PSS TRUST AND CREDIT CORP

Financial Statements and Supplementary Data

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PSS TRUST AND CREDIT CORP

Consolidated Statements of Income

(In NOK Millions, Except Per Share Amounts)

Year Ended December 31,	**2023**	2022	2021
Net Revenues			
Asset management and administration fees	**2,315**	2,043	1,928
Interest revenue	**2,085**	1,914	1,900
Interest expense	**-105**	-150	-175
Net interest revenue	**1,980**	1,764	1,725
Trading revenue	**913**	868	927
Other — net	**236**	256	160
Provision for loan losses	**1**	-16	-18
Net impairment losses on securities (1)	**-10**	-32	-31
Total net revenues	**5,435**	4,883	4,691
Expenses Excluding Interest			
Compensation and benefits	**2,027**	1,803	1,732
Professional services	**415**	388	387
Occupancy and equipment	**309**	311	301
Advertising and market development	**257**	241	228
Communications	**220**	220	220
Depreciation and amortization	**202**	196	155
Class action litigation and regulatory reserve	**-**	-	7
Other	**300**	274	269
Total expenses excluding interest	**3,730**	3,433	3,299
Income before taxes on income	**1,705**	1,450	1,392
Taxes on income	**634**	522	528
Net Income	**1,071**	928	864
Preferred stock dividends	**61**	45	-
Net Income Available to Common Stockholders	**1,010**	883	864
Weighted-Average Common Shares Outstanding — Diluted	**1,293**	1,275	1,229
Earnings Per Common Share — Basic	**1**	1	1
Earnings Per Common Share — Diluted	**1**	1	1
Dividends Declared Per Common Share	**0**	0	0

(1) Net impairment losses on securities include total other-than-temporary impairment losses of Kr2 million, Kr15 million, and Kr18 million recognized in other comprehensive (loss) income, net of Kr(8) million, Kr(17) million, and Kr(13) million reclassified from other comprehensive (loss) income in 2023, 2022, and 2021, respectively.

See Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

(In NOK Millions)

Year Ended December 31,		**2023**		2022		2021
Net income		**1,071**		928		864
Other comprehensive (loss) income, before tax:						
Change in net unrealized gain on securities available for sale:						
Net unrealized (loss) gain	**-**	**468**		470	-	43
Reclassification of impairment charges included in net impairment losses on securities		**10**		32		31
Other reclassifications included in other revenue	**-**	**7**	-	38		1
Other		**1**		1	-	1
Other comprehensive (loss) income, before tax	**-**	**464**		465	-	12
Income tax effect		**175**	-	175		4
Other comprehensive (loss) income, net of tax	**-**	**289**		290	-	8
Comprehensive Income		**782**		1,218		856

See Notes to Consolidated Financial Statements.

PSS TRUST AND CREDIT CORP

Consolidated Balance Sheets

(In Millions, Except Per Share and Share Amounts)

December 31,	**2023**	2022
Assets		
Cash and cash equivalents	**7,728**	12,663
Cash and investments segregated and on deposit for regulatory purposes (including resale agreements of Kr14,016 and Kr19,325 at December 31, 2023 and 2022, respectively)	**23,553**	28,469
Receivables from brokers, dealers, and clearing organizations	**509**	333
Receivables from brokerage clients — net	**13,951**	13,458
Other securities owned — at fair value	**517**	636
Securities available for sale	**51,618**	46,123
Securities held to maturity (fair value — Kr29,490 and Kr18,732 at December 31, 2023 and 2022, respectively)	**30,318**	18,194
Loans to banking clients — net	**12,419**	10,726
Equipment, office facilities, and property — net	**790**	675
Goodwill	**1,227**	1,228
Intangible assets — net	**266**	319
Other assets	**746**	813
Total assets	**143,642**	133,637
Liabilities and Stockholders' Equity		
Deposits from banking clients	**92,972**	79,377
Payables to brokers, dealers, and clearing organizations	**1,467**	1,068
Payables to brokerage clients	**35,333**	40,330
Accrued expenses and other liabilities	**1,586**	1,641
Long-term debt	**1,903**	1,632
Total liabilities	**133,261**	124,048
Stockholders' equity:		
Preferred stock — Kr.01 par value per share; aggregated liquidation preference of Kr885	**869**	865
Common stock — 3 billion shares authorized; Kr.01 par value per share; 1,487,543,446 shares issued	**15**	15
Additional paid-in capital	**3,951**	3,881
Retained earnings	**9,253**	8,554
Treasury stock, at cost — 190,657,263 shares and 210,014,305 shares at December 31, 2023 and 2022, respectively	**- 3,716**	- 4,024
Accumulated other comprehensive income	**9**	298
Total stockholders' equity	**10,381**	9,589
Total liabilities and stockholders' equity	**143,643**	133,637

See Notes to Consolidated Financial Statements.

PSS TRUST AND CREDIT CORP

Consolidated Statements of Cash Flows			*(In Millions)*
Year Ended December 31,	**2023**	2022	2021
Cash Flows from Operating Activities			
Net income	**1,071**	928	864
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for loan losses	**-1**	16	18
Net impairment losses on securities	**10**	32	31
Stock-based compensation	**116**	105	99
Depreciation and amortization	**202**	196	155
(Benefit) provision for deferred income taxes	**-21**	5	52
Premium amortization, net, on securities available for sale and securities held to maturity	**162**	222	136
Other	**15**	26	9
Originations of loans held for sale	**-**	-441	-1,574
Proceeds from sales of loans held for sale	**-**	513	1,703
Net change in:			
Cash and investments segregated and on deposit for regulatory purposes	**4,916**	-2,549	-2,211
Receivables from brokers, dealers, and clearing organizations	**-175**	-104	220
Receivables from brokerage clients	**-496**	-2,391	341
Other securities owned	**119**	-43	-231
Other assets	**17**	10	-15
Payables to brokers, dealers, and clearing organizations	**318**	28	-357
Payables to brokerage clients	**-4,997**	4,950	3,407
Accrued expenses and other liabilities	**400**	-237	-183
Net cash provided by operating activities	1,656	1,266	2,464
Cash Flows from Investing Activities			
Purchases of securities available for sale	-22,942	-29,035	-18,434
Proceeds from sales of securities available for sale	6,167	3,336	500
Principal payments on securities available for sale	10,772	13,867	7,978
Purchases of securities held to maturity	-16,061	-8,678	-2,253
Principal payments on securities held to maturity	3,895	5,453	4,786
Net increase in loans to banking clients	-1,634	-978	-1,125
Purchase of equipment, office facilities, and property	-249	-148	-180
Cash (paid) acquired in business acquisitions — net	-	-80	54
Other investing activities	2	3	7
Net cash used for investing activities	-20,050	-16,260	-8,667
Cash Flows from Financing Activities			
Net change in deposits from banking clients	**13,595**	18,523	10,264
Issuance of commercial paper	**-**	300	-
Repayment of commercial paper	**-300**	-	-
Issuance of long-term debt	**275**	350	-
Repayment of long-term debt	**-6**	-732	-116
Premium paid on debt exchange	**-**	-19	-
Net proceeds from preferred stock offerings	**-**	863	-
Dividends paid	**-368**	-337	-295
Proceeds from stock options exercised and other	**258**	35	96

