2025

(in thousands of dollars)

Schedule 7

	State Capital Project Bonds II	Total June 30, 2025
Assets		
Current		
Cash	\$ 196	\$ 196
Investments	72,557	72,557
Lease receivable	2,796	2,796
Accrued interest receivable	6,107	6,107
Inter-fund due (to)/from, net	17,903	17,903
Mortgage loans, notes and other loans, net	45,781	45,781
Other assets	-	-
Intergovernmental receivable, net	-	-
Total current	145,340	145,340
Non current		
Investments	-	-
Lease receivable	7,362	7,362
Inter-fund due (to)/from, net	-	-
Mortgage loans, notes and other loans, net	1,480,247	1,480,247
Capital assets - non-depreciable	-	-
Capital assets - depreciable, net	-	-
Other assets	1,701	1,701
OPEB asset	-	-
Total non current	1,489,310	1,489,310
Total assets	1,634,650	1,634,650
Deferred Outflow Of Resources	8,531	8,531
Liabilities		
Current		
Bonds payable	45,425	45,425
Short term debt	-	-
Accrued interest payable	4,358	4,358
Other liabilities	324	324
Intergovernmental payable	196	196
Total current	50,303	50,303
Non current		
Bonds payable	1,229,122	1,229,122
Other liabilities	-	-
Derivative instrument - interest rate swaps	-	-
Pension liability	-	-
Total non current	1,229,122	1,229,122
Total liabilities	1,279,425	1,279,425
Deferred Inflow Of Resources	8,670	8,670
Net Position		
Net investment in capital assets	-	-
Restricted by bond resolutions	-	-
Restricted by contractual or statutory agreements	-	-
Unrestricted or (deficit)	355,086	355,086
Total net position	\$ 355,086	\$ 355,086

See accompanying notes to the financial statements.

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ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

OTHER PROGRAM FUNDS

As of June 30, 2025

(in thousands of dollars)

	Low Rent Program	Market Rate Rental Housing Program	Home Ownership Fund	Senior Housing Revolving Loan Fund	Other Funds or Programs Subtotal
Assets					
Current					
Cash	\$ 17,007	\$ 14,941	\$ -	\$ -	\$ 31,948
Investments	-	-	540	2,523	3,063
Lease receivable	61	-	-	-	61
Accrued interest receivable	-	-	21	112	133
Inter-fund due (to)/from, net	(2,207)	(2,036)	91	285	(3,867)
Mortgage loans, notes and other loans, net	-	-	401	1,114	1,515
Other assets	1,426	151	-	-	1,577
Intergovernmental receivable, net	1,960	-	-	-	1,960
Total current	18,247	13,056	1,053	4,034	36,390
Non current					
Investments	-	-	-	-	-
Lease receivable	-	-	-	-	-
Inter-fund due (to)/from, net	-	-	-	-	-
Mortgage loans, notes and other loans, net	-	-	12,975	36,003	48,978
Capital assets - non-depreciable	12,279	1,130	-	-	13,409
Capital assets - depreciable, net	29,366	9,436	-	-	38,802
Other assets	19	1	-	-	20
OPEB asset	-	-	-	-	-
Total non current	41,664	10,567	12,975	36,003	101,209
Total assets	59,911	23,623	14,028	40,037	137,599
Deferred Outflow Of Resources					
	-	-	-	-	-
Liabilities					
Current					
Bonds payable	-	-	-	-	-
Short term debt	-	-	-	-	-
Accrued interest payable	-	-	-	-	-
Other liabilities	1,007	237	2	8	1,254
Intergovernmental payable	508	-	-	-	508
Total current	1,515	237	2	8	1,762
Non current					
Bonds payable	-	-	-	-	-
Other liabilities	17	-	-	-	17
Derivative instrument - interest rate swaps	-	-	-	-	-
Pension liability	-	-	-	-	-
Total non current	17	-	-	-	17
Total liabilities	1,532	237	2	8	1,779
Deferred Inflow Of Resources					
	49	-	-	-	49
Net Position					
Net investment in capital assets	41,645	10,566	-	-	52,211
Restricted by bond resolutions	-	-	-	-	-
Restricted by contractual or statutory agreements	17,714	14,079	14,026	40,029	85,848
Unrestricted or (deficit)	(1,029)	(1,259)	-	-	(2,288)
Total net position	\$ 58,330	\$ 23,386	\$ 14,026	\$ 40,029	\$ 135,771

See accompanying notes to the financial statements.

Energy Programs	Section 8 Voucher Programs	Other Grants	COVID-19 Grants	Grant Programs Subtotal	Alaska Corporation for Affordable Housing	Total June 30, 2025
\$ 741	\$ 3,073	\$ -	\$ 10,989	\$ 14,803	\$ 6,499	\$ 53,250
-	-	-	-	-	-	3,063
-	-	-	-	-	3,264	3,325
-	-	-	-	-	1,262	1,395
(1,258)	(2,800)	(12,607)	25,023	8,358	(141)	4,350
-	-	32	-	32	-	1,547
604	692	6,360	6,411	14,067	4,724	20,368
2,367	1,804	8,744	44	12,959	-	14,919
2,454	2,769	2,529	42,467	50,219	15,608	102,217
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	1,423	-	1,423	(1,423)	-
-	-	943	-	943	23,050	72,971
-	1,832	-	-	1,832	4,740	19,981
-	6,187	-	-	6,187	-	44,989
-	245	-	-	245	1	266
-	-	-	-	-	-	-
-	8,264	2,366	-	10,630	26,368	138,207
2,454	11,033	4,895	42,467	60,849	41,976	240,424
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	399	-	41,835	42,234	812	44,300
-	-	-	-	-	-	508
-	399	-	41,835	42,234	812	44,808
-	-	-	-	-	-	-
-	238	-	-	238	187	442
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	238	-	-	238	187	442
-	637	-	41,835	42,472	999	45,250
-	-	-	-	-	3,043	3,092
-	8,019	-	-	8,019	4,740	64,970
-	-	-	-	-	-	-
4,608	10,377	8,310	10,222	33,517	33,228	152,593
(2,154)	(8,000)	(3,415)	(9,590)	(23,159)	(34)	(25,481)
\$ 2,454	\$ 10,396	\$ 4,895	\$ 632	\$ 18,377	\$ 37,934	\$ 192,082

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

COMBINED - ALL FUNDS

For the Year Ended June 30, 2025

(in thousands of dollars)

	Administrative Fund	Combined Home Mortgage Revenue Bonds	Combined General Mortgage Revenue Bonds	Combined Collateralized Veterans Mortgage Bonds	Combined Governmental Purpose Bonds
Operating Revenues					
Mortgage and loan revenue	\$ 13,463	\$ 24,225	\$ 47,133	\$ 11,367	\$ 4,532
Investment interest	19,154	1,828	2,903	520	586
Net change in the fair value of investments	(441)	627	619	120	323
Total investment revenue	18,713	2,455	3,522	640	909
Grant revenue	33	-	-	-	-
Housing rental subsidies	-	-	-	-	-
Rental revenue	11	-	-	-	-
Gain (loss) on disposal of capital assets	1,388	-	-	-	-
Other revenue	2,383	-	-	-	-
Total operating revenues	35,991	26,680	50,655	12,007	5,441
Operating expenses					
Interest	1,214	14,040	27,770	5,871	2,246
Mortgage and loan costs	4,030	2,220	3,414	626	482
Bond financing expenses	649	1,535	1,085	414	196
Provision for loan loss	892	(158)	952	861	(52)
Operations and administration	23,728	1,000	1,684	211	241
Rental housing operating expenses	-	-	-	-	-
Grant expense	37	-	-	-	-
Total operating expenses	30,550	18,637	34,905	7,983	3,113
Operating income (loss)	5,441	8,043	15,750	4,024	2,328
Non-operating expenses and transfers					
Contributions to State of Alaska or State agencies	(3,324)	-	-	-	-
Interfund receipts (payments) for operations	(189,227)	(3,198)	1,657	21,425	73
Change in net position	(187,110)	4,845	17,407	25,449	2,401
Net position at beginning of year	679,551	238,566	200,431	47,474	123,046
Net position at end of period	\$ 492,441	\$ 243,411	\$ 217,838	\$ 72,923	\$ 125,447

See accompanying notes to the financial statements.

Combined State Capital Project Bonds	Combined Other Programs	Total June 30, 2025
\$ 74,071	\$ 2,230	\$ 177,021
6,866	1,457	33,314
1,705	-	2,953
<u>8,571</u>	<u>1,457</u>	<u>36,267</u>
-	143,572	143,605
-	13,408	13,408
-	12,256	12,267
-	(991)	397
-	5,692	8,075
<u>82,642</u>	<u>177,624</u>	<u>391,040</u>
48,839	-	99,980
4,081	139	14,992
1,842	-	5,721
3,585	4,033	10,113
1,730	37,465	66,059
-	16,778	16,778
-	127,644	127,681
<u>60,077</u>	<u>186,059</u>	<u>341,324</u>
<u>22,565</u>	<u>(8,435)</u>	<u>49,716</u>
-	-	(3,324)
138,154	31,116	-
<u>160,719</u>	<u>22,681</u>	<u>46,392</u>
194,367	169,401	1,652,836
<u>\$ 355,086</u>	<u>\$ 192,082</u>	<u>\$ 1,699,228</u>

ALASKA HOUSING FINANCE CORPORATION

Schedule 10

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**ADMINISTRATIVE FUND**

For the Year Ended June 30, 2025

(in thousands of dollars)

	<u>Administrative Fund</u>	<u>Total June 30, 2025</u>
Operating Revenues		
Mortgage and loan revenue	\$ 13,463	\$ 13,463
Investment interest	19,154	19,154
Net change in the fair value of investments	(441)	(441)
Total investment revenue	<u>18,713</u>	<u>18,713</u>
Grant revenue	33	33
Housing rental subsidies	-	-
Rental revenue	11	11
Gain (loss) on disposal of capital assets	1,388	1,388
Other revenue	2,383	2,383
Total operating revenues	<u>35,991</u>	<u>35,991</u>
Operating expenses		
Interest	1,214	1,214
Mortgage and loan costs	4,030	4,030
Bond financing expenses	649	649
Provision for loan loss	892	892
Operations and administration	23,728	23,728
Rental housing operating expenses	-	-
Grant expense	37	37
Total operating expenses	<u>30,550</u>	<u>30,550</u>
Operating income (loss)	<u>5,441</u>	<u>5,441</u>
Non-operating expenses and transfers		
Contributions to State of Alaska or State agencies	(3,324)	(3,324)
Interfund receipts (payments) for operations	<u>(189,227)</u>	<u>(189,227)</u>
Change in net position	(187,110)	(187,110)
Net position at beginning of year	<u>679,551</u>	<u>679,551</u>
Net position at end of period	<u>\$ 492,441</u>	<u>\$ 492,441</u>

See accompanying notes to the financial statements.

