Scope Ratings

Brage Finans AS

Issuer rating report

Issuer rating

A-

Outlook

Stable

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Summary and Outlook

Scope's credit view (summary)

Brage Finans (Brage) is a Norwegian finance company offering primarily equipment leasing for business clients and car loans for individuals. Brage serves as the finance company for its owners, mainly well-established and solid savings banks located in Western and Southern Norway. The owners account for about a third of the company's sales. With five of eight board members coming from the banks, the owners steer the strategic direction of the company.

Brage continues to make ongoing enhancements to its relatively current technology systems to further increase efficiency and support business growth. The company also demonstrates a proactive approach to managing sustainability-related considerations, with attention being given to both risks and opportunities.

The company aims to generate a good financial return for its owners. Through the considered expansion of distribution channels as well as market share gains, Brage's returns have steadily increased.

While benefitting from higher margins, the nature of Brage's business activities entails greater asset risk than traditional banking focused on mortgage lending. In leasing, counterparties are often small businesses in cyclical industries such as construction and transport. At the same time, Brage has grown the car financing business, increasing the number of personal customers. Asset quality remains sound, underpinned by a diversified and mainly asset-backed credit portfolio and consistent risk management. Brage has no direct exposure to residual value risk.

Brage's owners consistently provide capital and funding to sustain its growth and development. As a licensed finance company regulated and supervised by the Norwegian FSA, Brage is subject to most of the same requirements as banks, including in the areas of solvency and liquidity. Brage maintains prudential metrics above relatively stringent requirements with support from its owners as needed. Brage relies on wholesale funding and is a frequent issuer in the domestic debt market given it is not authorized to collect deposits.

Outlook

The Stable Outlook reflects Scope's expectation that Brage's operating performance and prudential metrics will remain sound in a more uncertain economic environment.

What could move the rating up

- Sustainable growth underpinned by increased business and geographic diversification

What could move the rating down

- A change in the supportive nature of the relationship between Brage and its owners which negatively impacts its business franchise and/or liquidity and funding profile
- A material deterioration in asset quality or earnings, potentially stemming from a weaker macroeconomic environment

Rating drivers overview table

Step		Assessment			Summary rationale
STEP 1	Operating environment	Very supportive	H	L	♦ Wealthy economy with well-developed capital markets and a strong record of economic resilience to shocks ♦ Resilient and growing asset finance market ♦ Relatively stringent and active financial regulator
		Supportive	H	L	
		Moderately supportive	H	L	
		Constraining	H	L	
		Very constraining	H	L	
	Business model	Very resilient	H	L	♦ Engaged primarily in equipment leasing and car financing ♦ Serves as the finance company for its owners, mostly savings banks ♦ Nationwide operations with largest presence in Western and Southern Norway ♦ Owners actively sustain the company's business growth and development
		Resilient	H	L	
		Consistent	H	L	
		Focused	H	L	
		Narrow	H	L	
	Initial mapping	**bbb**			
	Long-term sustainability	Best in class			♦ Relatively up-to-date IT systems tailored to the business, with ongoing enhancements ♦ Sustainability considerations incorporated in business strategy and credit risk processes
		Advanced			
		Developing			
		Constrained			
		Lagging			
	Adjusted anchor	**bbb+**			
STEP 2	Earnings capacity & risk exposures	Very supportive			♦ While leasing and car financing are higher margin businesses, they entail greater asset risk than traditional banking focused on mortgage lending ♦ Exposed to SMEs in more cyclical industries ♦ Diversified credit portfolio and commission agreement with owners support sound asset quality profile
		Supportive			
		Neutral			
		Constraining			
		Very constraining			
	Financial viability management	Ample			♦ Maintains sound prudential metrics ♦ Reliant on market funding as not authorised to collect deposits ♦ Owners consistently provide capital and funding support
		Comfortable			
		Adequate			
		Limited			
		Stretched			
		At risk			
	Additional factors	Significant upside factor			♦ No further considerations
		Material upside factor			
		Neutral			
		Material downside factor			
		Significant downside factor			
	Standalone	**a-**			
STEP 3	External support	Not applicable			
Issuer rating		**A-**			

Issuer profile

Brage Finans is a Norwegian finance company offering primarily equipment leasing for business clients and car loans for individuals. The company serves around 10,000 business customers and 29,000 personal customers.

Brage was founded by ten savings banks in June 2010. Over time, the number of owners has increased to 25, diversifying the company's business geographically. The two largest owners remain Sparebanken Vest and Sparebanken Sor with a combined stake of nearly 75%. All the other owners have individual stakes below 3.5%.

Brage serves as the finance company for its owners, primarily well-established savings banks. The business began with equipment leasing for the owner banks in 2010 and then car loans for the owner banks in 2013. Brage then expanded the business through equipment dealers in 2015 and car dealers in 2017. Since 2021, the company has held a stake in Factoring Finans AS (55.7% as of end-2023), with the aim of developing complementary factoring and invoice purchasing services.

Following the opening of several new offices in recent years, including one in Oslo in November 2022, Brage has a physical market presence throughout Norway. As of YE 2023, the company had total assets of NOK 25bn and around 130 employees.

Recent events

- **March 2024**. Brage's owners subscribed to a NOK 2bn senior unsecured certificate loan to support the company's financing needs.
- **Q4 2023 financial results**. Brage reported a profit after tax of NOK 127.1m (NOK 99.7m, Q4 2022) and a return on equity of 11%. Results were driven by solid levels of growth in the portfolio and growing market shares. Asset quality remained stable in the quarter with the Stage 3 ratio amounting to 3.2%. Bolstered by a capital increase, the CET1 ratio increased to 17.4% from 16.1% in Q3 2023.
- **November 2023**. Brage completed a NOK 200m equity increase with its owners to facilitate further growth. All of the company's owners participated in line with their respective ownership stakes.