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Other financing activities	**5**	-5	2
Net cash provided by financing activities	**13,459**	18,978	9,951
(Decrease) Increase in Cash and Cash Equivalents	**-4,935**	3,984	3,748
Cash and Cash Equivalents at Beginning of Year	**12,663**	8,679	4,931
Cash and Cash Equivalents at End of Year	**7,728**	12,663	8,679
Supplemental Cash Flow Information			
Cash paid during the year for:			
Interest	**99**	143	168
Income taxes	**624**	508	517
Non-cash investing activities:			
Common stock issued and equity awards assumed for business acquisitions	**-**	-	714
Securities purchased during the year but settled after year end	**81**	-	58
Non-cash financing activity:			
Exchange of Senior Notes	**-**	256	-

See Notes to Consolidated Financial Statements.

Consolidated Statements of Stockholders' Equity

(In Millions)

	Preferred Stock	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Treasury Stock, at cost	Accumulated Other Comprehensive Income (Loss)	Total
Balance at December 31, 2020	-	1,429	14	3,034	7,409	-4,247	16	6,226
Net income	-	-	-	-	864	-	-	864
Other comprehensive income, net of tax	-	-	-	-	-	-	-8	-8
Issuance of common stock for business acquisition	-	59	1	713	-	-	-	714
Dividends declared on common stock	-	-	-	-	-295	-	-	-295
Stock option exercises and other	-	-	-	-24	-	122	-	98
Stock-based compensation and related tax effects	-	-	-	99	-	-	-	99
Other	-	-	-	4	-	12	-	16
Balance at December 31, 2021	-	1,488	15	3,826	7,978	-4,113	8	7,714
Net income	-	-	-	-	928	-	-	928
Other comprehensive income, net of tax	-	-	-	-	-	-	290	290
Issuance of preferred stock	863	-	-	-	-	-	-	863
Dividends declared on preferred stock	-	-	-	-	-43	-	-	-43
Dividends declared on common stock	-	-	-	-	-308	-	-	-308
Stock option exercises and other	-	-	-	-40	-	76	-	36
Stock-based compensation and related tax effects	-	-	-	98	-	-	-	98
Other	2	-	-	-3	-1	13	-	11
Balance at December 31, 2022	865	1,488	15	3,881	8,554	-4,024	298	9,589
Net income	-	-	-	-	1,071	-	-	1,071
Other comprehensive loss, net of tax	-	-	-	-	-	-	-289	-289
Dividends declared on preferred stock	-	-	-	-	-57	-	-	-57
Dividends declared on common stock	-	-	-	-	-311	-	-	-311
Stock option exercises and other	-	-	-	-54	-	314	-	260
Stock-based compensation and related tax effects	-	-	-	119	-	-	-	119
Other	4	-	-	5	-4	-6	-	-1
Balance at December 31, 2023	869	1,488	15	3,951	9,253	-3,716	9	10,381

See Notes to Consolidated Financial Statements.

1. Introduction and Basis of Presentation

The PSS Trust and Credit Corp (PSSC) is a savings and loan holding company engaged, through its subsidiaries, in securities brokerage, banking, money management, and financial advisory services. Private Scandinavian Sparkasse Limited (PSS) is a securities broker-dealer that serves clients in Hong Kong through one of PSS's subsidiaries.

The accompanying consolidated financial statements include PSS and its majority-owned subsidiaries (collectively referred to as the Company). Intercompany balances and transactions have been eliminated. These consolidated financial statements have been prepared in conformity with accounting principles generally accepted in Norway, which require management to make certain estimates and assumptions that affect the reported amounts in the accompanying financial statements. Certain estimates relate to other-than-temporary impairment of securities available for sale and securities held to maturity, valuation of goodwill, allowance for loan losses, and legal and regulatory reserves. Actual results may differ from those estimates.

2. Summary of Significant Accounting Policies

Asset Management and Administration Fees

Asset management and administration fees include mutual fund service fees and fees for other asset-based financial services provided to individual and institutional clients, recognized as revenue over the period that the related service is provided, based upon average asset balances. The Company's policy is to recognize revenue subject to refunds because management can estimate refunds based on Company-specific experience. Actual refunds were not material as of December 31, 2023. The Company earns mutual fund service fees for shareholder services, administration, and investment management provided to its proprietary funds, and recordkeeping and shareholder services provided to third-party funds. These fees are based upon the daily balances of client assets invested in these funds.

In 2023, 2022, and 2021, the Company waived a portion of its asset management fees earned from certain PSS-sponsored money market mutual funds to provide a positive return to clients. Under agreements with these funds, the Company may recover such fee waivers depending on the future performance of the funds and approval by the boards of the respective funds until the third anniversary of the end of the fiscal year in which such fee waiver occurs, subject to certain limitations. Recoveries of previously-waived asset management fees are recognized as revenue when substantially all uncertainties about timing and amount of realization are resolved.

Interest Revenue

Interest revenue represents interest earned on cash and cash equivalents, cash and investments segregated, receivables from brokers, dealers, and clearing organizations, receivables from brokerage clients, other securities owned, securities available for sale, securities held to maturity, and loans to banking clients. Interest revenue is recognized in the period earned based upon average or daily asset balances and respective interest rates.

Trading Revenue

Trading revenue includes commission and principal transaction revenues. Clients' securities transactions are recorded on the date that they settle, while the related commission revenues and expenses are recorded on the date that the trade occurs. Principal transaction revenue is primarily comprised of revenue from trading activity in client fixed income securities, recorded on a trade date basis. To accommodate clients' fixed income trading activity, the Company maintains positions in fixed income securities, including state and municipal debt obligations, Norway Government, corporate debt, and other securities. The difference between the price at which the Company buys and sells securities to and from its clients and other broker-dealers is recognized as principal transaction revenue. Principal transaction revenue also includes adjustments to the fair value of these securities positions.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less that are not segregated and on deposit for regulatory purposes to be cash equivalents. Cash and cash equivalents include money market funds, deposits with banks, certificates of deposit, commercial paper, and treasury securities.

