

Publication of information concerning capital adequacy and liquidity management

In accordance with Regulation (EU) 575/2013 and the Swedish Financial Supervisory Authority's regulations and general guidelines (FFFS 2014:12) on regulatory requirements and capital buffers, this information is presented on a quarterly basis on Klarna's website, www.klarna.com. Klarna's capital requirements are set out in Regulation (EU) 575/2013 and Directive (EU) 36/2013 as well as in the Directive's national implementation regulations. This capital requirement consists of minimum capital requirements for credit, market and operational risk, internal assessed required capital and regulatory capital buffers.

The information is presented for Klarna AB (publ) (556737-0431) and for the consolidated situation ("Group") as of June 30, 2017.

2017-06-30, TSEK	Klarna AB	Group
Own funds		
Common Equity Tier 1 capital	2,562,754	1,851,393
Additional Tier 1 capital	250,000	250,000
Tier 2 capital	296,921	296,921
Total capital	3,109,675	2,398,314
Risk exposure amount		
Credit risk according to standardized method	8,804,211	7,787,724
Market risk according to standardized method	875,039	170,408
Operative risk according to standardized method	3,791,144	4,153,164
Total risk exposure amount	13,470,394	12,111,296
Capital requirement		
Total minimum capital requirement	1,077,632	968,904
Internally assessed required capital	94,754	94,754
Total capital requirement excl. regulatory capital buffer	1,172,386	1,063,658
Capital adequacy analysis		
Common Equity Tier 1 capital ratio	19.0%	15.3%
Tier 1 capital ratio	20.9%	17.4%
Total capital ratio	23.1%	19.8%
Combined buffer requirement ¹	3.5%	3.5%
of which: capital conservation buffer requirement	2.5%	2.5%
of which: countercyclical buffer requirement	1.0%	1.0%
Common Equity Tier 1 capital available to meet buffers ²	14.5%	10.8%

Sources of funding

As of June 30, 2017 Klarna's business was mainly funded by deposits from the public. In addition, the business was financed by equity, subordinated debt, operational liabilities and borrowings from credit institutions.

Liquidity reserve

As of June 30, 2017 Klarna's liquidity reserve amounted to SEK 1.092 billion and consisted of high-quality liquid

¹ The group is currently not required to hold additional capital to meet demands for systemic risk buffer or other buffers

² Common Equity Tier 1 capital available for use as buffer is defined as Klarna's Common Equity Tier 1 capital ratio, reduced by the Common Equity Tier 1 capital needed to meet Klarna's total minimum capital requirement

Klarna.