

Brage Finans AS

Rating report

Summary and Outlook

Brage's issuer rating reflects Scope's view on the strategic importance of the company for its new majority owner (76.75%), Sparebanken Norge (SBN). Brage's activities are considered to be 'largely integrated' to its parent, complementing SBN's product offering – in particular leasing- to its retail and corporate customers. We believe there is a 'high' likelihood of support from the parent in case of need.

We have established a credit view on the parent – SBN (see section 6)- and applied a top-down rating approach for Brage's issuer and debt ratings. Brage's issuer rating is not fully aligned to the one of its parent at this stage, considering that the subsidiary still operates relatively independently from its parent.

Business model assessment: Brage mainly offers equipment leasing to business customers and car loans to individuals. It serves as the finance company for its owners that account for approximately one third of the company's sales. Supported by its own direct sales channels and equipment and car dealers, Brage operates nationally.

Operating environment assessment: The operating environment in Norway remains very supportive of financial services activities. Norway is a relatively small open economy with one of the world's highest per capita income levels and low unemployment. A very robust government fiscal position provides ample capacity to support the economy when needed. The regulatory environment is well established and rigorous, and the central bank has a strong track record of providing funding support to banks in times of stress.

Long-term sustainability assessment (ESG factor): Brage continues to make ongoing enhancements to its technology systems to further increase efficiency and drive business growth. The company also demonstrates a proactive approach to managing sustainability-related considerations, with attention being given to both risks and opportunities. Sustainability is integrated into the business strategy and credit risk processes.

Earnings and risk exposures assessment: The company aims to generate a good financial return for its owners. Returns have grown steadily over time, supported by market share gains, cost discipline, and controlled credit costs. While Brage benefits from higher margins, the nature of its business involves greater asset risk than traditional banking focused on mortgage lending. Asset quality remains sound, underpinned by a diversified and mainly asset-backed credit portfolio.

Financial viability assessment: Brage's owners consistently provide capital and funding to sustain its growth and development. As a licensed finance company that is regulated and supervised by the Norwegian FSA, Brage is subject to most of the prudential requirements applicable to banks. Brage relies on market funding as it is not authorised to gather deposits.

Issuer

A+

Outlook

Stable

Lead Analyst

Andre Hansen

a.hansen@scoperatings.com

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The Stable Outlook reflects Scope’s view that the risks to the current rating are balanced.

The upside scenario for the rating and Outlook:

- Evidence of stronger integration into Sparebanken Norge, changing our assumption of support from the parent.

The downside scenarios for the rating and Outlook:

- A lower level of integration between Brage and its owners, which could negatively impact the business franchise, liquidity or funding profile of Brage, could lead to a negative change in our assumption of support.
- A downward adjustment of our credit view on Sparebanken Norge which could result in a negative change in Brage’s issuer rating.

Table 1: Credit ratings

		Credit rating	Outlook
Issuer	Brage Finans		
	Issuer rating	A+	Stable
	Senior unsecured debt rating	A+	Stable

1. Operating Environment

Norway is a relatively small open economy with one of the highest levels of per capita income in the world and low unemployment. A very strong government fiscal position provides ample capacity to support the economy when needed. The regulatory framework is well established and rigorous, and the central bank has a good track record of providing refinancing facilities to banks in times of stress. While competition is high, there is also a long history of cooperation among domestic banks. For further information please refer to our [Operating Environment Booklet](#).

2. Business model

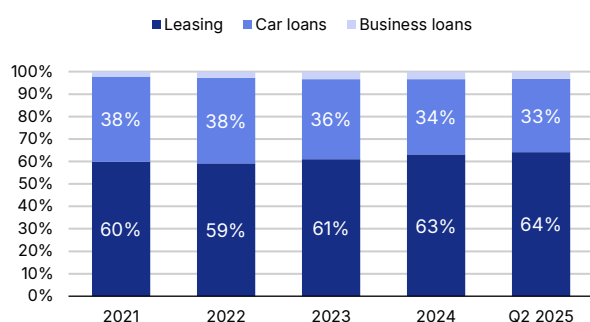
Brage is a Norwegian finance company offering equipment leasing for business clients and car loans for individuals. The company was founded by ten savings banks in June 2010. Over time, the number of owners has increased to more than twenty. The largest owner is Sparebanken Norge with stake of 76.75%. All other owners, mainly savings banks, have individual stakes below 5%.