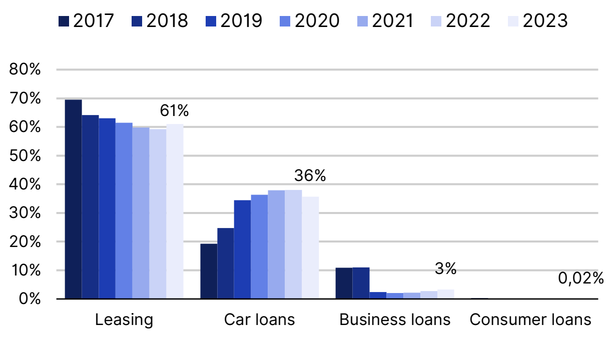
Rating drivers

Successful mid-sized player in Norwegian finance market focused on lease financing and car loans

The 'focused-high' business model assessment reflects Brage's focus on two businesses, equipment leasing and car financing. The company operates throughout Norway, with the largest concentration in Western and Southern Norway where its owners are located.

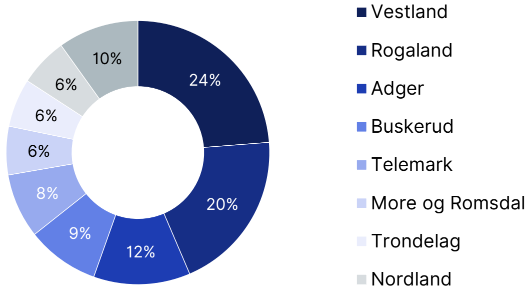
The 'very supportive-low' operating environment assessment reflects Norway's wealthy economy with well-developed capital markets and a strong record of economic resilience to shocks. The operating environment is very supportive for financial activities, with the Norwegian asset finance market demonstrating resilient growth.

Figure 1: Credit portfolio development



Note: Car loans include both retail and business clients
Source: Company data, Scope Ratings

Figure 2: Geographic split of credit portfolio



Note: Data as of YE 2023
Source: Company data, Scope Ratings

Brage offers primarily lease financing and loans to businesses and car loans to individuals. The proportion of unsecured consumer and business loans has materially declined as these are not core business areas. Over time, management foresees the business mix becoming more evenly balanced between corporate and retail customers, enhancing the diversification and risk profile of the credit portfolio. Leasing currently accounts for just over 60% of the credit portfolio (Figure 1).

Serves as the finance company for its owners

While being a strategic investment for its owners, Brage strives to provide them with a good financial return. Brage serves as the finance company for its 25 owners, enabling them to offer a broader range of services to their customers. The owners are primarily well-established savings banks, with the two largest being Sparebanken Vest and Sparebanken Sor, with stakes of 49.99% and 24.88%, respectively (Figure 3).

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 new distribution channels have been developed, the proportion of business coming from the owners has declined but remains substantial at around 30%.

Business has grown through multi-distribution model

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. Brage has ten sales offices throughout the country in addition to its headquarters in Bergen. In recent years the business has become more geographically diversified as the number of owners has increased and new offices have been opened. The largest concentration is in Western and Southern Norway, where the majority of the owners are located (Figure 2).

Developing complementary products and services

While still limited, Brage has been developing capital light products such as payment insurance and factoring. The company has offered car insurance for several years and has expanded into offering insurance on leased equipment. This is done in collaboration with Frende Forsikring, an insurance company which shares many of the same owners as Brage. Following additional investments, the factoring business has established a basis for sustainable growth and is profitable.

Continued market share gains

Brage has successfully increased its market share over time (Figure 5). As of Q3 2023, Brage's market share had increased to 7.8% of the overall financing market. Meanwhile, new business market share in the movable asset leasing and car loan segments were 10.7% and 6.5%, respectively, up from 6.6% and 4%, respectively as of end-2018[1].

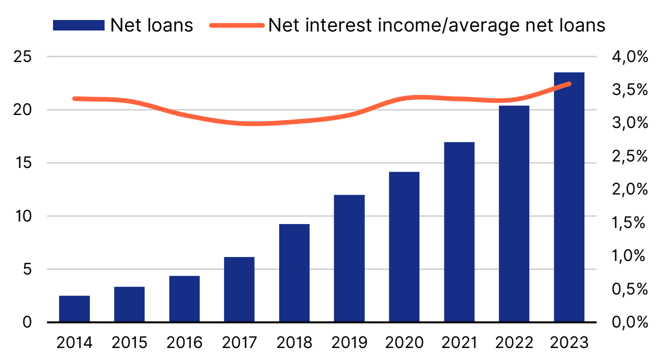
In Norway, foreign companies are material players in the finance market, accounting for approximately 30% of finance lending volume[2]. In addition to the three large players, DNB Finans, Nordea Finans, and Santander Consumer Bank AS, other players include the finance companies of auto manufacturers and bank-owned finance companies.

Figure 3: Selected metrics of owner banks with stakes of 1% or more

	Stake in Brage (%)	Assets (NOK bn)	Return on average equity (%)	Cost to income (%)	NPLs to gross loans (%)	CET1 capital ratio (%)
Sparebanken Vest	49.99%	296	15.5	29.3	0.3	17.6
Sparebanken Sør	24.88%	158	11.2	35.3	0.7	17.2
Haugesund Sparebank	3.11%	14	9.7	38.1	0.7	20.9
Voss Sparebank	2.26%	6	8.1	37.0	0.3	27.3
Spareskillingsbanken	2.15%	11	7.6	44.0	0.8	24.1
Flekkefjord Sparebank	2.09%	10	8.6	48.8	0.4	20.3
Skudenes & Aakra Sparebank	1.90%	11	10.9	36.8	0.3	22.0
Søgne & Greipstad Sparebank	1.72%	5	9.4	48.5	0.2	18.2
Luster Sparebank	1.64%	5	9.8	34.5	1.7	24.7
Lillesands Sparebank	1.56%	4	8.1	49.8	0.1	22.4
Fana Sparebank	1.00%	29	9.8	44.7	0.6	19.9