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ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

HOME MORTGAGE REVENUE BONDS

For the Year Ended June 30, 2025

(in thousands of dollars)

	Home Mortgage Revenue Bonds 2002 A	Home Mortgage Revenue Bonds 2007 A	Home Mortgage Revenue Bonds 2007 B	Home Mortgage Revenue Bonds 2007 D	Home Mortgage Revenue Bonds 2009 A
Operating Revenues					
Mortgage and loan revenue	\$ 2,723	\$ 2,406	\$ 2,325	\$ 3,178	\$ 3,753
Investment interest	192	121	130	152	233
Net change in the fair value of investments	89	47	40	66	90
Total investment revenue	281	168	170	218	323
Grant revenue	-	-	-	-	-
Housing rental subsidies	-	-	-	-	-
Rental revenue	-	-	-	-	-
Gain (loss) on disposal of capital assets	-	-	-	-	-
Other revenue	-	-	-	-	-
Total operating revenues	3,004	2,574	2,495	3,396	4,076
Operating expenses					
Interest	719	2,012	2,028	2,406	2,286
Mortgage and loan costs	243	220	206	306	353
Bond financing expenses	82	214	192	253	278
Provision for loan loss	(16)	(28)	(19)	(13)	(12)
Operations and administration	145	104	95	126	144
Rental housing operating expenses	-	-	-	-	-
Grant expense	-	-	-	-	-
Total operating expenses	1,173	2,522	2,502	3,078	3,049
Operating income (loss)	1,831	52	(7)	318	1,027
Non-operating expenses and transfers					
Contributions to State of Alaska or State agencies	-	-	-	-	-
Interfund receipts (payments) for operations	(768)	465	433	553	598
Change in net position	1,063	517	426	871	1,625
Net position at beginning of year	42,424	2,072	87	14,421	37,019
Net position at end of period	\$ 43,487	\$ 2,589	\$ 513	\$ 15,292	\$ 38,644

See accompanying notes to the financial statements.

Home Mortgage Revenue Bonds 2009 B	Home Mortgage Revenue Bonds 2009 D	Total June 30, 2025
\$ 4,036	\$ 5,804	\$ 24,225
218	782	1,828
95	200	627
313	982	2,455
-	-	-
-	-	-
-	-	-
-	-	-
4,349	6,786	26,680
2,305	2,284	14,040
361	531	2,220
267	249	1,535
(25)	(45)	(158)
149	237	1,000
-	-	-
-	-	-
3,057	3,256	18,637
1,292	3,530	8,043
-	-	-
592	(5,071)	(3,198)
1,884	(1,541)	4,845
43,585	98,958	238,566
\$ 45,469	\$ 97,417	\$ 243,411

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

GENERAL MORTGAGE REVENUE BONDS

For the Year Ended June 30, 2025

(in thousands of dollars)

	General Mortgage Revenue Bonds II 2016 A	General Mortgage Revenue Bonds II 2018 A & B	General Mortgage Revenue Bonds II 2019 A & B	General Mortgage Revenue Bonds II 2020 A & B	General Mortgage Revenue Bonds II 2022 A & B
Operating Revenues					
Mortgage and loan revenue	\$ 1,702	\$ 5,124	\$ 4,311	\$ 7,005	\$ 5,911
Investment interest	101	252	266	1,197	372
Net change in the fair value of investments	(1)	23	52	328	109
Total investment revenue	100	275	318	1,525	481
Grant revenue	-	-	-	-	-
Housing rental subsidies	-	-	-	-	-
Rental revenue	-	-	-	-	-
Gain (loss) on disposal of capital assets	-	-	-	-	-
Other revenue	-	-	-	-	-
Total operating revenues	1,802	5,399	4,629	8,530	6,392
Operating expenses					
Interest	775	1,596	2,414	3,148	2,449
Mortgage and loan costs	183	335	389	690	590
Bond financing expenses	2	3	6	13	202
Provision for loan loss	(54)	(28)	(27)	(43)	56
Operations and administration	117	165	237	385	241
Rental housing operating expenses	-	-	-	-	-
Grant expense	-	-	-	-	-
Total operating expenses	1,023	2,071	3,019	4,193	3,538
Operating income (loss)	779	3,328	1,610	4,337	2,854
Non-operating expenses and transfers					
Contributions to State of Alaska or State agencies	-	-	-	-	-
Interfund receipts (payments) for operations	695	534	84	(1,102)	249
Change in net position	1,474	3,862	1,694	3,235	3,103
Net position at beginning of year	21,364	42,755	14,990	59,773	46,817
Net position at end of period	\$ 22,838	\$ 46,617	\$ 16,684	\$ 63,008	\$ 49,920

See accompanying notes to the financial statements.

General Mortgage Revenue Bonds II 2022 C	General Mortgage Revenue Bonds II 2024 A,B & C	General Mortgage Revenue Bonds II 2025 A	Total June 30, 2025
\$ 4,103	\$ 15,689	\$ 3,288	\$ 47,133
128	553	34	2,903
(1)	109	-	619
127	662	34	3,522
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
4,230	16,351	3,322	50,655
3,609	11,993	1,786	27,770
269	808	150	3,414
9	44	806	1,085
(57)	(11)	1,116	952
150	310	79	1,684
-	-	-	-
-	-	-	-
3,980	13,144	3,937	34,905
250	3,207	(615)	15,750
-	-	-	-
288	319	590	1,657
538	3,526	(25)	17,407
(373)	15,105	-	200,431
\$ 165	\$ 18,631	\$ (25)	\$ 217,838

ALASKA HOUSING FINANCE CORPORATION
Schedule 13

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
COLLATERALIZED VETERANS MORTGAGE BONDS

For the Year Ended June 30, 2025

(in thousands of dollars)

	Collateralized Bonds, 2016 1st & 2nd Series	Collateralized Bonds, 2019 1st & 2nd Series	Collateralized Bonds, 2023 1st Series	Collateralized Bonds, 2024 1st Series	Total June 30, 2025
Operating Revenues					
Mortgage and loan revenue	\$ 896	\$ 3,367	\$ 2,396	\$ 4,708	\$ 11,367
Investment interest	79	225	109	107	520
Net change in the fair value of investments	1	96	8	15	120
Total investment revenue	80	321	117	122	640
Grant revenue	-	-	-	-	-
Housing rental subsidies	-	-	-	-	-
Rental revenue	-	-	-	-	-
Gain (loss) on disposal of capital assets	-	-	-	-	-
Other revenue	-	-	-	-	-
Total operating revenues	976	3,688	2,513	4,830	12,007
Operating expenses					
Interest	582	248	2,117	2,924	5,871
Mortgage and loan costs	79	228	125	194	626
Bond financing expenses	1	2	(1)	412	414
Provision for loan loss	(21)	175	(14)	721	861
Operations and administration	33	82	40	56	211
Rental housing operating expenses	-	-	-	-	-
Grant expense	-	-	-	-	-
Total operating expenses	674	735	2,267	4,307	7,983
Operating income (loss)	302	2,953	246	523	4,024
Non-operating expenses and transfers					
Contributions to State of Alaska or State agencies	-	-	-	-	-
Interfund receipts (payments) for operations	34	21,639	(718)	470	21,425
Change in net position	336	24,592	(472)	993	25,449
Net position at beginning of year	5,979	41,273	222	-	47,474
Net position at end of period	\$ 6,315	\$ 65,865	\$ (250)	\$ 993	\$ 72,923

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

Schedule 14

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**GOVERNMENTAL PURPOSE BONDS**

For the Year Ended June 30, 2025

(in thousands of dollars)

	Governmental Purpose Bonds 2001 A & B	Total June 30, 2025
Operating Revenues		
Mortgage and loan revenue	\$ 4,532	\$ 4,532
Investment interest	586	586
Net change in the fair value of investments	323	323
Total investment revenue	<u>909</u>	<u>909</u>
Grant revenue	-	-
Housing rental subsidies	-	-
Rental revenue	-	-
Gain (loss) on disposal of capital assets	-	-
Other revenue	-	-
Total operating revenues	<u>5,441</u>	<u>5,441</u>
Operating expenses		
Interest	2,246	2,246
Mortgage and loan costs	482	482
Bond financing expenses	196	196
Provision for loan loss	(52)	(52)
Operations and administration	241	241
Rental housing operating expenses	-	-
Grant expense	-	-
Total operating expenses	<u>3,113</u>	<u>3,113</u>
Operating income (loss)	<u>2,328</u>	<u>2,328</u>
Non-operating expenses and transfers		
Contributions to State of Alaska or State agencies	-	-
Interfund receipts (payments) for operations	73	73
Change in net position	<u>2,401</u>	<u>2,401</u>
Net position at beginning of year	<u>123,046</u>	<u>123,046</u>
Net position at end of period	<u>\$ 125,447</u>	<u>\$ 125,447</u>