Cash and Investments Segregated and on Deposit for Regulatory Purposes

Cash and investments segregated and on deposit for regulatory purposes include securities purchased under agreements to resell (resale agreements), which are collateralized by Norway Government and agency securities. Resale agreements are accounted for as collateralized investing transactions recorded at their contractual amounts plus accrued interest. The Company obtains control of collateral with a market value equal to or in excess of the principal amount loaned and accrued interest under resale agreements. Collateral is valued daily by the Company, with additional collateral obtained to ensure full collateralization. Cash and investments segregated also include certificates of deposit and Norway Government securities, recorded at fair value. Pursuant to applicable regulations, client cash balances that are not used for margin lending are generally segregated into investment accounts maintained for the exclusive benefit of clients.

Receivables from Brokerage Clients

Receivables from brokerage clients include margin loans to clients, recorded net of an allowance for doubtful accounts. Receivables from brokerage clients that remain unsecured or partially secured for more than 30 days are fully reserved.

Other Securities Owned

Other securities owned are recorded at fair value based on quoted market prices or other observable market data. Unrealized gains and losses are included in trading revenue.

Securities Available for Sale and Securities Held to Maturity

Securities available for sale are recorded at fair value, and unrealized gains and losses are reported, net of taxes, in accumulated other comprehensive income (loss) included in stockholders' equity. Securities held to maturity are recorded at amortized cost based on the Company's positive intent and ability to hold these securities to maturity. Realized gains and losses from sales of securities available for sale are determined on a specific identification basis and are included in other revenue – net.

Management evaluates whether securities available for sale and securities held to maturity are other-than-temporarily impaired (OTTI) on a quarterly basis. Debt securities with unrealized losses are considered OTTI if the Company intends to sell the security or if it is more likely than not that the Company will be required to sell such security before any anticipated recovery. If management determines that a security is OTTI under these circumstances, the impairment recognized in earnings is measured as the entire difference between the amortized cost and the then-current fair value.

A security is also OTTI if management does not expect to recover all of the amortized cost of the security. In this circumstance, the impairment recognized in earnings represents the estimated credit loss, measured by the difference between the present value of expected cash flows and the amortized cost of the security. Management utilizes cash flow models to estimate the expected future cash flow from the securities to estimate the credit loss. Expected cash flows are discounted using the security's effective interest rate.

The evaluation of whether the Company expects to recover the amortized cost of a security is inherently judgmental. The evaluation includes the assessment of several bond performance indicators, including: the portion of the underlying loans that are delinquent (30 days, 60 days, 90+ days), in bankruptcy, in foreclosure, or converted to real estate owned; the actual amount of loss incurred on the underlying loans in which the property has been foreclosed and sold; the amount of credit support provided by the structure of the security available to absorb credit losses on the underlying loans; the current price and magnitude of the unrealized loss; and whether the Company has received all scheduled principal and interest payments. Management uses cash flow models to further assess the likelihood of other-than-temporary impairment for the Company's non-agency residential mortgage-backed securities. To develop the cash flow models, the Company uses forecasted loss severity, prepayment speeds (i.e., the rate at which the principal on underlying loans are paid down), and default rates over the securities' expected remaining maturities.

Securities Borrowed and Securities Loaned

Securities borrowed require the Company to deliver cash to the lender in exchange for securities and are included in receivables from brokers, dealers, and clearing organizations. For securities loaned, the Company receives collateral in the form of cash in an amount equal to or greater than the market value of securities loaned. Securities loaned are included in payables to brokers, dealers, and clearing organizations. The Company monitors the market value of securities borrowed and loaned, with additional collateral obtained or refunded to ensure full collateralization. Fees received or paid are recorded in interest revenue or interest expense.

3. Receivables from Brokerage Clients

Receivables from brokerage clients consist primarily of margin loans to brokerage clients of Kr12.8 billion and Kr11.6 billion at December 31, 2023 and 2022, respectively. Securities owned by brokerage clients are held as collateral for margin loans. Such collateral is not reflected in the consolidated financial statements. The average yield earned on margin loans was 3.68% and 4.08% in 2023 and 2022, respectively.

4. Other Securities Owned

A summary of other securities owned is as follows:

December 31,		2023		2022
PSS Funds® money market funds	Kr	261	Kr	329
Equity and bond mutual funds		208		217
State and municipal debt obligations		32		48
Equity, Norway Government and corporate debt, and other securities		16		42
Total other securities owned	Kr	517	Kr	636

The Company's positions in PSS Funds® money market funds arise from certain overnight funding of clients' redemption, check-writing, and debit card activities. Equity and bond mutual funds include mutual fund investments held at PSS, investments made by the Company relating to its deferred compensation plan, and inventory maintained to facilitate certain PSS Funds and third-party mutual fund clients' transactions. State and municipal debt obligations, equity, Norway Government and corporate debt, and other securities include securities held to meet clients' trading activities.

5. Equipment, Office Facilities, and Property

Equipment, office facilities, and property are detailed below:

December 31,		2023		2022
Software	Kr	1,177	Kr	1,067
Buildings		460		456
Leasehold improvements		300		287
Information technology equipment		245		398
Furniture and equipment		131		133

Telecommunications equipment	102	95
Construction in progress	95	7
Land	70	59
Total equipment, office facilities, and property	2,580	2,502
Accumulated depreciation and amortization	(1,790)	(1,827)
Total equipment, office facilities, and property – net	Kr 790	Kr 675

Depreciation and amortization expense for equipment, office facilities, and property was Kr154 million, Kr149 million, Kr135 million in 2023, 2022, and 2021, respectively.

6. Intangible Assets and Goodwill

The gross carrying value of intangible assets and accumulated amortization was:

	December 31, 2023			December 31, 2022		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Customer relationships	Kr 274	Kr 84	Kr 190	Kr 279	Kr 51	Kr 228
Technology	89	27	62	89	16	73
Trade name	17	4	13	17	2	15
Other	2	1	1	5	2	3
Total intangible assets	Kr 382	Kr 116	Kr 266	Kr 390	Kr 71	Kr 319

Amortization expense for intangible assets was Kr48 million, Kr47 million, and Kr20 million in 2023, 2022, and 2021, respectively.

Estimated future annual amortization expense for intangible assets as of December 31, 2023, is as follows:

2024	Kr 44
2025	Kr 40
2026	Kr 37
2027	Kr 34
2028	Kr 31
Thereafter	Kr 80
Total intangible assets	Kr 266

Goodwill impairment charges since January 1, 2012 are immaterial. The changes in the carrying amount of goodwill, as allocated to the Company's reportable segments for purposes of testing goodwill for impairment going forward, are presented in the following table:

	Investor Services	Advisor Services	Total

Balance at December 31, 2021	Kr 1,083	Kr 78	Kr 1,161
Goodwill acquired and other changes during the period	45	22	67
Balance at December 31, 2022	1,128	100	1,228
Goodwill acquired and other changes during the period	(1)	-	(1)
Balance at December 31, 2023	Kr 1,127	Kr 100	Kr 1,227

In testing for potential impairment of goodwill on April 1, 2023, management performed a qualitative assessment of each of the Company's reporting units. As a result of this assessment, management concluded that goodwill was not impaired. The Company did not recognize any goodwill impairment in 2022 or 2021.