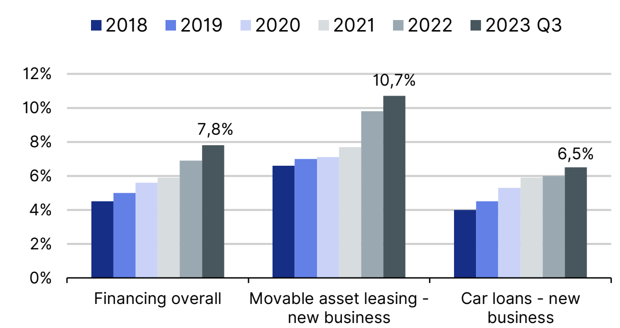
Note: Ownership stakes as of YE 2023, financial data as of Q3 2023
Source: SNL, Scope Ratings

Figure 4: Net loans (NOK bn) and margin (%)



Source: Company data, Scope Ratings

Figure 5: Market share development (%)



Source: Association of Norwegian Finance Companies, 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, 2023.

Box A: Focus on Brage's country of domicile: Norway

Economic assessment:

- With a population of 5.4m and a GDP of USD 375bn (2023 est), Norway is a relatively small open economy with one of the world's highest per capita incomes.
- The Norwegian economy demonstrated significant resilience during the Covid-19 pandemic and the energy crisis following the escalation of the Russia-Ukraine war.
- While we expect a gradual recovery in household consumption and investment, the combination of high private sector debt and higher rates will moderate economic activity. Economic growth is expected to stay below potential in 2024 at 0.9%.
- A very strong government fiscal position provides ample capacity to support the economy as needed. Savings are accumulated through the world's largest sovereign wealth fund. The strength of the oil and gas sector is expected to help sustain large current-account surpluses in 2024 and 2025.
- The high home ownership rate of around 80% is a driver for high levels of household debt, both in historical terms and in comparison, to other countries. Macroprudential measures concerning mortgages and consumer debt are in place to manage risks. Mortgage debt is primarily floating rate.
- Commercial property prices have risen substantially for many years, constituting a vulnerability for the financial system.
- The country's reliance on the oil and gas sector exposes it to long-term transition risks.

Key economic indicators	2020	2021	2022	2023 E	2024 F
Real GDP growth, %	-1.9	4.0	3.2	1.7	0.9
Inflation, % change	1.3	3.5	5.8	5.5	4.0
Unemployment rate, %	4.8	4.4	3.2	3.6	3.8
Policy rate, %	0.0	0.5	2.75	4.25	4.0
Public debt, % of GDP	45	43	37	38	37
General government balance, % of GDP	-2.6	10.6	26.0	21.5	14.5

Source: SNL, Scope Ratings forecasts

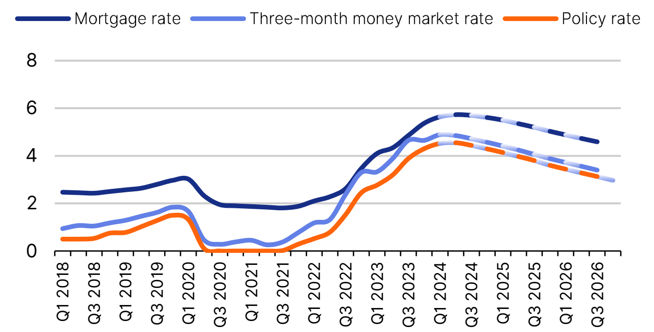
Soundness of the banking sector:

- The Norwegian banking system is dominated by DNB Bank, with a market share of around 30%. Nordea and other foreign banks account for about 20% of the retail market and 30% of the corporate market. There are also nearly 90 savings banks, with their size ranging from less than NOK 5bn to NOK 365bn in assets. Savings banks tend to operate locally or regionally and are part of alliances (SpareBank 1, Eika, DSS).
- Smaller savings banks are consolidating due to increasing competitive and regulatory pressures.
- Residential mortgages account for more than half of total lending while the commercial real estate sector accounts for 15% of total lending (or nearly half of corporate lending).
- Digitalisation is high and the use of cash is amongst the lowest in the world.
- A rigorous regulatory framework, with some of the highest solvency requirements amongst European banks.
- Norwegian banks are generally profitable, cost efficient and exhibit sound asset quality and solvency metrics.
- While customer deposits are the primary source of funding, the use of market funding is material, especially covered bonds.

Banking system indicators	2018	2019	2020	2021	2022
ROAA, %	1.0	1.1	0.8	1.0	1.0
ROAE, %	10.8	11.2	8.5	10.1	10.9
Net interest margin, %	1.7	1.8	1.7	1.6	1.7
CET1 ratio, %	16.7	17.8	18.3	18.4	18.1
Problem loans/gross customer loans, %	1.3	1.3	1.6	1.4	1.2
Loan-to-deposit ratio, %	160.3	163.3	152.2	143.7	144.7

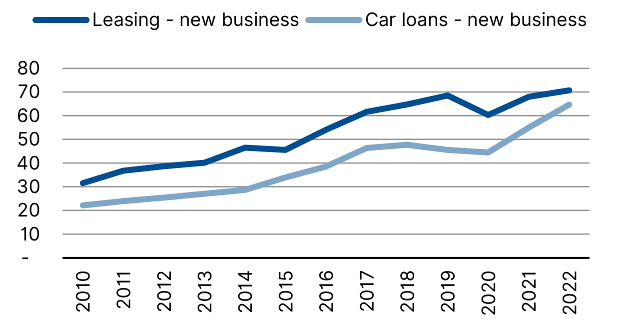
Source: SNL, Scope Ratings

Figure A: Interest rates (%)



Source: Norges Bank, Dec 2023 MPR

Figure B: New business - leasing and car loans (NOK bn)



Source: FINFO, Scope Ratings.

