

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 March 31, 2017.

2017-03-31, TSEK	Klarna AB	Group
Own funds		
Common Equity Tier 1 capital	2.246.550	1.636.977
Additional Tier 1 capital	-	-
Tier 2 capital	296.878	296.878
Total capital	2.543.428	1.933.855
Risk exposure amount		
Credit risk according to standardized method	7.942.947	6.998.207
Market risk according to standardized method	882.721	358.092
Operational risk according to standardized method	3.791.144	4.153.164
Total risk exposure amount	12.616.812	11.509.463
Capital requirement		
Total minimum capital requirement	1.009.345	920.757
Internally assessed required capital	94.754	94.754
Total capital requirement excl. regulatory capital buffers	1.104.099	1.015.511
Capital adequacy analysis		
Common Equity Tier 1 capital ratio	17,8%	14,2%
Tier 1 capital ratio	17,8%	14,2%
Total capital ratio	20,2%	16,8%
Combined buffer requirement ¹	3,4%	3,5%
of which: capital conservation buffer requirement	2,5%	2,5%
of which: countercyclical buffer requirement	0,9%	1,0%
Common Equity Tier 1 capital available to meet buffers ²	9,8%	6,2%

Sources of funding

As of March 31, 2017 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 March 31, 2017 Klarna's liquidity reserve amounted to SEK 1.008 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