FitchRatings

RATING ACTION COMMENTARY

Fitch Upgrades Multitude Bank to 'BB-'; Affirms Multitude AG at 'B+'

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Fitch Ratings - Frankfurt am Main - 16 Jan 2026: Fitch Ratings has upgraded Multitude Bank plc's Long-Term Issuer Default Rating (IDR) to 'BB-' from 'B+' and affirmed Multitude AG's Long-Term IDR at 'B+'. The Outlooks are Stable.

We have also affirmed Multitude Capital Oyj's senior unsecured notes at 'B+' with a Recovery Rating of 'RR4' and Multitude AG's subordinated hybrid perpetual capital notes at 'B-' with 'RR6'.

KEY RATING DRIVERS

Upward Revision of Group SCP: The upgrade of Multitude Bank's Long-Term IDR is underpinned by an upward revision of the consolidated group's standalone credit profile (SCP) to 'bb-' from b+', following improvements in profitability, business volumes and revenue diversification. The ratings factor in Multitude group's sufficient capitalisation, supported by prudential requirements at Multitude Bank, and access to granular, but price-sensitive, retail deposits.

The ratings also consider the group's niche franchise in high-yield consumer and SME lending; pressure on its net interest margin; high, but gradually declining, impairment charges; and rapid SME and wholesale lending growth.

Group Ratings Approach: Multitude Bank's ratings reflect Fitch's group rating approach and are based on the analysis of Multitude, as a group of companies, on a consolidated basis. Multitude Bank is a Malta-based 100%-owned subsidiary of Multitude AG and the group's core operating entity, accounting for about 90% of the group's assets. Fitch views the bank as operationally integrated into the group.

Holding Company Notching: Multitude AG's Long-Term IDR is notched down once from the consolidated group's SCP. This reflects that, following the change in the group organisational structure, lending-related and other operating entities will shortly be transferred under the bank, which will increase the holding company's reliance on cash being up streamed from the bank. Fitch now treats Multitude AG as a holding company which generates its revenue largely from a prudentially regulated entity (Multitude Bank) as opposed to a holding company of more diversified financial institutions.

The notching of Multitude AG's Long-Term IDR from the group's SCP reflects high double leverage (about 160% if perpetual bonds are included in Multitude AG's standalone equity, and about 200% if excluded). Other factors include different jurisdictions between the bank and the holding company, and potential restrictions on dividend and liquidity transfers from the bank given the regulatory focus on protecting bank depositors and creditors.

Niche Franchise, Improving Diversification: Multitude group mainly operates in non-prime lending with an increasing focus on lower-risk consumer, SME and wholesale lending. Credit risk in consumer lending is mitigated by high margins and adequate underwriting standards. Expansion into SME and wholesale lending adds diversification to the business model but also poses risks of increased concentration and credit losses due to rapid growth.

High Loan Impairments: High loan impairments are inherent to Multitude group's business model, with an impaired/gross loans ratio of 18% at end-9M25 but are mitigated by adequate reserves. Loan impairment charges moderated to 10% of average gross loans in 9M25 (2024:13%), helped by tightened underwriting in consumer and SME lending. The group's asset quality is improving from the gradual transition to lower-risk retail clients.

Improving Profitability, Margin Pressures: Pre-tax income improved to 2.5% of average assets in 9M25, helped by contained operating expenses and lower impairment charges. Loan impairments consumed 74% of pre-impairment profit in 9M25 (2024: 81%). The net interest margin is pressured by regulatory interest caps, a gradual shift to lower yielding clients and high, although gradually declining, costs of deposit funding amid higher interest rates. Growth in SME and wholesale lending should support profitability, provided credit risk remains well-managed.

Sufficient Capital Buffers: Multitude Bank's common equity Tier 1 (end-1H25: 17.2%) and total capital ratios (23%) had reasonable headroom above their prudential requirements (13.8% and 16.9%, respectively). Capitalisation was supported by the issue of Tier 2 debt and reduction in operational risk-weighted assets in 1H25, following the implementation of the Capital Requirements Regulation 3. We expect Multitude Bank to maintain regulatory capital ratios with sufficient buffer above their minimum requirements.