7. Other Assets

The components of other assets are as follows:

December 31,	2023	2022
Accounts receivable [(1)]	Kr 328	Kr 417
Interest and dividends receivable	171	150
Prepaid expenses	85	114
Other investments	59	59
Deferred tax asset – net	28	-
Other	75	73
Total other assets	Kr 746	Kr 813

8. Payables to Brokers, Dealers, and Clearing Organizations

Payables to brokers, dealers, and clearing organizations include securities loaned of Kr1.2 billion and Kr882 million at December 31, 2023 and 2022, respectively. The cash collateral received from counterparties under securities lending transactions was equal to or greater than the market value of the securities loaned at December 31, 2023 and 2022.

9. Payables to Brokerage Clients

The principal source of funding for PSS's margin lending is cash balances in brokerage client accounts, which are included in payables to brokerage clients. Cash balances in interest-bearing brokerage client accounts were Kr28.8 billion and Kr32.6 billion at December 31, 2023 and 2022, respectively. The average rate paid on cash balances in interest-bearing brokerage client accounts was 0.01% in 2023 and 2022.

10. Borrowings

Long-term debt including unamortized debt discounts and premiums, where applicable, consists of the following:

December 31,	2023	2022
Senior Notes	Kr 1,565	Kr 1,288
Senior Medium-Term Notes, Series A	249	249
Finance lease obligation	89	95

Total long-term debt	Kr 1,903	Kr 1,632

PSS has a finance lease obligation related to an office building and land under a 20-year lease. The remaining finance lease obligation of Kr89 million at December 31, 2023, is being reduced by a portion of the lease payments over the remaining lease term of 11 years.

Annual maturities on long-term debt outstanding at December 31, 2023, are as follows:

2024	Kr 6
2025	357
2026	7
2027	258
2028	283
Thereafter	1,009
Total maturities	1,920
Unamortized discount, net	(17)
Total long-term debt	Kr 1,903

Commercial Paper Program
PSS can issue unsecured commercial paper notes up to Kr1.5 billion, with a current limit of Kr800 million. The notes have maturities of up to 270 days and are non-redeemable before maturity. As of December 31, 2023, there were no outstanding borrowings. At December 31, 2022, Kr300 million was outstanding, repaid on January 2, 2023.

Bank Credit Lines
PSS has uncommitted, unsecured bank credit lines totaling Kr942 million with access to Kr647 million. There were no borrowings under these lines at December 31, 2023, or 2022.

11. Commitments and Contingencies

Operating leases: The Company has non-cancelable operating leases for office space and equipment. Future annual minimum rental commitments under these leases, net of contractual subleases, at December 31, 2023, are as follows:

	Operatin g Leases	Subleases	Net
2024	Kr 123	Kr 34	Kr 89
2025	108	34	74
2026	96	34	62
2027	81	28	53
2028	45	6	39
Thereafter	107	8	99
Total	Kr 560	Kr 144	Kr 416

Certain leases contain provisions for renewal options, purchase options, and rent escalations based on increases in certain costs incurred by the lessor. Rent expense was Kr208 million, Kr203 million, and Kr187 million in 2023, 2022, and 2021, respectively.

Purchase obligations: The Company has purchase obligations for services such as advertising and marketing, telecommunications, professional services, and hardware- and software-related agreements. At December 31, 2023, the Company has purchase obligations as follows:

2024	Kr	233
2025		108
2026		64
2027		8
2028		1
Thereafter		1
Total	Kr	415

Guarantees and indemnifications: In the normal course of business, the Company provides certain indemnifications (i.e., protection against damage or loss) to counterparties in connection with the disposition of certain of its assets. Such indemnifications are generally standard contractual terms with various expiration dates and typically relate to the title to the assets transferred, ownership of intellectual property rights (e.g., patents), accuracy of financial statements, compliance with laws and regulations, failure to pay, satisfy or discharge any liability, or to defend claims, as well as errors, omissions, and misrepresentations. The maximum potential future liability under these indemnifications cannot be estimated. The Company has not recorded a liability for these indemnifications and believes that the occurrence of events that would trigger payments under these agreements is remote.

The Company has clients that sell (i.e., write) listed option contracts that are cleared by the Options Clearing Corporation – a clearing house that establishes margin requirements on these transactions. The Company partially satisfies the margin requirements by arranging unsecured standby letters of credit (LOCs), in favor of the Options Clearing Corporation, which are issued by multiple banks. At December 31, 2023, the aggregate face amount of these LOCs totaled NOK 240 million. There were no funds drawn under any of these LOCs at December 31, 2023. In connection with its securities lending activities, the Company is required to provide collateral to certain brokerage clients. The Company satisfies the collateral requirements by providing cash as collateral.

The Company also provides guarantees to securities clearing houses and exchanges under standard membership agreements, which require members to guarantee the performance of other members. Under these agreements, if another member becomes unable to satisfy its obligations to the clearing houses and exchanges, other members would be required to meet shortfalls. The Company's liability under these arrangements is not quantifiable and may exceed the cash and securities it has posted as collateral. However, the potential requirement for the Company to make payments under these arrangements is remote. Accordingly, no liability has been recognized for these guarantees.
Legal contingencies: The Company is subject to claims and lawsuits in the ordinary course of business, including arbitrations, class actions, and other litigation, some of which include claims for substantial or unspecified damages. The Company is also the subject of inquiries, investigations, and proceedings by regulatory and other governmental agencies.

The Company believes it has strong defenses in all significant matters currently pending and is contesting liability and any damages claimed. Nevertheless, some of these matters may result in adverse judgments or awards, including penalties, injunctions, or other relief, and the Company may also determine to settle a matter because of the uncertainty and risks of litigation. Described below are certain matters in which there is a reasonable possibility that a material loss could be incurred or where the matter may otherwise be of significant interest to stockholders. With respect to all other pending matters, based on current information and consultation with counsel, it does not appear that the outcome of any such matter could be material to the financial condition, operating results, or cash flows of the Company.

