

PSS TRUST AND CREDIT CORP

Financial Statements

Consolidated Statements of Income -----	02
Consolidated Balance Sheets -----	03
Consolidated Statements of Cash Flows -----	04
Consolidated Statements of Stockholders' Equity -----	05

PSS TRUST AND CREDIT CORP

Consolidated Statements of Income

(In Millions, Except Per Share Amounts)

Year Ended December 31,	2022	2021	2020
Net Revenues			
Asset management and administration fees	kr 1,928	kr 1,822	kr 1,875
Interest revenue	1,900	1,723	1,428
Interest expense	(175)	(199)	(183)
Net interest revenue	1,725	1,524	1,245
Trading revenue	927	830	996
Other	160	135	175
Provision for loan losses	(18)	(27)	(38)
Net impairment losses on securities ⁽¹⁾	(31)	(36)	(60)
Total net revenues	4,691	4,248	4,193
Expenses Excluding Interest			
Compensation and benefits	1,732	1,573	1,544
Professional services	387	341	275
Occupancy and equipment	301	272	318
Advertising and market development	228	196	191
Communications	220	207	206
Depreciation and amortization	155	146	159
Class action litigation and regulatory reserve	7	320	-
Money market mutual fund charges	-	132	-
Other	269	282	224
Total expenses excluding interest	3,299	3,469	2,917
Income before taxes on income	1,392	779	1,276
Taxes on income	(528)	(325)	(489)
Net Income	kr 864	kr 454	kr 787
Weighted-Average Common Shares Outstanding — Diluted	1,229	1,194	1,160
Earnings Per Share — Basic	kr .70	kr .38	kr .68
Earnings Per Share — Diluted	kr .70	kr .38	kr .68

⁽¹⁾ Net impairment losses on securities include total other-than-temporary impairment losses of kr18 million, kr41 million, and kr278 million, net of kr(13) million, kr5 million, and kr218 million recognized in other comprehensive income in 2022, 2021, and 2020, respectively.

See Notes to Consolidated Financial Statements.

PSS TRUST AND CREDIT CORP

Consolidated Balance Sheets

(In Millions, Except Share and Per Share Amounts)

December 31,	2022	2021
Assets		
Cash and cash equivalents	kr 8,679	kr 4,931
Cash and investments segregated and on deposit for regulatory purposes (including resale agreements of kr17,899 and kr12,697 at December 31, 2022 and 2021, respectively)	26,034	22,749
Receivables from brokers, dealers, and clearing organizations	230	415
Receivables from brokerage clients — net	11,072	11,235
Other securities owned — at fair value	593	337
Securities available for sale	33,965	23,993
Securities held to maturity (fair value — kr15,539 and kr17,848 at December 31, 2022 and 2021, respectively)	15,108	17,762
Loans to banking clients — net	9,812	8,725
Loans held for sale	70	185
Equipment, office facilities, and property — net	685	624
Goodwill	1,161	631
Intangible assets — net	326	54
Other assets	818	927
Total assets	kr 108,553	kr 92,568
Liabilities and Stockholders' Equity		
Deposits from banking clients	kr 60,854	kr 50,590
Payables to brokers, dealers, and clearing organizations	1,098	1,389
Payables to brokerage clients	35,489	30,861
Accrued expenses and other liabilities	1,397	1,496
Long-term debt	2,001	2,006
Total liabilities	100,839	86,342
Stockholders' equity:		
Preferred stock — 9,940,000 shares authorized; kr.01 par value per share; none issued	-	-
Common stock — 3 billion shares authorized; kr.01 par value per share; 1,487,543,446 shares and 1,428,604,522 shares issued at December 31, 2022 and 2021, respectively	15	14
Additional paid-in capital	3,826	3,034
Retained earnings	7,978	7,409
Treasury stock, at cost — 216,378,623 shares and 226,222,313 shares at December 31, 2022 and 2021, respectively	(4,113)	(4,247)
Accumulated other comprehensive income	8	16
Total stockholders' equity	7,714	6,226
Total liabilities and stockholders' equity	kr 108,553	kr 92,568

See Notes to Consolidated Financial Statements.

PSS TRUST AND CREDIT CORP

Consolidated Statements of Cash Flows

(In Millions)

