



## RATING ACTION COMMENTARY

# Fitch Assigns Multitude's Senior Unsecured Bond Final 'B+' Rating

Fri 16 Dec, 2022 - 6:58 AM ET

Fitch Ratings - Frankfurt am Main - 16 Dec 2022: Fitch Ratings has assigned Multitude SE's EUR50 million, three-month Euribor plus 7.5% floating rate issuance of senior unsecured bond (ISIN:NO0012702549) a final long-term rating of 'B+' with a Recovery Rating of 'RR4'.

The final rating is in line with the expected rating Fitch assigned to Multitude's senior unsecured bond on 17 November 2022 (see "Fitch Rates Multitude's Senior Unsecured Bond 'B+(EXP)'").

## KEY RATING DRIVERS

Multitude's senior unsecured bond is rated in line with its Long-Term Issuer Default Rating (IDR). The rating alignment reflects Fitch's expectation of average recovery prospects. The bond constitutes a direct and unsecured senior obligation of Multitude and ranks pari passu with all present and future senior unsecured obligations of the company. The maturity of the bond is three years. The issue amount can be increased up to EUR150 million by subsequent bond issuances.

The bond proceeds will be used to repay EUR96.8 million of debt, issued by Ferratum

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Multitude is an online-focused consumer and SME finance company operating predominantly in the high-cost credit sector with an international footprint in 19 countries (mostly in Europe), including a strong presence in its domestic market in Finland. The company is listed on the prime standard segment of the Frankfurt Stock Exchange and incorporates a Malta-domiciled bank (Multitude Bank p.l.c.) under its wider franchise.

## RATING SENSITIVITIES

### **Factors that could, individually or collectively, lead to negative rating action/downgrade:**

Multitude's senior unsecured notes' rating could be downgraded if its Long-Term IDR was downgraded.

Changes to Fitch's assessment of recovery prospects for senior unsecured debt in default (eg the introduction of debt obligations ranking ahead of the senior unsecured debt notes or a material increase in the proportion of customer deposits leading to a weakening of notes' recovery prospects) would result in the senior unsecured notes' rating being notched below the IDR.

### **Factors that could, individually or collectively, lead to positive rating action/upgrade:**

The senior unsecured notes' rating could be upgraded if the Long-Term IDR was upgraded.

## ESG CONSIDERATIONS

Multitude has an ESG Relevance Score of '4' for exposure to social impacts as a result of its exposure to the high-cost consumer lending sector. As the regulatory environment evolves (including a tightening of rate caps), this has a moderately negative influence on the credit profile via our assessment of Multitude's business model and is relevant to the rating in conjunction with other factors.

Multitude has an ESG Relevance Score of '4' for customer welfare, in particular in the context of fair lending practices, pricing transparency and the potential involvement of foreclosure procedures, given its focus on the high-cost consumer credit segment. This has a moderately negative influence on the credit profile via our assessment of risk appetite and asset quality and is relevant to the rating in conjunction with other factors.

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managed by the entity. For more information on Fitch's ESG Relevance Scores, visit [www.fitchratings.com/esg](http://www.fitchratings.com/esg)

## BEST/WORST CASE RATING SCENARIO

International scale credit ratings of Financial Institutions and Covered Bond issuers have a best-case rating upgrade scenario (defined as the 99th percentile of rating transitions, measured in a positive direction) of three notches over a three-year rating horizon; and a worst-case rating downgrade scenario (defined as the 99th percentile of rating transitions, measured in a negative direction) of four notches over three years. The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Best- and worst-case scenario credit ratings are based on historical performance. For more information about the methodology used to determine sector-specific best- and worst-case scenario credit ratings, visit <https://www.fitchratings.com/site/re/10111579>

## DATE OF RELEVANT COMMITTEE

16 November 2022

## REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

## RATING ACTIONS

ENTITY / DEBT ⚡		RATING ⚡		RECOVERY ⚡	PRIOR ⚡
<hr/>					
Multitude SE					
<hr/>					
senior unsecured	LT	B+	New Rating	RR4	B+(EXP)
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## VIEW ADDITIONAL RATING DETAILS

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## **APPLICABLE CRITERIA**

[Non-Bank Financial Institutions Rating Criteria \(pub. 31 Jan 2022\) \(including rating assumption sensitivity\)](#)

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[Endorsement Policy](#)**ENDORSEMENT STATUS**

Multitude SE

EU Issued, UK Endorsed

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