Effective management of sustainability considerations supports business growth

The 'advanced' long-term sustainability assessment reflects Brage's effective and proactive approach to managing sustainability-related considerations, with attention being given to both risks and opportunities. Continuous enhancements to the company's relatively up-to-date technology systems support the business franchise.

Figure 6: Long-term sustainability overview table[3]

	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

Digitalisation: continuous enhancements to increase efficiency and support growth

Brage's operations have been digital from its founding. The company continuously enhances its IT systems and client facing digital platforms but there is no need for major investments as the systems are relatively new and current. All employees are encouraged to be involved in improving the company's systems. Recent projects include utilising artificial intelligence (AI) to drive efficiency gains in the business. Brage has established guidelines to consider the risks associated with AI and to ensure responsible use.

Environment: addressing risks and opportunities

Brage has incorporated ESG considerations such as the environmental performance of equipment and vehicles in its credit approval and risk assessment process. Management recognises that these factors influence the value of the assets being financed. In addition, Brage avoids financing objects or businesses in industries which are prohibited in its internal guidelines, such as power production based on coal or oil sands.

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. Under the terms of the NOK 500m loan facility signed with the Nordic Investment Bank in May 2023, Brage will use 70% of the proceeds to finance green projects.

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 continues to develop disclosures in line with the recommendations of the Task Force on Climate Related Financial Disclosures as well as with the requirements of the Norwegian Transparency Act.

[3] The ESG-D heatmap is not a scorecard but illustrates how each factor informs our overall assessment. The Materiality table shows how we assess the credit relevance of each factor for the entire European banking industry. The Exposure table shows to what extent the bank is exposed to risks or benefits from opportunities compared to peers, given its business model and countries of operation. The Management table shows how we view the bank's navigation through transitions.

Governance: owners steer strategic direction

Brage benefits from an experienced and stable senior management team. The CEO, the 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.

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

Social: focused on being an attractive employer

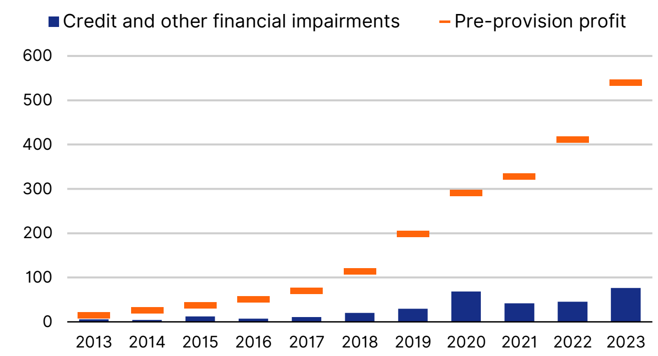
Brage aims to be an attractive employer, with satisfied and motivated employees. Policies are in place to support skill development, a good working environment and work-life balance. In 2023, Brage conducted an employee satisfaction survey which indicated that staff were highly committed to ensuring the company's success.

Brage continues to work on achieving the goals set for the finance industry by Finans Norge in regard to equality. Women are well represented on the senior management team (40%). Further, in middle management, the proportion of women is in line with the 40% recommendation. In recruitment processes, active efforts are made to maintain a balance between men and women, and as well a balanced age distribution.

Improving returns while preserving a sound asset quality profile

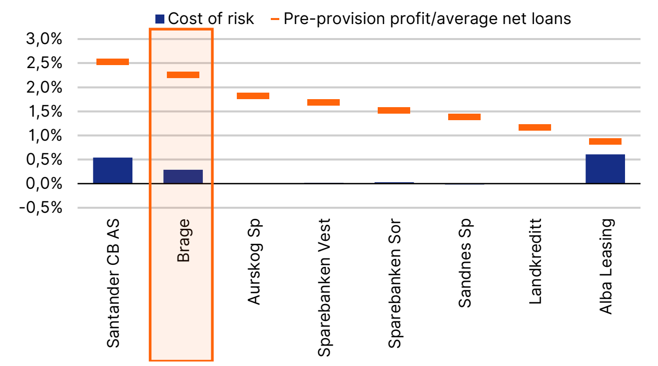
The "neutral" earnings capacity and risk exposure assessment reflects the nature of Brage's business activities which benefit from higher margins but also greater asset risks. At the same time, the company continues to maintain a sound asset quality profile.

Figure 7: Pre-provision income vs impairments (NOK m)



Source: SNL, Scope Ratings

Figure 8: Pre-provision income and cost of risk – peer comparison



Note: Three-year average based on 2020-2022
Source: SNL, Scope Ratings

Through the considered expansion of distribution channels as well as market share gains, Brage's returns have steadily increased. For 2023, Brage reported a return on equity of 11.2% (excluding commissions paid to the owners), a record high annual result. Performance was driven by strong growth combined with a focus on cost control and maintaining a sound credit portfolio.

Higher margins but also higher credit costs

Brage enjoys higher returns compared to banking peers but also higher credit costs (Figure 8). The nature of Brage's 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 tend to be more cyclical. At the same time, Brage has grown the car financing business, increasing the number of personal customers.

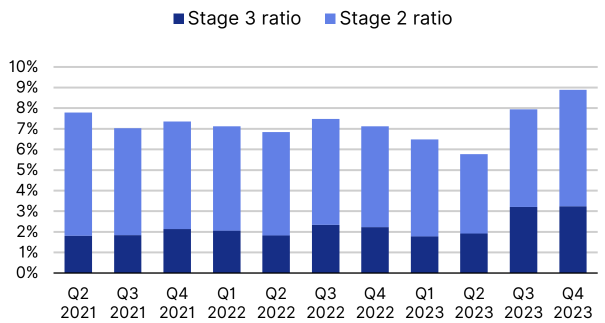
Consistent risk management

Brage performs its own credit assessment of all clients, including those which have been referred by its owners. Credit and concentration risks are actively managed and monitored. As of YE 2023, Stage 3 exposures accounted for 3.2% of the credit portfolio, up from 2.2% at YE 2022. In line with the slowing economy, asset quality has shown some deterioration. However, pre-provision income is largely sufficient to absorb credit costs.

