

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 Bank AB (publ) (556737-0431) and for the consolidated situation ("Group") as of December 31, 2017.

2017-12-31, SEKk	Klarna Bank AB	Group
Own funds		
Common Equity Tier 1 capital	3 345 279	2 283 383
Additional Tier 1 capital	250 000	250 000
Tier 2 capital	297 121	297 121
Total capital	3 892 400	2 830 504
Risk exposure amount		
Credit risk according to standardised method	12 102 052	11 287 794
Market risk according to standardised method	1 252 229	112 758
Operative risk according to standardised method	3 791 144	4 153 165
Total risk exposure amount	17 145 425	15 553 716
Capital requirement		
Total minimum capital requirement	1 371 634	1 244 297
Internally assessed required capital	94 754	94 754
Total capital requirement excl. regulatory capital buffers	1 466 388	1 339 051
Capital adequacy analysis		
Common Equity Tier 1 capital ratio	19.5%	14.7%
Tier 1 capital ratio	21.0%	16.3%
Total capital ratio	22.7%	18.2%
Combined buffer requirement ¹	3.4%	3.4%
of which: capital conservation buffer requirement	2.5%	2.5%
of which: countercyclical buffer requirement	0.9%	0.9%
Common Equity Tier 1 capital available to meet buffers ²	14.7%	10.2%

Sources of funding

As of December 31, 2017 Klarna's business was funded by deposits from the public, debt securities in issue, operational liabilities, subordinated debt and borrowings from credit institutions.

Liquidity reserve

As of December 31, 2017 Klarna's liquidity reserve amounted to SEK 1.848 billion 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.

Klarna