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION

Schedule 15

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

STATE CAPITAL PROJECT BONDS

For the Year Ended June 30, 2025

(in thousands of dollars)

	State Capital Project Bonds II	Total June 30, 2025
Operating Revenues		
Mortgage and loan revenue	\$ 74,071	\$ 74,071
Investment interest	6,866	6,866
Net change in the fair value of investments	1,705	1,705
Total investment revenue	<u>8,571</u>	<u>8,571</u>
Grant revenue	-	-
Housing rental subsidies	-	-
Rental revenue	-	-
Gain (loss) on disposal of capital assets	-	-
Other revenue	-	-
Total operating revenues	<u>82,642</u>	<u>82,642</u>
Operating expenses		
Interest	48,839	48,839
Mortgage and loan costs	4,081	4,081
Bond financing expenses	1,842	1,842
Provision for loan loss	3,585	3,585
Operations and administration	1,730	1,730
Rental housing operating expenses	-	-
Grant expense	-	-
Total operating expenses	<u>60,077</u>	<u>60,077</u>
Operating income (loss)	<u>22,565</u>	<u>22,565</u>
Non-operating expenses and transfers		
Contributions to State of Alaska or State agencies	-	-
Interfund receipts (payments) for operations	138,154	138,154
Change in net position	160,719	160,719
Net position at beginning of year	194,367	194,367
Net position at end of period	<u>\$ 355,086</u>	<u>\$ 355,086</u>

See accompanying notes to the financial statements.

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ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

OTHER PROGRAM FUNDS

For the Year Ended June 30, 2025

(in thousands of dollars)

	Low Rent Program	Market Rate Rental Housing Program	Home Ownership Fund	Senior Housing Revolving Loan Fund	Other Funds or Programs Subtotal
Operating Revenues					
Mortgage and loan revenue	\$ -	\$ -	\$ 224	\$ 1,421	\$ 1,645
Investment interest	317	292	30	182	821
Net change in the fair value of investments	-	-	-	-	-
Total investment revenue	317	292	30	182	821
Grant revenue	7,813	-	-	-	7,813
Housing rental subsidies	10,868	2,540	-	-	13,408
Rental revenue	9,814	2,442	-	-	12,256
Gain (loss) on disposal of capital assets	(959)	-	-	-	(959)
Other revenue	24	-	-	-	24
Total operating revenues	27,877	5,274	254	1,603	35,008
Operating expenses					
Interest	-	-	-	-	-
Mortgage and loan costs	-	-	26	113	139
Bond financing expenses	-	-	-	-	-
Provision for loan loss	-	-	7	26	33
Operations and administration	15,301	3,458	19	51	18,829
Rental housing operating expenses	14,029	2,630	-	-	16,659
Grant expense	-	-	-	-	-
Total operating expenses	29,330	6,088	52	190	35,660
Operating income (loss)	(1,453)	(814)	202	1,413	(652)
Non-operating expenses and transfers					
Contributions to State of Alaska or State agencies	-	-	-	-	-
Interfund receipts (payments) for operations	2,573	1,146	1	51	3,771
Change in net position	1,120	332	203	1,464	3,119
Net position at beginning of year	57,210	23,054	13,823	38,565	132,652
Net position at end of period	\$ 58,330	\$ 23,386	\$ 14,026	\$ 40,029	\$ 135,771

See accompanying notes to the financial statements.

Energy Programs	Section 8 Voucher Programs	Other Grants	COVID-19 Grants	Grant Programs Subtotal	Alaska Corporation for Affordable Housing	Total June 30, 2025
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 585	\$ 2,230
28	1	-	397	426	210	1,457
-	-	-	-	-	-	-
28	1	-	397	426	210	1,457
7,211	71,164	16,946	33,246	128,567	7,192	143,572
-	-	-	-	-	-	13,408
-	-	-	-	-	-	12,256
-	(13)	-	-	(13)	(19)	(991)
1	72	720	-	793	4,875	5,692
7,240	71,224	17,666	33,643	129,773	12,843	177,624
-	-	-	-	-	-	-
-	-	-	-	-	-	139
-	-	-	-	-	-	-
-	-	(11)	-	(11)	4,011	4,033
4,017	8,629	4,052	1,528	18,226	410	37,465
-	107	-	-	107	12	16,778
8,336	45,770	37,216	31,718	123,040	4,604	127,644
12,353	54,506	41,257	33,246	141,362	9,037	186,059
(5,113)	16,718	(23,591)	397	(11,589)	3,806	(8,435)
-	-	-	-	-	-	-
4,630	601	21,052	-	26,283	1,062	31,116
(483)	17,319	(2,539)	397	14,694	4,868	22,681
2,937	(6,923)	7,434	235	3,683	33,066	169,401
\$ 2,454	\$ 10,396	\$ 4,895	\$ 632	\$ 18,377	\$ 37,934	\$ 192,082

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

COMBINED - ALL FUNDS

For the Year Ended June 30, 2025

(in thousands of dollars)

	Administrative Fund	Combined Home Mortgage Revenue Bonds	Combined General Mortgage Revenue Bonds	Combined Collateralized Veterans Mortgage Bonds	Combined Governmental Purpose Bonds
Cash Flows					
Operating activities					
Interest income on mortgages and loans	\$ 15,055	\$ 21,865	\$ 42,590	\$ 9,928	\$ 4,020
Principal receipts on mortgages and loans	14,910	55,786	82,464	20,201	14,810
Disbursements to fund mortgages and loans	(651,748)	-	-	-	-
Receipts (payments) for interfund loan transfers	470,404	(42,638)	(177,749)	(84,273)	(10,353)
Mortgage and loan proceeds receipts	480,934	-	-	-	-
Mortgage and loan proceeds paid to trust funds	(471,967)	-	-	-	-
Payroll-related disbursements	(25,366)	-	-	-	-
Payments for goods and services	(9,508)	-	-	-	-
Receipts from externally funded programs	33	-	-	-	-
Receipts from Federal HAP subsidies	-	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-	-
Interfund receipts (payments)	(46,174)	-	-	-	-
Grant payments to other agencies	(5)	-	-	-	-
Other operating cash receipts (payments)	2,385	-	-	-	-
Net cash receipts (disbursements)	(221,047)	35,013	(52,695)	(54,144)	8,477
Non-capital financing activities					
Proceeds from bond issuance	-	-	113,119	74,674	-
Principal paid on bonds	-	(18,185)	(40,825)	(4,755)	(7,735)
Payment of bond issuance costs	-	-	(765)	(408)	-
Interest paid on bonds	-	(13,664)	(36,867)	(5,716)	(1,918)
Proceeds from short-term debt issuance	142,522	-	-	-	-
Payment of short term debt	(62,181)	-	-	-	-
Contributions to State of Alaska or State agencies	(3,324)	-	-	-	-
Transfers from (to) other funds	99,105	(5,549)	(425)	(1,531)	-
Net cash receipts (disbursements)	176,122	(37,398)	34,237	62,264	(9,653)
Capital financing activities					
Acquisition of capital assets	(48)	-	-	-	-
Proceeds from the disposal of capital assets	1,400	-	-	-	-
Proceeds from direct financing leases	-	-	-	-	-
Net cash receipts (disbursements)	1,352	-	-	-	-
Investing activities					
Purchase of investments	(3,540,441)	(121,361)	(279,331)	(49,670)	(44,746)
Proceeds from maturity of investments	3,547,919	121,969	295,412	41,037	45,308
Interest received from investments	19,629	1,775	2,251	513	614
Net cash receipts (disbursements)	27,107	2,383	18,332	(8,120)	1,176
Net Increase (decrease) in cash	(16,466)	(2)	(126)	-	-
Cash at beginning of year	34,775	2	126	-	-
Cash at end of period	\$ 18,309	\$ -	\$ -	\$ -	\$ -

Combined State Capital Project Bonds	Combined Other Programs	Total June 30, 2025
\$ 67,309	\$ 1,475	\$ 162,242
114,769	4,569	307,509
-	-	(651,748)
(147,791)	(7,600)	-
-	-	480,934
-	-	(471,967)
-	(19,285)	(44,651)
-	(27,768)	(37,276)
-	73,382	73,415
-	37,785	37,785
-	(43,777)	(43,777)
-	46,176	2
-	(75,287)	(75,292)
1	22,044	24,430
34,288	11,714	(238,394)
143,264	-	331,057
(58,345)	-	(129,845)
(574)	-	(1,747)
(54,430)	-	(112,595)
-	-	142,522
-	-	(62,181)
-	-	(3,324)
(91,600)	-	-
(61,685)	-	163,887
-	(14,963)	(15,011)
-	12	1,412
3,304	-	3,304
3,304	(14,951)	(10,295)
(600,073)	(6,090)	(4,641,712)
621,369	7,428	4,680,442
2,798	1,639	29,219
24,094	2,977	67,949
1	(260)	(16,853)
195	53,510	88,608
\$ 196	\$ 53,250	\$ 71,755

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

COMBINED - ALL FUNDS

For the Year Ended June 30, 2025

(in thousands of dollars)

	Administrative Fund	Combined Home Mortgage Revenue Bonds	Combined General Mortgage Revenue Bonds	Combined Collateralized Veterans Mortgage Bonds	Combined Governmental Purpose Bonds
Reconciliation					
Operating income (loss) to net cash					
Operating income (loss)	\$ 5,441	\$ 8,043	\$ 15,750	\$ 4,024	\$ 2,328
<i>Adjustments:</i>					
Depreciation expense	1,029	-	-	-	-
Provision for loan loss	892	(158)	952	861	(52)
Loss on disposal of capital assets	-	-	-	-	-
Net change in the fair value of investments	441	(627)	(619)	(120)	(323)
Interfund receipts (payments) for operations	(189,227)	(3,198)	1,657	21,425	73
Interest received from investments	(19,629)	(1,775)	(2,251)	(513)	(614)
Interest paid on bonds and capital notes	-	13,664	36,867	5,716	1,918
<i>Change in assets, liabilities and deferred resources:</i>					
Net (increase) decrease in mortgages and loans	57,724	15,665	(94,250)	(85,113)	5,176
Net increase (decrease) in assets, liabilities, and deferred resources	(77,718)	3,399	(10,801)	(424)	(29)
Net operating cash receipts (disbursements)	\$ (221,047)	\$ 35,013	\$ (52,695)	\$ (54,144)	\$ 8,477

See accompanying notes to the financial statements.