In May 2025, Sparebanken Vest and Sparebanken Sor merged, creating one of Norway's largest savings banks with total assets of more than NOK 568bn (as of 30 June 2025). Brage is a subsidiary of Sparebanken Norge. We expect Brage to continue to be a strategic product company of the merged bank and the Frende Group.

Brage serves as the finance company for its owners, enabling them to offer a broader range of products and services to their customers. The owners receive commissions based on their distribution volume and the asset quality of their respective portfolios. This strategic and close relationship supports sound business growth. As the company has developed new distribution channels, the proportion of business coming from the owners has declined but remains substantial at around a third.

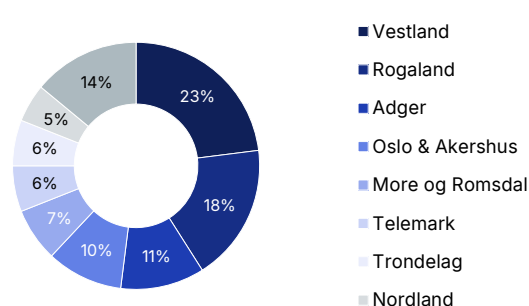
In addition to the more than 100 local offices of the owner banks, Brage distributes products through several hundred equipment and car dealers and directly via its own sales offices and digital platforms. With the opening of several offices, including one in Oslo in November 2022, Brage benefits from a physical market presence throughout the country. The largest volume of business comes from western and southern Norway, where many of the owners are located.

Figure 1: Credit portfolio by business



Source: Company data, Scope Ratings

Figure 2: Geographic split of credit portfolio



Note: Data as of Q2 2025

Source: Company data, Scope Ratings

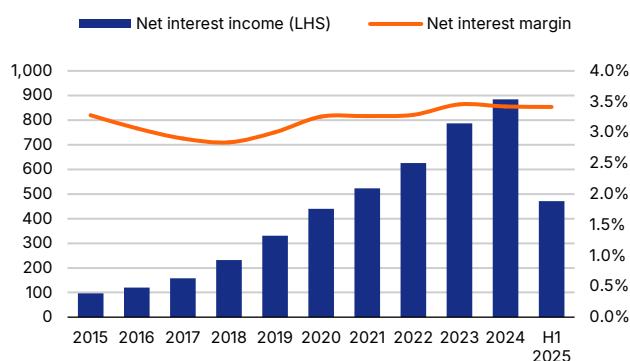
While still limited, Brage is developing capital light products such as payment insurance and factoring. In collaboration with Frende Forsikring, an insurance company which shares many of the same owners as Brage, the company distributes car insurance products and insurance on leased equipment. Since 2021, complementary factoring and invoice purchasing services are offered via Factoring Finans AS.

Brage has successfully increased its market share over time (Figure 4). As of June 2025, Brage's market share had reached 8.9% of the domestic financing market. New business market shares in

movable asset leasing and car loan were 12.7% and 7.3%, respectively, up from 6.6% and 4%, respectively as of end-2018¹.

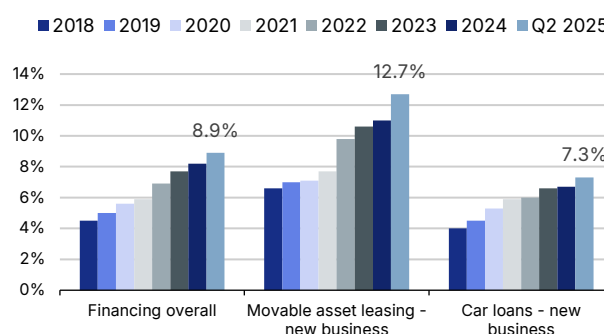
Foreign companies with branches in Norway are material players in the country's finance market, accounting for approximately 30% of finance lending volume². In addition to the three large players, DNB Finans, Nordea Finans, and Santander Consumer Bank AS, other players include the finance companies of auto manufacturers and bank-owned finance companies.