Diversified credit portfolio supports asset quality

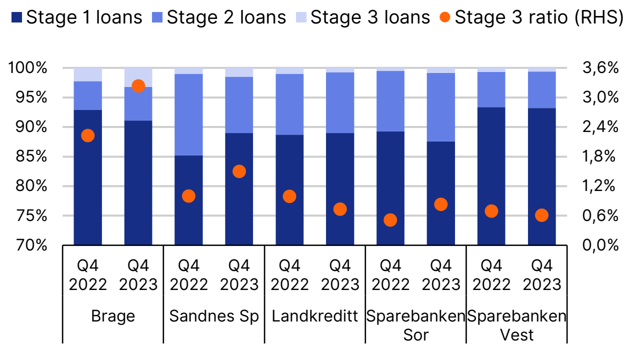
The credit portfolio is diversified by both industry and asset type, with concentration risk being low (Figures 11 and 12). As of YE 2023, 85% of the portfolio was comprised of contracts on individual assets with values below NOK 5m each. The remainder of the portfolio was comprised of contracts on individual assets with a value between NOK 5m and NOK 50m. Further, 56% of the portfolio was comprised of customer engagements totalling less than NOK 5m each. Due to the nature of the contracts, Brage has no direct exposure to residual value risk.

Figure 9: Stage 2 and Stage 3 development



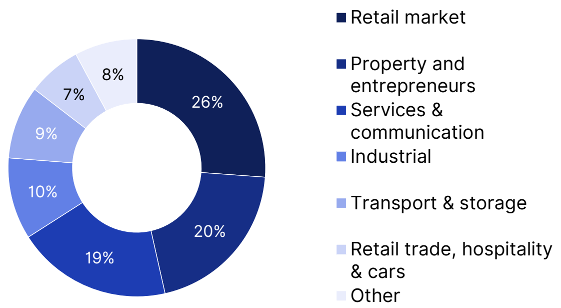
Source: SNL, Scope Ratings

Figure 10: Asset quality metrics – peer comparison



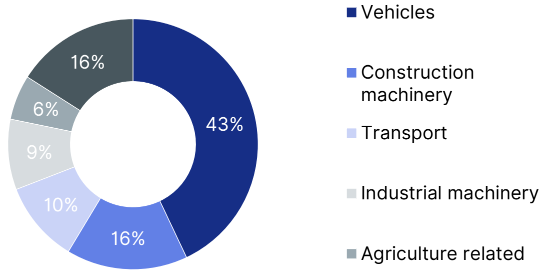
Source: SNL, Scope Ratings

Figure 11: Portfolio by industry (YE 2023)



Source: Company data, Scope Ratings

Figure 12: Portfolio by asset type (YE 2023)

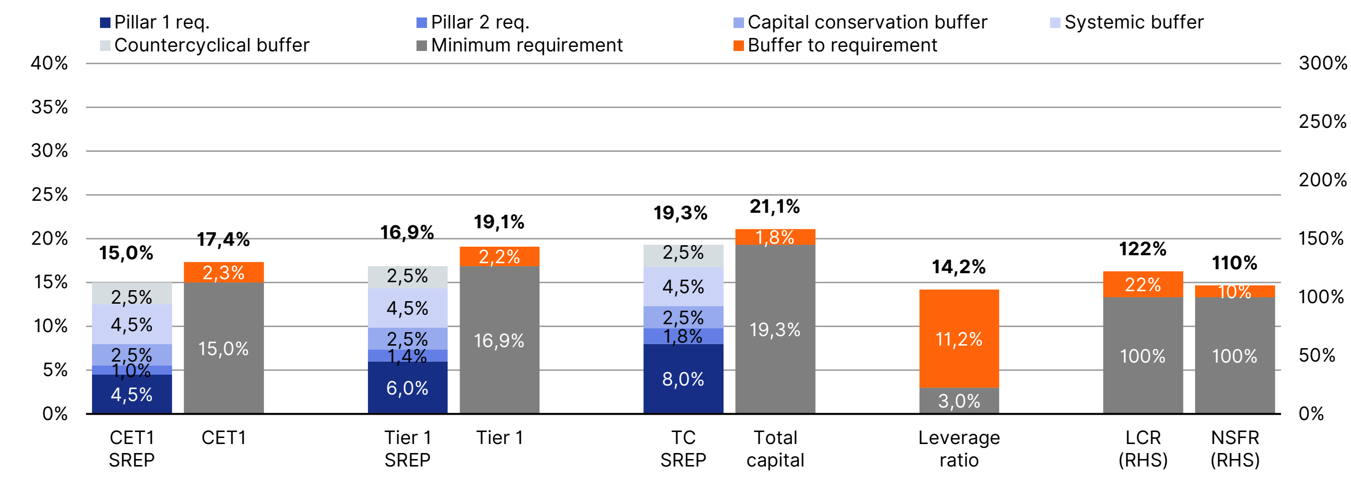


Source: Company data, Scope Ratings

Maintaining sound prudential metrics with support from the owners as needed

The "comfortable" financial viability management assessment reflects Brage's sound prudential metrics. Brage's owners continue to provide capital and funding to ensure that regulatory requirements are met with an appropriate buffer.