Combined State Capital Project Bonds	Combined Other Programs	Total June 30, 2025
\$ 22,565	\$ (8,435)	\$ 49,716
-	5,346	6,375
3,585	4,033	10,113
-	19	19
(1,705)	-	(2,953)
138,154	31,116	-
(2,798)	(1,639)	(29,219)
54,430	-	112,595
(220,304)	(6,620)	(327,722)
40,361	(12,106)	(57,318)
\$ 34,288	\$ 11,714	\$ (238,394)

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

ADMINISTRATIVE FUND

For the Year Ended June 30, 2025

(in thousands of dollars)

	<u>Administrative Fund</u>	<u>Total June 30, 2025</u>
Cash Flows		
Operating activities		
Interest income on mortgages and loans	\$ 15,055	\$ 15,055
Principal receipts on mortgages and loans	14,910	14,910
Disbursements to fund mortgages and loans	(651,748)	(651,748)
Receipts (payments) for interfund loan transfers	470,404	470,404
Mortgage and loan proceeds receipts	480,934	480,934
Mortgage and loan proceeds paid to trust funds	(471,967)	(471,967)
Payroll-related disbursements	(25,366)	(25,366)
Payments for goods and services	(9,508)	(9,508)
Receipts from externally funded programs	33	33
Receipts from Federal HAP subsidies	-	-
Payments for Federal HAP subsidies	-	-
Interfund receipts (payments)	(46,174)	(46,174)
Grant payments to other agencies	(5)	(5)
Other operating cash receipts (payments)	2,385	2,385
Net cash receipts (disbursements)	<u>(221,047)</u>	<u>(221,047)</u>
Non-capital financing activities		
Proceeds from bond issuance	-	-
Principal paid on bonds	-	-
Payment of bond issuance costs	-	-
Interest paid on bonds	-	-
Proceeds from short-term debt issuance	142,522	142,522
Payment of short term debt	(62,181)	(62,181)
Contributions to State of Alaska or State agencies	(3,324)	(3,324)
Transfers from (to) other funds	99,105	99,105
Net cash receipts (disbursements)	<u>176,122</u>	<u>176,122</u>
Capital financing activities		
Acquisition of capital assets	(48)	(48)
Proceeds from the disposal of capital assets	1,400	1,400
Proceeds from direct financing leases	-	-
Net cash receipts (disbursements)	<u>1,352</u>	<u>1,352</u>
Investing activities		
Purchase of investments	(3,540,441)	(3,540,441)
Proceeds from maturity of investments	3,547,919	3,547,919
Interest received from investments	19,629	19,629
Net cash receipts (disbursements)	<u>27,107</u>	<u>27,107</u>
Net Increase (decrease) in cash	(16,466)	(16,466)
Cash at beginning of year	34,775	34,775
Cash at end of period	<u>\$ 18,309</u>	<u>\$ 18,309</u>

	<u>Administrative Fund</u>	<u>Total June 30, 2025</u>
Reconciliation		
Operating income (loss) to net cash		
Operating income (loss)	\$ 5,441	\$ 5,441
<i>Adjustments:</i>		
Depreciation expense	1,029	1,029
Provision for loan loss	892	892
Loss on disposal of capital assets	-	-
Net change in the fair value of investments	441	441
Interfund receipts (payments) for operations	(189,227)	(189,227)
Interest received from investments	(19,629)	(19,629)
Interest paid on bonds and capital notes	-	-
<i>Change in assets, liabilities and deferred resources:</i>		
Net (increase) decrease in mortgages and loans	57,724	57,724
Net increase (decrease) in assets, liabilities, and deferred resources	(77,718)	(77,718)
Net operating cash receipts (disbursements)	<u>\$ (221,047)</u>	<u>\$ (221,047)</u>

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

HOME MORTGAGE REVENUE BONDS

For the Year Ended June 30, 2025

(in thousands of dollars)

	Home Mortgage Revenue Bonds 2002 A	Home Mortgage Revenue Bonds 2007 A	Home Mortgage Revenue Bonds 2007 B	Home Mortgage Revenue Bonds 2007 D	Home Mortgage Revenue Bonds 2009 A
Cash Flows					
Operating activities					
Interest income on mortgages and loans	\$ 2,454	\$ 2,171	\$ 2,093	\$ 2,857	\$ 3,367
Principal receipts on mortgages and loans	8,136	5,316	5,010	5,099	9,246
Disbursements to fund mortgages and loans	-	-	-	-	-
Receipts (payments) for interfund loan transfers	(6,550)	(3,041)	(3,288)	(4,201)	(8,562)
Mortgage and loan proceeds receipts	-	-	-	-	-
Mortgage and loan proceeds paid to trust funds	-	-	-	-	-
Payroll-related disbursements	-	-	-	-	-
Payments for goods and services	-	-	-	-	-
Receipts from externally funded programs	-	-	-	-	-
Receipts from Federal HAP subsidies	-	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-	-
Interfund receipts (payments)	-	-	-	-	-
Grant payments to other agencies	-	-	-	-	-
Other operating cash receipts (payments)	-	-	-	-	-
Net cash receipts (disbursements)	4,040	4,446	3,815	3,755	4,051
Non-capital financing activities					
Proceeds from bond issuance	-	-	-	-	-
Principal paid on bonds	(2,555)	(2,255)	(2,255)	(2,695)	(2,810)
Payment of bond issuance costs	-	-	-	-	-
Interest paid on bonds	(554)	(1,968)	(1,981)	(2,350)	(2,266)
Proceeds from short-term debt issuance	-	-	-	-	-
Payment of short term debt	-	-	-	-	-
Contributions to State of Alaska or State agencies	-	-	-	-	-
Transfers from (to) other funds	(996)	147	147	175	176
Net cash receipts (disbursements)	(4,105)	(4,076)	(4,089)	(4,870)	(4,900)
Capital financing activities					
Acquisition of capital assets	-	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-	-
Proceeds from direct financing leases	-	-	-	-	-
Net cash receipts (disbursements)	-	-	-	-	-
Investing activities					
Purchase of investments	(17,531)	(10,411)	(9,415)	(12,734)	(18,558)
Proceeds from maturity of investments	17,407	9,929	9,564	13,704	19,186
Interest received from investments	189	112	125	145	221
Net cash receipts (disbursements)	65	(370)	274	1,115	849
Net Increase (decrease) in cash	-	-	-	-	-
Cash at beginning of year	-	-	-	-	-
Cash at end of period	\$ -	\$ -	\$ -	\$ -	\$ -

Home Mortgage Revenue Bonds 2009 B	Home Mortgage Revenue Bonds 2009 D	Total June 30, 2025
\$ 3,677	\$ 5,246	\$ 21,865
9,224	13,755	55,786
-	-	-
(7,388)	(9,608)	(42,638)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
5,513	9,393	35,013
-	-	-
(2,810)	(2,805)	(18,185)
-	-	-
(2,283)	(2,262)	(13,664)
-	-	-
-	-	-
-	-	-
176	(5,374)	(5,549)
(4,917)	(10,441)	(37,398)
-	-	-
-	-	-
-	-	-
-	-	-
(19,588)	(33,124)	(121,361)
18,785	33,394	121,969
207	776	1,775
(596)	1,046	2,383
-	(2)	(2)
-	2	2
\$ -	\$ -	\$ -

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS**HOME MORTGAGE REVENUE BONDS**

For the Year Ended June 30, 2025

(in thousands of dollars)

	Home Mortgage Revenue Bonds 2002 A	Home Mortgage Revenue Bonds 2007 A	Home Mortgage Revenue Bonds 2007 B	Home Mortgage Revenue Bonds 2007 D	Home Mortgage Revenue Bonds 2009 A
Reconciliation					
Operating income (loss) to net cash					
Operating income (loss)	\$ 1,831	\$ 52	\$ (7)	\$ 318	\$ 1,027
<i>Adjustments:</i>					
Depreciation expense	-	-	-	-	-
Provision for loan loss	(16)	(28)	(19)	(13)	(12)
Loss on disposal of capital assets	-	-	-	-	-
Net change in the fair value of investments	(89)	(47)	(40)	(66)	(90)
Interfund receipts (payments) for operations	(768)	465	433	553	598
Interest received from investments	(189)	(112)	(125)	(145)	(221)
Interest paid on bonds and capital notes	554	1,968	1,981	2,350	2,266
<i>Change in assets, liabilities and deferred resources:</i>					
Net (increase) decrease in mortgages and loans	1,597	2,810	1,847	1,268	1,182
Net increase (decrease) in assets, liabilities, and deferred resources	1,120	(662)	(255)	(510)	(699)
Net operating cash receipts (disbursements)	\$ 4,040	\$ 4,446	\$ 3,815	\$ 3,755	\$ 4,051

See accompanying notes to the financial statements.

