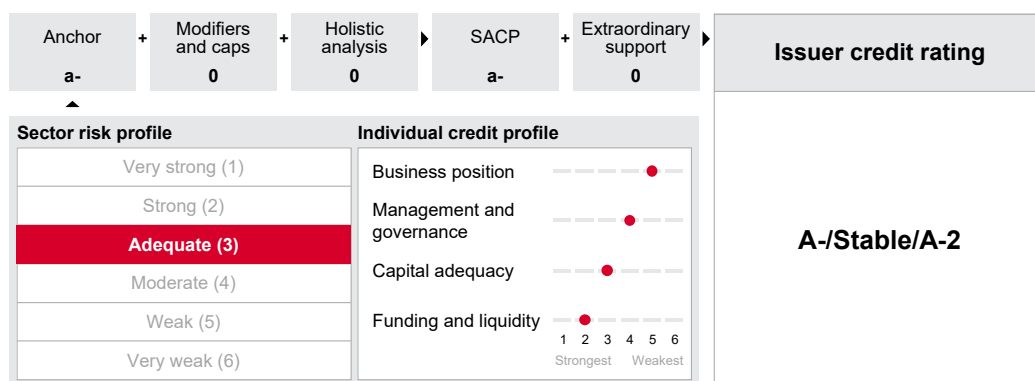


Research Update:

U.K.-Based MORhomes Outlook Revised To Stable From Negative; 'A-' Ratings Affirmed

December 12, 2025

Ratings Score Snapshot



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Overview

- While new business origination remains subdued, two new loans arranged in fiscal 2025 (ended March 31, 2025) enabled MORhomes PLC to reduce its losses during that period.
- We anticipate moderate new lending in fiscal 2026, contingent on funding demand from U.K. housing associations.
- We therefore revised our outlook on MORhomes to stable from negative. At the same time, we affirmed our 'A-/A-2' ratings on the company.

Rating Action

On Dec. 12, 2025, S&P Global Ratings revised its outlook on MORhomes PLC to stable from negative. At the same time, we affirmed our 'A-/A-2' long- and short-term issuer credit ratings on the entity.

We also affirmed our 'A-' long-term issue rating on MORhomes' £5 billion euro medium-term note program.

Outlook

The stable outlook reflects our expectation of moderate loan portfolio growth and MORhomes becoming profitable in fiscal 2026-2027.

Downside scenario

We could lower our ratings if MORhomes fails to expand its lending portfolio while remaining loss-making, or if the credit quality of its borrowers deteriorates significantly.

Upside scenario

We could raise our ratings on MORhomes if it significantly increases loan disbursements, strengthening its business position. This could lead to structural profitability and improved borrower diversification.

Rationale

The outlook revision reflects the resumption of loan disbursements in fiscal 2025 after the stagnation of MORhomes' business activity. This brought MORhomes closer to breakeven, and we forecast that moderate lending growth will drive profitability in fiscal years 2026-2027.

The ratings continue to reflect low to moderate risks of lending to the U.K. social housing providers, the relatively strong creditworthiness of MORhomes' borrowers, its adequate capital position supported by the existence of contingent convertible notes, and its strong liquidity.

Sector risk profile (SRP): Moderate risks for lending to English social housing providers underpin our adequate SRP assessment

Our overall SRP assessment for MORhomes is adequate. The company lends to U.K. social housing providers, with 86.5% of its loan book exposure to England and 13.5% to Wales, as of March 31, 2025.

The English social housing sector remains naturally anti-cyclical and enjoys strong government oversight via regulators, which we believe are likely to step in to prevent a default in the sector. However, the U.K. government regularly intervenes in the rent regime, grant allocation, and development plans, which weakens providers' credit quality. (see "[Regulatory Framework Assessment: Strong For Social Housing Providers In The U.K.](#)," April 17, 2025, on RatingsDirect).

We view social housing sectors globally as carrying low industry risk, which is the starting point of our assessment. We view the regulatory framework for Wales as stronger, and therefore we capture the risk exposure to Wales-based housing providers within our low industry risk assessment.

Individual credit profile: Moderate business growth and strong liquidity support the assessment

U.K.-Based MORhomes Outlook Revised To Stable; 'A-' Ratings Affirmed

We project moderate growth of MORhomes' loan portfolio over the next 24 months, supported by moderation of the interest rates. In fiscal 2025, MORhomes added two new borrowers, bringing its total loan portfolio to £538.6 million as of March 31, 2025.

The company's market of operations remains very competitive and demand from social housing providers is low, which is still making it challenging for MORhomes to attract new borrowers. We believe the addition of two new loans into its portfolio, with some more in its pipeline for fiscal year 2026, should enable MORhomes to become profitable versus currently loss-making.

