

This base prospectus was approved by the Swedish Financial Supervisory Authority on 15 November 2021 and is valid for twelve months after the date of the approval. The obligation to supplement this prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when the prospectus is no longer valid.

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# Klarna.®

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## **Klarna Bank AB (publ)**

### **Base prospectus for Klarna Bank AB:s (publ) Swedish medium term note programme**

**Arranger:**

Nordea

**Dealers:**

Danske Bank A/S, Danmark, Sverige Filial

Nordea

SEB

Swedbank

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## Important information

In this base prospectus (the “**Base Prospectus**”), the “**Issuer**” means Klarna Bank AB (publ), Swedish Reg. No. 556737-0431 and the “**Group**” means the Issuer with all its subsidiaries from time to time (each a “**Group Company**”). “**Klarna**” means the Issuer and/or the Group, as applicable. “**DKK**” refers to Danish kroner, “**EUR**” refers to Euro, “**GBP**” refers to British pounds, “**NOK**” refers to Norwegian kroner, “**SEK**” refers to Swedish kronor, and “**USD**” refers to U.S. Dollars, respectively. “**m**” refers to million(s), “**bn**” refers to billion(s) and “**k**” refers to thousand(s).

Words and expressions defined in the general terms and conditions for medium term notes (the “**General Terms and Conditions**”) beginning on page 16, and, as the case may be, in the final terms, the form of which beginning on page 29 (the “**Final Terms**”) have the same meanings when used in this Base Prospectus, unless expressly stated or otherwise follows from the context.

### Notice to investors

This Base Prospectus has been prepared by the Issuer and contains information about its programme for medium term notes (the “**Programme**”). The Programme has been established by Klarna to constitute a framework under which the Issuer from time to time may issue medium term notes (“**Notes**”) in SEK, EUR and NOK in a minimum Nominal Amount of EUR 100,000 (or the equivalent in any other currency) and with a minimum term of one year. The Issuer has undertaken towards Nordea Bank Abp, Skandinaviska Enskilda Banken AB (publ), Swedbank AB (publ) and Danske Bank A/S, Danmark, Sverige Filial (the “**Dealers**”) that the total outstanding Nominal Amount of Notes under the Programme shall not exceed SEK 10,000,000,000 (ten billion) at any time. Klarna and the Dealers may agree to increase or decrease such amount. This Base Prospectus does not contain and does not constitute an offer or a solicitation to buy or sell Notes.

This Base Prospectus is governed by Swedish law. The courts of Sweden have exclusive jurisdiction to settle any dispute arising out of or in connection with this Base Prospectus.

This Base Prospectus may not be distributed in any jurisdiction where such distribution would require any additional prospectus, registration or measures other than those required under Swedish or, following a formal passporting of this Base Prospectus into Norway, Norwegian law, or otherwise would conflict with regulations in such jurisdiction. Persons into whose possession this Base Prospectus may come are required to inform themselves about, and comply with such restrictions. Any failure to comply with such restrictions may result in a violation of applicable securities regulations. Subject to certain exemptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons. Notes have not been, and will not be, registered under the United States Securities Act of 1933 (the “**Securities Act**”) or the securities laws of any state or other jurisdiction outside Sweden or, following a formal passporting of this Base Prospectus, Norway.

No person has been authorised to provide any information or make any statements other than those contained in this Base Prospectus. Should such information or statements nevertheless be furnished, it/they must not be relied upon as having been authorised or approved by the Issuer and the Issuer assumes no responsibility for such information or statements. Neither the publication of this Base Prospectus nor the offering, sale or delivery of any Note implies that the information in this Base Prospectus is correct and current as at any date other than the date of this Base Prospectus or that there have not been any changes in the Issuer’s or the Group’s business since the date of this Base Prospectus.

If the information in this Base Prospectus becomes subject to any material change, such material change will be made public in accordance with the provisions governing the publication of supplements to prospectuses in Regulation (EU) 2017/1129 of the European Parliament and the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC.

### MiFID II Product Governance

In respect of each issue of Notes, each Issuing House (as defined in the General Terms and Conditions) will undertake a target market assessment in respect of such Notes and determine the appropriate channels for distribution for such Notes. Any person subsequently offering, selling or recommending such Notes (a “**distributor**”) should take into consideration the target market assessment. However, a distributor subject to Directive 2014/65/EU (as amended, “**MiFID II**”) is responsible for undertaking its own target market assessment in respect of such Notes (either by adopting or refining the target market assessment) and determining the appropriate distribution channels. For the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the “**MiFID Product Governance Rules**”), a determination will be made in relation to each issue as to whether any Issuing House participating in the issue of Notes is a manufacturer in respect of such Notes. Neither the Arranger nor the Dealers nor any of their respective affiliates that do not participate in an issue will be a manufacturer for the purpose of the MiFID Product Governance Rules.

### Forward-looking statements and market data

The Base Prospectus contains certain forward-looking statements that reflect the Issuer’s current views or expectations with respect to future events and financial and operational performance. The words “intend”, “estimate”, “expect”, “may”, “plan”, “anticipate” or similar expressions regarding indications or forecasts of future developments or trends, which are not statements based on historical facts, constitute forward-looking information. Although the Issuer believes that these statements are based on reasonable assumptions and expectations, the Issuer cannot give any assurances that such statements will materialise. Because these forward-looking statements involve known and unknown risks and uncertainties, the outcome could differ materially from those set out in the forward-looking statement.

Factors that could cause the Issuer’s and the Group’s actual operations, result or performance to differ from the forward-looking statements include, but are not limited to, those described in the section “*Risk factors*”. The forward-looking statements included in this Base Prospectus apply only to the date of the Base Prospectus. The Issuer undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by law. Any subsequent forward-looking information that can be ascribed to the Issuer and the Group or persons acting on the Issuer’s behalf is subject to the reservations in or referred to in this section.

The Base Prospectus contains market data and industry forecasts, including information related to the sizes of the markets in which the Group participates. The information has been extracted from a number of sources. Although the Issuer regards these sources as reliable, the information contained in them has not been independently verified and therefore it cannot be guaranteed that this information is accurate and complete. However, as far as the Issuer is aware and can assure by comparison with other information made public by these sources, no information has been omitted in such a way as to render the information reproduced incorrect or misleading. In addition to the above, certain data in the Base Prospectus is also derived from estimates made by the Issuer.

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## DESCRIPTION OF THE PROGRAMME

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*The following is a description of the Programme and is qualified in its entirety by the full Conditions included in the section “General Terms and Conditions and form of Final Terms”.*

### General

The Programme has been established by Klarna Bank AB (publ) for the issuance of medium term notes in EUR, NOK and SEK. A Note may be issued in a minimum Nominal Amount of EUR 100,000 (or the equivalent in any other available currency) and with a minimum term of one year. The Issuer has undertaken towards the Dealers that the total outstanding Nominal Amount of Notes under the Programme shall not exceed SEK 10,000,000,000 (ten billion) at any time. Klarna and the Dealers may agree to increase or decrease such amount.

Klarna has appointed Nordea Bank Abp as Arranger and Nordea Bank Abp, Skandinaviska Enskilda Banken AB (publ), Swedbank AB (publ) and Danske Bank A/S, Danmark, Sverige Filial as Dealers, in respect of the Programme. Further Dealers may be appointed.

### General Terms and Conditions and Final Terms

Notes issued under the Programme will be governed by the General Terms and Conditions as well as the applicable Final Terms. The General Terms and Conditions are standardised and apply to all Notes issued under the Programme. For each Loan, Final Terms are prepared that include supplementary terms and conditions for the relevant Loan. Applicable Final Terms must therefore be read in conjunction with the General Terms and Conditions. The Final Terms will be submitted to the Swedish Financial Supervisory Authority (*Finansinspektionen*) (the “SFSA”) and published on the webpage of the Issuer. Any amendments to the General Terms and Conditions will not be effective to Notes issued prior to such amendment, unless a Noteholders’ Meeting resolves otherwise.

### Form of Notes

Notes will be issued in dematerialised book-entry form and registered on a CSD Account on behalf of the relevant Noteholder. Hence, no physical notes will be issued. Euroclear Notes will be registered in accordance with the Swedish Financial Instruments Accounts Act and VPS Notes will be registered in accordance with the Norwegian Securities Register Act. Registration requests relating to Notes shall be directed to an Account Operator. Each Loan will be identified by an individual number (International Securities Identification Number). Clearing and settlement relating to Notes, as well as payment of interest and redemption of principal amounts, will be performed within the CSD’s account-based system and is reliant on the functioning of such system.

The registered addresses of the CSDs are included in the section “Addresses”.

The Issuer has appointed Nordea Bank Abp, filial i Norge, as paying agent and registrar (IPA) in respect of VPS Notes. The IPA will, in accordance with the Norwegian Securities Register Act, create and administer the Issuer’s issuer account with VPS, register the Issuer’s issuance of VPS Notes and perform payments under VPS Notes at the instruction of the Issuer.

### Status of Notes

Upon issuance, Notes will constitute direct, unconditional, unsubordinated and unsecured debt obligations of the Issuer and rank *pari passu* and without any preference among themselves and shall rank at least *pari passu* with all other present and future unsubordinated and unsecured obligations (except those obligations preferred by law) of the Issuer.

### Pricing and interest

Notes may be issued at a discount or at a premium compared to their Nominal Amount. The issue price and interest rate for Notes cannot be determined in advance but is set in connection with the actual issuance of Notes. Interest may be set at a floating interest rate based on EURIBOR, NIBOR or STIBOR, plus a margin, or at a fixed interest rate.

### Listing and admission to trading

Notes issued may be listed on a Regulated Market. If relevant, any intended listing of Notes will be set out in the applicable Final Terms. The estimated costs associated with such listing will also be set out in the applicable Final Terms. Although the Issuer may undertake to apply for a listing and admission to trading of Notes, there is no assurance that such application will be accepted, that Notes will be so listed and admitted to trading or that an

active trading market will develop. There is no assurance as to the development or liquidity of any trading market for Notes.

### **Notes obligations of the Issuer only**

Notes issued will be obligations solely of the Issuer and will not be the responsibility of, or guaranteed by, any other person, and no person other than the Issuer will accept any liability whatsoever in respect of any failure by the Issuer to pay any amount due under Notes.

### **Prescription**

Claims for the repayment of the principal of Notes shall be prescribed and become void ten (10) years after the Maturity Date. Claims for the payment of interest shall be prescribed and become void three (3) years from the relevant Interest Payment Date. Upon prescription, the Issuer shall be entitled to keep any funds that may have been reserved for such payments.

If the prescription period is duly interrupted in accordance with the Swedish Limitations Act (*preskriptionslagen (1981:130)*) a new prescription period of ten years will commence for claims in respect of principal and three years for claims in respect of interest amounts, in both cases calculated from the day indicated by provisions laid down in the Swedish Limitations Act concerning the effect of an interruption in the limitation period.

### **Governing law**

The Conditions shall be governed by the laws of Sweden. Disputes shall be settled by Swedish courts. The Stockholm District Court (*Stockholms tingsrätt*) shall be the court of first instance.

## **Product description**

### **Interest structures**

Notes issued under the Programme may have a fixed or floating interest rate. The interest structure applicable to a specific Loan will be stated in the Final Terms. Below is a short description of the available interest structures.

#### **Fixed interest rate**

If the relevant Final Terms of a Loan specify fixed interest rate as applicable to it, the Loan shall bear interest on its Nominal Amount at the Interest Rate specified in the relevant Final Terms:

- (a) in respect of Euroclear Notes, from (but excluding) the Interest Commencement Date up to (and including) the Maturity Date; and
- (b) in respect of VPS Notes, from (and including) the Interest Commencement Date up to (but excluding) the Maturity Date.

Interest accrued during an Interest Period is calculated using the Day Count Convention 30/360 and paid in arrears on the relevant Interest Payment Date or, to the extent such day is not a Business Day, the first following day that is a Business Day. Day Count Convention 30/360 means that the amount shall be calculated using a year of 360 days comprising twelve months of 30 days each, and in the case of a fraction of a month using the actual number of days of the month that have passed. Interest will however only accrue until the relevant Interest Payment Date.

#### **Floating interest rate**

If the relevant Final Terms of a Loan specify floating interest rate as applicable to it, the Loan shall bear interest on its Nominal Amount:

- (a) in respect of Euroclear Notes, from (but excluding) the Interest Commencement Date up to (and including) the Maturity Date; and
- (b) in respect of VPS Notes, from (and including) the Interest Commencement Date up to (but excluding) the Maturity Date.

If the Interest Base plus the Margin for the relevant period is below zero (0), the floating interest rate shall be deemed to be zero (0).

The Interest Rate applicable to each respective Interest Period is determined by the Administrative Agent on the respective Interest Determination Date as the Interest Base plus the Margin for such period. The Margin will be set out in the relevant Final Terms and the Interest Base may be either of EURIBOR, NIBOR and STIBOR (as defined in the General Terms and Conditions).

Interest accrued during an Interest Period is calculated using the Day Count Convention Actual/360 and paid in arrears on the relevant Interest Payment Date or, to the extent such day is not a Business Day, the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first

preceding day that is a Business Day. Day Count Convention Actual/360 means that the amount shall be calculated using the actual number of days in the relevant period divided by 360.

#### European Benchmarks Regulation

Interest payable for Notes issued under the Programme may be calculated by reference to certain benchmarks, being EURIBOR, NIBOR and STIBOR, as defined in the General Terms. The benchmarks are provided by the European Money Market Institute (EURIBOR), Norske Finansielle Referanser AS (NoRE) and calculated in cooperation with Global Rate Set Systems Ltd. acting as calculation agent (NIBOR) and the Swedish Financial Benchmark Facility (STIBOR). European Money Market Institute and Norske Finansielle Referanser AS are registered in the register of administrators and benchmarks maintained by ESMA pursuant to Article 36 of Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the “**Benchmarks Regulation**”). At the date of this Base Prospectus, Swedish Financial Benchmark Facility does not appear on that register but has indicated that it is in the process of seeking authorisation from the SFSA, to operate as an approved administrator under the Benchmarks Regulation and intends to submit a formal application for authorisation as administrator for STIBOR during 2021.

## **Repayment of Loans and payment of interest**

### **Repayment at maturity**

A Loan falls due on the Maturity Date set out in the relevant Final Terms. Interest shall be paid on each Interest Payment Date set out in the relevant Final Terms. If the due date in respect of a repayment or payment (other than interest) falls on a day which is not a Business Day, the amount will be credited to an account or made available to the payee on the next following Business Day (and in respect of interest, in accordance with what is set out above in section “Interest structures”).

### **Early redemption at the option of the Issuer**

The Final Terms may give the Issuer a right to redeem Notes in advance, which means that all or some Notes may be redeemed prior to the agreed Maturity Date. Such right may entail that the market value of such Notes will be lower. As long as the Issuer has such right, the market value of such Notes will generally not increase substantially above the rate at which they can be redeemed.

### **Repurchase of Notes by the Issuer**

The Issuer may repurchase Notes at any time and at any price in the open market or otherwise provided that this is compatible with applicable law. Notes held by the Issuer may be retained, resold or cancelled at the Issuer’s discretion.

### **Voluntary redemption of Notes by the Issuer**

The relevant Final Terms may specify a right for the Issuer to, in whole or in part, redeem Notes in advance of the Maturity Date at times and prices specified in such Final Terms.

### **Mandatory repurchase due to a Change of Control Event**

Following the occurrence of a Change of Control Event, each Noteholder shall, during a period of twenty (20) Business Days from the effective date of a notice from the Issuer pursuant to the General Terms and Conditions (after which time period such right shall lapse), have the right to request that all, or some only, of its Notes be repurchased at a price per Note equal to 100 per cent. of the Nominal Amount together with accrued but unpaid interest.

A “**Change of Control Event**” means an event or series of related events resulting in one person (or several persons who either (i) are, in respect of individuals, related; (ii) are, in respect of legal entities, members of the same group; or (iii) who act or have agreed to act in concert for the purposes of and prior to the acquisition of, or the establishment of control over, shares in the Issuer), other than an Existing Shareholder, directly or indirectly acquiring fifty (50) per cent. or more of the shares in the Issuer, or otherwise, directly or indirectly, establishing control over fifty (50) per cent. or more of the shares and/or votes in the Issuer.

An “**Existing Shareholder**” means each of (i) Klarna Holding AB, (ii) Sebastian Siemiatkowski and his holding companies, (iii) Niklas Adalberth and his holding companies, (iv) Victor Jacobsson and his holding companies, (v) funds advised by Sequoia Capital, (vi) Anders Holch Povlsen and his holding companies, (vii) funds advised by Permira, and (viii) any relative or affiliate to any of the aforementioned persons or entities.