Deposit-Funded; Moderate Refinancing Risk: Funding is predominantly from retail deposits (end-3Q25: 87% of liabilities), which are price-sensitive but granular. An increasing share of deposits from Multitude Bank's own platform adds resilience to its deposit base. Non-deposit funding comprises about EUR80 million senior unsecured bonds (maturity in 2028) and EUR45 million perpetual debt (with a call option in 2026). The fairly short tenor of the loan book and a sound liquidity buffer support the bank's adequate liquidity.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

Pressure on profitability, such as from a tightening of regulatory interest caps in key markets or losses from expansion into new business segments, could result in a downgrade.

Significant asset quality deterioration, with loan impairment charges sustained above 15% of average gross loans and pressuring profitability, or a notable increase in unreserved impaired loans relative to tangible equity, could also lead to a downgrade.

A reduction in Multitude Bank's headroom above the regulatory capital requirements to materially below 100bp on a sustained basis, or a large increase in leverage at the consolidated group level, could also be credit-negative.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

Material improvement in asset quality and profitability, alongside increased scale and a more diversified revenue base, could be positive for the group's SCP.

Material reduction in double leverage (to below 120%), combined with improved profitability and cash generation at the holding company, could lead Fitch to equalise Multitude AG's Long-Term IDR with the group's SCP, which would result in a one-notch upgrade.

Increase of qualified junior debt buffers at Multitude Bank to sustainably above 10% of its risk-weighted assets could be positive for the bank's Long-Term IDR.

DEBT AND OTHER INSTRUMENT RATINGS: KEY RATING DRIVERS

Multitude Capital Oyj's senior unsecured bonds are rated in line with Multitude AG's Long-Term IDR, reflecting the guarantee provided by Multitude AG, and Fitch's expectation of average recovery prospects. Its subordinated perpetual hybrid callable notes are notched down twice from Multitude AG's Long-Term IDR, in line with Fitch's Non-Financial Corporates Hybrids Treatment and Notching Criteria.

DEBT AND OTHER INSTRUMENT RATINGS: RATING SENSITIVITIES

The senior unsecured notes' rating is sensitive to changes in the holding company's Long-Term IDR. Adverse changes to Fitch's assessment of recovery prospects for senior unsecured debt in default would result in the senior unsecured notes' rating being notched down from the IDR.

The subordinated notes' rating will mirror changes in Multitude AG's Long-Term IDR. Adverse changes to Fitch's assessment of going-concern loss absorption or recovery prospects for subordinated debt in a default (such as the introduction of features resulting in easily triggered going-concern loss absorption or a permanent write-down of the principal in wind-down) could also result in a widening of the notching for the subordinated notes' rating to more than two notches below Multitude AG's Long-Term IDR.

ADJUSTMENTS

The business profile score of 'bb-' is below the 'bbb' implied category score due to the following adjustment reasons: business model (negative), market position (negative).

The asset quality score of 'b+' is above the 'ccc & below' implied category score due to the following adjustment reason: collateral and reserves (positive).

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.

ESG CONSIDERATIONS

Multitude AG 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 its business model and is relevant to the rating in conjunction with other factors.

Multitude AG has an ESG Relevance Score of '4' for Customer Welfare, in particular in view 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.

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visithttps://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

RATING ACTIONS

ENTITY / DEBT	RATING			RECOVERY	PRIOR
Multitude AG	LT IDR	B+ Rating Outlook Stable	Affirmed		B+ Rating Outlook Positive
subordinated	LT	B-	Affirmed	RR6	B-
Multitude Capital Oyj					
senior unsecured	LT	B+	Affirmed	RR4	B+

Multitude Bank plc	LT IDR	BB- Rating Outlook Stable	Upgrade	B+ Rating Outlook Positive
	ST IDR	B	Affirmed	B

VIEW ADDITIONAL RATING DETAILS

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APPLICABLE CRITERIA

Non-Bank Financial Institutions Rating Criteria (pub. 31 Jan 2025) (including rating assumption sensitivity)

Bank Rating Criteria (pub. 21 Mar 2025) (including rating assumption sensitivity)

Corporate Hybrids Treatment and Notching Criteria (pub. 08 Apr 2025)

ADDITIONAL DISCLOSURES

Dodd-Frank Rating Information Disclosure Form

Solicitation Status

Endorsement Policy

ENDORSEMENT STATUS

Multitude AG	EU Issued, UK Endorsed
Multitude Bank plc	EU Issued, UK Endorsed
Multitude Capital Oyj	EU Issued, UK Endorsed

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