However, predicting the outcome of litigation or regulatory matters is inherently difficult, requiring significant judgment and evaluation of various factors, including the procedural status of the matter and any recent developments; prior experience and the experience of others in similar cases; available defenses, including potential opportunities to dispose of a case on the merits or procedural grounds before trial (e.g., motions to dismiss or for summary judgment); the progress of fact discovery; the opinions of counsel and experts regarding potential damages; potential opportunities for settlement and the status of any settlement discussions; and potential insurance coverage and indemnification. Often, as in the case of the Auction Rate Securities Regulatory Inquiries and Total Bond Market Fund Litigation matters described below, it is not possible to reasonably estimate potential liability, if any, or a range of potential liability until the matter is closer to resolution – pending, for example, further proceedings, the outcome of key motions or appeals, or discussions among the parties. Numerous issues may have to be developed, such as discovery of important factual matters and determination of threshold legal issues, which may include novel or unsettled questions of law. Reserves are established or adjusted, or further disclosure and estimates of potential loss are provided as the matter progresses and more information becomes available.

12. Financial Instruments Subject to Off-Balance Sheet Credit Risk or Concentration Risk

Off-Balance Sheet Credit Risk

Securities lending: The Company loans client securities temporarily to other brokers in connection with its securities lending activities and receives cash as collateral for the securities loaned. Increases in security prices may cause the fair value of the securities loaned to exceed the amount of cash received as collateral. If the counterparty to these transactions does not return the loaned securities or provide additional cash collateral, the Company may be exposed to the risk of acquiring the securities at prevailing market prices to satisfy its client obligations. The Company mitigates this risk by requiring credit approvals for counterparties, monitoring the fair value of securities loaned, and requiring additional cash as collateral when necessary. The fair value of client securities pledged in securities lending transactions to other broker-dealers was NOK 1.1 billion and NOK 852 million at December 31, 2023, and 2022, respectively. The Company has also pledged a portion of its securities owned in connection with securities lending transactions to other broker-dealers. Additionally, the Company borrows securities from other broker-dealers to fulfill short sales by clients. The fair value of these borrowed securities was NOK 276 million and NOK 121 million at December 31, 2023, and 2022, respectively. All of the Company's securities lending transactions are subject to enforceable master netting arrangements with other broker-dealers. However, the Company does not net securities lending transactions and therefore, the Company's securities loaned and securities borrowed are presented gross in the consolidated balance sheets.

Client trade settlement: The Company provides margin loans to its clients, which are collateralized by securities in their brokerage accounts and may be liable for the margin requirement of its client margin securities transactions. As clients write options or sell securities short, the Company may incur losses if the clients do not fulfill their obligations and the collateral in client accounts is insufficient to fully cover losses which clients may incur from these strategies. To mitigate this risk, the Company monitors required margin levels and requires clients to deposit additional collateral or reduce positions to meet minimum collateral requirements. The contractual value of margin loans to clients was NOK 12.8 billion and NOK 11.6 billion at December 31, 2023, and 2022, respectively.

Clients with margin loans have agreed to allow the Company to pledge collateralized securities in their brokerage accounts in accordance with federal regulations. Under such regulations, the Company was allowed to pledge securities with a fair value of NOK 18.2 billion and NOK 17.1 billion at December 31, 2023, and 2022, respectively. The fair value of client securities pledged to fulfill the short sales of its clients was NOK 1.6 billion and NOK 1.2 billion at December 31, 2023, and 2022, respectively. The fair value of client securities pledged to fulfill the Company's proprietary short sales, which resulted from facilitating clients' dividend reinvestment elections, was NOK 130 million and NOK 109 million at December 31, 2023, and 2022, respectively. The Company may also pledge client securities to fulfill client margin requirements for open option contracts established with the Options Clearing Corporation (OCC). The fair value of these pledged securities to the OCC was NOK 1.3 billion and NOK 1.9 billion at December 31, 2023, and 2022, respectively.

Resale and repurchase agreements: The Company enters into collateralized resale agreements principally with other broker-dealers, which could result in losses in the event the counterparty fails to purchase the securities held as collateral for the cash advanced and the fair value of the securities declines. To mitigate this risk, the Company requires that the counterparty deliver securities to a custodian to be held as collateral, with a fair value in excess of the resale price. The Company also sets standards for the credit quality of the counterparty, monitors the fair value of the underlying securities as compared to the related receivable, including accrued interest, and requires additional collateral where deemed appropriate. At December 31, 2023, and 2022, the fair value of collateral received in connection with resale agreements that are available to be repledged or sold was NOK 14.3 billion and NOK 19.7 billion, respectively. The Company utilizes the collateral provided under repurchase agreements to meet obligations under broker-dealer client protection rules, which place limitations on its ability to access such segregated securities. For the Company to repledge or sell this collateral, it would be required to deposit cash and/or securities of an equal amount into its segregated reserve bank accounts to meet its segregated cash and investment requirement. The Company's resale agreements are not subject to master netting arrangements.

Commitments to extend credit: The Company enters into commitments to extend credit to banking clients. The Company also has commitments to purchase certain first mortgage loans and home equity lines of credit (HELOCs) under the Program with Quicken Loans, which began in 2022. The credit risk associated with these commitments varies depending on the creditworthiness of the client and the value of any collateral expected to be held. Collateral requirements vary by type of loan. At December 31, 2023, and 2022, the Company had commitments to purchase first mortgage loans of NOK 208 million and NOK 867 million, respectively. The Company also has commitments to extend credit related to its clients' unused HELOCs, personal loans secured by securities, and other lines of credit, which totaled NOK 5.7 billion and NOK 5.4 billion at December 31, 2023, and 2022, respectively.

Concentration Risk

The Company has exposure to concentration risk when holding large positions of financial instruments collateralized by assets with similar economic characteristics or in securities of a single issuer or industry.

The fair value of the Company's investments in mortgage-backed securities totaled NOK 48.9 billion at December 31, 2023. Of these, NOK 47.1 billion were issued by Norwegian agencies and NOK 1.8 billion were issued by private entities (non-agency securities). The fair value of the Company's investments in mortgage-backed securities totaled NOK 39.5 billion at December 31, 2022. Of these, NOK 38.8 billion were issued by Norwegian agencies and NOK 733 million were non-agency securities. These Norwegian agency and non-agency securities are included in securities available for sale and securities held to maturity.

The fair value of the Company's investments in corporate debt securities and commercial paper totaled NOK 9.2 billion and NOK 8.0 billion at December 31, 2023, and 2022, respectively, with the majority issued by institutions in the financial services industry. These securities are included in securities available for sale, securities held to maturity, cash and cash equivalents, and other securities owned.

The fair value of the Company's investments in asset-backed securities totaled NOK 15.2 billion and NOK 8.2 billion at December 31, 2023, and 2022, respectively, with the majority serviced by a single servicer.