Figure 13: Overview of distance to requirements, YE 2023



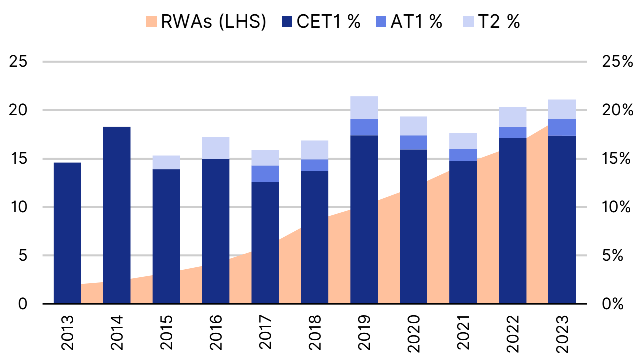
Source: SNL, Scope Ratings

Largely regulated like a bank

Licensed as a finance company, Brage is under the regulation and supervision of 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 sound 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 to ensure a sound solvency position. The latest capital increase, in the amount of NOK 200m, occurred in Q4 2023.

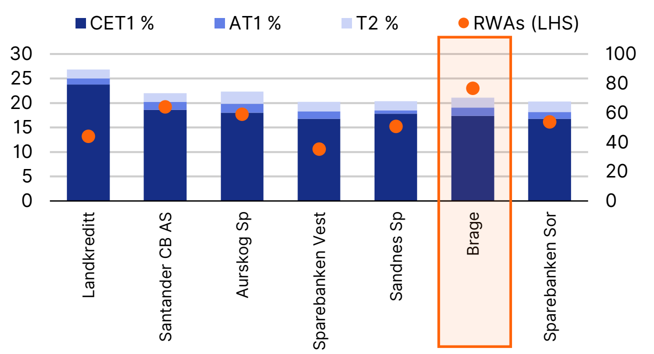
In July 2023, Brage received an updated Pillar 2 requirement of 1.8%, down from the previous requirement of 2.6%. In line with CRR, the company was also permitted to meet its requirement with a mix of capital instead of just CET1. Further, the Norwegian FSA assigned a Pillar 2 guidance of 1.25%.

Figure 14: Capital (%) and RWA (NOK bn) development



Source: Company data, Scope Ratings.

Figure 15: Capital position – peer comparison



Note: Data as of YE 2023
Source: SNL, Scope Ratings.

As a finance company, Brage is not authorised to collect deposits and consequently relies on market funding. When the company began operations, the owners provided all of the necessary funding. As Brage grew, management successfully obtained different source of funding to sustain its development (Figure 16).

Not authorised to collect deposits

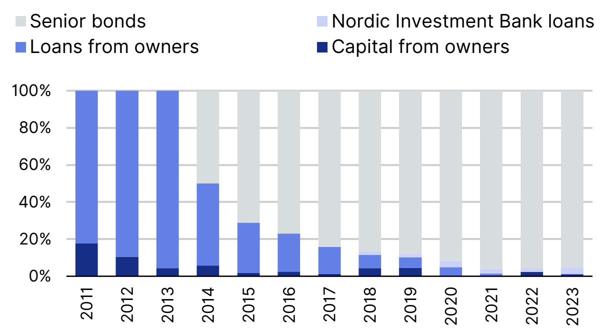
In 2014, Brage issued senior unsecured debt for the first time and in 2017 began issuing AT1 securities. Since 2018, Brage has also obtained loans from the Nordic Investment Bank to support SMEs and sustainable financing. At YE 2023 Brage had three loans totalling NOK 0.7bn from the Nordic Investment Bank.

Despite the market turmoil of the past year, Brage maintained good access to capital markets. Given the elevated cost of market funding, management continues to consider different funding options, including expanding the investor base and issuing with a longer duration and in other currencies. In March 2024, the owners subscribed to a new NOK 2bn senior unsecured certificate loan, supporting Brage's financing needs.

Owners provide funding as needed

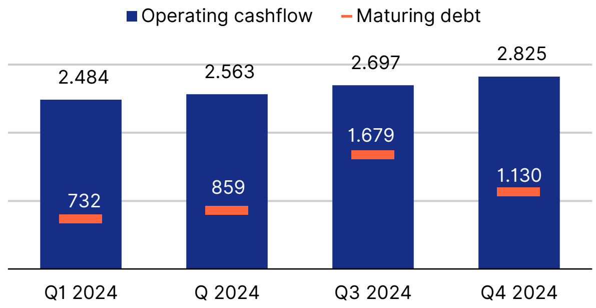
To manage liquidity and funding risks, Brage aims to ensure that quarterly operating cash flows from customers are more than sufficient to cover future debt maturities (Figure 17). There are internal limits on the amount of debt that can be borrowed and the amount of debt maturing each quarter. In addition, the company maintains a liquidity buffer comprised of cash and bond funds.

Figure 16: Funding profile



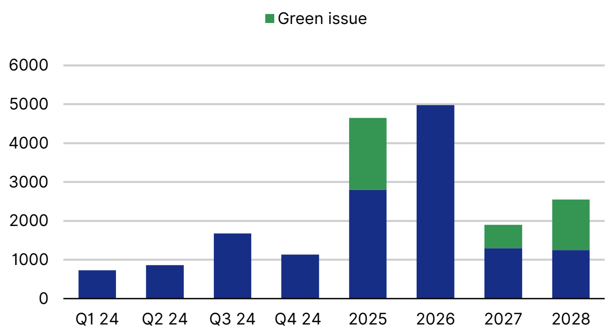
Source: Company data, Scope Ratings

Figure 17: Quarterly cashflows vs. maturing debt (NOK m)



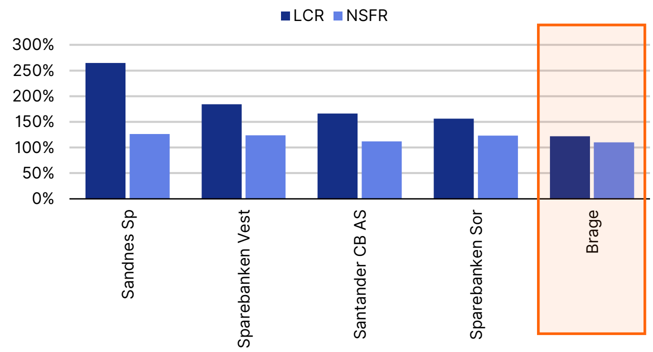
Note: Data as of YE 2023
Source: Company data, Scope Ratings