### Acceleration of the Notes

The Administrative Agent shall, (i) following a demand in writing from a Noteholder (or Noteholders) representing at least ten (10) per cent. of the Adjusted Loan Amount under a Loan (such a request can only be made by Noteholders registered in the relevant CSD Account on the Business Day occurring immediately after the date that the request was received by the Administrative Agent and must, if made by several Noteholders, be made jointly), or (ii) following a resolution at a Noteholders' Meeting for a Loan, on behalf of the Noteholders by notice to the Issuer, declare all, but not some only, of the outstanding Notes under such Loan due and payable together with any other amounts payable under the Loan, immediately or at such later date as the Administrative Agent or Noteholders' Meeting determines, if:

- (a) the Issuer does not pay on the due date any amount payable by it under any Loan, unless the non-payment:
  - (i) is caused by technical or administrative error; and
  - (ii) is remedied within five (5) Business Days from the due date;
- (b) the Issuer does not comply with any terms, or acts in violation, of the Conditions of the relevant Loan (other than those terms referred to in paragraph (a) above), unless the non-compliance:
  - (i) is capable of remedy; and
  - (ii) is remedied within fifteen (15) Business Days of the earlier of (A) the Administrative Agent giving notice thereof to the Issuer and (B) the Issuer becoming aware of the non-compliance;
- (c) the Conditions for the relevant Loan becomes invalid or ineffective, in whole or in part (other than in accordance with the provisions of such Conditions), and such invalidity or ineffectiveness is materially prejudicial to the interests of the Noteholders;
- (d) any corporate action, legal proceedings or other procedure or step (unless vexatious or frivolous, disputed in good faith and discharged within thirty (30) Business Days) is taken in relation to:
  - (i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution or administration of the Issuer or a Material Subsidiary;
  - (ii) a composition, or arrangement with any creditor of the Issuer (other than the Noteholders) or a Material Subsidiary; or
  - (iii) the appointment of a liquidator, administrator or other similar officer in respect of the Issuer, a Material Subsidiary, or any of its assets,
    - in each case other than in connection with a solvent liquidation or solvent reorganisation of a Material Subsidiary;
- (e) any attachment, sequestration, distress or execution, or any analogous process in any jurisdiction, affects any asset of the Issuer or a Material Subsidiary which is material to its business and not discharged within thirty (30) Business Days, or any Security over any asset of the Issuer or a Material Subsidiary which is material to its business is enforced; or
- (f) any financial indebtedness of the Issuer or a Material Subsidiary is not paid when due nor within any applicable grace period, or is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described), provided that no Event of Default will occur under this paragraph (f) if the aggregate amount of financial indebtedness referred to herein is less than SEK 50,000,000.

“**Material Subsidiary**” means a Subsidiary to the Issuer the total assets of which represent more than ten (10) per cent. of the total assets of the Group (on a consolidated basis), determined by reference to the most recently published financial statements of the Subsidiary and the Issuer, respectively.

As at the date of this Base Prospectus, since most of the Group's assets are held by the Issuer there is no Subsidiary to the Issuer that qualifies as a Material Subsidiary.

## **RISK FACTORS**

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*In this section, material risk factors are illustrated and discussed, including the Issuer's economic and market risks, business risks, legal and regulatory risks, as well as risks relating to Notes. The Issuer's assessment of the materiality of each risk factor is based on the probability of their occurrence and the expected magnitude of their negative impact. The description of the risk factors below is based on information available and estimates made on the date of this Base Prospectus. The risk factors are presented in categories where the most material risk factors in a category are presented first under that category. Subsequent risk factors in the same category are not ranked in order of materiality or probability of occurrence. Where a risk factor may be categorised in more than one category, such risk factor appears only once and in the most relevant category for such risk factor.*

### **Risks relating the Issuer**

#### **Economic and market risks**

##### ***Competition in the financial services industry***

Klarna is a payment solutions provider across Europe, North America, Australia and New Zealand. The business is primarily comprised of payment solutions and consumer lending products designed specifically for the online environment. As a part of this business, Klarna offers retailers the ability to offer point of sale financing options through a single API (application programming interface) product known as "Klarna Payments", plus a full checkout management solution and end-consumers direct payment solutions and point of sale credit. Besides these, Klarna offers (in certain countries) the "Klarna Card", a debit and credit card, as well as a shopping app to help consumers discover products and shop with Klarna at any online store.

The markets in which Klarna operates are characterised by a high degree of competition and fragmentation, and the strong demand growth in these markets for the products that Klarna offers has led to increased competition. In some cases, consumers have the possibility of choosing either Klarna or competing services at the point of purchase. To attract consumers in these cases, Klarna is dependent on its ability to offer payment solutions that resonate with consumers, as well as a trusted and likeable brand. Increased competition that leads to Klarna losing customers or market shares would adversely affect its net sales and growth.

There are a number of competitors that provide similar products in the countries where Klarna operates. These competitors are either active in the provision of checkout methods, in the supply of credit at checkout, or both. They can broadly be divided into two groups: technology-driven companies and traditional finance companies. Lately, the general interest in offering buy now pay later services has increased which has led to market consolidations through global strategic acquisitions and new/competing product offerings from established technology-driven companies.

In addition, Klarna's business is affected by the number of retailers that are willing to offer Klarna's products to their online shopping customers. Klarna's business is therefore dependent upon its ability to keep its existing business relationship with retailers, and on the ability to attract new ones. If Klarna fails to keep its existing important business relationship with retailers or attract new ones, it would adversely affect Klarna's operations, with decreased net sales and declined results of operations as a consequence. The degree to which competition in the financial service industry may affect Klarna is uncertain and presents a highly significant risk to the competitive position of Klarna.

##### ***Risks relating to the current macroeconomic environment***

As Klarna's product offering is dependent on general consumption, there is a risk that the demand for Klarna's products is adversely affected by changes in consumer trends, levels of consumption, demographic patterns, customer preference and financial conditions, all of which are affected by general macroeconomic conditions in the markets in which Klarna operates. Since Klarna's business is dependent upon the transaction volume of shoppers choosing Klarna's payment solution as their preferred payment method, a reduced consumer confidence, willingness to spend or a general deterioration of the macroeconomic environment in Klarna's geographical markets would decrease demand for Klarna's products, thus adversely affecting its net sales and results of operations.

An ongoing effect of the economic stresses induced by COVID-19 has led to the financial health of many businesses being impacted. There is still substantial uncertainty and the global outlook remains subject to significant downside risks, including the concerns of additional COVID-19 waves in the context of new virus variants and the possibility of financial stress due to elevated debt levels. Since the Group and Klarna are subject to risks related to the macroeconomic environment, the Group and Klarna are affected by public health epidemics or outbreaks of diseases that may negatively affect the global economy.

Further, high levels of unemployment in the markets in which Klarna operates would reduce its customers' ability to repay their credit loans as well as decrease its customers' willingness to spend money on shopping, which

would also decrease demand for Klarna's products. Any severe slowdown or sustained deterioration of macroeconomic conditions in any of the countries in which Klarna operates would adversely affect consumers' willingness or ability to consume and demand Klarna's products, which would adversely affect Klarna's business, financial condition and results of operations.

The degree to which a negative development of general consumption may affect Klarna is uncertain and presents a significant risk to the financial position of Klarna.

## **Business risks**

### ***Credit risk***

Credit risk is the potential risk of financial loss arising from the failure of a counterparty to fulfil its financial obligations as they fall due (and such loss is not covered by any collateral). Klarna is subject to credit risk primarily from defaulting or fraudulent end-consumers using Klarna's payment services for shopping, but also to some extent from defaulting merchants as well as financial institutions with which Klarna co-operates. A defaulting merchant loss arises when a merchant is not able to meet its obligations and causes a loss to Klarna in the event of a default (e.g. from customer compensation as a result of returns, disputes or unfulfilled orders). When Klarna expands into new markets, the aforementioned risks are especially high since the credit and fraud models lack historical data when entering a new market. Credit risk also includes concentration risk, i.e. the risk relating to large exposures to a group of inter-linked customers. In addition, Klarna is exposed to risks associated with deterioration in the credit quality of its customers which can be driven by, for example, socio-economic or customer-specific factors linked to economic performance. Moreover, Klarna uses a self-developed scoring model for the credit assessment of its customers and collects certain data in pursuance thereof. Due to, among other things, the different regulations in the countries where Klarna operates and the accessibility to credit checks and local differences in customer behaviour, the scoring models are adapted for every country. There is a risk that the estimates on which models for calculating future potential impairments and credit losses are based are inaccurate, which risks leading to increased credit losses and impairments.

Further, if the Issuer's financial position deteriorates, it is likely that the credit risk associated with Notes will increase, as there would be an increased risk that the Issuer cannot fulfil its obligations under such Notes. A significantly increased credit risk would most likely result in the market pricing debt instruments, such as Notes, with a higher risk premium, which would adversely affect the value of such debt instruments. Another aspect of the credit risk is that a deteriorated financial position can result in a lower credit-worthiness, which risks affecting the Issuer's ability to refinance Notes and other existing debt, which in turn risks adversely affecting the Issuer's operations, results of operations and financial position.

As of 31 December 2020, Klarna's total lending credit exposure amounted to SEK 44,332,038k, out of which SEK 41,717,591k was lending to the public and SEK 2,614,447k was lending to credit institutions. In total, Klarna reported 2,530,814k credit losses, net, as of 31 December 2020. The degree to which credit risks may affect Klarna is uncertain and presents a highly significant risk to the credit quality of Klarna's assets.

### ***Operational risks***

Klarna's business depends on its ability to process a large number of transactions efficiently and accurately and on a high-pace development of the product offering and customer experience. Furthermore, as a predominately online company, Klarna is particularly exposed to cyber-security and cyber-crime risks. There is a risk that measures taken by Klarna to cope with cyber-security and cyber-crime risks are insufficient. Prolonged interruption or extensive failure of Klarna's information technology would impair Klarna's ability to provide services effectively causing direct financial loss and would compromise its strategic initiatives. Significant technology failure or underperformance would also increase Klarna's litigation and regulatory exposure or require it to incur higher administrative costs (including remediation costs). Further, a loss of any customer database would be expensive and time-consuming to endeavour to retrieve or recreate and would have a material adverse effect on Klarna's business, financial condition and results of operations.

Operating in a changing environment means that Klarna takes on risks related to its business model and strategy. Should Klarna expand into new markets, there is a risk that operational risks related to, among other things, the setup of new processes and employing new staff would increase. There is also a risk that Klarna fails to develop business intelligence systems, to monitor and manage collections, to maintain financial and operating controls, to monitor and manage its risk exposures across Klarna, to provide high-quality customer service and to develop and sell profitable products and services in the future. Any such significant failures would have a material adverse effect on Klarna's expansion and growth.

Klarna is also dependent on existing key executives and staff in order to sustain, develop and grow its business, and there is a risk that these employees will not remain with Klarna. Any loss of key personnel, such as Klarna's CEO and founder (due to, among other things, his great knowledge of Klarna), or an inability to attract, retain and

motivate employees required for the continuation of, and the expansion of, Klarna's activities, risks leading to disruptions and errors in manual and semi manual processes as well as external and internal fraud. The degree to which operational risks may affect Klarna is uncertain and present a highly significant risk to the operations of Klarna.

### ***Funding and liquidity risks***

Klarna is exposed to funding risks, meaning the risk of Klarna not being able to fund an increase in lending assets or meet obligations when they fall due, without incurring increased costs. The risk arises when there is a negative difference in the duration of liabilities and assets, or if there is insufficient funding to finance Klarna's expansion.

If access to funding were constrained for a prolonged period of time, competition for retail deposits and the general cost of funding would increase. This would increase Klarna's cost of funding and, therefore, have a material adverse effect on Klarna's net interest margin. Funding risks can be exacerbated by enterprise-specific factors, such as over-reliance on a particular source of funding or changes in Klarna's credit-worthiness, or by market-wide phenomena, such as market dislocation. Klarna's ability to access funding sources on satisfactory economic terms is subject to a variety of factors, including a number of factors that are outside of its control. There is a risk that the funding structure employed by Klarna is inefficient should its funding levels significantly exceed its funding needs, which risks giving rise to increased funding costs that may not be sustainable in the long term.

Short-term liquidity risk measures the risk of Klarna being negatively impacted in the short term by a lack of liquidity, while structural liquidity risk is a measure of the mismatch between assets and liabilities in terms of maturities, which risks leading to a lack of liquidity in the longer term. Klarna is also subject to liquidity requirements in its capacity as a credit institution supervised by the SFSA, including a statutory requirement to maintain sufficient liquidity to enable it to discharge its obligations as they fall due. Any significant inability of Klarna to anticipate future liquidity and provide for unforeseen decreases or changes in funding sources would have consequences for Klarna's ability to meet its payment obligations when they fall due and thus result in Noteholders not being paid in a timely manner.

As part of its funding, Klarna accepts deposits from the general public, the majority of which are currently with a fixed maturity. As of 31 December 2020, Klarna's total financial liabilities amounted to SEK 54,900,916k, out of which deposits from the public comprised the largest part, totalling SEK 30,834,677k. The degree to which funding and liquidity risks may affect Klarna is uncertain and presents a highly significant risk to Klarna's ability to meet its payment obligations when they fall due.

### ***Reliance on third-parties***

Klarna's business relies in part on certain service and business process outsourcing and other partners. For example, Klarna has outsourced parts of its deposit taking business in Sweden and Germany to third party providers and is dependent on partnering with a third-party bank to originate consumer loans for the provision of regulated credit in the U.S. and partly in the German market. For Klarna's product offering, significant suppliers include Nordea Bank Abp for provision of Bank ID and Autogiro services. Furthermore, some of Klarna's critical business systems are dependent on third party software and infrastructure, such as Klarna's business transaction platform which is supported by third party software. Klarna has also outsourced other functions such as Internal Audit, IT-infrastructure and certain parts of its customer service. Certain IP-rights, such as software licences and similar related systems are used by Klarna to operate and its business is dependent on the continued access to such IP-rights. There is a risk that Klarna is unable to replace these relationships on commercially reasonable terms. Seeking alternate relationships also risks being time consuming and resulting in interruptions to Klarna's business. Significant failure of Klarna's third-party providers to perform their services in accordance with Klarna's standards, and any extensive deterioration in or loss of any key relationships would have a material adverse effect on Klarna's business, financial condition and results of operations.

Furthermore, Klarna is exposed to the risk that its outsourcing partners and other third parties commit fraud with respect to the services that Klarna has outsourced to them, that they fail to comply with applicable laws and regulations, such as data protection requirements, or fail to otherwise provide their agreed services to Klarna. If these third parties, to a significant extent, violate laws, other regulatory requirements or important contractual obligations to Klarna, or otherwise act inappropriately in the conduct of their business, Klarna's business and reputation would be negatively affected. In such cases, Klarna also faces the risk of penalties being imposed. Moreover, there is a risk that Klarna's methods and procedures for overseeing how outsourcing partners and other third parties operate their businesses do not detect the occurrence of any violations for a substantial period of time, which would exacerbate the effects of such violations. The degree to which any negative consequences related to third-party providers may affect Klarna is uncertain and present a significant risk to Klarna's reputation and business.

### ***Interest rate risk***

Significant changes in interest rate levels, yield curves and spreads affect Klarna's interest rate margins, due to asset and liability mismatches. Klarna is mainly exposed to changes in the spread between the interest rates payable on its funding (the liability side), and the interest rates that it charges its customers (the asset side). Klarna also holds a portfolio of High Quality Liquid Assets (HQLA) with interest rate risk on the asset side, in addition to lending to the public. The interest rate risk arises if Klarna is unable to re-price its variable rate assets and liabilities at the same time, giving rise to repricing gaps in the short or medium term. Changes in the competitive environment also risk affecting spreads on Klarna's lending and deposits. For example, in 2020, Klarna's interest payments received and interest expenses paid totalled SEK 3,082,872k and SEK 328,303k, respectively. Accordingly, Klarna is to a significant extent exposed to variation in interest rates affecting its interest payments received and interest expenses paid, respectively. The degree to which interest rates may vary is uncertain and presents a significant risk to Klarna's financial position.