Figure 3: Net interest income (NOK bn) and margin (%)



Note: Three-year averages based on 2021-2023
Source: SNL, Scope Ratings

Figure 4: Market share development



Source: Company data, Scope Ratings

Figure 5: Selected metrics of owner banks with stakes of 1% or more

	Stake in Brage (%)	Assets (NOK bn)	Return on Avg Equity (%)	Costs % Income	Stage 3 loans % Total loans	CET1 capital ratio (%)	Return on Avg Assets (%)
Sparebanken Norge	76.75%	568,117,310	19.0	27.7	0.6	18.4	1.5
Rogaland Sparebank	4.00%	41,614,838	13.4	39.0	1.4	18.8	1.4
Voss Sparebank	2.19%	6,876,722	7.0	41.8	NA	36.6	1.3
Spareskillingsbanken	2.09%	13,584,003	7.6	47.6	0.7	28.3	1.0
Flekkefjord Sparebank	2.03%	12,526,170	7.8	49.0	1.2	22.6	1.0
Søgne & Greipstad Sparebank	1.67%	5,891,310	7.6	53.6	1.7	21.4	1.1
Luster Sparebank	1.59%	4,983,685	9.7	36.0	1.5	31.3	1.6
Fana Sparebank	1.00%	34,759,400	10.2	49.5	1.0	25.0	1.0

Note: Ownership stakes as of June 2025. Financial data as of Q2 2025. Return on average equity and cost to income ratio are based on H1 2025 annualised.
Source: SNL, Scope Ratings

¹ Market share data reflects the activity of members of the Association of Norwegian Finance Companies. Members' activities include leasing, factoring, car financing, credit cards and consumer loans.

² Norges Bank, Norway's Financial System, 2025.

3. Long-term sustainability (ESG-D)

Brage demonstrates proactive management of sustainability-related issues, with attention being given to both risks and opportunities. These efforts strengthen the long-term sustainability of the business.

Brage continuously enhances its IT systems and customer-facing digital platforms to support its business franchise and efficiency. All employees are encouraged to participate in improving the company's systems. Brage's operations have been digital since its inception and there is no need for major investment as systems are relatively up to date and adapted to the needs of the business.

Digital

Brage has incorporated ESG considerations such as the environmental performance of equipment and vehicles in its credit approval and risk assessment process, recognising that these factors influence the value of the assets being financed. At the same time, the company aims to increase the proportion of green assets in its portfolio. Through more attractive terms and conditions as well as advice, Brage encourages customers to lease or buy more sustainable alternatives.

Environment

Brage established a green bond framework in 2020 which has been independently assessed as being in line with the ICMA Green Bond Principles. The company has developed an internal system for mapping and classifying green assets and has issued several green bonds. Brage also continues to develop its disclosures in line with the recommendations of the Task Force on Climate Related Financial Disclosures.

Brage benefits from an experienced and stable senior management team. The CEO, deputy CEO, and the head of credit each have more than 30 years of experience in the finance industry and have been with the company since its founding in 2010.

Governance

Reflective of its ownership structure, the company's eight-member board includes five representatives from the owner banks. In addition, there are two employee representatives and two independent members. As Brage has grown, separate risk and audit committees at board level have been established, in line with requirements.

Brage aims to be an attractive employer, with satisfied and motivated employees. Policies are in place to support skill development, a good working environment and work-life balance.

Social

The company also continues to work towards Finans Norge's equality targets for the finance industry. Active efforts are made in recruitment processes to maintain a balance between men and women, as well as a balanced age distribution.