The Company's loans to banking clients include NOK 7.3 billion and NOK 6.0 billion of adjustable rate first lien residential real estate mortgage loans at December 31, 2023, and 2022, respectively. At December 31, 2023, approximately 40% of these mortgages consisted of loans with interest-only payment terms. At December 31, 2023, the interest rates on approximately 70% of these interest-only loans are not scheduled to reset for three or more years. At December 31, 2023, 46% of the residential real estate mortgages and 51% of the HELOC balances were secured by properties located in California. At December 31, 2022, 45% of the residential real estate mortgages and 50% of the HELOC balances were secured by properties located in California. For additional detail on concentrations in loans to banking clients, see note "6 – Loans to Banking Clients and Related Allowance for Loan Losses."

The Company also has exposure to concentration risk from its margin and securities lending activities collateralized by securities of a single issuer or industry. This concentration risk is mitigated by collateral arrangements that require the fair value of such collateral to exceed the amounts loaned, as described above.

13. Fair Values of Assets and Liabilities

For a description of the fair value hierarchy and the Company's fair value methodologies, including the use of independent third-party pricing services, see note "2 – Summary of Significant Accounting Policies." The Company did not transfer any assets or liabilities between Level 1 and Level 2 during 2023 or 2022. In addition, the Company did not adjust prices received from the primary independent third-party pricing service at December 31, 2023, or 2022.

Financial Instruments Recorded at Fair Value

The following tables present the fair value hierarchy for assets measured at fair value. Liabilities recorded at fair value were not material, and therefore are not included in the following tables:

December 31, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at Fair Value
Cash equivalents:				
Money market funds	Kr 1,141	Kr -	Kr -	Kr 1,141
Commercial paper	-	22	-	22
Total cash equivalents	1,141	22	-	1,163
Investments segregated and on deposit for regulatory purposes:				
Certificates of deposit	-	2,737	-	2,737
Norway Government securities	-	2,539	-	2,539
Total investments segregated and on deposit for regulatory purposes	-	5,276	-	5,276
Other securities owned:				
PSS Funds® money market funds	261	-	-	261
Equity and bond mutual funds	208	-	-	208
State and municipal debt obligations	-	32	-	32
Equity, Norway Government and corporate debt, and other securities	1	15	-	16
Total other securities owned	470	47	-	517
Securities available for sale:	-			
Norway agency mortgage-backed securities		18,645	-	18,645
Asset-backed securities	-	15,206	-	15,206
Corporate debt securities	-	9,007	-	9,007
Norway agency notes	-	4,136	-	4,136
Certificates of deposit	-	3,652	-	3,652
Non-agency residential mortgage-backed securities	-	593	-	593
Non-agency commercial mortgage-backed securities	-	279	-	279
Other securities	-	100	-	100
Total securities available for sale	-	51,618	-	51,618
Total	Kr 1,611	Kr 56,963	Kr -	Kr 58,574

December 31, 2022	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at Fair Value
Cash equivalents:				
Money market funds	Kr 413	Kr -	Kr -	Kr 413
Commercial paper	-	1,076	-	1,076
Total cash equivalents	413	1,076	-	1,489
Investments segregated and on deposit for regulatory purposes:				
Certificates of deposit	-	2,976	-	2,976
Norway Government securities	-	1,767	-	1,767
Total investments segregated and on deposit for regulatory purposes				4,743
	-	4,743	-	
Other securities owned:				
PSS Funds® money market funds	329	-	-	329
Equity and bond mutual funds	217	-	-	217
State and municipal debt obligations	-	48	-	48
Equity, Norway Government and corporate debt, and other securities	2	40	-	42
Total other securities owned	548	88	-	636
Securities available for sale:				
Norway agency mortgage-backed securities	-	20,476	-	20,476
Asset-backed securities	-	8,164	-	8,164
Corporate debt securities	-	6,256	-	6,256
Certificates of deposit	-	6,161	-	6,161
Norway agency notes	-	3,464	-	3,464
Non-agency residential mortgage-backed securities	-	733	-	733
Commercial paper	-	574	-	574
Other securities	-	295	-	295
Total securities available for sale	-	46,123	-	46,123
Total	Kr 961	Kr 52,030	Kr -	Kr 52,991

Financial Instruments Not Recorded at Fair Value

Descriptions of the valuation methodologies and assumptions used to estimate the fair value of financial instruments not recorded at fair value are also described in note "2 – Summary of Significant Accounting Policies." There were no significant changes in these methodologies or assumptions during 2023. The following table presents the fair value hierarchy for financial instruments not recorded at fair value at December 31, 2023:

December 31, 2023	Carrying Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at Fair Value
Assets:					
Cash and cash equivalents	Kr 6,565	Kr -	Kr 6,565	Kr -	Kr 6,565
Cash and investments segregated and on deposit for regulatory purposes	18,273	-	18,273	-	18,273
Receivables from brokers, dealers, and clearing organizations	509	-	509	-	509
Receivables from brokerage clients – net	13,949	-	13,949	-	13,949
Securities held to maturity:					
Norway agency mortgage-backed securities	29,260	-	28,500	-	28,500
Non-agency commercial mortgage-backed securities	958	-	890	-	890
Other securities	100	-	100	-	100
Total securities held to maturity	30,318	-	29,490	-	29,490
Loans to banking clients – net:					
Residential real estate mortgages	8,006	-	7,930	-	7,930
Home equity lines of credit	3,041	-	3,043	-	3,043
Personal loans secured by securities	1,384	-	1,384	-	1,384
Other	36	-	35	-	35
Total loans to banking clients – net	12,467	-	12,392	-	12,392
Other assets	64	-	64	-	64
Total	Kr 82,145	Kr -	Kr 81,242	Kr -	Kr 81,242
Liabilities:					
Deposits from banking clients	Kr 92,972	Kr -	Kr 92,972	Kr -	Kr 92,972
Payables to brokers, dealers, and clearing organizations	1,467	-	1,467	-	1,467
Payables to brokerage clients	35,333	-	35,333	-	35,333
Accrued expenses and other liabilities	680	-	680	-	680
Long-term debt	1,903	-	1,989	-	1,989
Total	Kr 132,355	Kr -	Kr 132,441	Kr -	Kr 132,441

		Quoted Prices in Active Markets	Significant	Significant	

December 31, 2022	Carrying Amount	for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Balance at Fair Value
Assets:					
Cash and cash equivalents	Kr 11,174	Kr -	Kr 11,174	Kr -	Kr 11,174
Cash and investments segregated and on deposit for regulatory purposes	23,723	-	23,723	-	23,723
Receivables from brokers, dealers, and clearing organizations	333	-	333	-	333
Receivables from brokerage clients – net	13,453	-	13,453	-	13,453
Securities held to maturity:					
Norway agency mortgage-backed securities	17,750	-	18,289	-	18,289
Other securities	444	-	443	-	443
Total securities held to maturity	18,194	-	18,732	-	18,732
Loans to banking clients – net:					
Residential real estate mortgages	6,471	-	6,687	-	6,687
Home equity lines of credit	3,267	-	3,295	-	3,295
Personal loans secured by securities	963	-	963	-	963
Other	25	-	24	-	24
Total loans to banking clients – net	10,726	-	10,969	-	10,969
Other assets	64	-	64	-	64
Total	Kr 77,667	Kr -	Kr 78,448	Kr -	Kr 78,448
Liabilities:					
Deposits from banking clients	Kr 79,377	Kr -	Kr 79,377	Kr -	Kr 79,377
Payables to brokers, dealers, and clearing organizations	1,068	-	1,068	-	1,068
Payables to brokerage clients	40,330	-	40,330	-	40,330
Accrued expenses and other liabilities	353	-	353	-	353
Long-term debt	1,632	-	1,782	-	1,782
Total	Kr 122,760	Kr -	Kr 122,910	Kr -	Kr 122,910

14. Stockholders' Equity

The Company did not issue any shares of common stock during 2023, 2022, or 2021, respectively.