### ***Currency risk***

Klarna is exposed to currency risks, which can be divided into translation and transaction risk. Transaction risk is the exchange rate risk associated with the time delay between entering into a contract and settling it, while translation risk arises with the revaluation of earnings, shareholders' equity, and receivables of foreign subsidiaries related to the consolidation of the group accounts. Klarna has operations in various currencies, notably SEK, NOK, EUR, DKK, USD and GBP. As a result, Klarna generates revenues in several different currencies. However, Klarna's reporting currency is SEK and, as a consequence, it is exposed to currency risk to the extent that its assets, liabilities, revenues and expenses are denominated in currencies other than SEK. The main currency risk is that currency fluctuations affect the amount of these items in Klarna's consolidated financial statements, even if their value has not changed in the original currency. The relevant currencies' value risks being subject to significant fluctuations in exchange rates. Lending in foreign currencies has been continuously increasing and further expansion outside Sweden will accentuate Klarna's currency risk. In 2020 a 10 per cent change in SEK versus all foreign currencies would entail an effect of 1.02 per cent on net income and 0.22 per cent on equity. The degree to which such exchange rates may vary is uncertain and presents a significant risk to Klarna's financial position.

### ***Reputational risk***

Reputational risk is the risk that an event or circumstance adversely impacts Klarna's reputation among customers, owners, employees, authorities and other parties resulting in reduced income. The reputational risk for Klarna is primarily related to consumer expectations regarding Klarna's products, the delivery of its services, and the ability to meet regulatory and consumer protection obligations related to these products and services. Effects on Klarna's reputation typically originate from internal factors, but also from external partners, suppliers, merchants or even competitors. Reputational risk can be substantially damaging to Klarna's operations since Klarna is a well-established brand, and if such risk materialises to such an extent that consumers chose competitors over Klarna, it would materially adversely affect Klarna's net sales and growth, which in turn would adversely affect its results of operations and financial condition. The degree to which reputational risks may affect Klarna is uncertain and present a significant risk to Klarna's operations.

## **Legal and regulatory risks for Klarna**

### ***Taxes***

Klarna's business and transactions are conducted in accordance with Klarna's interpretation of current and applicable international and local laws, tax treaties, standards, case law and requirements of the tax authorities. There is a risk that Klarna's interpretation of applicable laws, tax treaties, regulations, case law or other rules or administrative practice is disputed, or that such rules or practice will change, possibly with retroactive effect. For example, on 02 September 2021, the Ministry of Finance referred a bill in which the intention to introduce a new "risk tax" applicable to certain financial institutions effective as of 1 Jan 2022 were expressed. Although the proposal in its current wording will not apply to Klarna it can't be excluded that the wording will be amended.

Klarna's tax situation for previous, current and future years may change as a result of legislative changes such as the one mentioned, decisions made by the tax authorities or as a result of changed tax treaties, regulations, case law or requirements of the tax authorities. The degree to which amendments to tax legislation may affect Klarna is uncertain and presents a significant risk to its tax position.

### ***EU General Data Protection Regulation***

Klarna is a disruptive company focusing on speed and innovation, often using new and advanced methods of analysing personal data to provide benefit to its customers. The aspiration for innovation and speed must continuously be weighed against the need to ensure that Klarna's data processing practices comply with applicable

data protection legislation (including the general data protection regulation 2016/679/EU (the “GDPR”)), and are in line with the affected individuals’ expectations on Klarna.

As a large and well-known player in many of the markets where Klarna conducts its business, Klarna’s data processing practices are likely to attract attention from supervisory authorities and the media. This may not only be the case if an authority or media representative has reason to believe that Klarna’s own data processing practices are non-compliant, but also as a top-of-mind example of the banking and fintech provider sector as a whole. In March 2019, the Swedish Data Protection Authority (Integritetsmyndigheten) initiated a review of Klarna’s GDPR compliance. As of the date of this Base Prospectus, the review is still ongoing.

Non-compliance with applicable data protection legislation risks leading to substantial administrative fines and other actions which would have a material adverse effect on Klarna’s ability to conduct its business, such as a temporary or permanent ban on data processing or suspension of data transfers to third countries. Any administrative and monetary sanctions (including administrative fines of up to the greater of EUR 20 million or 4.0 per cent of Klarna’s total global annual turnover) or reputational damage due to incorrect implementation or breach of the GDPR would adversely impact Klarna’s business, financial condition and results of operations. Actual, as well as perceived, non-compliance also risks having a substantial effect on customers’ and the general public’s trust in Klarna. The degree to which non-compliance with the GDPR may affect Klarna is uncertain and presents a highly significant risk to Klarna’s operations and reputation.

### **Regulatory capital and liquidity requirements**

Klarna is subject to capital adequacy and liquidity regulations, which aim to put in place a comprehensive and risk-sensitive legal framework to ensure enhanced risk management among financial institutions. Regulations which have impacted Klarna and are expected to continue to impact Klarna include, among others, the Basel III framework (included the finalised reforms known as Basel IV) , the EU Capital Requirements Directive 2013/36/EU (“CRD IV”), as amended by Directive (EU) 2019/878 (“CRD V”), and the EU Capital Requirements Regulation 11(99) (EU) No. 575/2013 (“CRR”), as amended by Regulation (EU) 2019/876 (“CRR II”) and, as response to the COVID-19 pandemic, by Regulation (EU) 2020/873. CRR and CRD IV are supported by a set of binding technical standards developed by the European Banking Authority (“EBA”).

Klarna is subject to liquidity requirements in its capacity as a credit institution supervised by the SFSA, including a statutory requirement to maintain sufficient liquidity to enable it to discharge its obligations as they fall due. The SFSA has issued regulations on liquidity, such as FFFS 2014:21 and FFFS 2010:7, which Klarna needs to comply with.

The capital adequacy framework includes, *inter alia*, minimum capital requirements for the components in the capital base with the highest quality, common equity tier 1 (“CET1”) capital, additional tier 1 capital and tier 2 capital. CRR II also introduces a binding leverage ratio requirement (i.e. a capital requirement independent from the riskiness of the exposures, as a backstop to risk-weighted capital requirements) for all institutions subject to CRR. In addition to the minimum capital requirements, CRD IV provides for further capital buffer requirements that are required to be satisfied with CET1 capital. Certain buffers may be applicable to Klarna as determined by the SFSA. The countercyclical buffer rate is a capital requirement which varies over time and is to be used to support credit supply in adverse market conditions. On 16 March 2020 the countercyclical capital buffer for Sweden was lowered from the previous 2.5 per cent. to 0 per cent. as a pre-emptive measure to avoid a credit crunch due to the developments surrounding the coronavirus pandemic and the spread of the coronavirus and their impact on the economy. On 29 September 2021, the SFSA communicated that the countercyclical buffer rate will be increased to 1 per cent. on 29 September 2022. A breach of the combined buffer requirements is likely to result in restrictions on certain discretionary capital distributions by Klarna for example, dividend and coupon payments on CET1 and tier 1 capital instruments. However, as at the date of this Base Prospectus, Klarna is not designated a systemically important institution and is thus not subject to the buffer requirement for systemically important institutions, nor subject to the systemic risk buffer requirements. There can, however, be no assurance that Klarna will not be designated a systemically important institution or subject to systemic risk buffer requirements in the future.

The conditions of Klarna’s business as well as external conditions are constantly changing and the full set of capital adequacy rules applicable to Swedish financial institutions continues to evolve. For the foregoing reasons, the Issuer and/or its consolidated situation can be required to raise regulatory capital in the future. Such capital, whether in the form of debt financing, hybrid capital or additional equity, is not always available on attractive terms, or at all.

Serious or systematic deviations by Klarna from the above regulations would most likely lead to the SFSA determining that Klarna’s business does not satisfy the statutory soundness requirement for credit institutions and thus result in the SFSA imposing sanctions on Klarna. Further, any increase in the capital and liquidity

requirements could have a negative effect on Klarna's liquidity (should its revenue streams not cover continuous payment to be made under its issued capital), funding (should it not be able to raise funding on attractive terms, or at all), financial condition (should liquidity and funding be negatively affected) and results of operations (should its costs increase). The degree to which regulatory capital and liquidity requirements risks may affect Klarna is uncertain and presents a highly significant risk to Klarna's funding and liquidity position.

### ***Risks relating to regulatory requirements and regulatory changes***

Klarna's operations are subject to legislation, regulations, codes of conduct and government policies and general recommendations in the jurisdictions in which it operates and in relation to the products it markets and sells. As a Swedish bank, the Issuer is subject to supervision by the SFSA. Further, Klarna's UK branch is subject to supervision by the UK Financial Conduct Authority (FCA) and Klarna's licensed German subsidiary Sofort GmbH, as well as Klarna's German branch, are subject to supervision by the German Federal Financial Supervisory Authority (BaFin).

In addition, as for any provider of financial services to consumers, Klarna's offering is occasionally reviewed by consumer authorities. In Sweden, the Swedish Consumer Agency (*Konsumentverket*) safeguards the interests of consumers and monitors consumer interests within the EU. As a result of conducting operations on a cross-border basis in various countries, consumer agencies and councils in these countries have jurisdiction over many aspects of Klarna's business, including marketing and selling practices, advertising, general terms of business and legal debt collection operations. Klarna is also subject to directly applicable EU regulations and EU directives that are implemented through local legislation. Significant failures to comply with applicable laws and regulations could expose Klarna to monetary fines and other penalties, damages and/or the voiding of contracts and affect Klarna's reputation. Ultimately, the Issuer's banking licence could be revoked and the Issuer could hence be required to discontinue its business operations. Since Klarna expects to expand in both EEA and non-EEA markets, the distinctions in consumer protection and regulatory requirements will most likely pose new challenges for Klarna's business. Further, there is regulatory uncertainty due to politically sensitive events such as the recent withdrawal of the UK from the European Union.

Many initiatives for regulatory changes have been taken in the past and Klarna is unable to predict with certainty what regulatory changes can be imposed in the future as a result of regulatory initiatives in the EU, by the SFSA or by other national authorities and agencies. Such changes risk having a material adverse effect on, among other things, Klarna's product range and activities, the sales and pricing of Klarna's products as well as Klarna's profitability and capital adequacy, and can give rise to increased costs of compliance. For example, the Capital Requirements Directive (CRDV) and the Capital Requirements Regulation (CRR) in 30 June 2021, which impose changes in requirements on capital and liquidity. Another example of regulatory changes affecting Klarna, the change of the Swedish Payment Services Act (PSA), that entered into force on 1 July 2020, imposes an obligation on payment service providers to ensure that the presentation of payment methods in an online checkout is done in a specific way. Since this change is relatively new, there is no available case law on it and it is uncertain how the PSA will be interpreted at some points and how it relates to the Marketing Act governing undue market practices. In addition, there is a risk that Klarna misinterprets or misapplies new or amended laws and regulations, especially due to the increasing quantity and complexity of legislation, which, in case of significant misinterpretations, would lead to adverse consequences for Klarna. Klarna incurs, and expects to continue to incur, significant costs and expenditures, to comply with the increasingly complex regulatory environment. The degree to which any negative consequences related to managing these legal and regulatory risks is uncertain and present a significant risk to Klarna's reputation and business.

### ***Anti-money laundering***

Counteracting money laundering and terrorist financing is a highly prioritised area within the EU and the regulatory framework is continuously updated to prevent the financial system from being used for money laundering and terrorist financing. As a bank, Klarna is subject to a regulatory framework which requires it to take measures to counteract money laundering and terrorist financing within its operations. There is a risk that Klarna's procedures, internal control functions and guidelines to counteract money laundering and terrorist financing are not sufficient or adequate to ensure that Klarna complies with the regulatory framework. This may result from, for example, insufficient procedures, internal control functions or guidelines, or errors by employees, suppliers or counterparties, which risk resulting in a failure to comply with the anti-money laundering regulatory framework.

In addition to Swedish legislation and regulations on anti-money laundering and counter terrorist financing, Klarna must also comply with any stricter local regulatory requirements where Klarna may conduct regulated activities. The current regulatory framework concerning AML and CTF is largely harmonised within the EU through Directive (EU) 2015/849 ("AMLD4"). The ever-changing regulatory framework combined with Klarna

growing its local presence throughout the EU risk elevating the risk of non-compliance with local regulatory requirements

Failure to comply with the requirements risks resulting in legal implications. If Klarna would become subject to material sanctions, remarks or warnings and/or fines imposed by the SFSA or local supervisory authorities, this would cause significant, and potentially irreparable, damage to the reputation of Klarna. Klarna's operations are contingent upon the banking licence granted by the SFSA, thus making such consequences a significant risk for Klarna. The degree to which non-compliance with anti-money laundering may affect Klarna is uncertain and presents a significant risk to Klarna's reputation, financial condition and results of operations.

### ***Risks relating to changes in accounting standards***

From time to time, the International Accounting Standards Board (the "IASB"), the EU and other regulatory bodies change the financial accounting and reporting standards that govern the preparation of Klarna's financial statements. These changes are sometimes difficult to predict and could materially impact how Klarna records and reports its results of operations and financial condition. For example, the accounting standard International Financial Reporting Standard 9 (Financial Instruments) ("IFRS 9") provides principles for classification of financial instruments, and provisioning for expected credit losses which are mandatory. As a bank offering payment solutions and consumer lending products, provisions for expected credit losses are important for Klarna in relation to its exposure to default and expected credit losses. However, recognition and measurement of financial instruments as regulated in IFRS 9 is a complex area with significant judgement to determine the loan loss provisions. Therefore, changes in assessments of the provisioning can have a material impact on the result and the capital ratios in the future.

The degree to which changes in accounting standards may affect Klarna is uncertain and presents a significant risk to Klarna's financial reporting, and thereby its results of operations and financial condition, and Klarna's provisions and capital ratios.

### ***Disputes and legal proceedings***

From time to time, Klarna may be subject to legal proceedings, claims and disputes in jurisdictions where it is active. There is a risk that Klarna will become involved in disputes which materially adversely affects Klarna's business, financial condition and/or results of operations. Furthermore, there is a risk that the results of any investigation, proceeding, litigation or arbitration brought by private parties, regulatory authorities or governments are difficult for Klarna to predict. In addition, if an unfavourable decision were to be given against Klarna, significant fines, damages and/or negative publicity risk adversely affecting Klarna's business, financial condition and results of operations. The outcomes of any future potential proceedings, claims and disputes may vary and are uncertain, and presents a significant risk to Klarna's costs and reputation.

### ***The Bank Recovery and Resolution Directive***

As a bank and a financial institution, Klarna is subject to the Bank Recovery and Resolution Directive ("BRRD") (which was amended by Directive (EU) 2019/879 ("BRRD II") on 27 June 2019). The BRRD legislative package establishes a framework for the recovery and resolution of credit institutions and, *inter alia*, requires EU credit institutions (such as the Issuer) to produce and maintain recovery plans setting out the arrangements that are to be taken to restore the long-term viability of the institution in the event of a material deterioration of its financial condition. Credit institutions are also required under the BRRD to meet a minimum requirement for own funds and eligible liabilities ("MREL requirement") determined by the resolution authority (in Sweden, the Swedish National Debt Office (*Riksgäldskontoret*) in accordance with what is set out in the Resolution Act (*Lag 2015:1016 om resolution*). The MREL requirement must be met with own funds, capital instruments and certain types of debt instruments.

The BRRD also contains a number of resolution tools and powers which may be applied by the resolution authority upon certain conditions for resolution being fulfilled. These tools and powers (used alone or in combination) include, *inter alia*, a general power to write-down all or a portion of the principal amount of, or interest on, certain eligible liabilities, whether subordinated or unsubordinated, of the institution in resolution and/or to convert certain unsecured debt claims including senior notes and subordinated notes into other securities, which securities could also be subject to any further application of the general bail-in tool. This means that most of such failing institution's debt (including any Notes) could be subject to bail-in, except for certain classes of debt, such as certain deposits and secured liabilities. In addition to the general bail-in tool, the BRRD provides for relevant authorities to have the power, before any other resolution action is taken, to permanently write-down or convert into equity relevant capital instruments at the point of non-viability. Ultimately, the resolution authority has the power to take control of a failing institution and, for example, transfer the institution to a private purchaser or to a publicly controlled entity pending a private sector arrangement. All these actions can be taken without any prior shareholder (or other) approval.

