

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 September 30, 2016.

2016-09-30, TSEK	Klarna AB	Group
Own funds		
Common Equity Tier 1 capital	2,280,830	1,513,687
Additional Tier 1 capital	-	-
Tier 2 capital	296,704	296,704
Total capital	2,577,534	1,810,391
Risk exposure amount		
Credit risk according to standardized method	6,854,831	5,827,661
Market risk according to standardized method	534,144	174,723
Operative risk according to standardized method	2,934,935	3,119,887
Total risk exposure amount	10,323,910	9,122,271
Capital requirement		
Total minimum capital requirement	825,913	729,782
Internally assessed required capital	28,800	28,800
Total capital requirement excl. regulatory capital buffers	854,713	758,582
Capital adequacy analysis		
Common Equity Tier 1 capital ratio	22.1%	16.6%
Tier 1 capital ratio	22.1%	16.6%
Total capital ratio	25.0%	19.8%
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	14.1%	8.6%

Sources of funding

As of September 30, 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 September 30, 2016 Klarna's liquidity reserve amounted to 800 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