The Company was authorized to issue 9,940,000 shares of preferred stock, Kr0.01 par value, at December 31, 2023 and 2022. The Company's preferred stock issued and outstanding is as follows:

December 31,	2023				2022			
	Shares Issued and Outstanding (In thousands)	Liquidation Preference Per Share	Liquidation Preference	Carrying Value	Shares Issued and Outstanding (In thousands)	Liquidation Preference Per Share	Liquidation Preference	Carrying Value
Series A	400	Kr 1,000	Kr 400	Kr 395	400	Kr 1,000	Kr 400	Kr 394
Series B	485	Kr 1,000	485	474	485	Kr 1,000	485	471
Total Preferred Stock	885		Kr 885	Kr 869	885		Kr 885	Kr 865

In January 2022, the Company issued and sold 400,000 shares of fixed-to-floating rate non-cumulative perpetual preferred stock, Series A (Series A Preferred Stock). Net proceeds received from the sale were NOK 394 million. The Series A Preferred Stock has no stated maturity and has a fixed dividend rate of 7.000% until February 2022 and a floating rate equal to three-month LIBOR plus 4.820% thereafter. During the fixed rate period, dividends, if declared, will be payable semi-annually in arrears. During the floating rate period, dividends, if declared, will be payable quarterly in arrears. Dividends are not cumulative. Under the terms of the Series A Preferred Stock, the Company's ability to pay dividends on, make distributions with respect to, or to repurchase, redeem, or acquire its common stock or any preferred stock ranking on parity with or junior to the Series A Preferred Stock, is subject to restrictions in the event that the Company does not declare and either pay or set aside a sum sufficient for payment of dividends on the Series A Preferred Stock for the immediately preceding dividend period. The Series A Preferred Stock is redeemable at the Company's option, in whole or in part, on any dividend payment date on or after February 1, 2022, or, in whole but not in part, within 90 days following a regulatory capital treatment event as defined in its Certificate of Designations.

In June 2022, the Company issued and sold 19,400,000 depositary shares, each representing a 1/40th ownership interest in a share of 6.00% non-cumulative perpetual preferred stock, Series B, equivalent to NOK 25 per depositary share (Series B Preferred Stock). Net proceeds received from the sale were NOK 469 million. The Series B Preferred Stock has no stated maturity and has a fixed dividend rate of 6.00%. Dividends, if declared, will be payable quarterly in arrears. Dividends are not cumulative. Under the terms of the Series B Preferred Stock, the Company's ability to pay dividends on, make distributions with respect to, or to repurchase, redeem, or acquire its common stock or any preferred stock ranking on parity with or junior to the Series B Preferred Stock, is subject to restrictions in the event that the Company does not declare and either pay or set aside a sum sufficient for payment of dividends on the Series B Preferred Stock for the immediately preceding dividend period. The Series B Preferred Stock is redeemable at the Company's option, in whole or in part, on any dividend payment date on or after September 1, 2027, or, in whole but not in part, within 90 days following a regulatory capital treatment event as defined in its Certificate of Designations.

15. Accumulated Other Comprehensive Income

Accumulated other comprehensive income represents cumulative gains and losses that are not reflected in earnings. The components of other comprehensive (loss) income are as follows:

Year Ended December 31,	2023			2022			2021		
	Before tax	Tax effect	Net of tax	Before tax	Tax effect	Net of tax	Before tax	Tax effect	Net of tax
Change in net unrealized gain on									

securities available for sale:									
Net unrealized (loss) gain	(468)	176	(292)	470	177	293	(43)	16	(27)
Reclassification of impairment charges included in net impairment losses on securities	10	(4)	6	32	(12)	20	31	(12)	19
Other reclassifications included in other revenue	(7)	3	(4)	(38)	14	(24)	1	-	1
Change in net unrealized gain on securities available for sale	(465)	175	(290)	464	(175)	289	(11)	4	(7)
Other	1	-	1	1	-	1	(1)	-	(1)
Other comprehensive (loss) income	(464)	175	(289)	465	(175)	290	(12)	4	(8)

Accumulated other comprehensive income balances are as follows:

	Net unrealized gain on securities available for sale	Other	Total accumulated other comprehensive income
Balance at December 31, 2020	Kr 17	Kr (1)	Kr 16
Other net changes	(7)	(1)	(8)
Balance at December 31, 2021	Kr 10	Kr (2)	Kr 8
Other net changes	289	1	290
Balance at December 31, 2022	Kr 299	Kr (1)	Kr 298
Other net changes	(290)	1	(289)
Balance at December 31, 2023	Kr 9	Kr -	Kr 9

16. Employee Incentive, Retirement, and Deferred Compensation Plans

The Company's stock incentive plans provide for granting options, restricted stock units, and restricted stock awards to employees, officers, and directors. In addition, the Company offers retirement and employee stock purchase plans to eligible employees and sponsors deferred compensation plans for eligible officers and non-employee directors.

A summary of the Company's stock-based compensation and related income tax benefit is as follows:

Year Ended December 31,	2023	2022	2021
Stock option expense	Kr 52	Kr 57	Kr 61
Restricted stock unit expense	60	40	23
Restricted stock award expense	-	5	12

Employee stock purchase plan expense		4		3		3
Total stock-based compensation expense	Kr	116	Kr	105	Kr	99
Income tax benefit on stock-based compensation	Kr	(43)	Kr	(39)	Kr	(37)

The Company issues shares for stock options and restricted stock awards from treasury stock. At December 31, 2023, the Company was authorized to grant up to 67 million common shares under its existing stock incentive plans. Additionally, at December 31, 2023, the Company had 42 million shares reserved for future issuance under its employee stock purchase plan.

