MOODY'S
RATINGS

Rating Action: Moody's Ratings downgrades Social Housing Finance 2 Plc to Baa1 from A3; outlook negative

08 Oct 2026

London, October 08, 2026 -- Moody's Ratings (Moody's) has today downgraded Social Housing Finance 2 Plc's long-term issuer rating to Baa1 from A3. The outlook remains negative.

Social Housing Finance 2 Plc (SHF2) was established in 2025 by The Housing Finance Holding Corporation Limited via a multi-issuer Euro Medium-Term Note programme, acting as a debt aggregator for UK housing associations. SHF2 is a wholly owned subsidiary of The Housing Finance Holding Corporation Limited. Proceeds from SHF2's future issuances will be on-lent to housing associations.

RATINGS RATIONALE

The downgrade of SHF2's issuer rating to Baa1 from A3 reflects the weakened credit quality of the sole underlying pool participant, Notting Hill Genesis. We downgraded Notting Hill Genesis to Baa1 negative from A3 negative on the 6 October 2026.

The Baa1 issuer rating reflects the credit quality of the underlying pool participant as well as concentration risk related to the very small pool. Lack of pool diversification, at this time, ties SHF2 to the credit quality of its sole member, Notting Hill Genesis.

SHF2's rating is tied to that of its sole Borrower, Notting Hill Genesis, as there is no provision to enforce replenishment of any depletion in an individual Borrower's liquidity reserve by any other Borrower, also known as a "step-up" provision. SHF2's planned liquidity reserve, to be held in Trust by SHF2, sized to cover 12 months of interest payments for each Borrower, provides a buffer period in case of missed payments. However, in our view, this initial buffer does not provide material credit support to justify a rating for SHF2 above that of its sole Borrower.

The negative outlook reflects the increased risk of the underlying pool participants and our expectation that the weighted-average credit quality of the pool participants could weaken.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATING

Although unlikely given the negative outlook, upward pressure on the rating could result from an improvement in the credit quality of the underlying pool participants or a change in the pool composition that leads to a stronger borrowing pool, in particular through greater diversification bringing stronger pool members.

Downward pressure on the rating could result from a deterioration in the credit quality of the underlying pool participants, or a change in the pool composition that leads to a weaker borrowing pool.

The principal methodology used in this rating was Public Sector Pool Programs and Financings published in December 2025 and available at https://ratings.moodys.com/rmc-documents/455989. Alternatively, please see the Rating Methodologies page on https://ratings.moodys.com for a copy of this methodology.

The net effect of any adjustments applied to rating factor scores or scorecard outputs under the primary methodology(ies), if any, was not material to the ratings addressed in this announcement.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on https://ratings.moodys.com/rating-definitions.

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Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

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