Home Mortgage Revenue Bonds 2009 B	Home Mortgage Revenue Bonds 2009 D	Total June 30, 2025
\$ 1,292	\$ 3,530	\$ 8,043
-	-	-
(25)	(45)	(158)
-	-	-
(95)	(200)	(627)
592	(5,071)	(3,198)
(207)	(776)	(1,775)
2,283	2,262	13,664
2,522	4,439	15,665
(849)	5,254	3,399
<u>\$ 5,513</u>	<u>\$ 9,393</u>	<u>\$ 35,013</u>

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

GENERAL MORTGAGE REVENUE BONDS

For the Year Ended June 30, 2025

(in thousands of dollars)

	General Mortgage Revenue Bonds II 2016 A	General Mortgage Revenue Bonds II 2018 A & B	General Mortgage Revenue Bonds II 2019 A & B	General Mortgage Revenue Bonds II 2020 A & B	General Mortgage Revenue Bonds II 2022 A & B
Cash Flows					
Operating activities					
Interest income on mortgages and loans	\$ 1,542	\$ 4,817	\$ 3,904	\$ 6,280	\$ 5,278
Principal receipts on mortgages and loans	5,301	9,516	10,770	18,171	15,008
Disbursements to fund mortgages and loans	-	-	-	-	-
Receipts (payments) for interfund loan transfers	(37)	(6,701)	(8,491)	(14,073)	(19,619)
Mortgage and loan proceeds receipts	-	-	-	-	-
Mortgage and loan proceeds paid to trust funds	-	-	-	-	-
Payroll-related disbursements	-	-	-	-	-
Payments for goods and services	-	-	-	-	-
Receipts from externally funded programs	-	-	-	-	-
Receipts from Federal HAP subsidies	-	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-	-
Interfund receipts (payments)	-	-	-	-	-
Grant payments to other agencies	-	-	-	-	-
Other operating cash receipts (payments)	-	-	-	-	-
Net cash receipts (disbursements)	6,806	7,632	6,183	10,378	667
Non-capital financing activities					
Proceeds from bond issuance	-	-	-	-	-
Principal paid on bonds	(6,005)	(5,995)	(5,865)	(9,340)	(2,845)
Payment of bond issuance costs	-	-	-	-	-
Interest paid on bonds	(862)	(2,183)	(3,001)	(4,905)	(4,129)
Proceeds from short-term debt issuance	-	-	-	-	-
Payment of short term debt	-	-	-	-	-
Contributions to State of Alaska or State agencies	-	-	-	-	-
Transfers from (to) other funds	577	365	-	(1,500)	-
Net cash receipts (disbursements)	(6,290)	(7,813)	(8,866)	(15,745)	(6,974)
Capital financing activities					
Acquisition of capital assets	-	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-	-
Proceeds from direct financing leases	-	-	-	-	-
Net cash receipts (disbursements)	-	-	-	-	-
Investing activities					
Purchase of investments	(7,004)	(16,654)	(18,670)	(43,816)	(27,384)
Proceeds from maturity of investments	6,392	16,476	21,107	48,534	33,338
Interest received from investments	96	233	246	649	353
Net cash receipts (disbursements)	(516)	55	2,683	5,367	6,307
Net Increase (decrease) in cash	-	(126)	-	-	-
Cash at beginning of year	-	126	-	-	-
Cash at end of period	\$ -	\$ -	\$ -	\$ -	\$ -

General Mortgage Revenue Bonds II 2022 C	General Mortgage Revenue Bonds II 2024 A,B & C	General Mortgage Revenue Bonds II 2025 A	Total June 30, 2025
\$ 3,814	\$ 14,802	\$ 2,153	\$ 42,590
5,426	16,969	1,303	82,464
-	-	-	-
358	(15,516)	(113,670)	(177,749)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
9,598	16,255	(110,214)	(52,695)
-	-	113,119	113,119
(4,930)	(5,845)	-	(40,825)
-	-	(765)	(765)
(3,988)	(16,399)	(1,400)	(36,867)
-	-	-	-
-	-	-	-
-	-	-	-
133	-	-	(425)
(8,785)	(22,244)	110,954	34,237
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
(9,723)	(40,246)	(115,834)	(279,331)
8,786	45,711	115,068	295,412
124	524	26	2,251
(813)	5,989	(740)	18,332
-	-	-	(126)
-	-	-	126
\$ -	\$ -	\$ -	\$ -

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

GENERAL MORTGAGE REVENUE BONDS

For the Year Ended June 30, 2025

(in thousands of dollars)

	General Mortgage Revenue Bonds II 2016 A	General Mortgage Revenue Bonds II 2018 A & B	General Mortgage Revenue Bonds II 2019 A & B	General Mortgage Revenue Bonds II 2020 A & B	General Mortgage Revenue Bonds II 2022 A & B
Reconciliation					
Operating income (loss) to net cash					
Operating income (loss)	\$ 779	\$ 3,328	\$ 1,610	\$ 4,337	\$ 2,854
<i>Adjustments:</i>					
Depreciation expense	-	-	-	-	-
Provision for loan loss	(54)	(28)	(27)	(43)	56
Loss on disposal of capital assets	-	-	-	-	-
Net change in the fair value of investments	1	(23)	(52)	(328)	(109)
Interfund receipts (payments) for operations	695	534	84	(1,102)	249
Interest received from investments	(96)	(233)	(246)	(649)	(353)
Interest paid on bonds and capital notes	862	2,183	3,001	4,905	4,129
<i>Change in assets, liabilities and deferred resources:</i>					
Net (increase) decrease in mortgages and loans	5,327	2,778	2,697	4,210	(5,529)
Net increase (decrease) in assets, liabilities, and deferred resources	(708)	(907)	(884)	(952)	(630)
Net operating cash receipts (disbursements)	\$ 6,806	\$ 7,632	\$ 6,183	\$ 10,378	\$ 667

See accompanying notes to the financial statements.

General Mortgage Revenue Bonds II 2022 C	General Mortgage Revenue Bonds II 2024 A,B & C	General Mortgage Revenue Bonds II 2025 A	Total June 30, 2025
\$ 250	\$ 3,207	\$ (615)	\$ 15,750
-	-	-	-
(57)	(11)	1,116	952
-	-	-	-
1	(109)	-	(619)
288	319	590	1,657
(124)	(524)	(26)	(2,251)
3,988	16,399	1,400	36,867
5,673	1,115	(110,521)	(94,250)
(421)	(4,141)	(2,158)	(10,801)
\$ 9,598	\$ 16,255	\$ (110,214)	\$ (52,695)

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

COLLATERALIZED VETERANS MORTGAGE BONDS

For the Year Ended June 30, 2025

(in thousands of dollars)

	Collateralized Bonds, 2016 1st & 2nd Series	Collateralized Bonds, 2019 1st & 2nd Series	Collateralized Bonds, 2023 1st Series	Collateralized Bonds, 2024 1st Series	Total June 30, 2025
Cash Flows					
Operating activities					
Interest income on mortgages and loans	\$ 829	\$ 2,907	\$ 2,280	\$ 3,912	\$ 9,928
Principal receipts on mortgages and loans	3,688	5,232	5,440	5,841	20,201
Disbursements to fund mortgages and loans	-	-	-	-	-
Receipts (payments) for interfund loan transfers	(1,196)	83	(4,806)	(78,354)	(84,273)
Mortgage and loan proceeds receipts	-	-	-	-	-
Mortgage and loan proceeds paid to trust funds	-	-	-	-	-
Payroll-related disbursements	-	-	-	-	-
Payments for goods and services	-	-	-	-	-
Receipts from externally funded programs	-	-	-	-	-
Receipts from Federal HAP subsidies	-	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-	-
Interfund receipts (payments)	-	-	-	-	-
Grant payments to other agencies	-	-	-	-	-
Other operating cash receipts (payments)	-	-	-	-	-
Net cash receipts (disbursements)	3,321	8,222	2,914	(68,601)	(54,144)
Non-capital financing activities					
Proceeds from bond issuance	-	-	-	74,674	74,674
Principal paid on bonds	(2,110)	(2,645)	-	-	(4,755)
Payment of bond issuance costs	-	-	-	(408)	(408)
Interest paid on bonds	(586)	(375)	(2,117)	(2,638)	(5,716)
Proceeds from short-term debt issuance	-	-	-	-	-
Payment of short term debt	-	-	-	-	-
Contributions to State of Alaska or State agencies	-	-	-	-	-
Transfers from (to) other funds	-	(1,820)	-	289	(1,531)
Net cash receipts (disbursements)	(2,696)	(4,840)	(2,117)	71,917	62,264
Capital financing activities					
Acquisition of capital assets	-	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-	-
Proceeds from direct financing leases	-	-	-	-	-
Net cash receipts (disbursements)	-	-	-	-	-
Investing activities					
Purchase of investments	(4,792)	(15,040)	(12,961)	(16,877)	(49,670)
Proceeds from maturity of investments	4,089	11,430	12,056	13,462	41,037
Interest received from investments	78	228	108	99	513
Net cash receipts (disbursements)	(625)	(3,382)	(797)	(3,316)	(8,120)
Net Increase (decrease) in cash	-	-	-	-	-
Cash at beginning of year	-	-	-	-	-
Cash at end of period	\$ -	\$ -	\$ -	\$ -	\$ -