Figure 6: Long-term sustainability overview table³

	Industry level			Issuer level						
	Materiality			Exposure			Management			
	Low	Medium	High	Low	Neutral	High	Weak	Needs attention	Adequate	Strong
E Factor		◊			◊				◊	
S Factor	◊				◊				◊	
G Factor			◊		◊				◊	
D Factor			◊		◊					◊

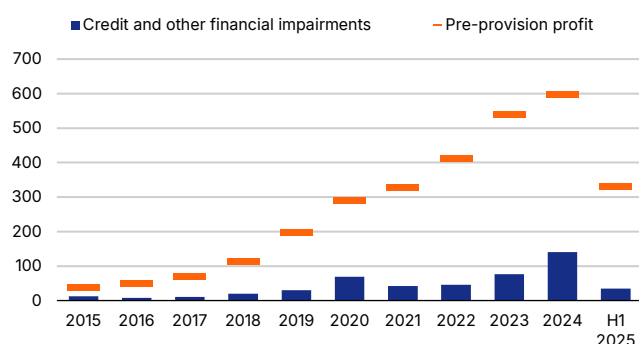
Source: Scope Ratings

4. Earnings capacity and risk exposures

Brage's returns have grown steadily over time. This has been achieved by expanding distribution channels, gaining market share, and maintaining a sound credit portfolio. For 1H 2025, the company reported a return on equity of 10.6% (before commissions paid to owners), up from 7.7% for the same period last year. Results were positively impacted by stronger net interest income stemming from good portfolio growth.

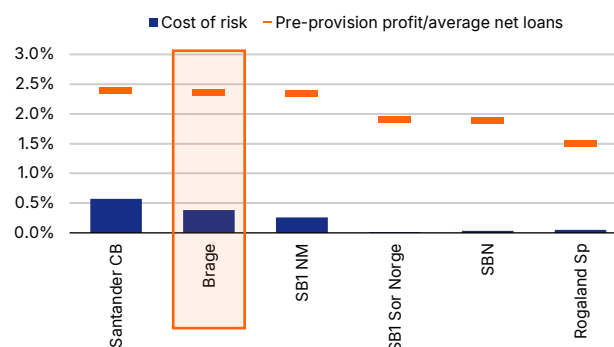
Brage benefits from higher returns compared to banking peers but incurs higher credit costs as its business activities entails greater asset risk than traditional banking focused on mortgage lending. In the leasing business, counterparties are often small businesses in cyclical sectors. Within the corporate portfolio, the largest exposures include construction as well as transport and storage, industries which also tend to be more cyclical. At the same time, Brage has grown its car finance business, increasing the number of personal customers, who now account for around 24% of the portfolio.

Figure 7: Pre-provision income and provisions (NOK m)



Source: Company data, Scope Ratings

Figure 8: Peer comparison



Note: Three-year averages based on 2022-2024.
Source: SNL, Scope Ratings

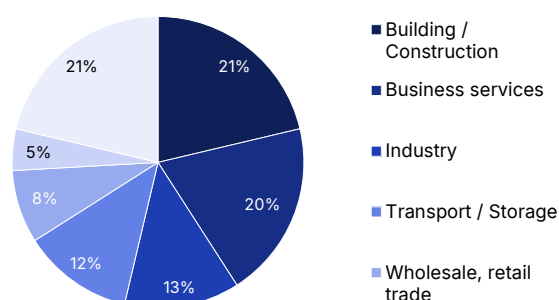
Brage maintains a sound asset quality profile, with credit and concentration risks being actively managed and monitored. The company performs its own credit assessment of all clients, including those referred by the owners.

As of June 2025, Stage 3 exposures accounted for 3.3% of the credit portfolio, up from 3.2% for the same period the year prior. Despite the more uncertain operating environment, Stage 3 levels have remained moderate and pre-provision income continues to be sufficient to absorb credit costs.

The credit portfolio is granular and well diversified by industry and asset type. Concentration risk is low (Figure 8). As of June 2025, 85% of the portfolio consisted of contracts on individual assets with a value of less than NOK 5m each. The remainder of the portfolio consisted of contracts on individual assets with a value between NOK 5m and NOK 50m.

