

Interim Financial Statements: 1 January 2017 - 30 September 2017

Klarna[®].

Klarna Bank AB Group

Income statement, Klarna Bank AB Group

Amounts in SEkk	2017-09-30	2016-09-30	2016-12-31
Interest income	1 117 702	933 065	1 282 921
Commission income	2 032 584	1 605 928	2 265 763
Other operating income	9 035	8 434	11 977
Total operating revenues	3 159 321	2 547 427	3 560 661
Interest expenses	-93 541	-70 808	-102 212
Commission expenses	-137 403	-102 074	-150 281
Net income from financial transactions	-17 347	-13 375	-18 665
General administrative expenses	-2 032 774	-1 708 267	-2 584 887
Depreciation, amortization of intangible and tangible fixed assets	-93 349	-77 451	-112 628
Credit losses, net	-296 620	-304 742	-423 688
Total operating expenses	-2 671 034	-2 276 717	-3 392 361
Operating income	488 287	270 710	168 300
Income tax expense	-138 798	-71 113	-54 873
Net income for the period	349 489	199 597	113 427

Comments (Q3 YTD 2017 vs Q3 YTD 2016):

- Total operating revenue grew by 24 percent mainly driven by higher volumes
- Interest income grew by 20 percent driven by increased volume. Reminder fees and overdue interest continued to decrease as a share of total interest income
- Commission income increased by 27 percent due to higher end consumer activity driving transaction growth
- Total operating expenses grew by 17 percent mainly due to higher general administrative expenses as a result of increased number of employees related to growth
- Net credit losses decreased by 3 percent due to improved credit quality. Acceptance rate improved in some markets
- Net income for the first nine months recorded at SEK 349m, an increase of 75 percent

Balance Sheet, Klarna Bank AB Group

Amounts in SEkk	2017-09-30	2016-12-31	2016-09-30
Assets			
Cash and cash equivalents	3 514 939	2 176 427	2 342 425
Lending to the public	10 833 208	8 450 037	7 051 489
Shares and participation in unlisted companies	-	10 315	10 315
Intangible assets	1 836 331	1 212 236	1 237 046
Tangible fixed assets	60 769	54 825	55 723
Other assets	167 293	177 984	94 793
Total assets	16 412 540	12 081 824	10 791 791
Liabilities			
Liabilities to credit institutions	41 609	754 944	31 791
Deposits from the public	6 456 016	5 839 490	5 622 959
Debt securities in issue	1 994 565	-	-
Other liabilities	3 617 421	2 573 224	2 125 424
Subordinated debt instruments	297 022	296 801	296 704
Total liabilities	12 406 633	9 464 459	8 076 878
Equity	4 005 907	2 617 365	2 714 913
Total liabilities and equity	16 412 540	12 081 824	10 791 791

Comments (Q3 2017 vs Q4 2016):

- As of 30 September lending to the public recorded at SEK 10.8bn, equivalent to a growth of 28 percent
- Cash increased significantly as a senior unsecured bond of SEK 2bn was issued during the third quarter 2017
- Intangible assets increased with the acquisition of BillPay GmbH which was closed in September 2017
- Lending growth was financed primarily by increased deposits from the public as well as the senior unsecured bond
- Other liabilities grew mainly due to increased liabilities to merchants resulting from growing volumes
- Equity increased due to shareholders' contribution for the BillPay GmbH acquisition as well as from the issued additional tier 1 instrument

Cash Flow Statement, Klarna Bank AB Group

Amounts in SEkk	2017-09-30	2016-09-30	2016-12-31
Cash flow from operating activities	-1 478 263	790 207	531 595
Cash flow from investing activities	-507 946	-74 675	-93 777
Cash flow from financing activities	3 021 419	296 704	296 801
Cash flow for the year	1 035 210	1 012 236	734 619
Cash and cash equivalents at the beginning of year	1 171 696	437 919	437 919
Cash flow for the year	1 035 210	1 012 236	734 619
Exchange rate diff. in cash & cash equivalents	9 315	27 323	-842
Cash and cash equivalents at the end of year	2 216 221	1 477 478	1 171 696
Cash and cash equivalents include the following items:			
Cash in hand	40	45	40
Lending to credit institutions ¹	2 216 181	1 477 433	1 171 656
Cash and cash equivalents	2 216 221	1 477 478	1 171 696

¹ Adjusted for non-cash items in lending to credit institutions

Comments (Q3 YTD 2017 vs Q3 YTD 2016):

- Cash increased mainly as a result of shareholders' contribution in connection to the BillPay GmbH acquisition and the issuance of a senior unsecured bond