Following the implementation of BRRD II into Swedish legislation as set out in the Swedish government bill (prop. 2020/21:155), subject to transitional provisions, a minimum Pillar 1 subordination requirement applies for systemically important institutions. On 2 July, 2021, the Swedish Resolution Authority issued a proposal on the application of the MREL to Swedish banks. The proposed MREL policy is intended to replace the current policy and to form the basis of the decisions on MREL and subordination requirements that will be made in December 2021 which, in accordance with the transitional rules, will apply as of 1 January 2024 (the target levels will apply as of 1 January 2022). Klarna is not currently considered a systemically important institution and is therefore eligible for simplified obligations under the BRRD and the Resolution Act with more limited recovery planning obligations and an MREL requirement which is lower than Klarna's prevailing capital requirements. There can, however, be no certainty that Klarna will not be designated a systemically important institution and subject to a higher MREL requirement in the future. In addition, it is not possible to predict exactly how the powers and tools of the National Debt Office described in the BRRD and the Resolution Act will affect Klarna. The powers and tools given to the National Debt Office are numerous and may have a material adverse effect on Klarna. Accordingly, the degree to which amendments to BRRD or application of BRRD may affect Klarna is uncertain and presents a significant risk to Klarna's funding and compliance costs.

## **Risks relating to Notes**

### **The Issuer is not prohibited from issuing further debt, which may rank *pari passu* or with priority to Notes**

There is no restriction on the amount or type of debt that the Issuer may issue or incur that ranks, *pari passu* or with priority to Notes. The incurrence of any such debt may reduce the amount recoverable by Noteholders in the event of the voluntary or involuntary liquidation or bankruptcy of the Issuer. There are no limitations on security in the General Terms and Conditions which limit the ability of the Issuer to provide security for other debt obligations. In addition, only certain default provisions (including cross acceleration) under the General Terms and Conditions apply to entities within the Group other than the Issuer. The degree to which other debt that ranks senior to, or *pari passu* with, the Notes may be issued is uncertain and presents a highly significant risk to the amount recoverable by Noteholders.

### **Majority decisions by the Noteholders**

Under the General Terms and Conditions, the Agent represents each Noteholder in all matters relating to the Notes. The General Terms and Conditions contain provisions to the effect that a Noteholder is prohibited from taking actions on its own against the Issuer. To enable the Agent to represent the Noteholders in court, the Noteholders can submit a written power of attorney for legal proceedings. The failure of all Noteholders to submit such a power of attorney is likely to negatively impact the enforcement options available to the Agent on behalf of the Noteholders. Further, under the General Terms and Conditions, the Agent is entitled in some cases to make decisions and take measures that bind all relevant Noteholders without first obtaining the prior consent of the Noteholders.

In addition, under the General Terms and Conditions certain majorities of Noteholders have the right to make decisions and take measures that bind all Noteholders, including those who vote in a manner contrary to the majority. Therefore, the actions of the majority in such matters can impact the Noteholders' rights under Notes in a manner that can be undesirable for some of the Noteholders. The degree to which any such decisions may affect the Noteholders is uncertain and presents a significant risk that the actions of the majority and the Agent in such matters can impact the Noteholders' rights in a manner that can be undesirable for some of the Noteholders.

### **European Benchmarks Regulation**

The process of the calculation of EURIBOR, NIBOR, STIBOR and other interest rate benchmarks have been subject to legislator attention. As a result, a number of legislative measures have been taken, whereof some have been implemented and others are going to be implemented. The most important initiative on the subject matter is Benchmarks Regulation that entered into force 1 January 2018 in the EU and on 20 December 2019 in Norway and which regulates the provision of a benchmark, contribution of input data for the purpose of determining a benchmark and the operation of benchmarks within the EU.

It is not possible to predict with certainty whether, and to what extent, NIBOR, EURIBOR and/or STIBOR will continue to be supported going forward. This may cause NIBOR, EURIBOR and/or STIBOR to perform differently than they have done in the past and may have other consequences which cannot be predicted. The potential transition or the elimination of NIBOR, EURIBOR, STIBOR or any other benchmark, or changes in the manner of administration of any benchmark, could require an adjustment to the General Terms and Conditions, or result in other consequences, in respect of any Notes referencing such benchmark. Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used

in the benchmark and/or (iii) leading to the cessation of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to, referencing, or otherwise dependent (in whole or in part) upon a benchmark.

In addition, the increased administrative requirements and the associated regulatory risks may decrease the will of some parties to participate in the determination of interest rate benchmarks or to the fact that certain interest rate benchmarks will cease to be published entirely. The degree to which amendments to and application of the European Benchmarks Regulation and/or any cessation of interest rate benchmarks may affect Noteholders is uncertain and presents a significant risk to the return on a Noteholder's investment.

## **GENERAL TERMS AND CONDITIONS AND FORM OF FINAL TERMS**

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### **GENERAL TERMS AND CONDITIONS**

The following general terms and conditions (the “**General Terms and Conditions**”) apply for Notes (as defined below) that Klarna Bank AB (publ) (Reg. No. 556737-0431; LEI No. 549300O3HXYXXUHR0897) (the “**Issuer**”) issues in the capital market under an agreement with the Dealers (as defined below) in respect of a Swedish medium term note programme (the “**Programme**”).

For each Loan, final terms are prepared that include supplementary terms and conditions, which together with these General Terms and Conditions constitute the complete terms and conditions for the relevant Loan. Final Terms for Notes that are offered to the public will be published on the Issuer’s website (www.klarna.com) and made available at the office of the Issuer. For as long as any Notes are outstanding, the Issuer will keep the General Terms and Conditions and the Final Terms for such Notes available on its website.

#### **1. DEFINITIONS**

1.1 In the Conditions, the following expressions shall have the meaning ascribed to them below.

“**Account Operator**” means a bank or other party duly authorised to operate as an account operator (*kontoförande institut*) pursuant to the Swedish Financial Instruments Accounts Act or the Norwegian Securities Register Act, as the case may be, and through which a Noteholder has opened a CSD Account in respect of its Notes;

“**Accounting Principles**” means the international financial reporting standards (IFRS) within the meaning of Regulation 1606/2002/EC (or as otherwise adopted or amended from time to time) as applied by the Issuer in preparing its annual consolidated financial statements;

“**Adjusted Loan Amount**” means, with respect to a specific Loan, the Total Nominal Amount of outstanding Notes excluding Notes held by the Issuer and any other member of the Group, irrespective of whether such person is directly registered as owner of such Notes;

“**Administrative Agent**” means (i) if a Loan is raised through two or more Issuing Houses, the Issuing House appointed by the Issuer to be responsible for certain administrative tasks in respect of the Loan as set out in the relevant Final Terms; and (ii) if a Loan is raised through only one Issuing House, the Issuing House;

“**Business Day**” means (i) in respect of Euroclear Notes, a day which is not a Sunday or other public holiday in Sweden or which is not treated as a public holiday for the purpose of payment of promissory notes (Saturdays, Midsummer’s Eve (*midsommarafton*), Christmas Eve (*julafton*) and New Year’s Eve (*nyårsafton*) shall in respect of Euroclear Notes be deemed public holidays); and (ii) in respect of VPS Notes, a day other than a Saturday, Sunday or a public holiday in Norway on which the Norwegian Central Bank’s and the VPS’s settlement systems are open and commercial banks in Norway are open for business;

“**Change of Control Event**” means an event or series of related events resulting in one person (or several persons who either (i) are, in respect of individuals, related; (ii) are, in respect of legal entities, members of the same group; or (iii) who act or have agreed to act in concert for the purposes of and prior to the acquisition of, or the establishment of control over, shares in the Issuer), other than an Existing Shareholder, directly or indirectly acquiring fifty (50) per cent. or more of the shares in the Issuer, or otherwise, directly or indirectly, establishing control over fifty (50) per cent. or more of the shares and/or votes in the Issuer, except where the Noteholders have approved such event or series of events in accordance with Clause 10.11;

“**Conditions**” for a particular Loan means these General Terms and Conditions and the Final Terms for such Loan;

“**CSD**” means the central securities depository in which the Notes are registered, being (i) Euroclear in respect of Euroclear Notes, and (ii) VPS in respect of VPS Notes;

“**CSD Account**” means a securities account, maintained by Euroclear pursuant to the Swedish Financial Instruments Accounts Act in respect of Euroclear Notes and maintained by VPS pursuant to the Norwegian Securities Register Act in respect of VPS Notes, in which (i) an owner of such

security is directly registered or (ii) an owner's holding of securities is registered in the name of a nominee;

**"Day Count Convention"** means:

- (a) if the counting basis "30/360" is stated as being applicable, the amount shall be calculated using a year of 360 days comprising twelve months of 30 days each, and in the case of a fraction of a month using the actual number of days of the month that have passed; and
- (b) if the counting basis "Actual/360" is stated as being applicable, the amount shall be calculated using the actual number of days in the relevant period divided by 360;

**"Dealers"** means Nordea Bank Abp, Skandinaviska Enskilda Banken AB (publ) and Swedbank AB (publ) and such other dealer (*emissionsinstitut*) appointed for this Programme in accordance with Clause 12.3, but only for so long as such dealer has not withdrawn as a dealer;

**"EURIBOR"** means the interest rate for a period comparable to the relevant Interest Period (1) listed at 11.00 a.m. (Brussels time) on the Interest Determination Date on Reuters screen EURIBOR01 (or through such other systems or on such other page that replaces the system or page mentioned) or – if such quotation does not exist – (2) at the mentioned time, according to information released by the Administrative Agent, equivalent to (a) the arithmetic mean of four leading commercial banks' (that quote EURIBOR at the time in question and that are reasonably selected by the Administrative Agent) quoted interest rates to leading commercial banks in Europe for deposits of EUR 10,000,000 for the period in question or – if only one or no such quotation is given – (b) the Administrative Agent's assessment of the interest rate offered by leading commercial banks in Europe for lending of EUR 10,000,000 for the period in question on the inter-bank market in Europe;

**"Euro"** and **"EUR"** means the single currency of the participating member states in accordance with the legislation of the European Community relating to the European Economic and Monetary Union;

**"Euroclear"** means Euroclear Sweden AB, Swedish Reg. No. 556112-8074;

**"Euroclear Notes"** means Notes denominated in Swedish Kronor or Euro;

**"Event of Default"** means an event or circumstance specified in Clause 9.1;

**"Existing Shareholder"** means each of (i) Klarna Holding AB, (ii) Sebastian Siemiatkowski and his holding companies, (iii) Niklas Adalberth and his holding companies, (iv) Victor Jacobsson and his holding companies, (v) funds advised by Sequoia Capital, (vi) Anders Holch Povlsen and his holding companies, (vii) funds advised by Permira, and (viii) any relative or affiliate to any of the aforementioned persons or entities;

**"Final Terms"** means the final terms prepared for a particular Loan;

**"Group"** means the Issuer and its Subsidiaries from time to time;

**"Interest Base"** means, for a Loan with floating interest rate, the interest base (EURIBOR, NIBOR or STIBOR) stated in the relevant Final Terms;

**"Interest Determination Date"** means, for a Loan with floating interest rate, the date specified in the relevant Final Terms;

**"Interest Payment Date"** means, for a Loan, the date specified in the relevant Final Terms;

**"Interest Period"** means, for a Loan, the period specified in the relevant Final Terms;

**"Interest Rate"** means, (i) for a Loan with fixed interest rate, the interest rate specified in the relevant Final Terms and (ii) for a Loan with floating interest rate, the interest rate calculated in accordance with Clause 5.2;

**"IPA"** means Nordea Bank Abp, filial i Norge, as paying agent and registrar, or such other issuing and paying agent, in respect of VPS Notes, but only for so long as such issuing and paying agent has not withdrawn as a issuing and paying agent or been replaced in accordance with Clause 12.4;

**"Issue Date"** means, for a Loan, the date specified in the relevant Final Terms;

**"Issuing House"** means the Dealer(s) through which a specific Loan is raised;

**"Loan"** means each loan comprising one or more Notes with the same ISIN code, which the Issuer raises under this Programme;

“**Margin**” means, for a Loan with floating interest rate, the margin specified in the relevant Final Terms;

“**Material Subsidiary**” means a Subsidiary to the Issuer the total assets of which represent more than ten (10) per cent. of the total assets of the Group (on a consolidated basis), determined by reference to the most recently published financial statements of the Subsidiary and the Issuer, respectively;

“**Maturity Date**” means, for a Loan, the date specified in the relevant Final Terms;

“**NIBOR**” means the interest rate for a period comparable to the relevant Interest Period (1) fixed for a period comparable to the relevant Interest Period on Oslo Børs’ webpage at approximately 12.15 p.m. on the Interest Determination Date or, on days on which Oslo Børs has shorter opening hours (New Year’s Eve and the Wednesday before Maundy Thursday), the data published at approximately 10.15 a.m. on the day in question shall be used, or - if such quotation does not exist - (2) at the mentioned time equivalent to (a) the arithmetic mean of the quoted interest rates (rounded upwards to four decimal places) for deposits of NOK 100,000,000 for the period in question on the Norwegian interbank market as supplied by leading banks in the Norwegian interbank market reasonably selected by the Administrative Agent - or - if only one or no such quotation is given - (b) the Administrative Agent’s assessment of the interest rate offered by Norwegian commercial banks for lending of NOK 100,000,000 for the period in question on the Norwegian inter-bank market;

“**Nominal Amount**” means the amount for each Note that is stated in the relevant Final Terms less any amount repaid;

“**Norwegian Kroner**” and “**NOK**” means the lawful currency of Norway;

“**Norwegian Securities Register Act**” means the Norwegian Act Securities Register Act of 2002 no. 64 (Nw. *verdipapirregisterloven*);

“**Note**” means a debt instrument for the Nominal Amount, of the type set forth in the Swedish Financial Instruments Accounts Act in respect of Euroclear Notes, or the Norwegian Securities Register Act in respect of VPS Notes, which represents a part of a Loan and which is governed by and issued under the Conditions;

“**Noteholder**” means the person recorded on a CSD Account as direct registered owner (*ägare*) or nominee (*förvaltare*) of a Note;

“**Noteholders’ Meeting**” means a meeting of the Noteholders in respect of a Loan as described in Clause 10 (*Noteholders’ Meeting*);

“**Record Date**” means:

(a) in relation to Euroclear Notes, the fifth (5) Business Day prior to:

- (i) an Interest Payment Date;
- (ii) a Maturity Date or any other date when payment is to be made to Noteholders;
- (iii) the date of a Noteholders’ Meeting; or
- (iv) another relevant date;

or in each case such other Business Day falling prior to a relevant date if generally applicable on the Swedish debt capital market; and

(b) in relation to VPS Notes:

- (i) the third (3) Business Day before:
  - (A) a Maturity Date or any other date when payment is to be made to Noteholders (other than payment of interest amounts);
  - (B) the date of a Noteholders’ Meeting; or
  - (C) another relevant date; and
- (ii) the fourteenth (14) day before an Interest Payment Date;

or in each case, such other Business Day falling prior to a relevant date if generally applicable on the Norwegian debt capital market;

“**Regulated Market**” means a regulated market for the purposes of Directive 2014/65/EU;

“**Security**” means a mortgage, charge, pledge, lien, security assignment or other security interest securing any obligation of any person, or any other agreement or arrangement having a similar effect;

“**STIBOR**” means the interest rate for a period comparable to the relevant Interest Period (1) listed at 11.00 a.m. (Stockholm time) on the Interest Determination Date on Nasdaq Stockholm’s webpage for STIBOR fixing (or on such other webpage that replaces the webpage mentioned) or - if such quotation does not exist - (2) at the mentioned time equivalent to (a) the arithmetic mean of quoted interest rates (rounded upwards to four decimal places) for deposits of SEK 100,000,000 for the period in question on the Stockholm interbank market as supplied by leading banks in the Stockholm interbank market reasonably selected by the Administrative Agent - or - if only one or no such quotation is given - (b) the Administrative Agent’s assessment of the interest rate offered by Swedish commercial banks for lending of SEK 100,000,000 for the period in question on the Stockholm interbank market;

“**Subsidiary**” means, in relation to any person, any Swedish or foreign legal entity (whether incorporated or not), which at the time is a subsidiary (*dotterföretag*) to such person, directly or indirectly, as defined in the Swedish Companies Act (*aktiebolagslag (2005:551)*);

“**Swedish Financial Instruments Accounts Act**” means the Swedish Financial Instruments Accounts Act (*lagen (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*);

“**Swedish Kronor**” and “**SEK**” means the lawful currency of Sweden;

“**Total Nominal Amount**” means, for a Loan, the total aggregate Nominal Amount of the Notes outstanding at the relevant time;

“**VPS**” means Verdipapirsentralen ASA, Norwegian Reg. No. 985 140 421; and

“**VPS Notes**” means Notes denominated in Norwegian Kroner.

1.2 When ascertaining whether a limit or threshold specified in Swedish Kronor has been attained or broken, an amount in another currency shall be counted on the basis of the rate of exchange for such currency against Swedish Kronor for the previous Business Day, as published on Reuters’ screen “SEKFIX=” (or on such other system or screen which replacing it) or, if such rate not is published, the rate of exchange for such currency published by the Swedish Central Bank (*Riksbanken*) on its website ([www.riksbank.se](http://www.riksbank.se)).