Figure 18: Debt maturity profile (NOK m)



Note: Data as of YE 2023
Source: Company data, Scope Ratings

Figure 19: LCR and NSFR – peer comparison



Note: Data as of YE 2023
Source: SNL, Scope Ratings

Debt ratings

Senior unsecured debt

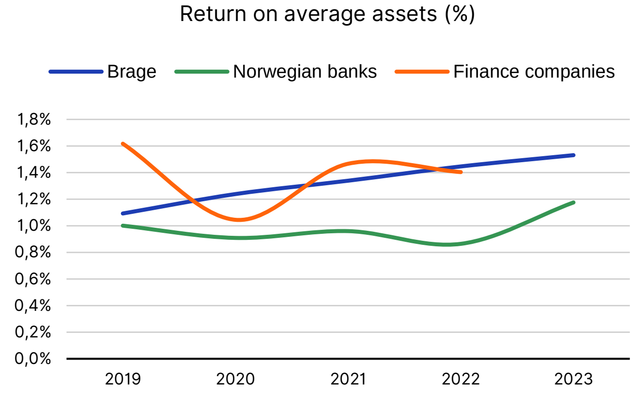
The senior unsecured debt rating of A- is aligned with the issuer rating.

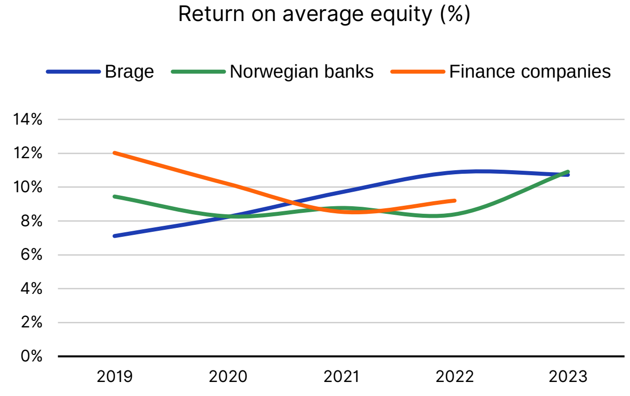
Credit rating list

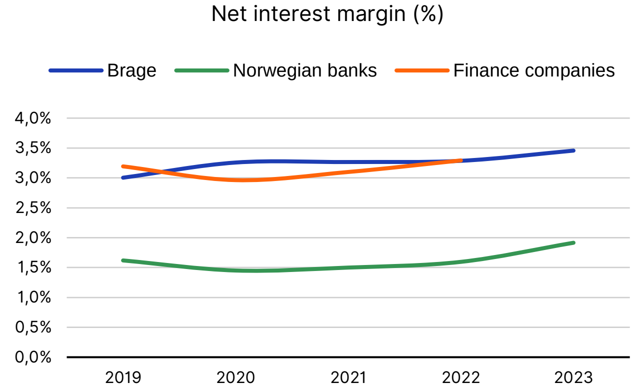
		Credit rating	Outlook
Issuer	Brage Finans		
	Issuer rating	A-	Stable
	Senior unsecured debt rating	A-	Stable

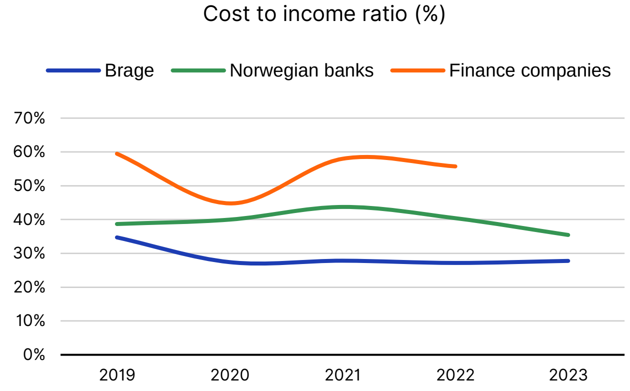
Financial appendix

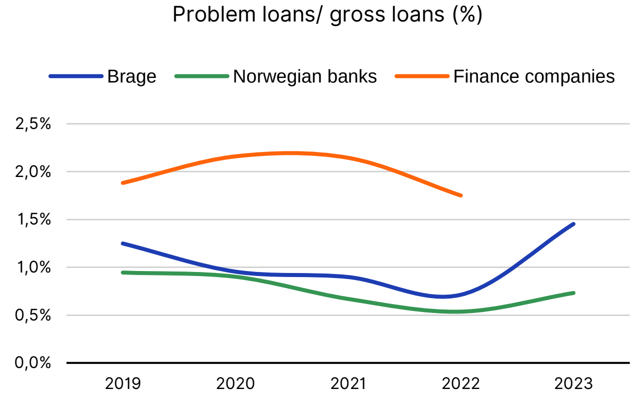
I. Appendix: Peer comparison

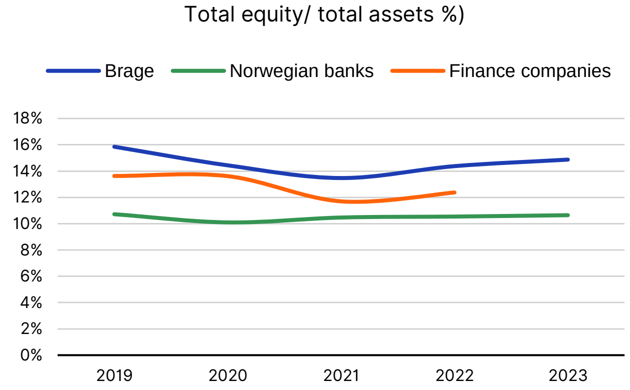












Note: 2023 data not yet available for finance companies.
Norwegian banks: Aurskog Sparebank, Landkreditt, Sandnes Sparebank, Sparebanken Vest, Sparebanken Sor.
Finance companies: Alba Leasing SpA, BNP Paribas Lease Group SA, Nordea Finans Sverige AB, Nordea Finance Equipment AS, Santander Consumer Bank AS.
Source: SNL.