	Collateralized Bonds, 2016 1st & 2nd Series	Collateralized Bonds, 2019 1st & 2nd Series	Collateralized Bonds, 2023 1st Series	Collateralized Bonds, 2024 1st Series	Total June 30, 2025
Reconciliation					
Operating income (loss) to net cash					
Operating income (loss)	\$ 302	\$ 2,953	\$ 246	\$ 523	\$ 4,024
<i>Adjustments:</i>					
Depreciation expense	-	-	-	-	-
Provision for loan loss	(21)	175	(14)	721	861
Loss on disposal of capital assets	-	-	-	-	-
Net change in the fair value of investments	(1)	(96)	(8)	(15)	(120)
Interfund receipts (payments) for operations	34	21,639	(718)	470	21,425
Interest received from investments	(78)	(228)	(108)	(99)	(513)
Interest paid on bonds and capital notes	586	375	2,117	2,638	5,716
<i>Change in assets, liabilities and deferred resources:</i>					
Net (increase) decrease in mortgages and loans	2,105	(17,303)	1,424	(71,339)	(85,113)
Net increase (decrease) in assets, liabilities, and deferred resources	394	707	(25)	(1,500)	(424)
Net operating cash receipts (disbursements)	\$ 3,321	\$ 8,222	\$ 2,914	\$ (68,601)	\$ (54,144)

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

GOVERNMENTAL PURPOSE BONDS

For the Year Ended June 30, 2025

(in thousands of dollars)

	Governmental Purpose Bonds 2001 A & B	Total June 30, 2025
Cash Flows		
Operating activities		
Interest income on mortgages and loans	\$ 4,020	\$ 4,020
Principal receipts on mortgages and loans	14,810	14,810
Disbursements to fund mortgages and loans	-	-
Receipts (payments) for interfund loan transfers	(10,353)	(10,353)
Mortgage and loan proceeds receipts	-	-
Mortgage and loan proceeds paid to trust funds	-	-
Payroll-related disbursements	-	-
Payments for goods and services	-	-
Receipts from externally funded programs	-	-
Receipts from Federal HAP subsidies	-	-
Payments for Federal HAP subsidies	-	-
Interfund receipts (payments)	-	-
Grant payments to other agencies	-	-
Other operating cash receipts (payments)	-	-
Net cash receipts (disbursements)	8,477	8,477
Non-capital financing activities		
Proceeds from bond issuance	-	-
Principal paid on bonds	(7,735)	(7,735)
Payment of bond issuance costs	-	-
Interest paid on bonds	(1,918)	(1,918)
Proceeds from short-term debt issuance	-	-
Payment of short term debt	-	-
Contributions to State of Alaska or State agencies	-	-
Transfers from (to) other funds	-	-
Net cash receipts (disbursements)	(9,653)	(9,653)
Capital financing activities		
Acquisition of capital assets	-	-
Proceeds from the disposal of capital assets	-	-
Proceeds from direct financing leases	-	-
Net cash receipts (disbursements)	-	-
Investing activities		
Purchase of investments	(44,746)	(44,746)
Proceeds from maturity of investments	45,308	45,308
Interest received from investments	614	614
Net cash receipts (disbursements)	1,176	1,176
Net Increase (decrease) in cash	-	-
Cash at beginning of year	-	-
Cash at end of period	\$ -	\$ -

	Governmental Purpose Bonds 2001 A & B	Total June 30, 2025
Reconciliation		
Operating income (loss) to net cash		
Operating income (loss)	\$ 2,328	\$ 2,328
<i>Adjustments:</i>		
Depreciation expense	-	-
Provision for loan loss	(52)	(52)
Loss on disposal of capital assets	-	-
Net change in the fair value of investments	(323)	(323)
Interfund receipts (payments) for operations	73	73
Interest received from investments	(614)	(614)
Interest paid on bonds and capital notes	1,918	1,918
	-	-
<i>Change in assets, liabilities and deferred resources:</i>		
Net (increase) decrease in mortgages and loans	5,176	5,176
Net increase (decrease) in assets, liabilities, and deferred resources	(29)	(29)
Net operating cash receipts (disbursements)	<u>\$ 8,477</u>	<u>\$ 8,477</u>

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

STATE CAPITAL PROJECT BONDS

For the Year Ended June 30, 2025

(in thousands of dollars)

	State Capital Project Bonds II	Total June 30, 2025
Cash Flows		
Operating activities		
Interest income on mortgages and loans	\$ 67,309	\$ 67,309
Principal receipts on mortgages and loans	114,769	114,769
Disbursements to fund mortgages and loans	-	-
Receipts (payments) for interfund loan transfers	(147,791)	(147,791)
Mortgage and loan proceeds receipts	-	-
Mortgage and loan proceeds paid to trust funds	-	-
Payroll-related disbursements	-	-
Payments for goods and services	-	-
Receipts from externally funded programs	-	-
Receipts from Federal HAP subsidies	-	-
Payments for Federal HAP subsidies	-	-
Interfund receipts (payments)	-	-
Grant payments to other agencies	-	-
Other operating cash receipts (payments)	1	1
Net cash receipts (disbursements)	34,288	34,288
Non-capital financing activities		
Proceeds from bond issuance	143,264	143,264
Principal paid on bonds	(58,345)	(58,345)
Payment of bond issuance costs	(574)	(574)
Interest paid on bonds	(54,430)	(54,430)
Proceeds from short-term debt issuance	-	-
Payment of short term debt	-	-
Contributions to State of Alaska or State agencies	-	-
Transfers from (to) other funds	(91,600)	(91,600)
Net cash receipts (disbursements)	(61,685)	(61,685)
Capital financing activities		
Acquisition of capital assets	-	-
Proceeds from the disposal of capital assets	-	-
Proceeds from direct financing leases	3,304	3,304
Net cash receipts (disbursements)	3,304	3,304
Investing activities		
Purchase of investments	(600,073)	(600,073)
Proceeds from maturity of investments	621,369	621,369
Interest received from investments	2,798	2,798
Net cash receipts (disbursements)	24,094	24,094
Net Increase (decrease) in cash	1	1
Cash at beginning of year	195	195
Cash at end of period	\$ 196	\$ 196

	State Capital Project Bonds II	Total June 30, 2025
Reconciliation		
Operating income (loss) to net cash		
Operating income (loss)	\$ 22,565	\$ 22,565
<i>Adjustments:</i>		
Depreciation expense	-	-
Provision for loan loss	3,585	3,585
Loss on disposal of capital assets	-	-
Net change in the fair value of investments	(1,705)	(1,705)
Interfund receipts (payments) for operations	138,154	138,154
Interest received from investments	(2,798)	(2,798)
Interest paid on bonds and capital notes	54,430	54,430
<i>Change in assets, liabilities and deferred resources:</i>		
Net (increase) decrease in mortgages and loans	(220,304)	(220,304)
Net increase (decrease) in assets, liabilities, and deferred resources	40,361	40,361
Net operating cash receipts (disbursements)	\$ 34,288	\$ 34,288

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

OTHER PROGRAM FUNDS

For the Year Ended June 30, 2025

(in thousands of dollars)

	Low Rent Program	Market Rate Rental Housing Program	Home Ownership Fund	Senior Housing Revolving Loan Fund	Other Funds or Programs Subtotal
Cash Flows					
Operating activities					
Interest income on mortgages and loans	\$ -	\$ -	\$ 197	\$ 1,278	\$ 1,475
Principal receipts on mortgages and loans	-	-	715	3,854	4,569
Disbursements to fund mortgages and loans	-	-	-	-	-
Receipts (payments) for interfund loan transfers	-	-	(1,424)	(6,176)	(7,600)
Mortgage and loan proceeds receipts	-	-	-	-	-
Mortgage and loan proceeds paid to trust funds	-	-	-	-	-
Payroll-related disbursements	(9,525)	(1,956)	-	-	(11,481)
Payments for goods and services	(13,664)	(2,437)	-	-	(16,101)
Receipts from externally funded programs	16,341	2,810	-	-	19,151
Receipts from Federal HAP subsidies	-	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-	-
Interfund receipts (payments)	1,802	2,027	-	-	3,829
Grant payments to other agencies	-	-	-	-	-
Other operating cash receipts (payments)	9,500	2,104	-	-	11,604
Net cash receipts (disbursements)	4,454	2,548	(512)	(1,044)	5,446
Non-capital financing activities					
Proceeds from bond issuance	-	-	-	-	-
Principal paid on bonds	-	-	-	-	-
Payment of bond issuance costs	-	-	-	-	-
Interest paid on bonds	-	-	-	-	-
Proceeds from short-term debt issuance	-	-	-	-	-
Payment of short term debt	-	-	-	-	-
Contributions to State of Alaska or State agencies	-	-	-	-	-
Transfers from (to) other funds	-	-	-	-	-
Net cash receipts (disbursements)	-	-	-	-	-
Capital financing activities					
Acquisition of capital assets	(5,363)	(1,912)	-	-	(7,275)
Proceeds from the disposal of capital assets	12	-	-	-	12
Proceeds from direct financing leases	-	-	-	-	-
Net cash receipts (disbursements)	(5,351)	(1,912)	-	-	(7,263)
Investing activities					
Purchase of investments	-	-	(769)	(5,321)	(6,090)
Proceeds from maturity of investments	-	-	1,249	6,179	7,428
Interest received from investments	322	294	32	186	834
Net cash receipts (disbursements)	322	294	512	1,044	2,172
Net Increase (decrease) in cash	(575)	930	-	-	355
Cash at beginning of year	17,582	14,011	-	-	31,593
Cash at end of period	\$ 17,007	\$ 14,941	\$ -	\$ -	\$ 31,948