1.3 Further definitions are contained (where relevant) in the relevant Final Terms.

1.4 The definitions contained in these General Terms and Conditions shall also apply to the relevant Final Terms.

## 2. ISSUANCE OF NOTES, STATUS AND COVENANT TO PAY

2.1 Under this Programme the Issuer may issue Notes in Euro, Norwegian Kroner and Swedish Kronor with a minimum term of one year. Under a Loan, Notes may be issued in more than one tranche.

2.2 Upon issuance, Notes will constitute direct, unconditional, unsubordinated and unsecured debt obligations of the Issuer and rank *pari passu* and without any preference among themselves and shall rank at least *pari passu* with all other present and future unsubordinated and unsecured obligations (except those obligations preferred by law) of the Issuer.

2.3 The Issuer undertakes to repay the principal and to pay interest in respect of each Loan in accordance with these Conditions and to otherwise follow the Conditions for each Loan.

2.4 In subscribing for Notes each initial Noteholder accepts that its Notes shall have the rights and be subject to the conditions stated in the Conditions. In acquiring Notes each new Noteholder confirms such acceptance.

2.5 If the Issuer wishes to issue Notes under this Programme the Issuer shall enter into a separate agreement for this purpose with one or more Dealers which shall be the Issuing House(s) for such Loan.

## 3. REGISTRATION OF NOTES

3.1 Notes shall be registered in a CSD Account on behalf of the Noteholder, and accordingly no physical notes representing the Notes will be issued.

- 3.2 A request concerning the registration of a Note shall be made to an Account Operator.
- 3.3 Any person who acquires the right to receive payment under a Note through a mandate, a pledge, regulations in the Code on Parents and Children (*Föräldrabalken*), conditions in a will or deed of gift or in some other way shall register her or his right in order to receive payment.
- 3.4 The Administrative Agent shall, for the purpose of carrying out its tasks in connection with the Conditions and, with Euroclear's or VPS's (as the case may be) permission, at all other times be entitled to obtain information from the debt register (*skuldbok*) kept by Euroclear and the securities depository kept by VPS, as relevant, in respect of the Notes.
- 3.5 The Administrative Agent may use the information referred to in Clause 3.4 only for the purposes of carrying out their duties and exercising their rights in accordance with the Conditions and shall not disclose such information to the Issuer, a Noteholder or any third party unless necessary for such purposes. The Administrative Agent shall not be responsible for the content of such register that is referred to in Clause 3.4 or in any other way be responsible for determining who is a Noteholder.
- 3.6 In order to comply with the Conditions for a Loan, the Issuer and the Administrative Agent, may, acting as a data controller, collect and process personal data. The processing is based on the Issuer's or the Administrative Agent's legitimate interest to fulfil its respective obligations under the Conditions. Unless otherwise required or permitted by law, the personal data will not be kept longer than necessary given the purpose of the processing. To the extent permitted under the Conditions, personal data may be shared with third parties, such as Euroclear, which will process the personal data further as a separate data controller. Data subjects generally have right to know what personal data the Issuer and the Administrative Agent processes about them and may request the same in writing at the Issuer's or the Administrative Agent's registered address. In addition, data subjects have the right to request that personal data is rectified and have the right to receive personal data provided by themselves in machine-readable format. Information about the Issuer's and the Administrative Agent's respective personal data processing can be obtained by requesting the same in writing at the Issuer's or the Administrative Agent's registered address.

#### **4. PAYMENTS**

- 4.1 Payments in respect of Notes denominated in SEK shall be made in SEK, payments in respect of Notes denominated in NOK shall be made in NOK and payments in respect of Notes denominated in EUR shall be made in EUR.
- 4.2 A Loan falls due on the Maturity Date. Interest shall be paid on each Interest Payment Date in accordance with the relevant Final Terms. Subject to Clause 7.2 (*Voluntary redemption of Notes by the Issuer*), on the Maturity Date each Note shall be repaid at an amount equal to its Nominal Amount together with accrued but unpaid interest (if any).
- 4.3 Repayment of principal and payment of interest shall be made to the person who is a Noteholder on the Record Date prior to such payment date, or to such other person who is registered with the relevant CSD on such date as being entitled to receive the relevant payment, repayment or repurchase amount.
- 4.4 The Issuer has appointed the IPA to facilitate payments of interest and repayment of principal amounts for VPS Notes. The Issuer undertakes to, for as long as any Notes registered with VPS are outstanding, procure that payments of interest and repayment of principal amounts for such Notes may be made by the IPA in accordance with the Conditions, the rules and regulations of VPS and relevant agreements between the Issuer and the IPA.
- 4.5 Where a Noteholder has arranged for an Account Operator to record that principal and interest are to be credited to a specific bank account, the payments will be made through the relevant CSD on the relevant due dates. If no such instructions have been given, the relevant CSD will send the amount on such dates to the Noteholder at the address registered on the Record Date with such CSD. If the due date in respect of a repayment or payment (other than interest) falls on a day which is not a Business Day, the amount will be credited to an account or made available to the payee on the next following Business Day (and in respect of interest, in accordance with Clause 5.1.2 or 5.2.2, as applicable).
- 4.6 If the IPA or a CSD is unable to pay the amount in the manner stated above as a result of some delay on the part of the Issuer or because of some other obstacle, then, as soon as the obstacle has been removed, the Issuer shall ensure that the amount is paid by the IPA or the CSD, as applicable, to the person registered as Noteholder on the Record Date.

4.7 If the Issuer is unable to carry out its obligations to pay through the IPA or a CSD in the manner stated above due to obstacles for the IPA or the relevant CSD as stated in Clause 15.1, the Issuer shall have a right to postpone the obligation to pay until the obstacle has been removed. In such case, interest will be paid in accordance with Clause 6.2.

4.8 If payment or repayment is made in accordance with this Clause 4, the Issuer, the IPA and the relevant CSD shall be deemed to have fulfilled their obligation to pay, irrespective of whether such payment was made to a person not entitled to receive such amount, unless the Issuer or the CSD was aware of that payment was being made to a person not entitled to receive such amount.

4.9 The Issuer is not liable to gross-up any payments under Notes by virtue of any withholding tax (including but not limited to any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “Code”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, or any official interpretations thereof, or any law implementing an intergovernmental approach thereto), public levy or the similar.

## **5. INTEREST**

### **5.1 Fixed interest rate**

5.1.1 If the relevant Final Terms of a Loan specify fixed interest rate as applicable to it, the Loan shall bear interest on its Nominal Amount at the Interest Rate:

- (a) in respect of Euroclear Notes, from (but excluding) the Interest Commencement Date up to (and including) the Maturity Date; and
- (b) in respect of VPS Notes, from (and including) the Interest Commencement Date up to (but excluding) the Maturity Date.

5.1.2 Interest accrued during an Interest Period is calculated using the Day Count Convention 30/360 and paid in arrears on the relevant Interest Payment Date or, to the extent such day is not a Business Day, the first following day that is a Business Day. Interest will however only accrue until the relevant Interest Payment Date.

### **5.2 Floating interest rate**

5.2.1 If the relevant Final Terms of a Loan specify floating interest rate as applicable to it, the Loan shall bear interest on its Nominal Amount:

- (a) in respect of Euroclear Notes, from (but excluding) the Interest Commencement Date up to (and including) the Maturity Date; and
- (b) in respect of VPS Notes, from (and including) the Interest Commencement Date up to (but excluding) the Maturity Date.

If the Interest Base plus the Margin for the relevant period is below zero (0), the floating interest rate shall be deemed to be zero (0).

5.2.2 Interest accrued during an Interest Period is calculated using the Day Count Convention Actual/360 and paid in arrears on the relevant Interest Payment Date or, to the extent such day is not a Business Day, the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day.

5.2.3 The Interest Rate applicable to each respective Interest Period is determined by the Administrative Agent on the respective Interest Determination Date as the Interest Base plus the Margin for such period.

5.2.4 If the Interest Rate is not determined on the Interest Determination Date because of an obstacle such as is described in Clause 15.1, the Loan shall continue to bear interest at the rate that applied to the immediately preceding Interest Period. As soon as the obstacle has been removed the Administrative Agent shall calculate a new Interest Rate to apply from the second Business Day after the date of calculation until the end of the current Interest Period.

## **6. PENALTY INTEREST**

6.1 In the event of delay in payment relating to principal and/or interest (except in accordance with Clause 4.7), penalty interest shall be paid on the amount due from the maturity date up to and

including the day on which payment is made, at an interest rate which corresponds to the average of one week's EURIBOR (for Loans denominated in EUR), NIBOR (for Loans denominated in NOK) or STIBOR (for Loans denominated in SEK), applicable on the first Business Day in each calendar week during the course of delay plus two (2) percentage points. Penalty interest, in accordance with this Clause 6.1, shall never be less than the interest rate applicable to the relevant Loan on the relevant due date with the addition of two (2) percentage points. Penalty interest is not compounded with the principal amount.

- 6.2 If the delay is due to an obstacle of the kind set out in Clause 15.1 on the part of the Issuing House(s), the IPA or any relevant CSD, no penalty interest shall apply, in which case the interest rate which applied to the relevant Loan on the relevant due date shall apply instead.

## **7. REDEMPTION AND REPURCHASE OF NOTES**

### **7.1 Repurchase of Notes by the Issuer**

The Issuer may repurchase Notes at any time and at any price in the open market or otherwise provided that this is compatible with applicable law. Notes owned by the Issuer may be retained, resold or cancelled at the Issuer's discretion.

### **7.2 Voluntary redemption of Notes by the Issuer**

- 7.2.1 The relevant Final Terms may specify a right for the Issuer to, in whole or in part, redeem Notes in advance of the Maturity Date at times and prices specified in such Final Terms.

- 7.2.2 Redemption in accordance with Clause 7.2.1 shall be made by the Issuer giving not less than fifteen (15) Business Days' notice and not more than thirty (30) Business Days' notice to the Noteholders, in each case calculated from the effective date of the notice. The notice from the Issuer shall specify the date of redemption and also the Record Date on which a person shall be registered as a Noteholder to receive the amounts due on such date of redemption. The notice is irrevocable but may, at the Issuer's discretion, contain one or more conditions precedent. Upon fulfilment of the conditions precedent(s) (if any), the Issuer is bound to redeem the Notes in full at the applicable amount on the specified date of redemption.

### **7.3 Mandatory repurchase due to a Change of Control Event**

- 7.3.1 Upon the occurrence of a Change of Control Event, each Noteholder shall, during a period of twenty (20) Business Days from the effective date of a notice from the Issuer of the Change of Control Event pursuant to Clause 8.4.2 (after which time period such right shall lapse), have the right to request that all, or some only, of its Notes be repurchased at a price per Note equal to 100 per cent. of the Nominal Amount together with accrued but unpaid interest. However, such period may not start earlier than upon the occurrence of the Change of Control Event.

- 7.3.2 The notice from the Issuer of the Change of Control Event pursuant to Clause 8.4.2 shall specify the Record Date on which a person shall be registered as a Noteholder to receive interest and principal, the date of redemption and shall include instructions about the actions that a Noteholder needs to take if it wishes that its Notes be repurchased. If a Noteholder has so requested, and acted in accordance with the instructions in the notice from the Issuer, the Issuer shall, or shall procure that a person designated by the Issuer will, repurchase the relevant Notes and the repurchase amount shall fall due on the date of redemption specified in the notice given by the Issuer pursuant to Clause 8.4.2. The date of redemption must fall no later than forty (40) Business Days after the end of the period referred to in Clause 7.3.1.

- 7.3.3 The Issuer shall comply with the requirements of any applicable securities laws or regulations in connection with the repurchase of Notes. To the extent that the provisions of such laws and regulations conflict with the provisions in this Clause 7.3, the Issuer may comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Clause 7.3 by virtue of such conflict.

- 7.3.4 Any Notes repurchased by the Issuer pursuant to this Clause 7.3 may at the Issuer's discretion be retained, cancelled or sold.

- 7.3.5 The Issuer shall not be required to repurchase any Notes pursuant to this Clause 7.3, if a third party in connection with the occurrence of a Change of Control Event offers to purchase the Notes in the manner and on the terms set out in this Clause 7.3 (or on terms more favourable to the Noteholders) and purchases all Notes validly tendered in accordance with such offer. If Notes tendered are not

purchased within the time period stipulated in this Clause 7.3, the Issuer shall repurchase any such Notes within five (5) Business Days after the expiry of the time period.

## **8. GENERAL UNDERTAKINGS**

### **8.1 Mergers**

The Issuer shall not carry out a merger (fusion), other than a merger where the Issuer is the surviving entity.

### **8.2 Banking licence**

The Issuer shall maintain a licence to conduct banking and/or financing business (*tillstånd att bedriva bankrörelse och/eller finansieringsrörelse*) as required pursuant to the Swedish Banking and Financing Business Act (*lag (2004:297) om bank och finansieringsrörelse*) or any corresponding licence required pursuant to any legislation replacing the Swedish Banking and Financing Business Act.

### **8.3 Admission to trading**

8.3.1 If listing is applicable under the relevant Final Terms of a Loan, the Issuer shall use its best efforts to ensure that the Loan is admitted to trading on the relevant Regulated Market not later than the date set out in such Final Terms, and that it remains listed or, if such listing is not possible to obtain or maintain, listed on another Regulated Market.

8.3.2 Following an admission to trading, the Issuer shall take all actions on its part to maintain the admission as long the relevant Loan is outstanding, but not longer than up to and including the last day on which the admission can reasonably, pursuant to the then applicable regulations of the relevant Regulated Market and the relevant CSD, subsist.

### **8.4 Information from the Issuer**

8.4.1 The Issuer will make the following information available to the Noteholders by way of press release and by publication on the website of the Issuer:

- (a) as soon as the same become available, but in any event within five (5) months after the end of each financial year, audited consolidated financial statements of the Group for that financial year prepared in accordance with the Accounting Principles including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer's board of directors;
- (b) as soon as the same become available, but in any event within two (2) months after the end of each quarter of its financial year, consolidated financial statements or the year-end report (*bokslutskommuniké*) (as applicable) of the Group for such period prepared in accordance with the Accounting Principles including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer's board of directors; and
- (c) any other information required by the Swedish Securities Markets Act (*lag (2007:582) om värdepappersmarknaden*) or the Norwegian Securities Trading Act (*lov av 29. juni 2007 nr. 75 om verdipapirhandel*), as applicable, and in any event the rules and regulations of the Regulated Market on which any Notes are admitted to trading.

8.4.2 The Issuer shall, without undue delay, notify the Noteholders and each Dealer upon becoming aware of the occurrence of a Change of Control Event or an Event of Default. Such notice shall be made by way of a press release and may be given in advance of the occurrence of a Change of Control Event and be conditional upon the occurrence thereof, if a definitive agreement is in place providing for such Change of Control Event. Should any Dealer not receive such information, it is entitled to assume that no such event or circumstance exists or can be expected to occur, provided that such Dealer does not have actual knowledge of such event or circumstance.

### **8.5 Publication of Conditions**

The Conditions applicable for each Note outstanding shall be available on the website of the Issuer.

