

MORhomes



**MORhomes Shareholder Event
26 March 2024**

PLEASE GO ON MUTE



Agenda

10.00	Welcome	Neil Hadden, Chair, MORhomes
10.05	Update on MORhomes' business	Andrew Morton, CEO, MORhomes
10.15	A Borrower's perspective on MORhomes	Josie Parsons, CEO, Local Space
10.35	An Investor's perspective	Eric Holt, Senior Credit Fund Manager, Royal London Asset Management
10.55	Close	Neil Hadden

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Half-Year Financials

- Half Yearly Financial Report for the 6 months ended 30 September 2023 released:
 - One-off gains of almost £1.4m pre-tax
 - Retained earnings moved from £0.6m negative at 31 March 2023 to £0.4m positive at 30 September 2023
 - Total equity increased by over 27% from 31 March 2023 to 30 September 2023
 - Operating expenses down over 14% on prior year through tight cost management
 - Both underlying operating expenses and underlying pre-tax result better than budget
 - Maintaining financial strength

S&P rating

- S&P rating affirmed as A- in December
- S&P capital ratios increased by over 40% (using 31 July 2023 figures):
 - Unadjusted RAC = 30.6% (31 March 2022 = 21.5%)
 - Adjusted RAC = 3.6% (31 March 2022 = 2.5%)
- S&P positive about MORhomes' capabilities and portfolio:
 - "The company's risk management policies are sophisticated"
 - "It assesses credit risk effectively and closely monitors the asset quality of its lending portfolio"
 - "Generally still solid credit quality of MORhomes' borrowers"
 - Match-funding policy "ensures that the company will not form significant funding or liquidity gaps"
 - "MORhomes' liquidity assessment remains strong"



Trading Performance

- The secondary trading performance of MORhomes' 2038s remains strong, with a gradual tightening in the spread since launch
- Spreads became elevated through the outbreak of war in Ukraine and the “mini Budget” of September 2022, but are now at a record low level
- Most recent taps executed anywhere up to 9bps inside of screen price



NatWest Forward Gilt Forecast

- Nobody knows future path of gilt yields for certain. Most recent NatWest forecasts* suggest material downward movement unlikely in coming 1.5 years, might actually increase slightly

Table 1: NatWest interest rate & exchange rate forecasts, %

End period	Current	Q1 2024	Q2 24	Q3 24	Q4 24	Q1 2025	Q2 25	Q3 25
Bank Rate	5.25	5.25	5.25	4.75	4.25	4.00	3.75	3.50
2y gilts	4.25	4.40	4.40	4.30	4.20	4.00	4.00	3.80
5y gilts	3.94	4.00	4.00	3.90	3.80	3.70	3.60	3.40
10y gilts	4.01	4.15	4.20	4.10	4.00	4.00	4.00	3.90
30y gilts	4.47	4.60	4.65	4.656	4.50	4.40	4.40	4.30
GBP/USD	1.278	1.30	1.31	1.31	1.30	1.30	1.33	1.33
EUR/GBP	0.855	0.84	0.85	0.87	0.88	0.90	0.90	0.90

* From Mon 18 March 2024, before last week's inflation figures and BoE meeting