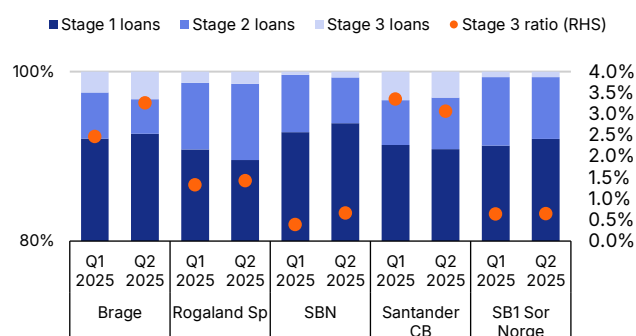
In addition, 52% of the portfolio consisted of customer commitments of less than NOK 5m each. Due to the nature of the contracts, Brage has no direct exposure to residual value risk.

Figure 9: Corporate Credit exposures



Note: NOK 21.2bn as of Q2 2025. Corporate exposures represent 76% of the loan book. The remaining 24% of exposures are to retail customers.
Source: Company data, Scope Ratings

Figure 10: Asset quality - peer comparison

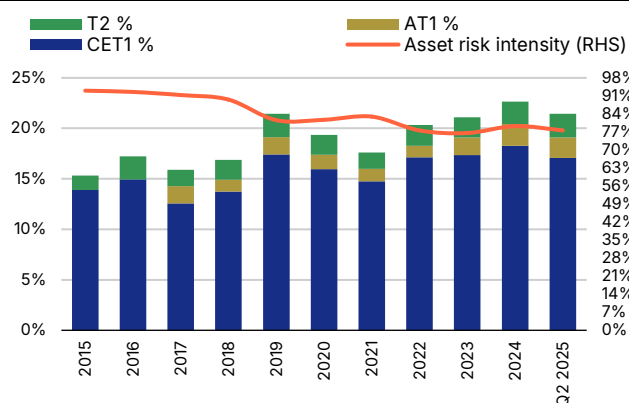


Source: Company data, Scope Ratings

5. Financial viability management

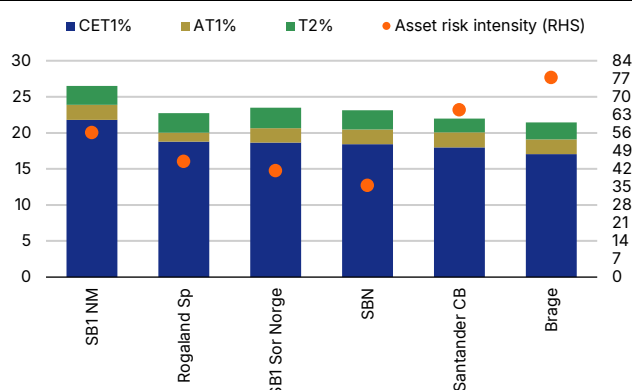
Brage is licensed as a finance company and is regulated and supervised by the Norwegian FSA. The company is subject to most of the same requirements as banks, including in the areas of solvency and liquidity. With support from its owners, Brage maintains solid prudential metrics in line with relatively demanding requirements, including a systemic risk buffer of 4.5% and a countercyclical buffer of 2.5%. Over the years, the owners have provided capital to support growth and ensure a sound solvency position.