## 9. ACCELERATION OF THE NOTES

9.1 The Administrative Agent shall, (i) following a request in writing from a Noteholder (or Noteholders) representing at least ten (10) per cent. of the Adjusted Loan Amount under a Loan (such a request can only be made by Noteholders registered in the relevant CSD Account on the Business Day occurring immediately after the date that the request was received by the Administrative Agent and must, if made by several Noteholders, be made jointly), or (ii) following a resolution at a Noteholders' Meeting for a Loan, on behalf of the Noteholders by notice to the Issuer, declare all, but not some only, of the outstanding Notes under such Loan due and payable together with any other amounts payable under the Loan, immediately or at such later date as the Administrative Agent or Noteholders' Meeting determines, if:

- (a) the Issuer does not pay on the due date any amount payable by it under any Loan, unless the non-payment:
  - (i) is caused by technical or administrative error; and
  - (ii) is remedied within five (5) Business Days from the due date;
- (b) the Issuer does not comply with any terms, or acts in violation, of the Conditions of the relevant Loan (other than those terms referred to in paragraph (a) above), unless the non-compliance:
  - (i) is capable of remedy; and
  - (ii) is remedied within fifteen (15) Business Days of the earlier of (A) the Administrative Agent giving notice thereof to the Issuer and (B) the Issuer becoming aware of the non-compliance;
- (c) the Conditions for the relevant Loan becomes invalid or ineffective, in whole or in part (other than in accordance with the provisions of such Conditions), and such invalidity or ineffectiveness is materially prejudicial to the interests of the Noteholders;
- (d) any corporate action, legal proceedings or other procedure or step (unless vexatious or frivolous, disputed in good faith and discharged within thirty (30) Business Days) is taken in relation to:
  - (i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution or administration of the Issuer or a Material Subsidiary;
  - (ii) a composition, or arrangement with any creditor of the Issuer (other than the Noteholders) or a Material Subsidiary; or
  - (iii) the appointment of a liquidator, administrator or other similar officer in respect of the Issuer, a Material Subsidiary, or any of its assets,

in each case other than in connection with a solvent liquidation or solvent reorganisation of a Material Subsidiary;

- (e) any attachment, sequestration, distress or execution, or any analogous process in any jurisdiction, affects any asset of the Issuer or a Material Subsidiary which is material to its business and not discharged within thirty (30) Business Days, or any Security over any asset of the Issuer or a Material Subsidiary which is material to its business is enforced; or
- (f) any financial indebtedness of the Issuer or a Material Subsidiary is not paid when due nor within any applicable grace period, or is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described), provided that no Event of Default will occur under this paragraph (f) if the aggregate amount of financial indebtedness referred to herein is less than SEK 50,000,000.

9.2 The Administrative Agent may not accelerate Notes in accordance with Clause 9.1 by reference to a specific Event of Default if it is no longer continuing or if it has been decided at a Noteholders' Meeting to waive such Event of Default (temporarily or permanently).

9.3 If the Noteholders instruct the Administrative Agent to accelerate Notes, the Administrative Agent shall promptly declare the Notes due and payable and take such actions as may, in the opinion of the Administrative Agent, be necessary or desirable to enforce the rights of the Noteholders under the Conditions, unless the relevant Event of Default is no longer continuing.

- 9.4 In the event of an acceleration of Notes in accordance with this Clause 9 (*Acceleration of the Notes*), up to, but excluding the Final Maturity Date, the Issuer shall redeem all Notes at an amount per Note equal to 100 per cent. of the Nominal Amount, together with accrued but unpaid interest.

## 10. NOTEHOLDERS' MEETING

- 10.1 The Administrative Agent may and shall, at the request of (i) another Issuing House with respect to a Loan, (ii) the Issuer or (iii) Noteholders that at the time of such request represent at least ten (10) per cent. of the Adjusted Loan Amount under that Loan (such a request can only be made by Noteholders entered in the CSD Account on the Business Day occurring immediately after the date that the request was received by the Administrative Agent and must, if made by a number of Noteholders, be made jointly) convene a Noteholders' Meeting for the Noteholders under the relevant Loan.
- 10.2 The Administrative Agent shall convene a Noteholders' Meeting by sending notice of this to each Noteholder and the Issuer within five (5) Business Days of having received a request from an Issuing House, the Issuer or Noteholders as described in Clause 10.1 (or a later date if this is required for technical or administrative reasons). The Administrative Agent shall also, without delay, inform each Issuing House and the IPA in writing about such notice.
- 10.3 The Administrative Agent may refrain from convening a Noteholders' Meeting if (i) the proposed decision has to be approved by any party in addition to the Noteholders and this party has notified the Administrative Agent that such approval will not be given, or (ii) the proposed decision is not compatible with applicable law.
- 10.4 The notice of the meeting described in Clause 10.2 shall include (i) time for the meeting, (ii) place for the meeting, (iii) a specification of the Business Day on which a person must be registered as a Noteholder in order to be entitled to exercise voting rights, (iv) a form of power of attorney, and (v) the agenda for the meeting. The background and contents of each proposal as well as any applicable conditions and conditions precedent shall be set out in the notice in sufficient detail. If a proposal concerns an amendment to the Conditions, such proposed amendment must always be set out in precise detail. Only matters that have been included in the notice may be decided on at the Noteholders' Meeting. Should prior notification by the Noteholders be required in order to attend the Noteholders' Meeting, such requirement shall be included in the notice.
- 10.5 The Noteholders' Meeting shall be held on a date that is between ten (10) and thirty (30) Business Days after the date of the notice of the meeting. Noteholders' Meetings for several Loans under the Programme may be held on the same occasion.
- 10.6 Without deviating from the provisions of these General Terms and Conditions, the Administrative Agent may prescribe such further provisions relating to the convention of and holding of the Noteholders' Meeting as it considers appropriate. Such provisions may include, among other things, the possibility of Noteholders voting without attending the meeting in person or that electronic voting or a written procedure shall be used.
- 10.7 Only a person who is, or who has been provided with a power of attorney in accordance with Clause 11 (*Right to act on behalf of Noteholders*) by someone who is, a Noteholder on the Record Date for the Noteholders' Meeting may exercise voting rights at such Noteholders' Meeting, provided that the relevant Notes are included in the Adjusted Loan Amount. The Administrative Agent has the right to attend, and shall in each case ensure that an extract from the debt register (*skuldbok*) kept by Euroclear or the securities depository kept by VPS, as relevant, as at the Record Date for the Noteholders' Meeting, is available at the Noteholders' Meeting.
- 10.8 The meeting shall be initiated by the appointment of a chairman. The Administrative Agent shall appoint the chairman unless the Noteholders' Meeting decides differently. Representatives and advisors of the Noteholders, the Administrative Agent and the Issuer have the right to participate at the Noteholders' Meeting. The Noteholders' Meeting may decide that the Issuer and the representatives and advisors of the Issuer may only participate in a part or parts of the meeting. A transcript of the debt register (*skuldbok*) that is kept by Euroclear and relevant for determining Noteholders eligible to exercise voting rights shall be available at the Noteholders' Meeting. The chairman shall compile a list of present Noteholders with voting rights that includes information on the share of the Adjusted Loan Amount that each Noteholder represents ("**voting list**"). The voting list shall be approved by the Noteholders' Meeting. Only persons who on the Record Date for the Noteholders' Meeting were Noteholders, or who have been authorised in accordance with Clause 11

- (*Right to act on behalf of Noteholders*) by persons who were Noteholders on the Record Date, may exercise voting rights at the Noteholders' Meeting, provided that the relevant Notes are included in the Adjusted Loan Amount, and only such Noteholders and authorised persons, as applicable, shall be included in the voting list.
- 10.9 The chairman shall ensure that minutes are kept at the Noteholders' Meeting. The minutes shall include notes as to the participants, the issues dealt with, the voting results and the decisions that were made. The minutes shall be signed by the chairman and at least one person appointed at the Noteholders' Meeting to approve the minutes and shall thereafter be delivered to the Administrative Agent. The minutes shall be available at the Issuer's website no later than five (5) Business Days after the Noteholders' Meeting. New or revised General Terms and Conditions or Final Terms shall be appended to the minutes and sent to Euroclear by the Administrative Agent or by any party appointed by the Administrative Agent.
- 10.10 Decisions on the following matters require the approval of Noteholders representing at least ninety (90) per cent. of that part of the Adjusted Loan Amount for which Noteholders are voting under the relevant Loan at the Noteholders' Meeting:
- (a) a change of Maturity Date, reduction of Nominal Amount, changes in terms relating to interest or amount to be repaid (other than in accordance with what is stated in the Conditions) and change in the specified Currency of the Loan;
  - (b) a transfer by the Issuer of its rights and obligations under the Loan;
  - (c) a change to the terms of this Clause 10 (Noteholders' Meeting); and
  - (d) a mandatory exchange of Notes for other securities.
- 10.11 Matters that are not covered by Clause 10.10 require the approval of Noteholders representing more than fifty (50) per cent of that part of the Adjusted Loan Amount for which Noteholders are voting under the relevant Loan at the Noteholders' Meeting. This includes, but is not limited to, changes to and waivers of rights related to the Conditions that do not require a greater majority (other than changes as described in Clause 12 (*Changes to terms, etc.*)).
- 10.12 A Noteholders' Meeting is quorate if Noteholders representing at least fifty (50) per cent of the Adjusted Loan Amount under the relevant Loan in respect of a matter in Clause 10.10 and otherwise twenty (20) per cent of the Adjusted Loan Amount under the relevant Loan are present at the meeting either in person or via an authorised representative, or in each case, as has been decided by the Administrative Agent pursuant to Clause 10.6.
- 10.13 If a Noteholders' Meeting is not quorate the Administrative Agent shall convene a new Noteholders' Meeting (in accordance with Clause 10.2) unless the relevant proposal has been withdrawn by the party or parties that initiated the Noteholders' Meeting. The requirement of a quorum in Clause 10.12 shall not apply at such new Noteholders' Meeting. If the Noteholders' Meeting has met the quorum requirement for certain but not all matters which are to be decided on in the meeting, decisions shall be made in those matters for which a quorum is present whereas any other matters shall be referred to a new Noteholders' Meeting.
- 10.14 A decision at a Noteholders' Meeting that extends obligations or limits rights of the Issuer or an Issuing House under the Conditions shall also require the approval of the party concerned.
- 10.15 A Noteholder that holds more than one Note is not required to vote for all the Notes it holds and is not required to vote in the same way for all the Notes it holds.
- 10.16 The Issuer may not, directly or indirectly, pay or contribute to payment being made to any Noteholder in order that this Noteholder will give its approval under the Conditions unless such payment is offered to all Noteholders that give their approval at a relevant Noteholders' Meeting.
- 10.17 A decision made at a Noteholders' Meeting is binding on all Noteholders under the relevant Loan irrespective of whether they are represented at the Noteholders' Meeting. Noteholders that do not vote for a decision shall not be liable for losses that the decision causes to other Noteholders.
- 10.18 The Administrative Agent's reasonable costs and expenses occasioned by a Noteholders' Meeting, including reasonable payment to the Administrative Agent, shall be borne by the Issuer.
- 10.19 At the Administrative Agent's request, the Issuer shall without delay provide the Administrative Agent with a certificate stating the Nominal Amount for Notes held by members of the Group on the

relevant Record Date prior to a Noteholders' Meeting, irrespective of whether such entities are registered by name as Noteholders of Notes. The Administrative Agent shall not be responsible for the content of such a certificate or otherwise be responsible for establishing whether a Note is held by a member of the Group.

- 10.20 Information on decisions taken at a Noteholders' Meeting shall be notified without delay to the Noteholders under the relevant Loan in accordance with Clause 14 (*Notices*). At the request of a Noteholder the Administrative Agent shall provide the Noteholder with minutes of the relevant Noteholders' Meeting. However, failure to notify the Noteholders as described above shall not affect the validity of the decision.

## **11. RIGHT TO ACT ON BEHALF OF NOTEHOLDERS**

- 11.1 If a party other than a Noteholder wishes to exercise a Noteholder's rights under the Conditions or to vote at a Noteholders' Meeting, such person shall be able to produce a proxy form or other authorisation document issued by the Noteholder or a chain of such proxy forms and/or authorisation documents from the Noteholder.
- 11.2 A Noteholder may authorise one or more parties to represent the Noteholder in respect of certain or all Notes held by the Noteholder. Such authorised party may act independently.

## **12. CHANGES TO TERMS, ETC.**

- 12.1 The Issuer and the Dealers may agree on adjustments to correct any clear and manifest error in these General Terms and Conditions.
- 12.2 The Issuer and the Administrative Agent may agree on adjustments to correct any clear and manifest error in the Final Terms of a specific Loan.
- 12.3 A new dealer may be engaged by agreement between the Issuer and the dealer in question and the Dealers. A Dealer may step down as a Dealer, but an Administrative Agent in respect of a specific Loan may not step down unless a new Administrative Agent is appointed in its place.
- 12.4 The Issuer, the Dealers and the IPA may agree to replace the IPA with another Account Operator as issuing and paying agent.
- 12.5 Amendments to or concession of Conditions in cases other than as set out in Clauses 12.1–12.4 shall take place through a decision at a Noteholders' Meeting as described in Clause 10 (*Noteholders' Meeting*).
- 12.6 Approval at a Noteholders' Meeting of an amendment to the terms may include the objective content of the amendment and need not contain the specific wording of the amendment.
- 12.7 A decision on an amendment to the terms shall also include a decision on when the amendment is to take effect. However, an amendment shall not take effect until it has been registered with the relevant CSD (where relevant) and published on the Issuer's website.
- 12.8 The amendment or concession of terms as described in this Clause 12 (*Changes to terms, etc.*) shall be promptly notified by the Issuer to the Noteholders in accordance with Clause 14 (*Notices*).

## **13. PRESCRIPTION**

- 13.1 Claims for the repayment of principal shall be prescribed and become void ten (10) years after the Maturity Date. Claims for the payment of interest shall be prescribed and become void three (3) years after the relevant Interest Payment Date. Upon prescription, the Issuer shall be entitled to keep any funds that may have been reserved for such payments.
- 13.2 If the prescription period is duly interrupted in accordance with the Swedish Limitations Act (*preskriptionslagen (1981:130)*) a new prescription period of ten (10) years will commence for claims in respect of principal and three (3) years for claims in respect of interest amounts, in both cases calculated from the day indicated by provisions laid down in the Swedish Limitations Act concerning the effect of an interruption in the limitation period.

## **14. NOTICES**

- 14.1 Notices shall be provided to Noteholders for the relevant Loan at the address registered with the relevant CSD on the Business Day before dispatch. A notice to the Noteholders shall also be published by means of a press release and published on the Issuer's website.

- 14.2 Notices to the Issuer or the Dealers shall be provided at the address registered with the Swedish Companies Registration Office (*Bolagsverket*) on the Business Day before dispatch.
- 14.3 A notice to the Issuer or Noteholders in accordance with the Conditions that is sent by standard post shall be deemed to have been received by the recipient on the third Business Day after dispatch and notices sent by courier shall be deemed to have been received by the recipient when delivered to the specified address.
- 14.4 In the event that a notice is not sent correctly to a certain Noteholder the effectiveness of notices to other Noteholders shall be unaffected.

**15. LIMITATION OF LIABILITY ETC.**

- 15.1 With regards to the obligations imposed on the Dealers and the IPA, respectively, the Dealers and the IPA, as applicable, shall not be held liable for any losses arising out of any Swedish or foreign legal enactment, or any measure undertaken by a Swedish or foreign public authority, or war, strike, blockade, boycott, lockout or any other similar circumstance. The reservation in respect of strikes, blockades, boycotts and lockouts applies even if the party concerned itself takes such measures or is subject to such measures.
- 15.2 Losses arising in other cases shall not be compensated by a Dealer or the IPA if the relevant entity has exercised due care. In no case shall compensation be paid for indirect losses.
- 15.3 Should a Dealer or the IPA not be able to fulfil its obligations under these Conditions due to any circumstance set out in Clause 15.1, such action may be postponed until the obstacle has been removed.
- 15.4 The aforesaid shall apply unless otherwise provided in the Swedish Financial Instruments Accounts Act or the Norwegian Securities Register Act, as applicable.

**16. APPLICABLE LAW AND JURISDICTION**

- 16.1 The Conditions shall be governed by Swedish law.
- 16.2 Disputes shall be settled by Swedish courts. Stockholm District Court (*Stockholms tingsrätt*) shall be the court of first instance.

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We hereby confirm that the above General Terms and Conditions are binding upon us.

Stockholm 16 October 2018

**KLARNA BANK AB (publ)**

## FORM OF FINAL TERMS

### FINAL TERMS for Loan No. [●] under Klarna Bank AB (publ)'s Swedish medium term note programme

The following are the final terms and conditions (“**Final Terms**”) of Loan No. [●], (the “**Loan**”) that Klarna Bank AB (publ) (the “**Issuer**”) issues in the capital market.

The Loan shall be subject to the general terms and conditions dated [date] (the “**General Terms and Conditions**”) set out in the Issuer’s base prospectus for the issuance of medium term notes, dated [date] (the “**Prospectus**”) [as supplemented on [●]], and the Final Terms set out below. Words and expressions not defined in the Final Terms shall have the meaning set out in the General Terms and Conditions.

This document constitutes the Final Terms for the purposes of Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”) and must be read in conjunction with the Prospectus [as supplemented]. Full information on the Issuer and the offer of the Loan is only available on the basis of the combination of these Final Terms, the Prospectus [as supplemented] and any documents incorporated therein by reference. These documents are available via [www.klarna.com](http://www.klarna.com).

[These Final Terms replace the Final Terms dated [●] whereby the total Nominal Amount is set to [●]].