Energy Programs	Section 8 Voucher Programs	Other Grants	COVID-19 Grants	Other Funds or Programs Subtotal	Alaska Corporation for Affordable Housing	Total June 30, 2025
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,475
-	-	-	-	-	-	4,569
-	-	-	-	-	-	-
-	-	-	-	-	-	(7,600)
-	-	-	-	-	-	-
(618)	(5,699)	(758)	(485)	(7,560)	(244)	(19,285)
(1,501)	(1,574)	(1,042)	(1,022)	(5,139)	(6,528)	(27,768)
6,316	31,796	16,119	-	54,231	-	73,382
-	37,785	-	-	37,785	-	37,785
-	(43,777)	-	-	(43,777)	-	(43,777)
4,324	(11,373)	21,207	27,133	41,291	1,056	46,176
(8,600)	(1,993)	(36,187)	(22,507)	(69,287)	(6,000)	(75,287)
-	12	658	-	670	9,770	22,044
(79)	5,177	(3)	3,119	8,214	(1,946)	11,714
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	(7,688)	-	-	(7,688)	-	(14,963)
-	-	-	-	-	-	12
-	-	-	-	-	-	-
-	(7,688)	-	-	(7,688)	-	(14,951)
-	-	-	-	-	-	(6,090)
-	-	-	-	-	-	7,428
28	163	-	397	588	217	1,639
28	163	-	397	588	217	2,977
(51)	(2,348)	(3)	3,516	1,114	(1,729)	(260)
792	5,421	3	7,473	13,689	8,228	53,510
\$ 741	\$ 3,073	\$ -	\$ 10,989	\$ 14,803	\$ 6,499	\$ 53,250

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

OTHER PROGRAM FUNDS

For the Year Ended June 30, 2025

(in thousands of dollars)

	Low Rent Program	Market Rate Rental Housing Program	Home Ownership Fund	Senior Housing Revolving Loan Fund	Other Funds or Programs Subtotal
Reconciliation					
Operating income (loss) to net cash					
Operating income (loss)	\$ (1,453)	\$ (814)	\$ 202	\$ 1,413	\$ (652)
<i>Adjustments:</i>					
Depreciation expense	3,841	1,188	-	-	5,029
Provision for loan loss	-	-	7	26	33
Loss on disposal of capital assets	-	-	-	-	-
Net change in the fair value of investments	-	-	-	-	-
Interfund receipts (payments) for operations	2,573	1,146	1	51	3,771
Interest received from investments	(322)	(294)	(32)	(186)	(834)
Interest paid on bonds and capital notes	-	-	-	-	-
<i>Change in assets, liabilities and deferred resources:</i>					
Net (increase) decrease in mortgages and loans	-	-	(664)	(2,618)	(3,282)
Net increase (decrease) in assets, liabilities, and deferred resources	(185)	1,322	(26)	270	1,381
Net operating cash receipts (disbursements)	\$ 4,454	\$ 2,548	\$ (512)	\$ (1,044)	\$ 5,446

See accompanying notes to the financial statements.

Energy Programs	Section 8 Voucher Programs	Other Grants	COVID-19 Grants	Other Funds or Programs Subtotal	Alaska Corporation for Affordable Housing	Total June 30, 2025
\$ (5,113)	\$ 16,718	\$ (23,591)	\$ 397	\$ (11,589)	\$ 3,806	\$ (8,435)
-	317	-	-	317	-	5,346
-	-	(11)	-	(11)	4,011	4,033
-	-	-	-	-	19	19
-	-	-	-	-	-	-
4,630	601	21,052	-	26,283	1,062	31,116
(28)	(163)	-	(397)	(588)	(217)	(1,639)
-	-	-	-	-	-	-
-	-	(12)	-	(12)	(3,326)	(6,620)
432	(12,296)	2,559	3,119	(6,186)	(7,301)	(12,106)
\$ (79)	\$ 5,177	\$ (3)	\$ 3,119	\$ 8,214	\$ (1,946)	\$ 11,714

Other Financial Information

Entity-wide amounts for fiscal years ending June 30 are presented below for informational purposes (in thousands):

	2025	2024	2023	2022	2021
Assets					
Cash	\$ 71,755	\$ 88,608	\$ 80,205	\$ 84,731	\$ 108,769
Investments	599,256	634,502	784,796	981,786	1,033,065
Accrued interest receivable	16,273	15,104	16,664	14,791	14,850
Mortgage loans, notes and other loans	3,897,110	3,569,388	3,229,243	3,018,160	2,995,561
Net investment in direct financing lease	-	-	-	-	20,287
Capital assets, net	76,718	68,894	71,542	75,158	81,177
Other assets	73,331	87,040	70,344	66,358	38,510
Total Assets	4,734,443	4,463,536	4,252,794	4,240,984	4,292,219
Deferred Outflow of Resources	49,413	52,628	71,553	111,512	210,255
Liabilities					
Bonds and notes payable	2,802,648	2,618,772	2,347,283	2,277,492	2,366,206
Short term debt	127,493	45,938	128,476	149,771	131,697
Accrued interest payable	8,954	12,297	7,339	6,013	6,681
Other liabilities	103,104	138,634	150,617	202,682	211,197
Derivative instrument - interest rate swaps	30,229	27,057	39,013	73,728	168,250
Total Liabilities	3,072,428	2,842,698	2,672,728	2,709,686	2,883,031
Deferred Inflow of Resources	12,200	20,630	23,369	43,349	3,512
Total Net Position	\$ 1,699,228	\$ 1,652,836	\$ 1,628,250	\$ 1,599,461	\$ 1,615,931
Operating Revenues					
Mortgage and loans revenue	\$ 177,021	\$ 147,583	\$ 127,895	\$ 120,874	\$ 132,258
Investment interest	33,314	43,959	35,962	3,440	5,669
Net change in fair value of investments	2,953	282	3,158	820	(2,158)
Net change of hedge termination	-	-	281	875	579
Total Investment Revenue	36,267	44,241	39,401	5,135	4,090
Externally funded programs	157,013	105,067	156,657	283,006	154,023
Rental	12,267	12,307	11,509	11,280	11,219
Other	8,472	3,021	3,165	4,347	4,490
Total Operating Revenues	391,040	312,219	338,627	424,642	306,080
Operating Expenses					
Interest	99,980	91,885	79,853	60,780	70,987
Mortgage and loan costs	14,992	13,814	12,501	11,767	11,342
Operations and administration	66,059	53,648	47,774	48,911	50,360
Financing expenses	5,721	6,206	4,834	4,923	6,033
Provision for loan loss	10,113	7,317	1,640	485	(2,761)
Housing grants and subsidies	127,681	90,592	138,014	276,268	143,129
Rental housing operating expenses	16,778	18,506	17,175	19,274	17,012
Total Operating Expenses	341,324	281,968	301,791	422,408	296,102
Operating Income (Loss)	49,716	30,251	36,836	2,234	9,978
Non-Operating & Special Item					
Contribution to State or State agency	(3,324)	(5,665)	(8,047)	(933)	(1,011)
Change in Net Position	\$ 46,392	\$ 24,586	\$ 28,789	\$ 1,301	\$ 8,967

FORM OF OPINION OF BOND COUNSEL

On the date of issuance of the Offered Bonds, Bond Counsel proposes to issue an approving opinion in substantially the following form:

Alaska Housing Finance Corporation
4300 Boniface Parkway
Anchorage, Alaska 99504

Ladies and Gentlemen:

We have examined the Constitution and laws of the State of Alaska (the “State”) and a record of proceedings relating to the issuance of \$ _____ aggregate principal amount of State Capital Project Bonds II, 2026 Series A (the “2026 Bonds”), of the Alaska Housing Finance Corporation (the “Corporation”), a public corporation and government instrumentality of the State created by and existing under Alaska Statutes 18.55 and 18.56, as amended (the “Act”).

In such examinations, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof.

The 2026 Bonds are authorized and issued pursuant to the Act and a resolution of the Corporation adopted March 25, 2026, and are issued pursuant to the Indenture by and between the Corporation and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”), dated as of October 1, 2012, and the 2026 Series A Supplemental Indenture by and between the Corporation and the Trustee, dated as of July 1, 2026, executed pursuant to said Indenture (together, the “Indenture”).

The 2026 Bonds mature as provided in the Indenture.

Capitalized terms used herein and not defined herein are used as defined in the Indenture.

Applicable federal tax law establishes certain requirements that must be met subsequent to the issuance of the 2026 Bonds in order for interest on the 2026 Bonds not to be included in gross income for federal income tax purposes, under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). The Corporation has covenanted that it will comply with such requirements and that it will do all things permitted by law and necessary or desirable to ensure that interest on the 2026 Bonds will be, and remain, not included in gross income for federal income tax purposes, under Section 103 of the Code. We have examined the program documentation adopted by the Corporation, which, in our opinion, establishes procedures and covenants under which, if followed, such requirements can be met. In rendering this opinion, we have assumed compliance with, and enforcement of, the provisions of such program procedures and covenants.

As to any facts material to our opinion, we have relied upon, and assumed compliance with, various statements, representations and covenants of officers and other representatives of the Corporation including without limitation those contained in the Indenture, the Corporation's Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986 as to matters affecting the tax-exempt status of the 2026 Bonds and the certified proceedings and other certifications of public officials and certifications by officers of the Corporation furnished to us (which are material to the opinion expressed below) without undertaking to verify the same by independent investigation.

Subject to the foregoing, we are of the opinion that:

1. Under the Constitution and laws of the State of Alaska (the "State"), the Corporation has been duly created, organized, and validly exists as a public corporation and government instrumentality in good standing under the laws of the State, performing an essential public function with full corporate power and authority under the Act, among other things, to enter into, and to perform its obligations under the terms and conditions of, the Indenture.

2. The Indenture has been duly authorized, executed and delivered, is in full force and effect, and is valid and binding upon the Corporation and enforceable in accordance with its terms (subject, as to enforcement of remedies, to applicable bankruptcy, reorganization, insolvency, moratorium, or other laws affecting creditors' rights generally from time to time in effect).