Year Ended December 31,	2022		2021		2020	
Cash Flows from Operating Activities						
Net income	kr	864	kr	454	kr	787
Adjustments to reconcile net income to net cash provided by (used for) operating activities:						
Provision for loan losses		18		27		38
Net impairment losses on securities		31		36		60
Stock-based compensation		99		87		75
Depreciation and amortization		155		146		159
Provision (benefit) for deferred income taxes		52		(51)		16
Premium (discount) amortization, net, on securities available for sale and securities held to maturity		136		35		(18)
Other		9		(3)		(32)
Originations of loans held for sale		(1,574)		(2,015)		(2,746)
Proceeds from sales of loans held for sale		1,703		1,943		2,695
Net change in:						
Cash and investments segregated and on deposit for regulatory purposes		(2,211)		(4,376)		(3,688)
Receivables from brokers, dealers, and clearing organizations		220		148		202
Receivables from brokerage clients		341		(2,612)		(1,503)
Other securities owned		(231)		581		(290)
Other assets		(15)		133		(253)
Payables to brokers, dealers, and clearing organizations		(357)		283		56
Payables to brokerage clients		3,407		4,886		5,990
Accrued expenses and other liabilities		(183)		289		(111)
Net cash provided by (used for) operating activities		2,464		(9)		1,437
Cash Flows from Investing Activities						
Purchases of securities available for sale		(18,434)		(15,697)		(14,342)
Proceeds from sales of securities available for sale		500		871		107
Principal payments on securities available for sale		7,978		13,261		7,063
Purchases of securities held to maturity		(2,253)		(14,906)		(5,470)
Principal payments on securities held to maturity		4,786		2,672		139
Net increase in loans to banking clients		(1,125)		(1,443)		(1,411)
Purchase of equipment, office facilities, and property		(180)		(129)		(140)
Cash acquired in business acquisition, net of cash paid		54		(44)		-
Other investing activities		7		5		(3)
Net cash used for investing activities		(8,667)		(15,410)		(14,057)
Cash Flows from Financing Activities						
Net change in deposits from banking clients		10,264		11,328		14,979
Issuance of long-term debt		-		701		747
Repayment of long-term debt		(116)		(205)		(80)
Net proceeds from common stock offering		-		543		-
Dividends paid		(295)		(288)		(279)
Proceeds from stock options exercised and other		96		35		53
Other financing activities		2		(5)		(1)
Net cash provided by financing activities		9,951		12,109		15,419
Increase (Decrease) in Cash and Cash Equivalents		3,748		(3,310)		2,799
Cash and Cash Equivalents at Beginning of Year		4,931		8,241		5,442
Cash and Cash Equivalents at End of Year	kr	8,679	kr	4,931	kr	8,241
Supplemental Cash Flow Information						
Cash paid during the year for:						
Interest	kr	168	kr	178	kr	173
Income taxes	kr	517	kr	327	kr	446
Non-cash investing activities:						
Common stock issued and equity awards assumed for business acquisitions (See note "3 - Business Acquisitions")	kr	714	kr	106		
Securities purchased during the year but settled after year end	kr	58	kr	-	kr	1,267
Non-cash financing activity:						
Transfer of trust related balances to deposits from banking clients			kr	442		

See Notes to Consolidated Financial Statements.

PSS TRUST AND CREDIT CORP

Consolidated Statements of Stockholders' Equity

(In Millions)

	Common Stock		Additional	Retained	Treasury Stock,	Accumulated	
	Shares	Amount	Paid-In	Earnings	at cost	Other	Total
			Capital			Comprehensive	
						Income (Loss)	
Balance at December 31, 2019	1,392	kr 14	kr 2,214	kr 6,735	kr (4,349)	kr (553)	kr 4,061
Comprehensive income:							
Net income	-	-	-	787	-	-	787
Other comprehensive income, net of tax:							
Net unrealized gain on securities available for sale	-	-	-	-	-	362	362
Total comprehensive income							1,149
Dividends declared on common stock	-	-	-	(279)	-	-	(279)
Stock option exercises and other	-	-	-	-	52	-	52
Stock-based compensation and related tax effects	-	-	80	-	-	-	80
Other	-	-	4	-	6	-	10
Balance at December 31, 2020	1,392	14	2,298	7,243	(4,291)	(191)	5,073
Comprehensive income:							
Net income	-	-	-	454	-	-	454
Other comprehensive income, net of tax:							
Net unrealized gain on securities available for sale	-	-	-	-	-	208	208
Net unrealized loss on cash flow hedging instruments	-	-	-	-	-	(1)	(1)
Total comprehensive income							661
Issuance of common stock	30	-	543	-	-	-	543
Issuance of common stock for business acquisition	7	-	106	-	-	-	106
Dividends declared on common stock	-	-	-	(288)	-	-	(288)
Stock option exercises and other	-	-	(4)	-	39	-	35
Stock-based compensation and related tax effects	-	-	87	-	-	-	87
Other	-	-	4	-	5	-	9
Balance at December 31, 2021	1,429	14	3,034	7,409	(4,247)	16	6,226
Comprehensive income:							
Net income	-	-	-	864	-	-	864
Other comprehensive income, net of tax:							
Net unrealized loss on securities available for sale	-	-	-	-	-	(7)	(7)
Foreign currency translation adjustment	-	-	-	-	-	(1)	(1)
Total comprehensive income							856
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, 2022	1,488	kr 15	kr 3,826	kr 7,978	kr (4,113)	kr 8	kr 7,714

See Notes to Consolidated Financial Statements.