#### Terms and conditions for the Loan

1.	<b>Loan no:</b> (i) Tranche:	[●] [●]
2.	<b>Total Nominal Amount</b> (i) for the Loan in total: (ii) for the tranche: (iii) for earlier tranches:	[●] [●] [Tranche [number]: [●]]
3.	<b>Nominal Amount per Note:</b>	[●] [Not less than EUR 100,000 or the equivalent.]
4.	<b>Price per Note:</b>	[●]% of the Nominal Amount per Note [plus accrued interest from and including [●]]
5.	<b>Currency:</b>	[EUR] [NOK] [SEK]
6.	<b>Interest Commencement Date:</b>	[Issue Date] [Specify other Interest Commencement Date]
7.	<b>Issue Date:</b>	[●]
8.	<b>Maturity Date:</b>	[●]
9.	<b>Voluntary redemption of Notes by the Issuer:</b>	<p>[Applicable / Not applicable] [If not applicable, delete the remaining sub-paragraphs of this paragraph.]</p> <p>The Issuer may redeem all, or some only, of the outstanding Notes:</p> <p>[[i)] at any time from and including [the first Business Day falling [●] ([●])[months/days] after the Issue Date] / [●] to, but excluding, [the Maturity Date] / [●] at an amount per Note equal to [●] per cent. of the Nominal Amount, together with accrued but unpaid interest;][and/or]</p> <p>[[i)] / [(ii)] at any time from and including the first Business Day falling [●] ([●]) [months/days] prior to the Maturity Date to, but excluding, the Maturity</p>

		Date, at an amount equal to 100 per cent. of the Nominal Amount together with accrued but unpaid interest]]
10.	<b>Type of interest rate:</b>	[Fixed interest rate] [Floating interest rate]
11.	<b>Additional terms and conditions for Loans with fixed interest rate</b>	[Applicable] [Not applicable] [ <i>If not applicable, delete the remaining sub-paragraphs of this paragraph.</i> ]
	(i) Interest Rate:	[[•] % per annum]
	(ii) Interest Payment Date(s):	[•]
	(iii) Interest Period:	The first Interest Period runs from [and including / but excluding] [•] to and [and including / but excluding] [•], and thereafter from [and including / but excluding] one Interest Payment Date to and [and including / but excluding] the next Interest Payment Date
12.	<b>Additional terms and conditions for Loans with floating interest rate</b>	[Applicable] [Not applicable] [ <i>If not applicable, delete the remaining sub-paragraphs of this paragraph.</i> ]
	(i) Interest Base:	[•] month(s) [EURIBOR] [NIBOR] [STIBOR]
	(ii) Margin:	[+/-][•] percentage points
	(iii) Interest Determination Date:	[Two] Banking Days prior to the first day of each Interest Period, beginning on [•]
	(iv) Interest Period:	The first Interest Period runs from [and including / but excluding] [•] to and [and including / but excluding] [•], and thereafter from [and including / but excluding] one Interest Payment Date to and [and including / but excluding] the next Interest Payment Date
	(v) Interpolation:	[Not applicable] [The Interest Base applicable to the interest paid on the [first / last] Interest Payment Date shall be subject to linear interpolation between [•] month(s) [EURIBOR] [NIBOR] [STIBOR] and [•] month(s) [EURIBOR] [NIBOR] [STIBOR]].
	(vi) Interest Payment Date(s):	[•]

**Other information**

13.	<b>Expected rating for Loan on Issue Date:</b>	[Not applicable][•]
14.	<b>Issuing House(s):</b>  (i) for the tranche: (ii) for earlier tranches:	[•] <i>[If only one tranche, delete the remaining sub-paragraphs of this paragraph.]</i>  [•] [•]
15.	<b>Administrative Agent:</b>	[•]
16.	<b>ISIN code:</b>	[•]
17.	<b>Listing:</b>  (i) Regulated Market: (ii) The estimated earliest date on which the Notes will be admitted to trading: (iii) Estimate of the total expenses related to the admission to trading: (iv) Total number of Notes admitted to trading:	[Not applicable] [Applicable] <i>[If not applicable, delete the remaining sub-paragraphs of this paragraph.]</i>  [•] [Specify details] [Not applicable] [Specify details] [Not applicable] [•]
18.	<b>Resolutions as basis for the issuance:</b>	[Specify details] [Not applicable]
19.	<b>Interests:</b>	[Specify details] [Not applicable] <i>[If applicable, describe interests of individuals and legal entities involved in the issuance as well as a record of all interests and possible conflicts of interests of importance to the issuance together with records of those involved and the nature of the interest.]</i>
20.	<b>Information from third parties:</b>	[Information in these Final Terms originating from third parties has been reproduced accurately and, as far as the Issuer knows and can ascertain based on comparisons with other information published by relevant third parties, no information has been omitted in a way that may lead to the reproduced information being incorrect or misleading. The sources for such information are [•.] [Not applicable]
21.	<b>The use of the proceeds:</b>	[General financing of the Issuer's and the Group's business activities] [Specify details]
22.	<b>The estimated net amount of the proceeds:</b>	[EUR/NOK/SEK] [•] less customary transaction costs and fees.

We hereby confirm that the above Final Terms are applicable to Loan No. [•] together with the General Terms and Conditions and undertake to repay the Loan and to pay interest in accordance herewith. We confirm that any

material event after the date of the Prospectus that could affect the market's assessment of the Loan and the Issuer have been made public.

Stockholm, [•]

**KLARNA BANK AB (publ)**

## DESCRIPTION OF THE ISSUER

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### General information on the Issuer and the Group

#### The Issuer

The Issuer's legal and commercial name is Klarna Bank AB (publ) with Swedish Reg. No. is 556737-0431 and Legal Entity Identifier Code 54930003HXYXXUHR0897. The registered office of the Issuer is located at Sveavägen 46, SE-111 34 Stockholm, Sweden. The Issuer was incorporated in Sweden on 21 August 2007 and registered with the Swedish Companies Registration Office (*Bolagsverket*) on 5 September 2007. The Issuer is a joint-stock banking company (*publikt bankaktiebolag*). Pursuant to clause 3 of the Articles of Association of the Issuer, the business purpose of the Issuer is (a) such activities as permitted by Chapter 1, Section 3 of The Banking and Finance Business Act (2004:297) and (b) financial and other activities that are related to such activities as permitted under (a) above.

The Issuer's website is [www.klarna.com](http://www.klarna.com). The information on the website is not part of this Base Prospectus and has not been scrutinised or approved by the SFSA unless that information is incorporated by reference into this Base Prospectus.

Under its current Articles of Association, the Issuer's share capital shall be not less than SEK 25,000,000 and not more than SEK 100,000,000, divided into not fewer than 100,000 shares and not more than 400,000 shares. The Issuer has only one class of shares. The Issuer's registered share capital is SEK 58,368,912, represented by 173,717 shares. Each share has a quota value of SEK 336.

#### Regulatory history of the Issuer

On 26 May 2009, the Issuer was granted a licence as a credit market company (*kreditmarknadsbolag*) to conduct financing business under the Swedish Banking and Financing Business Act (*lag (2004:297) om bank- och finansieringsrörelse*), and on 19 June 2017, the Issuer was granted a licence to conduct banking business. In connection with this, the Issuer changed its name from Klarna AB to Klarna Bank AB.

#### Main activities

The Issuer is a global payments provider, active across Europe and North America, as well as a fully licensed bank. Its business primarily comprises the providing of payment solutions and consumer lending products designed for both online and in-store use. The Issuer's revenues are generated from both merchants and consumers.

As at the date of this Base Prospectus, the Group was active in 17 core markets and employed more than 4,000 employees.

#### Recent events relevant to Klarna's solvency

On June 10, 2021 Klarna raised USD 640m (SEK 5,450m) in equity in a funding round to support international expansion and further capture global retail growth. The new shares were registered with the Swedish Companies Registration Office (*Bolagsverket*) in July 2021.

Except for the above, there have been no recent events particular to Klarna and which are to a material extent relevant to an evaluation of Klarna's solvency.

#### Legal structure of the Group

The Issuer is part of a corporate group for which Klarna Holding AB is the ultimate parent. The sole purpose of Klarna Holding AB is to directly or indirectly own the shares in the Issuer. The Group operates through the Issuer and its direct or indirect subsidiaries. The Group structure as at the date of this Base Prospectus is illustrated in the organisational chart below. Klarna Bank AB UK Branch and Klarna Bank AB Germany Branch are branches of Klarna Bank AB (publ).



The Issuer is further subject to the provisions set forth in the CRR and related delegated acts, and in the Swedish Supervision of Credit and Investment Firms Act (*lag (2014:968) om särskild tillsyn över kreditinstitut och värdepappersbolag*) and the Swedish Act on Capital Buffers (*lag 2014:966) om kapitalbuffertar*) which implement CRD IV. The capital adequacy requirements are measured both on the level of the Issuer and on the consolidated group as described in the chart above. Further obligations apply to Klarna under the BRRD and Swedish Resolution Act (*lag (2015:1016) om resolution*).

In addition to laws and official regulations, Klarna has a number of internal governing documents that govern the day-to-day management of the company. These are on policy level adopted by the board of directors and on instruction level by the CEO or relevant head of the responsible area and include, *inter alia*, a Finance policy, Credit policy, Risk policy, Conflicts of interest policy, Privacy, data protection and data retention policy, Anti-money laundering and counter terrorist financing policy, Internal capital and liquidity adequacy assessment process policy and Outsourcing Policy and Anti-Corruption instruction.

## **Business operations**

Klarna has developed a complementary product offering aimed at reducing friction for consumers purchasing online, which in turn adds value for merchants by increasing purchase conversion, average order value, level of sales and overall consumer experience. The merchant offering consists of four main products; Klarna Checkout (“KCO”), Klarna Payments (“KP”), Klarna In-store and Klarna In-app.

KCO manages the entire checkout process for a merchant. It is a checkout solution aimed at facilitating payments by the most popular methods in each market, including Klarna’s own invoice and account products as well as third party payment methods, such as debit and credit cards, and direct banking. Klarna contracts with the respective merchant for the provision of KCO. Under this agreement, Klarna agrees to provide payment methods requested by consumers. Merchants pay Klarna for the provision of KCO, as well as the assumption of fraud and credit risk where Klarna’s credit products are used.

KP offers the merchant a selection of Klarna’s payment options through an integrated checkout widget. It is not a complete checkout solution for the merchant as the KCO, however the presentation of Klarna’s services are owned, controlled and optimised by Klarna.

Klarna In-store covers a variety of integration methods designed for physical stores, bringing the same ease of use and payment flexibility for both consumers and merchants in the brick and mortar environment.

Klarna In-app mobile SDK allows merchants to natively integrate Klarna’s products into their mobile applications. This means that merchants can now add services like Klarna Payments to their app and let customers pay with our payment methods with improved ease and speed.

Besides the above, Klarna also offers merchants various tools (e.g. Merchant Insights), marketing channels (e.g. in the Klarna app) and support as well as in-store payment solutions (Klarna In-store).

At the beginning of 2018, Klarna launched, and signed the first customer to, Klarna Open Banking. This service provides third-party providers with an access to account (XS2A) application programming interface (API) to access over 6,000 banks in 24 markets (in line with the requirements under the Payment Services (PSD2) Directive (EU) 2015/2366. The Open Banking Platform offers a combination of both account information services (AIS) providing consolidated information on payment accounts, and payment initiation services (PIS) enabling an account to account direct bank transfers as licensed under PSD2.

## **Consumer products**

Klarna’s consumer products can be sub-divided into the following:

### **Pay in x (days)**

Klarna’s invoice (or card backed) product (called “Pay in x”) offers the consumer a short, fixed period of time to settle their invoice/debt. The period is usually 21 or 30 days, although 14 days is also available.

Consumers are credit assessed by Klarna using both internal and external data. A positive credit decision allows the respective consumer to shop at a merchant connected to Klarna while simultaneously receiving a 21 or 30 days’ credit term to pay for their goods or services. Klarna mainly, but not always, conducts factoring by acquiring the purchase price claim from the merchant as well as the terms agreed between the merchant and the consumer. Such services enable merchants to safely offer post-purchase payments in an online environment. Merchants, paid irrespective of whether the consumer pays or not, pay Klarna for assuming the fraud and credit risk, whilst consumers pay Klarna late fees and interest in the event of delayed payment.

## Instalments

Klarna's interest free instalment product offers the consumer a short term (60 days or six weeks) instalment plan with no interest. Payments are automatically withdrawn from the consumers registered debit or credit card on applicable due dates. Consumers are credit assessed by Klarna using both internal and external data.

## Financing

Klarna's account product (called "**Financing**") offers the consumer the ability to settle their payment in either fixed instalments or flexible, discretionary amounts (subject to a minimum proportion of the outstanding amount each month).

Klarna extends credit to the respective customer in accordance with a personalised credit agreement. This enables consumers to finance purchases over a period of time, a key benefit when acquiring goods and services. The credit may either be interest bearing or interest free. Similarly to the invoice product, merchants pay Klarna for assuming the fraud and credit risk, whilst consumers pay Klarna for financing (for example administration fees and interest) and deferred payments.

## Pay Now

Pay Now is Klarna's payment method for instantly settling the purchase by drawing funds directly from the consumer's bank account. The consumer authorises the payment either via BankID or internet banking token, depending on the payment method and market.

## Klarna card

Klarna launched the Klarna Card for consumers in 2018 in Sweden and in 2019 in Germany.

## Klarna app

The Klarna app is a shopping service for consumers. The app provides consumers with features including personalized and curated content and tools to help them take control over their personal finances. In the US, UK, Australia, New Zealand and Sweden, the Klarna app allows consumers to pay with Klarna's payment methods on any online merchant no matter if the merchant is integrated with Klarna or not. This is done through issuing a virtual credit card which is used in the merchant's checkout.

## Non Klarna

Klarna also processes so-called Non Klarna purchases, e.g., external direct banking where the consumer authorises the settlement using their internet banking token or card purchases through the major card schemes such as Visa, MasterCard and American Express. Klarna's risk exposure on card transactions is limited to technical issues, and certain cases of fraud and contested purchases (chargebacks) where neither the merchant nor the card network assumes responsibility.

## Deposits

The deposits product allows customers to invest their money into savings accounts with Klarna for a flexible or fixed term length. During that term length the customer can earn a flexible or fixed interest rate on their savings account.

## Business volumes

Yearly originated product volumes and number of transactions for the years 2015-2020 and the period July 2020 – June 2021 are summarised in the table below (rounded figures)<sup>1</sup>:

Year	Originated Pay in x days and Financing volumes (SEK bn)	Total transaction volumes (SEK bn)	Number of transactions (M)
2015	39	88	112
2016	55	126	168

<sup>1</sup> Information extracted from internal unaudited management accounts.

2017	87	180	231
2018	129	252	285
2019	183	333	361
2020	288	484	534
July 2020- June 2021	374	598	655

## Liquidity and Funding

The Issuer has a stable and diverse funding platform with a conservative maturity structure where liabilities on average have longer duration than the assets. At the date of this Base Prospectus, the Issuer's funding was split between equity, Additional Tier 1 and Tier 2 instruments, senior unsecured bonds, bilateral loans, a bank facility, commercial paper and retail deposits in both Sweden and Germany with varying maturities.

## Board of Directors

The Board of Directors of the Issuer consists of six ordinary members. The table below sets out the name and position of each board member as of the date of this Base Prospectus.

<b>Name</b>	<b>Position</b>
Michael Moritz	Chairman
Sebastian Siemiatkowski	Member, President & CEO
Sarah Smith	Member
Lisa Kaae	Member
Mikael Walther	Member
Omid Kordestani	Member
Roger W. Ferguson Jr.	Member

### Michael Moritz

*Born in 1954. Non-Executive Chairman of the Board.*

**Principal education:** M.A. in History, University of Oxford, 1976.

**Other on-going principal assignments:** Partner of Sequoia Capital, board member of Klarna Holding AB, 24/7 Customer, Instacart, GameFly, Stripe Inc, Group Nine Media, Inc. and Berkeley Lights Inc.

### Sebastian Siemiatkowski

*Born in 1981. President & Chief Executive Officer.*

**Principal education:** Master of Science, M.Sc. (Economics and Business) Stockholm School of Economics, 2007.

**Other on-going principal assignments:** Board member and CEO in Klarna Holding AB, chairman or board member of various Group Companies.

### Sarah Smith

*Born in 1959. Non-Executive Director.*

**Principal education:** City of London University (formerly Polytechnic), Dip.Acc., 1978. Chartered Accountant, Fellow, (Institute of England and Wales), 1983.