Figure 11: Capital profile



Source: Company data, Scope Ratings

Figure 12: Capital profile – peer comparison (Q2 2025)

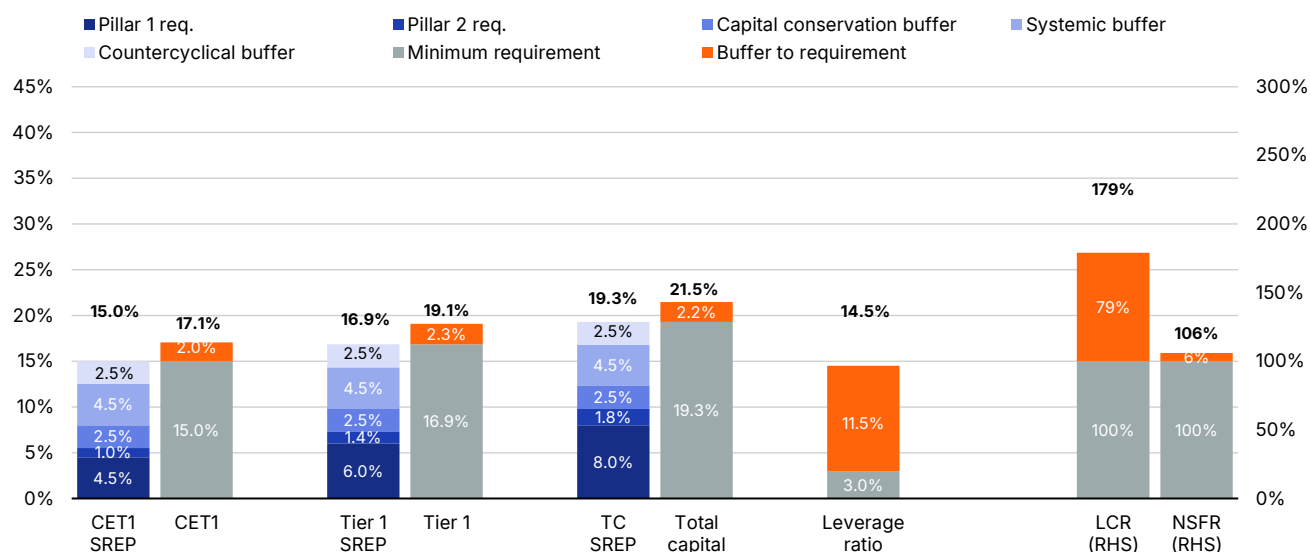


Source: SNL, Scope Ratings

Brage is not authorised to collect deposits and therefore dependent on market funding. We observe a diversified funding profile without significant maturity concentrations nor reliance on single investors – except for its owners that remain supportive and fully subscribed a new NOK 2bn senior unsecured certificate in March 2025.

To manage liquidity and funding risks, Brage maintains relatively matched funding as it ensures that its quarterly operating cash flows from customers are more than sufficient to cover future debt maturities. There are internal limits on the amount of debt that can be borrowed and the amount of debt maturing each quarter. In addition, the company maintains a liquidity buffer comprised of cash and bond funds. However, liquidity is managed more tightly compared to banking peers.

Figure 13: Overview of distance to requirements as of Q2 2025



Source: Company data, Scope Ratings

6. External support

Brage's issuer rating reflects Scope's view on the high strategic importance of the company for its new majority owner, Sparebanken Norge (SBN). Brage's activities are considered to be 'largely integrated' to its parent, complementing SBN's product offering – in particular leasing- to its retail and corporate customers. We believe there is a 'high' likelihood of support from the parent in case of need.

We have established a private credit rating on the parent, SBN, and applied a top-down rating approach for Brage's issuer and debt ratings. Brage's issuer rating is not fully aligned with its parent, considering that the subsidiary still maintains some independency from the parent. Our credit view of SBN, which is the anchor for Brage's ratings, reflects the following:

Business model assessment: Sparebanken Norge is a leading national savings bank with the majority of its business consisting of residential mortgage lending supplemented by lending to the corporate sector. Brage's parent has a presence across the country with concentrations along the western and southern parts of the country. Despite being an independent bank, SBN spearheads a cooperation amongst independent banks through Frende Gruppen. The bank serves around 800,000 customers and has total assets of 560bn NOK.

Operating environment assessment: Sparebanken Norge operates exclusively within Norway. Norway is a relatively small open economy with one of the highest levels of per capita income in the world and low unemployment. A very strong government fiscal position provides ample capacity to support the economy when needed. The regulatory framework is well established and rigorous, and the central bank has a good track record of providing refinancing facilities to banks in times of stress. While competition is high, there is also a long history of cooperation among domestic banks.