II. Appendix: Selected financial information – Brage Finans AS

	2019	2020	2021	2022	2023
Balance sheet summary (NOK m)					
Assets					
Cash and interbank assets	281	389	118	269	1,348
Total securities	105	117	117	119	124
of which, derivatives	NA	0	0	0	0
Net loans to customers	11,973	14,150	16,956	20,375	23,499
Other assets	103	104	174	204	219
Total assets	**12,462**	**14,759**	**17,364**	**20,967**	**25,190**
Liabilities					
Interbank liabilities	775	1,026	585	331	812
Senior debt	9,250	11,140	13,868	16,845	19,698
Derivatives	NA	0	0	0	0
Deposits from customers	0	0	0	0	0
Subordinated debt	235	236	236	337	388
Other liabilities	NA	227	336	439	545
Total liabilities	**10,487**	**12,628**	**15,025**	**17,952**	**21,443**
Ordinary equity	1,801	1,956	2,164	2,829	3,363
Equity hybrids	175	175	175	185	335
Minority interests	0	0	0	0	49
Total liabilities and equity	**12,462**	**14,759**	**17,364**	**20,967**	**25,190**
Core tier 1/ common equity tier 1 capital	*1,770*	*1,923*	*2,127*	*2,788*	*3,348*
Income statement summary (NOK m)					
Net interest income	331	440	523	626	787
Net fee & commission income	-37	-48	-84	-81	-79
Net trading income	3	-1	0	1	5
Other income	6	8	15	19	34
Operating income	**303**	**400**	**455**	**564**	**747**
Operating expenses	105	110	126	153	207
Pre-provision income	**198**	**290**	**328**	**411**	**539**
Credit and other financial impairments	30	69	42	46	76
Other impairments	NA	NA	NA	NA	NA
Non-recurring income	NA	NA	NA	NA	NA
Non-recurring expense	NA	NA	NA	NA	NA
Pre-tax profit	**168**	**222**	**286**	**365**	**463**
Income from discontinued operations	0	0	0	0	0
Income tax expense	47	53	70	87	110
Other after-tax Items	0	0	0	0	0
Net profit attributable to minority interests	0	0	0	0	0
Net profit attributable to parent	**121**	**169**	**216**	**278**	**353**

Source: SNL

III. Appendix: Selected financial information – Brage Finans AS

	2019	2020	2021	2022	2023
Funding and liquidity					
Net loans/ deposits (%)	NA	NA	NA	NA	NA
Liquidity coverage ratio (%)	262%	174%	153%	113%	122%
Net stable funding ratio (%)	116%	118%	121%	113%	110%
Asset mix, quality and growth					
Net loans/ assets (%)	96.1%	95.9%	97.6%	97.2%	93.3%
Problem loans/ gross customer loans (%)	1.2%	1.0%	0.9%	0.7%	1.5%
Loan loss reserves/ problem loans (%)	28.2%	52.5%	84.7%	89.7%	51.9%
Net loan growth (%)	29.5%	18.2%	19.8%	20.2%	15.3%
Problem loans/ tangible equity & reserves (%)	7.6%	6.3%	6.3%	4.7%	8.9%
Asset growth (%)	29.5%	18.4%	17.7%	20.7%	20.1%
Earnings and profitability					
Net interest margin (%)	3.0%	3.3%	3.3%	3.3%	3.5%
Net interest income/ average RWAs (%)	3.4%	4.0%	4.0%	4.1%	4.4%
Net interest income/ operating income (%)	109.2%	110.1%	115.1%	110.9%	105.4%
Net fees & commissions/ operating income (%)	-12.3%	-11.9%	-18.5%	-14.4%	-10.5%
Cost/ income ratio (%)	34.7%	27.4%	27.8%	27.2%	27.8%
Operating expenses/ average RWAs (%)	1.1%	1.0%	1.0%	1.0%	1.2%
Pre-impairment operating profit/ average RWAs (%)	2.0%	2.6%	2.5%	2.7%	3.0%
Impairment on financial assets / pre-impairment income (%)	15.0%	23.7%	12.7%	11.1%	14.1%
Loan loss provision/ average gross loans (%)	0.3%	0.5%	0.3%	0.2%	0.3%
Pre-tax profit/ average RWAs (%)	1.7%	2.0%	2.2%	2.4%	2.6%
Return on average assets (%)	1.1%	1.2%	1.3%	1.4%	1.5%
Return on average RWAs (%)	1.3%	1.5%	1.6%	1.8%	2.0%
Return on average equity (%)	7.1%	8.2%	9.7%	10.9%	10.7%
Capital and risk protection					
Common equity tier 1 ratio (%, fully loaded)	17.4%	15.9%	14.8%	17.1%	17.4%
Common equity tier 1 ratio (%, transitional)	17.4%	15.9%	14.8%	17.1%	17.4%
Tier 1 capital ratio (%, transitional)	19.1%	17.4%	16.0%	18.3%	19.1%
Total capital ratio (%, transitional)	21.4%	19.3%	17.6%	20.3%	21.1%
Leverage ratio (%)	14.9%	13.3%	13.0%	13.9%	14.2%
Asset risk intensity (RWAs/ total assets, %)	81.6%	81.7%	83.0%	77.6%	76.6%
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

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