We view the company's risk management policies as sophisticated; it assesses credit risk effectively and closely monitors the asset quality of its lending portfolio. MORhomes operates with a small permanent staff, which exposes the company to key-man risk, and outsources most functions. Nevertheless, ultimate decision-making lies with the board members, who have experience in the housing and banking sectors.

We assume the capital assessment for pass-through vehicles (like MORhomes) as initially adequate. Although we think the loan portfolio is rather concentrated, with the 10 top loans accounting for 63% of the loan book, we also incorporate the robust risk management and the subordinated contingent convertible notes, which we view as supporting MORhomes' risk position assessment. The notes comply with our requirements to qualify for intermediate equity content. Therefore, the notes have loss-absorption features that enable the company to operate as a going concern. Furthermore, the notes have maturities of more than 20 years.

MORhomes' match-funding policy, which ensures that the company will not form significant funding or liquidity gaps, supports the company's funding and liquidity ratios. With our cash-flow-based approach, MORhomes' liquidity assessment remains strong. Its liquidity ratios are sustainably above 1x, with a one-year ratio of 1.26x, and benefit from the £5 million of undrawn liquidity facilities.

Our funding assessment is neutral because we do not foresee the company operating with significant funding gaps, and we consider the domestic market deep.

Key Statistics

MORhomes PLC--Selected indicators

Mil. £	--Year ended March 31--				
	2025	2024	2023	2022	2021
Business position					
Total adjusted assets	548.4	529.8	560.2	542.2	477.7
Customer loans (gross)	546	526	556.7	539	474.2
Growth in loans (%)	3.8	-5.5	3.3	13.7	50.2
Interest income	17.7	17.9	18.4	16.5	13.5
Noninterest expenses	0.9	0.9	1.1	1.1	1
Capital and risk position					
Total liabilities	537.2	519	550.1	532.7	469
Total adjusted capital	6.5	6.4	4.5	4.5	4.3
Assets/capital	84.4	82.3	124.5	120.5	111.1
Gross nonperforming assets/gross loans	0	0	0	0	0

MORhomes PLC--Selected indicators

Mil. £	--Year ended March 31--				
	2025	2024	2023	2022	2021
Business position					
Funding and liquidity					
Liquidity ratio with loan disbursement (one year)	1.3	1.2	1.5	1.4	N.M.
Liquidity ratio without loan disbursement (one year)	1.3	1.2	1.5	1.4	N.M.
Funding ratio (one year)	1.4	1.4	1.7	1.8	N.M.

N.M.--Not meaningful.

Rating Component Scores

MORhomes PLC--Ratings score snapshot

Issuer credit rating	A-/Stable/A-2
Senior secured debt	A-
Sector risk profile	Adequate
Individual credit profile:	
Business position	Weak
Management & governance	Moderate
Capital adequacy	Adequate
Funding & liquidity	Strong
Anchor	a-
Overriding factors and caps	0
Holistic analysis	0
Stand-alone credit profile	a-
Extraordinary support	0

Related Criteria

- [Criteria | Governments | International Public Finance: Methodology For Rating Non-U.S. Public-Sector Funding Agencies](#), July 26, 2024
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Methodology For Linking Long-Term And Short-Term Ratings](#), April 7, 2017
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

Related Research

- [U.K. Autumn Budget Isn't Too Bad For Public Finance Sector](#), Dec. 1, 2025

U.K.-Based MORhomes Outlook Revised To Stable; 'A-' Ratings Affirmed

- [U.K. Public Finances Remain Constrained Despite Announced Revenue-Side Measures In Autumn 2025 Budget](#), Nov. 27, 2025
- [Non-U.S. Social Housing Providers Ratings Risk Indicators: Largely Stable](#), Nov. 17, 2025
- [Non-U.S. Social Housing Providers Ratings History: October 2025](#), Nov. 17, 2025
- [United Kingdom](#), Oct. 13, 2025
- [U.K. Social Housing Providers: Extra Development Grants Won't Improve Financial Headroom](#), June 26, 2025
- [U.K. Social Housing Borrowing 2025: Focused On Containing Debt](#), April 24, 2025
- [Regulatory Framework Assessment: Strong For Social Housing Providers In The U.K.](#), April 17, 2025

Ratings List

Ratings List		
Ratings Affirmed; Outlook Action		
	To	From
MORhomes PLC		
Issuer Credit Rating	A-/Stable/A-2	A-/Negative/A-2
Ratings Affirmed		
MORhomes PLC		
Senior Secured	A-	

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at <https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria> for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at <https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352>. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.

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