Long-term sustainability assessment (ESG factor): Sparebanken Norge proactively manages and addresses ESG related risks and opportunities in its business and has incorporated aspects into its strategy. The bank has strong digital capabilities, in line with its ambitions to be at the forefront in this space and maintaining high cost efficiency. Furthermore, the bank has a leading national mobile banking brand. With savings bank roots dating back over 200 years, being an active participant and supporter of its local communities has been a key part of its DNA and sits at the core of the bank's business model. The bank is aware of the importance of climate change and has integrated considerations throughout its business.

Earnings capacity and risk exposures assessment: Underpinned by its low-risk business model focused on retail mortgages, the bank has consistently delivered strong returns together with a robust risk profile. The bank operates with a comparatively low CIR compared to its peers driven by strong cost control and a focus on digital efficiency. Close to three quarters of the bank's loan book consists of residential mortgages with the remainder consisting of lending to corporate sectors such as commercial real estate, construction and fishing. Despite some exposure to more cyclical sectors, the bank has a strong track record in performance. The bank targets a cost-to-income ratio of below 30% and a return on equity above 13%. The bank expects cost synergies of ca.425m NOK by 2027YE through its recently completed mergers.

Financial viability management assessment: SBN maintains solid buffers to its capital requirements with a buffer of 350bps to its regulatory requirement as of Q2 2025. SBN targets a CET1 of at least 16% including a 110bps management buffer and a 50% dividend payout ratio. Sparebanken Norge utilizes IRB models for calculating its risk weights. Following its recent mergers, the bank expects total capital synergies of ca.3.4bn NOK from 2028. The bank is primarily funded by customer deposits and covered bonds which it issues through its fully owned covered bond issuing vehicle, SBN Boligkreditt.

Appendix 1. Selected financial information – Brage Finans

	2021	2022	2023	2024	H1 2025
Balance sheet summary (NOK m)					
Assets					
Cash and interbank assets	118	269	1,348	298	325
Total securities	117	119	124	157	252
of which, derivatives	0	0	0	0	0
Net loans to customers	16,956	20,375	23,499	26,244	28,099
Other assets	174	204	219	237	338
Total assets	17,364	20,967	25,190	26,936	29,014
Liabilities					
Interbank liabilities	585	331	812	750	650
Senior debt	13,868	16,845	19,698	20,648	NA
Derivatives	0	0	0	0	0
Deposits from customers	0	0	0	0	0
Subordinated debt	236	337	388	475	530
Other liabilities	336	439	545	629	NA
Total liabilities	15,025	17,952	21,443	22,502	24,428
Ordinary equity	2,164	2,829	3,363	3,925	4,125
Equity hybrids	175	185	335	460	460
Minority interests	0	0	49	50	0
Total liabilities and equity	17,364	20,967	25,190	26,936	29,014
<i>Core tier 1/ common equity tier 1 capital</i>	<i>2,127</i>	<i>2,788</i>	<i>3,348</i>	<i>3,902</i>	<i>3,841</i>
Income statement summary (NOK m)					
Net interest income	523	626	787	884	471
Net fee & commission income	-84	-81	-79	-71	-51
Net trading income	0	1	5	7	5
Other income	15	19	34	34	18
Operating income	455	564	747	854	443
Operating expenses	126	153	207	255	114
Pre-provision income	328	411	539	598	330
Credit and other financial impairments	42	46	76	140	35
Other impairments	NA	NA	NA	NA	NA
Non-recurring income	0	0	0	0	0
Non-recurring expense	0	0	0	0	0
Pre-tax profit	286	365	463	458	295
Income from discontinued operations	0	0	0	0	0
Income tax expense	70	87	110	103	68
Other after-tax items	0	0	0	0	0
Net profit attributable to minority interests	0	0	0	1	0
Net profit attributable to parent	216	278	353	354	226

Source: SNL, Scope Ratings

Note: Figures above may differ from reported figures.

