

Publication of information concerning capital adequacy and liquidity management

In accordance with Regulation (EU) 575/2013 and the Swedish Financial Supervisory Authority's regulations and general guidelines (FFFS 2014:12) on regulatory requirements and capital buffers, this information is presented on a quarterly basis on Klarna's website, www.klarna.com. Klarna's capital requirements are set out in Regulation (EU) 575/2013 and Directive (EU) 36/2013 as well as in the Directive's national implementation regulations. This capital requirement consists of minimum capital requirements for credit, market and operational risk, internal assessed required capital and regulatory capital buffers.

The information is presented for Klarna AB (publ) (556737-0431) and for the consolidated situation ("Group") as of December 31, 2016.

| 2016-12-31, TSEK | Klarna AB | Group |
|---|-------------------|-------------------|
| Own funds | | |
| Common Equity Tier 1 capital | 2,243,763 | 1,631,784 |
| Additional Tier 1 capital | - | - |
| Tier 2 capital | 296,801 | 296,801 |
| Total capital | 2,540,564 | 1,928,585 |
| Risk exposure amount | | |
| Credit risk according to standardized method | 7,870,138 | 6,885,649 |
| Market risk according to standardized method | 550,181 | 246,190 |
| Operative risk according to standardized method | 2,934,935 | 3,119,888 |
| Total risk exposure amount | 11,355,254 | 10,251,727 |
| Capital requirement | | |
| Total minimum capital requirement | 908,420 | 820,138 |
| Internally assessed required capital | 28,800 | 28,800 |
| Total capital requirement excl. regulatory capital buffers | 937,220 | 848,938 |
| Capital adequacy analysis | | |
| Common Equity Tier 1 capital ratio | 19.8% | 15.9% |
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| Total capital ratio | 22.4% | 18.8% |
| Combined buffer requirement ¹ | 3.3% | 3.4% |
| of which: capital conservation buffer requirement | 2.5% | 2.5% |
| of which: countercyclical buffer requirement | 0.8% | 0.9% |
| Common Equity Tier 1 capital available to meet buffers ² | 11.8% | 7.9% |

Sources of funding

As of December 31, 2016 Klarna's business was mainly funded by deposits from the public. In addition, the business was financed by equity, subordinated debt, operational liabilities and borrowings from credit institutions.

Liquidity reserve

As of December 31, 2016 Klarna's liquidity reserve amounted to 942 MSEK and consisted of high-quality liquid assets.

¹ The group is currently not required to hold additional capital to meet demands for systemic risk buffer or other buffers

² Common Equity Tier 1 capital available for use as buffer is defined as Klarna's Common Equity Tier 1 capital ratio, reduced by the Common Equity Tier 1 capital needed to meet Klarna's total minimum capital requirement