**Other on-going principal assignments:** Board of Trustees of the Financial Accounting Foundation, parent organization of the FASB and GASB, 2020. Senior Advisor at Goldman Sachs since 2017.

### **Lisa Kaae**

*Born in 1969. Non-Executive Director.*

**Principal education:** Bachelor in International Business Administration and IT, 1990. MSc in Business Economics and Auditing (Cand.merc.aud), Aarhus School of Business, 1992. State authorized public accountant, 1997.

**Other on-going principal assignments:** Various board positions in consolidated companies under Heartland A/S.

### **Mikael Walther**

*Born in 1981. Non-Executive Director.*

**Principal education:** M.Sc. in Economics and Business, Stockholm School of Economics, 2005. MSc. in Engineering Physics, KTH Royal School of Technology, 2004.

**Other on-going principal assignments:** Board member and Managing Director of Navos Capital AB and Dovern Advice AB, board member of Hedda Credit Fund I AB and Rosfelt Holding AB.

### **Omid Kordestani**

*Born in 1963. Non-Executive Director.*

**Principal education:** Master of Business Administration (MBA), Organizational Leadership, Stanford University, 1991. Bachelor of Science (BS) and Electrical and Electronics Engineering, San Jose State University, 1984.

**Other on-going principal assignments:** Board member of Klarna Holding AB and Twitter Inc.

### **Roger W. Ferguson Jr.**

*Born in 1951. Non-Executive Director.*

**Principal education:** Doctor of Philosophy (PhD) in Economics, Harvard University, 1981. Doctor of Law (J.D.), Harvard University, 1979. Bachelor of Arts (B.A.) in Economics, Harvard University, 1973. Frank Knox Fellow, Cambridge University, 1973.

**Other on-going principal assignments:** Serves on the boards of Alphabet, Inc.; Corning, Inc; General Mills, Inc.; and International Flavors & Fragrances, Inc. Mr. Ferguson is also active as an advisor and board member with various private fintech companies.

Serves on the boards of The Conference Board, the Institute for Advanced Study, Memorial Sloan Kettering Cancer Center, and Columbia University's Teachers College.

## **Senior management team**

The Senior Management of the Issuer consists of a team of nine persons. The table below sets forth the name and current position of each member of the Senior Management.

<b>Name</b>	<b>Position</b>
Sebastian Siemiatkowski	President & CEO
Knut Frängsmyr	Deputy CEO
David Fock	Chief Product Officer
Koen Köppen	Chief Technical Officer
Niclas Neglén	Chief Financial Officer

David Sandström	Chief Marketing Officer
Luke Griffiths	Chief Commercial Officer
Linda S Höglund	Chief Operating Officer
Camilla Giesecke	Chief Expansion Officer

### **Sebastian Siemiatkowski**

*Born 1981. President & CEO. At Klarna since January 2005.*

**Principal education:** Master of Science, M.Sc. (Economics and Business) Stockholm School of Economics, Master.

### **Knut Frängsmyr**

*Born 1981. Deputy CEO. At Klarna since March 2012.*

**Principal education:** Master of Laws, Uppsala University.

### **David Fock**

*Born 1977. Chief Product Officer. At Klarna since August 2010.*

**Principal education:** Stockholms hotell och restaurangskola.

### **Koen Köppen**

*Born 1983. Chief Technical Officer. At Klarna since February 2011.*

**Principal education:** Bachelor of Science, Amsterdam University of Applied Sciences.

### **Niclas Neglén**

*Born 1977. Chief Financial Officer. At Klarna since March 2021.*

**Principal education:** M.Sc. Stockholm School of Economics

### **David Sandström**

*Born 1983. Chief Marketing Officer. At Klarna since June 2017.*

**Principal education:** Master in Business & Administration, Communication, Handelshögskolan Institute.

### **Luke Griffiths**

*Born 1972. Chief Commercial Officer. At Klarna since March 2016.*

**Principal education:** BA Honours, Business Management and Information Technology, University of Manchester

### **Linda S Höglund**

*Born 1973. Chief Operating Officer. At Klarna since March 2021.*

**Principal education:** Master of Science, M.Sc. (Economics and Business) Stockholm School of Economics

### **Camilla Giesecke**

*Born 1980. Chief Expansion Officer. At Klarna since February 2017.*

**Principal education:** M.Sc. Stockholm School of Economics.

## **Additional information on the board and the management team**

### **Business address**

The office address of the Board of Directors and the Senior Management Team is the registered office of the Issuer; Sveavägen 46, SE-111 34 Stockholm, Sweden.

### **Conflicts of interest**

To the best of the Issuer's knowledge, no conflicts of interest exist between the private interests and other duties of the board members or the management team and their duties towards the Issuer.

**Auditors**

At the 2019, 2020 and 2021 annual general meetings, Ernst & Young Sweden AB was re-elected as auditor. In 2019, 2020 and 2021 (for the period until the end of the Annual General Meeting 2022), Ernst & Young Sweden AB appointed Jesper Nilsson as auditor-in-charge of the Issuer. Jesper Nilsson is an authorised public accountant and member of FAR, the professional institute for accountants in Sweden.

The registered address of EY Sweden AB is Hamngatan 26, SE-111 47 Stockholm, Sweden.

## **MARKET AND INDUSTRY OVERVIEW**

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Klarna's business primarily comprises the providing of payment solutions and consumer lending products designed specifically for the online environment. The purpose of these solutions and products is to make e-commerce simpler and safer for both merchants and consumers. Klarna's customers are both the merchants that are providing Klarna's payments services, and the consumers that are shopping with these merchants. Klarna's payment services offering is complementary as a product offering and in terms of the customers served. Its credit products, for example, generate revenue from both the merchants and the consumers. Klarna is active on a number of international markets, having passported its banking licence from the SFSA to various European markets. In addition, Klarna is active in the U.S, Australia and New Zealand.

An important driver of development of Klarna's business is the size and growth of e-commerce. Other factors include the general economic growth, the evolution of disposable incomes and unemployment. There are a number of competitors that provide similar products in the countries where Klarna operates. These competitors are either active in the provision of checkout methods, in the supply of credit at checkout, or both. They can broadly be divided into two groups: technology-driven companies and traditional finance companies. Lately, the general interest in offering buy now pay later services has increased which has led to market consolidations through global strategic acquisitions and new/competing product offerings from established technology-driven companies.

There are however barriers to entry that make it difficult for new players to establish a presence on Klarna's markets. One of these is the strict and complex rules and regulations for banks, which require would-be competitors to make large financial and human capital investments in legal, compliance and finance functions. The ability to make instant credit assessments, which necessitates complex models, requiring not only access to extensive historical performance information, but also time and experience of lending, is another barrier to entry. The risk of making incorrect credit decisions is higher when a player establishes a presence in a new market without previous experience or historical results on which to base itself.

## LEGAL AND SUPPLEMENTARY INFORMATION

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### SFSA approval

The Base Prospectus has been approved by the Swedish Financial Supervisory Authority as competent authority under the Regulation (EU) 2017/1129. The Swedish Financial Supervisory Authority only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Regulation (EU) 2017/1129. The Swedish Financial Supervisory Authority's approval should not be considered as an endorsement of the Issuer that is the subject of this Base Prospectus, nor should it be considered as an endorsement of the quality of the securities that are the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

This Base Prospectus is valid for twelve months after the date of the approval of the Base Prospectus. The obligation to supplement this Base Prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when the Base Prospectus is no longer valid.

### Authorisations and responsibility

The decision to establish the Programme was authorised by a resolution of the Board of Directors of the Issuer on 4 October 2018.

The Issuer accepts responsibility for the information contained in this Base Prospectus and declares that, to the best of its knowledge, the information contained in this Base Prospectus is in accordance with the facts and the Base Prospectus makes no omission likely to affect its import. The Board of Directors of the Issuer is, to the extent provided by law, responsible for the information contained in this Base Prospectus and declares that, to the best of its knowledge, the information contained in this Base Prospectus is in accordance with the facts and the Base Prospectus makes no omission likely to affect its import.

The Arranger and the Dealers have not verified the content of this Base Prospectus and do not assume any responsibility therefor.

### Incorporation by reference

The following information has been incorporated into this Base Prospectus by reference and should be read as part of this Base Prospectus:

<b>The Issuer's annual report for 2017</b>	as regards the audited consolidated financial information on page 7 for income statements, page 8 for the balance sheet, page 13 for the cash flow statement, page 9 for changes in equity capital and pages 14-69 for notes to the income statement and notes to the balance sheet and the last three pages for the audit report
<b>The audit report for the 2017 annual report</b>	in its complete form (as included in the annual report).
<b>The Issuer's annual report for 2018</b>	as regards the audited consolidated financial information on page 7 for income statements, page 8 for the balance sheet, page 13 for the cash flow statement, page 9 for changes in equity capital, pages 14-77 for notes to the income statement and notes to the balance sheet and the last four pages for the audit report.
<b>The audit report for the 2018 annual report</b>	in its complete form (as included in the annual report).
<b>The Issuer's annual report for 2019</b>	as regards the audited consolidated financial information on page 22 for income statements, page 23 for the balance sheet, page 28 for the cash flow statement, page 24 for changes in equity capital, pages 29-101 for notes

	to the income statement and notes to the balance sheet and the last three pages for the audit report.
<b>The audit report for the 2019 annual report</b>	in its complete form (as included in the annual report).
<b>The Issuer's annual report for 2020</b>	as regards the audited consolidated financial information on page 21 for income statements, page 22 for the balance sheet, page 27 for the cash flow statement, page 23 for changes in equity capital, pages 28-106 for notes to the income statement and notes to the balance sheet and the last four pages for the audit report.
<b>The audit report for the 2020 annual report</b>	in its complete form (as included in the annual report).
<b>The Issuer's interim report for the first half of 2021</b>	as regards the unaudited consolidated financial information on page 19 for income statements, page 20 for the balance sheet, page 23 for the cash flow statement, pages 21-22 for changes in equity capital, pages 31-51 for notes to the income statement and notes to the balance sheet and the page 53 for the review report.

The information referred to above is available for inspection at: <https://www.klarna.com/se/om-oss/bolagsstyrning/investor-relations/>. The information on the website is not part of this Base Prospectus and has not been scrutinised or approved by the SFSA unless that information is incorporated by reference into this Base Prospectus.

Information in the above documents which is not incorporated by reference is either deemed by the Issuer not to be relevant for investors in Notes or is covered elsewhere in the Base Prospectus.

The Issuer's annual reports for 2017–2020 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. In addition, certain complementary rules in the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559), the accounting regulations of the Swedish Financial Supervisory Authority (FFFS 2008:25 including amendments) and the Supplementary Accounting Rules for Groups (RFR 1) of the Swedish Financial Reporting Board have been applied.

The annual reports for 2017–2020 have been audited by the Issuer's current auditor Ernst & Young Sweden AB.

This interim report for the first half of 2021 has been prepared in accordance with IAS 34, Interim Financial Reporting. The interim report has been reviewed by the Issuer's auditor.

With the exception of the annual reports and the interim report, no information in this Base Prospectus has been audited or reviewed by the Issuer's current or previous auditor.

## Documents available

The Articles of Association and the certificate of registration of the Issuer are available at the Issuer's website <https://www.klarna.com/se/om-oss/bolagsstyrning/investor-relations>. The information on the website is not part of this Base Prospectus and has not been scrutinised or approved by the SFSA unless that information is incorporated by reference into this Base Prospectus.

## Certain material interests

Nordea Bank Abp, Skandinaviska Enskilda Banken AB (publ), Swedbank AB (publ) and Danske Bank A/S, Danmark, Sverige Filial are Dealers under the Programme and Nordea Bank Abp is Arranger. The Dealers and the Arranger (and closely related companies) have engaged in, and may in the future engage in, investment banking and/or commercial banking or other services for the Issuer in the ordinary course of business. Therefore, conflicts of interest may exist or may arise as a result of the Dealers and the Arranger having previously engaged,

or in the future engaging, in transactions with other parties, having multiple roles or carrying out other transactions for third parties with conflicting interests.

### **Significant change**

On June 10, 2021 Klarna raised USD 640m (SEK 5,450m) in equity in a funding round to support international expansion and further capture global retail growth. The new shares were registered with the Swedish Companies Registration Office (Bolagsverket) in July 2021.

On November 2, 2021 Klarna signed an agreement to acquire PriceRunner. The acquisition is subject to approval by regulatory authorities and is expected to close in Q1 2022.

Except for the above, there has been no significant change of Klarna's financial position since 30 June 2021, being the end of the last financial period for which interim financial information of the Issuer has been presented.

### **Trend information**

Save as set out in Note 45 "Significant events after the end of the reporting period" on page 106 of the Klarna's annual report for 2020 and in Note 17 "Significant events after the end of the reporting period" on page 51 of the Klarna's interim report for January-June 2021, there has been no material adverse change in the prospects of the Issuer since 30 March 2021, being the date of publication of the last audited financial information of the Issuer.

There has been no significant change in the financial performance of the Issuer since 30 June 2021, being the date of the end of the last financial period for which financial information has been published to the date of this Base Prospectus.

### **Current disputes**

Neither the Issuer nor any of its subsidiaries is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant adverse effect on the financial position or profitability of the Issuer or the Group taken as a whole. Members of the Group are, however, parties to lawsuits and other disputes from time to time in the course of their normal operations.

### **Material agreements**

The Issuer has not concluded any material agreement outside of its ordinary course of business, which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Noteholders in respect of Notes being issued.

## ADDRESSES

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### The Issuer

#### Klarna Bank AB (publ)

##### Postal address

Sveavägen 46, SE-111 34 Stockholm, Sweden

##### Visiting address

Sveavägen 46, SE-111 34 Stockholm, Sweden

Telephone: +46 8 120 120 00

www.klarna.com

### Dealers

#### Danske Bank A/S, Danmark, Sverige Filial

##### Postal address:

Att: DCM Administration, Box 7523, 103 92  
Stockholm, Sweden

##### Visiting address:

Normalmstorg 1, SE-103 92, Stockholm, Sweden

Telephone: +46 8 568 806011

www.danskebank.se

#### Nordea Bank Abp

##### Postal address

Smålandsgatan 17, 105 71 Stockholm, Sweden

##### Visiting address

Smålandsgatan 17, SE-105 71 Stockholm, Sweden

Telephone: +46 10 157 10 00

www.nordea.com/sv/

#### Skandinaviska Enskilda Banken AB (publ)

##### Postal address

Kungsträdgårdsgatan 8, SE-106 40 Stockholm,  
Sweden

##### Visiting address

Kungsträdgårdsgatan 8, SE-106 40 Stockholm,  
Sweden

Telephone: +46 8 506 232 20

www.seb.se

#### Swedbank AB (publ)

##### Postal address

Large Corporates & Institutions  
SE-105 34 Stockholm, Sweden

##### Visiting address

Malmskillnadsgatan 23, SE-111 57 Stockholm,  
Sweden

Telephone: +46 8 585 900 00

www.swedbank.com

### Auditor to the Issuer

#### Ernst & Young Sweden AB

##### Postal address

P.O. Box 7850, SE-103 99 Stockholm, Sweden

### Visiting address

Jakobsbergsgatan 24, SE-111 44 Stockholm,  
Sweden

Telephone: +46 8 520 590 00

www.ey.com/se/sv/home

### Legal Adviser to the Issuer

#### Mannheimer Swartling Advokatbyrå

##### Postal address

P.O. Box 1711, SE-111 87 Stockholm, Sweden

##### Visiting address

Norrlandsgatan 21, SE-111 43 Stockholm, Sweden

Telephone: +46 8 595 060 00

www.mannheimerswartling.se

### IPA

#### Nordea Bank Abp, filial i Norge

##### Postal address

P.O. Box 1166 Sentrum, 0107 Oslo, Norway

##### Visiting address

Essendrops gate 7, 0368 Oslo, Norway

Telephone: +47 23 20 60 02

www.nordea.no

### CSD

#### Euroclear Sweden AB

##### Postal address

P.O. Box 191, SE-101 23 Stockholm, Sweden

##### Visiting address

Klarabergsviadukten 63, SE-111 64 Stockholm,  
Sweden

Telephone: +46 8 402 90 00

www.euroclear.com/sweden/sv.html

### VPS

##### Postal address

P.O. Box 1174 Sentrum, NO-0107 Oslo, Norway

##### Visiting address

Fred. Olsens gate 1, 0152 Oslo, Norway

Telephone: +47 22 63 53 00

www.vps.no

**Klarna.**<sup>®</sup>

*Sveavägen 46, SE-111 34 Stockholm*  
*[www.klarna.com](http://www.klarna.com)*