Appendix 2. Selected financial information – Brage Finans

	2021	2022	2023	2024	H1 2025
Funding and liquidity					
Net loans/ deposits (%)	NA	NA	NA	NA	NA
Liquidity coverage ratio (%)	153%	113%	122%	137%	179%
Net stable funding ratio (%)	121%	113%	110%	110%	106%
Asset mix, quality and growth					
Net loans/ assets (%)	97.6%	97.2%	93.3%	97.4%	96.8%
Problem loans/ gross customer loans (%)	0.9%	0.7%	1.5%	2.0%	1.8%
Loan loss reserves/ problem loans (%)	84.7%	89.7%	51.9%	41.3%	49.5%
Net loan growth (%)	19.8%	20.2%	15.3%	11.7%	14.1%
Problem loans/ tangible equity & reserves (%)	6.3%	4.7%	8.9%	11.3%	10.6%
Asset growth (%)	17.7%	20.7%	20.1%	6.9%	15.4%
Earnings and profitability					
Net interest margin (%)	3.3%	3.3%	3.5%	3.4%	3.4%
Net interest income/ average RWAs (%)	4.0%	4.1%	4.4%	4.4%	4.3%
Net interest income/ operating income (%)	115.1%	110.9%	105.4%	103.6%	106.3%
Net fees & commissions/ operating income (%)	-18.5%	-14.4%	-10.5%	-8.4%	-11.5%
Cost/ income ratio (%)	27.8%	27.2%	27.8%	29.9%	25.6%
Operating expenses/ average RWAs (%)	1.0%	1.0%	1.2%	1.3%	1.0%
Pre-impairment operating profit/ average RWAs (%)	2.5%	2.7%	3.0%	3.0%	3.0%
Impairment on financial assets / pre-impairment income (%)	12.7%	11.1%	14.1%	23.4%	10.6%
Loan loss provision/ average gross loans (%)	0.3%	0.2%	0.3%	0.6%	0.3%
Pre-tax profit/ average RWAs (%)	2.2%	2.4%	2.6%	2.3%	2.7%
Return on average assets (%)	1.3%	1.4%	1.5%	1.4%	1.6%
Return on average RWAs (%)	1.6%	1.8%	2.0%	1.8%	2.1%
Return on average equity (%)	9.7%	10.9%	10.7%	8.5%	10.0%
Capital and risk protection					
Common equity tier 1 ratio (% , fully loaded)	14.8%	17.1%	17.4%	18.3%	17.1%
Common equity tier 1 ratio (% , transitional)	14.8%	17.1%	17.4%	18.3%	17.1%
Tier 1 capital ratio (% , transitional)	16.0%	18.3%	19.1%	20.4%	19.1%
Total capital ratio (% , transitional)	17.6%	20.3%	21.1%	22.7%	21.5%
Leverage ratio (%)	13.0%	13.9%	14.2%	15.8%	14.5%
Asset risk intensity (RWAs/ total assets, %)	83.0%	77.6%	76.6%	79.3%	77.6%
Market indicators					
Price/ book (x)	NA	NA	NA	NA	NA
Price/ tangible book (x)	NA	NA	NA	NA	NA
Dividend payout ratio (%)	NA	NA	NA	NA	NA

Source: SNL, Scope Ratings

Note: Figures above may differ from reported figures.

Lead Analyst

Andre Hansen
a.hansen@scoperatings.com

Team Leader

Marco Troiano, CFA
m.troiano@scoperatings.com

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[Financial Institutions Rating Methodology](#), September 2025

Scope Ratings GmbH

Lennéstraße 5, D-10785 Berlin
Phone: +49 30 27891-0
Fax: +49 30 27891-100
info@scoperatings.com

Scope Ratings UK Limited

52 Grosvenor Gardens
London SW1W 0AU
Phone: +44 20 7824 5180
info@scoperatings.com



Bloomberg: RESP SCOP
[Scope contacts](#)
scoperatings.com

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