3. The 2026 Bonds have been duly and validly authorized, sold and issued by the Corporation in accordance with the Indenture and Constitution and laws of the State, including the Act and, pursuant to the Act, are issued by a public corporation and government instrumentality of the State for an essential public and governmental purpose.

4. Subject to agreements heretofore or hereafter made with the holders of any notes or other bonds of the Corporation pledging any particular revenues or assets not pledged under the Indenture and the exclusion by the Act of a pledge of funds in the Housing Development Fund (as described in the Act), the 2026 Bonds are valid and legally binding general obligations of the Corporation for the payment of which, in accordance with their terms, the full faith and credit of the Corporation have been legally and validly pledged, are enforceable in accordance with their terms and the terms of the Indenture and are entitled to the equal benefit, protection, and security of the provisions, covenants, and agreements of the Indenture.

5. The 2026 Bonds are secured by a pledge in the manner and to the extent set forth in the Indenture. The Indenture creates a valid pledge of a lien on all funds established by the Indenture and moneys and securities therein which the Indenture purports to create, to the extent and on the terms provided therein.

6. Under existing statutes, regulations, rulings and court decisions, interest on the 2026 Bonds (including any original issue discount properly allocable to the owner of a 2026 Bond) is *excludable* from gross income for federal income tax purposes.

7. Interest on the 2026 Bonds is not a specific preference item for purposes of the alternative minimum tax imposed on individuals. Interest on the 2026 Bonds may affect the

federal alternative minimum tax imposed on certain corporations. We express no opinion regarding any other consequences affecting the federal income tax liability of a recipient of interest on the 2026 Bonds.

8. Under existing laws, interest on the 2026 Bonds is free from taxation of every kind by the State, and by municipalities and all other political subdivisions of the State (except that no opinion is expressed as to such exemption from State estate and inheritance taxes and taxes of transfers by or in anticipation of death).

9. Certain requirements and procedures contained or referred to in the Indenture and other relevant documents may be changed and certain actions may be taken, upon the advice or with the opinion of counsel. Except to the extent of our concurrence therewith, we express no opinion as to any 2026 Bond, or the interest thereon, if any change occurs or action is taken upon the advice or approval of other counsel.

Very truly yours,

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FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Certificate”) is executed and delivered by the Alaska Housing Finance Corporation (the “Corporation”) in connection with the issuance of \$ _____ aggregate principal amount of its State Capital Project Bonds II, 2026 Series A (the “Subject Bonds”). The Subject Bonds are being issued pursuant to an Indenture by and between the Corporation and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”), dated as of October 1, 2012 (the “Master Indenture”), and a 2026 Series A Supplemental Indenture, dated as of July 1, 2026, by and between the Corporation and the Trustee (together with the Master Indenture, the “Indenture”). The Corporation covenants and agrees with the registered owners and the beneficial owners of the Subject Bonds as follows:

SECTION 1. Purpose of the Certificate. This Certificate is being executed and delivered by the Corporation for the sole and exclusive benefit of the registered owners and beneficial owners of the Subject Bonds.

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Corporation pursuant to, and as described in, Sections 3 and 4 of this Certificate.

“Disclosure Representative” shall mean the Executive Director/Chief Executive Officer of the Corporation or his or her designee.

“Financial Obligation” shall mean “financial obligation” as such term is defined in the Rule.

“Fiscal Year” shall mean any twelve-month period ending on June 30 or on such other date as the Corporation may designate from time to time.

“Listed Events” shall mean any of the events listed in Section 5 of this Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Certificate.

“Official Statement” shall mean the Corporation’s final Official Statement with respect to the Subject Bonds, dated June __, 2026.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

SECTION 3. Provision of Annual Reports. The Corporation shall provide to the MSRB an Annual Report for the preceding Fiscal Year (commencing with the Fiscal Year ending June 30, 2026) which is consistent with the requirements of Section 4 of this Certificate. The Annual Report shall be provided not later than 180 days after the Fiscal Year to which it relates. The Annual Report may be submitted as a single document or as separate documents constituting a package, and may cross-reference other information as provided in Section 4 of this Certificate; provided that the audited financial statements of the Corporation may be submitted separately from the balance of the Annual Report, and later than the date required for the filing of the Annual Report if not available by that date. The Corporation shall, in a timely manner, file notice with the MSRB of any failure to file an Annual Report by the date specified in this Section 3. Such notice shall be in the form attached as Exhibit A to this Certificate, subject to Section 9 of this Certificate.

SECTION 4. Content of Annual Reports. The Corporation’s Annual Report shall include (i) the Corporation’s audited financial statements for the Fiscal Year ended on the previous June 30, prepared in accordance with generally accepted accounting principles established by the Governmental Accounting Standards Board, if available, or unaudited financial statements for such Fiscal Year, (ii) an update of the financial information and operating data contained in the Official Statement under the caption “The Corporation,” (iii) the amount and type of the investments (and cash) in the accounts and subaccounts established in the Indenture, (iv) the outstanding principal balances of each maturity of Subject Bonds and the sinking fund installment amounts as applicable, and (v) financial information and operating data with respect to any other series of Bonds.

If not provided as part of the Annual Report by the date required (as described above under “Provision of Annual Reports”), the Corporation shall provide audited financial statements, when and if available, to the MSRB.

Any or all of the items listed above may be incorporated by specific reference to other documents (i) available to the public on the MSRB Internet Web Site or (ii) filed with the SEC.

SECTION 5. Reporting of Significant Events.

This Section 5 shall govern the giving of notices of the occurrence of any of the following events:

1. Principal and interest payment delinquencies on the Subject Bonds or any other bonds of the Corporation;
2. Non-payment related defaults under the Indenture and any Supplemental Indenture, if material;
3. Unscheduled draws on debt service reserve reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Subject Bonds, or other material events affecting the tax status of the Subject Bonds;
7. Modifications to rights of Subject Bondholders, if material;
8. Subject Bond calls, if material, and tender offers;
9. Defeasances of Subject Bonds;
10. Release, substitution or sale of property securing repayment of the Subject Bonds, if material;
11. Rating changes for the Subject Bonds;
12. Bankruptcy, insolvency, receivership or similar event[†] of the Corporation;
13. The consummation of a merger, consolidation, or acquisition involving the Corporation or the sale of all or substantially all of the assets of the Corporation, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the Corporation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Corporation, any of which affect Bondholders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Corporation, any of which reflect financial difficulties.

Upon the occurrence of a Listed Event, the Corporation shall file a notice of such occurrence with the MSRB and the Trustee in a timely manner not in excess of ten (10) business

[†] Note to Paragraph 12: For the purposes of the event identified in Paragraph 12 above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Corporation in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Corporation, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Corporation.

days after the occurrence of such Listed Event. Each notice of a Listed Event hereunder shall indicate that it is a notice of a Listed Event.

SECTION 6. Termination of Reporting Obligation. The Corporation's obligations under this Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Subject Bonds.

SECTION 7. Dissemination Agent. The Corporation may from time to time designate an agent to act on its behalf in providing or filing notices, documents and information as required of the Corporation under this Certificate, and revoke or modify any such designation.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Certificate, the Corporation may amend this Certificate if the following conditions are met:

(a) The amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof or a change in the identity, nature or status of the Corporation or the type of business conducted thereby;

(b) The Certificate, as amended, would have complied with the requirements of the Rule at the time of the issuance of the Subject Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of the beneficial owners of the Subject Bonds as determined either by a party unaffiliated with the Corporation (such as Bond Counsel) or by approving vote of the registered owners of a majority in principal amount of the Subject Bonds pursuant to the terms of the Indenture.

The Corporation shall deliver a copy of any such amendment to the MSRB.

To the extent any amendment to this Certificate results in a change in the type of financial information or operating data provided pursuant to this Certificate, the first annual financial information provided thereafter will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

SECTION 9. Transmission of Information and Notices. Unless otherwise required by law, all notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 10. Default. *Except* as described in this paragraph, the provisions of this Certificate will create no rights in any other person or entity. The obligation of the Corporation to comply with the provisions of this Certificate are enforceable (i) in the case of enforcement of obligations to provide financial statements, financial information, operating data, and notices, by any beneficial owner of Outstanding Subject Bonds, or by the Trustee on behalf of the registered owners of Outstanding Subject Bonds, or (ii) in the case of challenges to the adequacy of the financial statements, financial information, and operating data so provided, by the Trustee on

behalf of the registered owners of Outstanding Subject Bonds; *provided, however*, that the Trustee shall not be required to take any enforcement action *except* at the direction of the registered owners of not less than 25% in aggregate principal amount of the Subject Bonds at the time Outstanding who shall have provided the Trustee with adequate security and indemnity. A default under this Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Certificate in the event of any failure of the Corporation or the Trustee to comply with this Certificate shall be an action to compel performance.

SECTION 11. Governing Law. This Certificate shall be construed and interpreted in accordance with the laws of the State of Alaska, and any suits and actions arising out of this Certificate shall be instituted in a court of competent jurisdiction in the State, *provided* that, to the extent this Certificate addresses matters of federal securities laws, including the Rule, this Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

SECTION 12. Beneficiaries. This Certificate shall inure solely to the benefit of the Corporation, and the registered owners and beneficial owners from time to time of the Subject Bonds, and shall create no rights in any other person or entity.

Date: July __, 2026

ALASKA HOUSING FINANCE CORPORATION

By: _____

Exhibit A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Alaska Housing Finance Corporation (the "Corporation")

Name of Bond Issue: \$_____ State Capital Project Bonds II, 2026
Series A

Date of Issuance: July __, 2026

NOTICE IS HEREBY GIVEN that the Corporation has not provided an Annual Report with respect to the above-named bond issue as required by the certificate of the Corporation.

Dated: _____

ALASKA HOUSING FINANCE CORPORATION

By: _____

