

Interim Financial Statements: 1 January 2019 - 31 March 2019

Klarna.[®]

Klarna Bank AB Group

Income Statement, Klarna Bank AB Group

Amounts in SEKk	Jan - Mar 2019	Jan - Mar 2018 ¹	Jan - Dec 2018
Interest income calculated according to the effective interest rate method	630,905	454,052	2,033,517
Interest expenses	-77,606	-51,737	-232,144
Net interest income	553,299	402,315	1,801,373
Commission income	1,146,174	881,803	3,999,394
Commission expenses	-102,508	-67,049	-328,870
Net result from financial transactions	-15,887	-11,318	-26,970
Other operating income	3,559	1,171	5,854
Total operating revenues, net	1,584,637	1,206,922	5,450,781
General administrative expenses	-1,313,821	-881,220	-4,349,558
Depreciation, amortisation and impairment of intangible and tangible assets	-70,046	-35,927	-154,746
Total expenses before credit losses	-1,383,867	-917,147	-4,504,304
Operating income before credit losses, net	200,770	289,775	946,477
Credit losses, net	-296,713	-179,599	-785,567
Operating income	-95,943	110,176	160,910
Income tax	-255	-34,694	-55,686
Net income for the period	-96,198	75,482	105,224

¹The income statement for Q1 2018 has been updated with the change in presentation and the income reclassification described in the annual report for 2018.

Comments (January-March 2019 vs January-March 2018):

- In Q1 the successful internal equity raise of over SEK 1bn was initiated.
- Total gross operating revenues grew by 33 percent to SEK 1,781m, driven by higher volumes as a result of the rapid growth of both the merchant and consumer base, as well as a growing product range. Overall volume growth for the first quarter was close to 30 percent compared to last year.
- Commission income increased by 30 percent as a result of higher volumes due to growth in number of merchants, consolidation in core geographies and new products and features to market.
- Interest income growth was driven by increased popularity of our products, especially Slice It, and further supported by the UK acquisition of Close Brothers Retail Finance (CBRF).
- Total operating expenses before credit losses grew by 51 percent. Investments in people, products, brand building and market expansion in line with the core focus on growth has continued in this quarter. The strengthened capabilities from these investments are starting to be realised, with examples including:
 - The Klarna Card continues to gain traction in Sweden, and there are today more than 100k issued cards. The Klarna card has now also launched in Germany.
 - The Klarna app is continuously updated with new features, e.g. shopping, tracking and shipping to help consumers throughout the full shopping experience.
 - New B2B products were launched: a leading Open Banking Platform as well as Customer Authentication Platform.
- Loans to the public increased by 46 percent, partly explaining the increase in net credit losses, along with our continued establishment in newer markets.

Balance Sheet, Klarna Bank AB Group

Amounts in SEkk	31 Mar 2019	31 Dec 2018	31 Mar 2018
Assets			
Cash and balances with central banks	582	331	41
Chargeable central bank treasury bills	2,506,094	3,084,314	1,775,233
Loans to credit institutions	2,231,518	2,367,631	2,328,236
Loans to the public	19,997,280	19,979,002	13,701,182
Other shares and participations	20,081	41,217	26,764
Intangible assets	2,067,934	2,006,084	1,900,486
Tangible assets	499,887	80,602	57,199
Other assets	439,071	300,651	173,663
Total assets	27,762,447	27,859,832	19,962,804
Liabilities			
Liabilities to credit institutions	452,994	1,418,054	378,613
Deposits from the public	13,835,137	14,581,769	9,281,649
Debt securities in issue	1,997,836	1,996,905	1,995,630
Other liabilities	6,798,195	5,123,285	3,876,738
Subordinated liabilities	597,846	597,560	297,217
Total liabilities	23,682,008	23,717,573	15,829,847
Equity	4,080,439	4,142,259	4,132,957
Total liabilities and equity	27,762,447	27,859,832	19,962,804

Cash Flow Statement, Klarna Bank AB Group

Amounts in SEkk	Jan - Mar 2019	Jan - Mar 2018	Jan - Dec 2018
Cash flow from operating activities	961,121	1,088,370	893,183
Cash flow from investing activities	-1,015,580	-87,933	-353,714
Cash flow from financing activities	-27,463	-	297,750
Cash flow for the period	-81,922	1,000,437	837,219
Cash and cash equivalents at the beginning of year	1,917,407	1,043,101	1,043,101
Cash flow for the period	-81,922	1,000,437	837,219
Exchange rate diff. in cash and cash equivalents	27,708	20,246	37,087
Cash and cash equivalents at the end of period	1,863,193	2,063,784	1,917,407
Cash and cash equivalents include the following items			
Cash and balances with central banks	582	41	331
Loans to credit institutions ¹	1,862,611	2,063,743	1,917,076
Cash and cash equivalents	1,863,193	2,063,784	1,917,407

¹Adjusted for non-cash items in loans to credit institutions such as money in transfer.

Comments (March 2019 vs December 2018):

- The UK acquisition of CBRF is the main driver to the cash outflow related to investing activities.