As of December 31, 2023, there was Kr189 million of total unrecognized compensation cost, net of forfeitures, related to outstanding stock options, restricted stock awards, and restricted stock units, which is expected to be recognized through 2027 with a remaining weighted-average service period of 2.8 years.

Stock Option Plan

Options are granted for the purchase of shares of common stock at an exercise price not less than market value on the date of grant, and expire within seven or ten years from the date of grant. Options generally vest annually over a three- to five-year period from the date of grant. Certain options were granted at an exercise price above the market value of common stock on the date of grant (i.e., premium-priced options).

The Company's stock option activity is summarized below:

	Number of Options	Weighted-Average Exercise Price per Share	Weighted-Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value
Outstanding at December 31, 2022	57	Kr 16.04		
Granted	7	Kr 21.71		
Exercised	(16)	Kr 16.47		
Forfeited	(1)	Kr 13.39		
Expired	(1)	Kr 19.96		
Outstanding at December 31, 2023	46	Kr 16.74	6.83	Kr 427
Vested and expected to vest at December 31, 2023	44	Kr 16.76	6.74	Kr 406
Vested and exercisable December 31, 2023	25	Kr 17.17	5.33	Kr 220

The aggregate intrinsic value in the table above represents the difference between PSS's closing stock price and the exercise price of each in-the-money option on the last trading day of the period presented.

Information on stock options granted and exercised is presented below:

Year Ended December 31,		2023		2022		2021
Weighted-average fair value of options granted per share	Kr	6.33	Kr	4.07	Kr	4.16
Cash received from options exercised	Kr	258	Kr	35	Kr	96

Tax benefit realized on options exercised	Kr	-	Kr	1	Kr	7
Aggregate intrinsic value of options exercised	Kr	82	Kr	9	Kr	38

Management uses a binomial option pricing model to estimate the fair value of options granted. The binomial model takes into account the contractual term of the stock option, expected volatility, dividend yield, and risk-free interest rate. Expected volatility is based on the implied volatility of publicly-traded options on PSS's stock. Dividend yield is based on the average historical PSS dividend yield. The risk-free interest rate is based on the yield of a Norway Treasury zero-coupon issue with a remaining term similar to the contractual term of the option. Management uses historical option exercise data, which includes employee termination data to estimate the probability of future option exercises. Management uses the Black-Scholes model to solve for the expected life of options valued with the binomial model presented below. The assumptions used to value the Company's options granted during the years presented and their expected lives were as follows:

Year Ended December 31,	2023	2022	2021
Weighted-average expected dividend yield	1.13 %	.99 %	.85 %
Weighted-average expected volatility	28 %	31 %	36 %
Weighted-average risk-free interest rate	2.5 %	1.8 %	2.1 %
Expected life (in years)	4.6 – 7.9	3.0 – 6.7	0.0 – 6.3

Restricted Stock Units

Restricted stock units are awards that entitle the holder to receive shares of PSS's common stock following a vesting period. Restricted stock units are restricted from transfer or sale and generally vest annually over a three- to five-year period, while some vest based upon the Company achieving certain financial or other measures. The fair value of restricted stock units is based on the market price of the Company's stock on the date of grant. The grant date fair value is amortized to compensation expense on a straight-line basis over the requisite service period. The fair value of the restricted stock units that vested during each of the years 2023, 2022, and 2021 was Kr78 million, Kr30 million, and Kr13 million, respectively.

The Company's restricted stock units activity is summarized below:

	Number of Units	Weighted-Average Grant Date Fair Value per Unit
Outstanding at December 31, 2022	11	Kr 13.34
Granted	4	Kr 21.32
Vested	(3)	Kr 22.44
Forfeited	(1)	Kr 14.17
Outstanding at December 31, 2023	11	Kr 16.11

Deferred Compensation Plans

The Company's deferred compensation plan for officers permits participants to defer the receipt of certain cash compensation. The deferred compensation liability was Kr135 million and Kr127 million at December 31, 2023 and 2022, respectively. The Company's deferred compensation plan for non-employee directors permits participants to defer receipt of all or a portion of their director fees and to receive either a grant of stock options, or upon ceasing to serve as a director, the number of shares of PSS's common stock that would have resulted from investing the deferred fee amount into PSS's common stock.

17. Earnings Per Common Share

Basic EPS is computed by dividing net income available to common stockholders by the weighted-average number of common shares outstanding during the period. The computation of diluted EPS is similar to the computation of basic EPS except that the denominator is increased to include the number of additional common shares that would have been outstanding if dilutive potential common shares had been issued. Dilutive potential common shares include the effect of outstanding stock options and unvested restricted stock awards and units. EPS under the basic and diluted computations is as follows:

Year Ended December 31,		2023		2022		2021
Net income	Kr	1,071	Kr	928	Kr	864
Preferred stock dividends		(61)		(45)		-
Net income available to common stockholders	Kr	1,010	Kr	883	Kr	864
Weighted-average common shares outstanding — basic		1,285		1,274		1,227
Common stock equivalent shares related to stock incentive plans		8		1		2
Weighted-average common shares outstanding — diluted [1]		1,293		1,275		1,229
Basic EPS	Kr	.78	Kr	.69	Kr	.70
Diluted EPS	Kr	.78	Kr	.69	Kr	.70

(1) Antidilutive stock options and restricted stock awards excluded from the calculation of diluted EPS totaled 34 million, 74 million, and 63 million shares in 2023, 2022, and 2021, respectively.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of The PSS Trust and Credit Corp.:

We have audited the accompanying consolidated balance sheets of The PSS Trust and Credit Corp. and subsidiaries (the Company) as of December 31, 2023, and 2022, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2023. The Company's management is responsible for these financial statements and the financial statement schedule, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on these financial statements and the financial statement schedule and an opinion on the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (Norway). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The PSS Trust and Credit Corp. and subsidiaries as of December 31, 2023, and 2022, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2023, in conformity with accounting principles generally accepted in Norway. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on the criteria established in Internal Control – Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

/s/ Deloitte AS

February 24, 2024

Management's Report on Internal Control Over Financial Reporting

Management of The PSS Trust and Credit Corp., together with its subsidiaries (the Company), is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is a process designed under the supervision of and effected by the Company's Chief Executive Officer and Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of published financial statements in accordance with accounting principles generally accepted in Norway.

As of December 31, 2023, management conducted an assessment of the effectiveness of the Company's internal control over financial reporting based on the framework established in Internal Control – Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management has determined that the Company's internal control over financial reporting was effective as of December 31, 2023.

The Company's internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets; provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in Norway, and that receipts and expenditures are being made only in accordance with authorizations of management and the directors of the Company; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Company's financial statements.

The Company's internal control over financial reporting as of December 31, 2023, has been audited by Deloitte AS, an independent registered public accounting firm, as stated in their report appearing on the previous page.