

Supplement dated and registered 11 June 2024 to the base prospectus approved by the Swedish Financial Supervisory Authority (the “SFSA”) on 4 March 2024.

Klarna®

This supplement (SFSA ref. no. 24-16654) (the “**Supplement**”) is a supplement to, and shall be read together with, Klarna Bank AB:s (publ) (the “**Company**”) base prospectus dated 4 March 2024 (SFSA ref. no. 23-34596) (the “**Base Prospectus**”) and constitutes a supplement pursuant to Article 23 of Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). This Supplement was approved and registered by the SFSA on xx June 2024. Terms defined in the Base Prospectus shall have the same meaning when used in this Supplement. In case of conflict between this Supplement and the Base Prospectus or documents incorporated by reference into the Base Prospectus, this Supplement shall prevail. The Supplement was made public on 11 June 2024 and is available on the Company’s website, www.klarna.com/se/om-oss/bolagsstyrning/investor-relations/debt-investors/ (other than the documents incorporated by reference, no information on such website is part of this Supplement or the Base Prospectus).

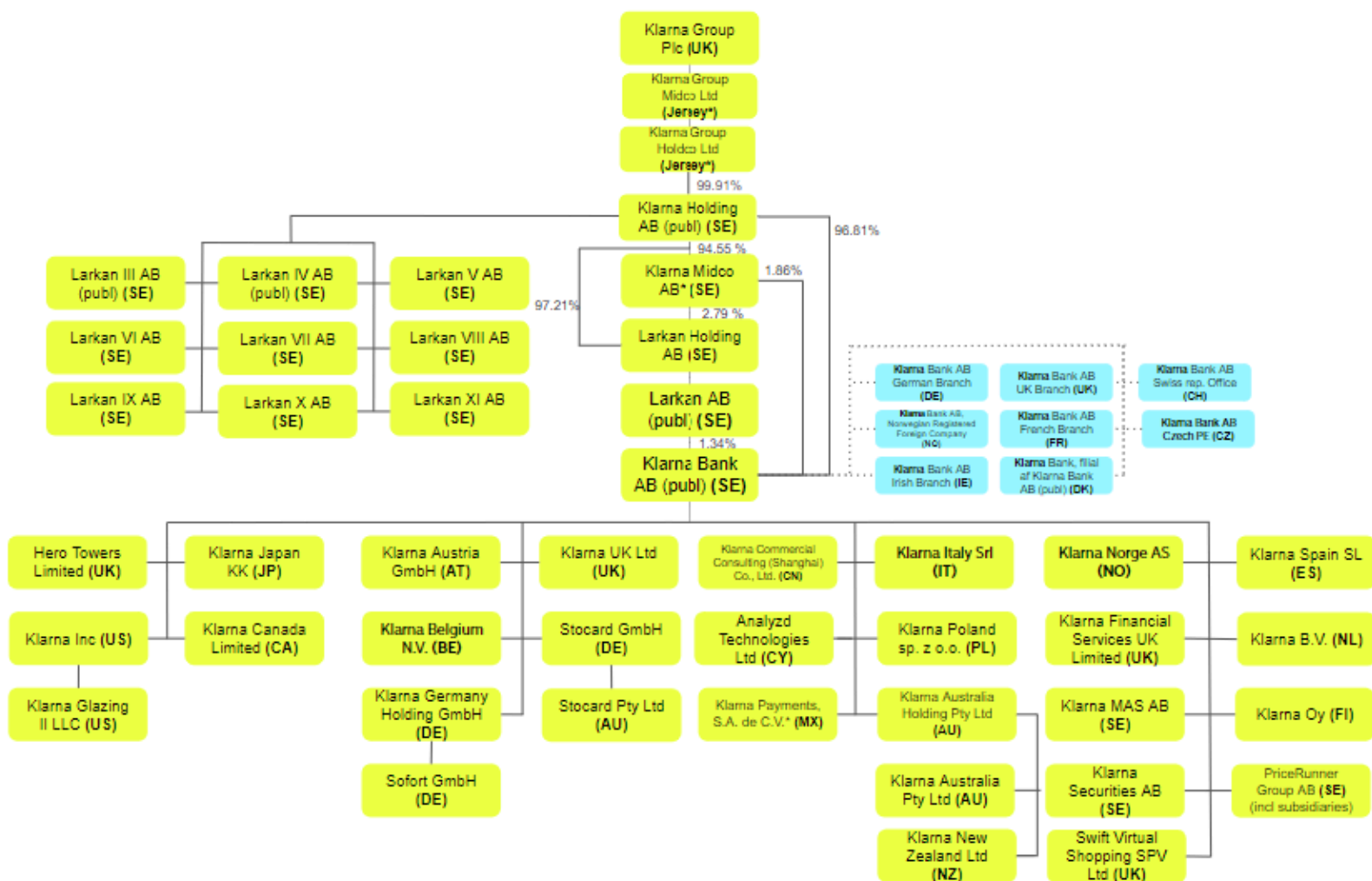
This Supplement has been prepared due to (i) the publication of the Company’s financial update for the period January to March 2024, which was published on the Company’s website on 30 May 2024 as well as the regulatory publication of information concerning capital adequacy and liquidity management of the Company, which was published on the Company’s website on 30 May 2024, (ii) certain updates to the data regarding business volumes for the period up until March 2024 and (iii) the establishment of a new legal structure of which the Company is a part.

At the time of publication of this Supplement, there are no outstanding offers to purchase or subscribe for transferable securities under the Base Prospectus and thus there is no right of revocation. The Supplement should be read together with, and is a part of, the Base Prospectus.

Amendments and supplements to the Base Prospectus

On page 45, the text under the heading “*Legal structure of the Group*” shall be replaced with the following:

The Issuer is part of a corporate group for which Klarna Group plc (UK domiciled) is the ultimate parent. The primary purpose of Klarna Group plc 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 reliant on other entities within the Group to provide credit and payment services in certain jurisdictions. The Issuer is thus, also, dependent upon receipt of sufficient income arising from the operations of the Group across all relevant jurisdictions. The ability of the Group companies to make payments may be restricted by, among other things, the availability of funds, corporate restrictions and local laws.



All shareholdings and voting rights are 100 % if not indicated otherwise. ~5.5 % in Klarna Midco AB are held by various shareholders. Less than 0.1 % in Larkkan AB are held by various shareholders. Less than 0.1 % in Klarna Payments, S.A. d C.V. is held by PriceRunner International AB. Klarna Group Midco Ltd and Klarna Group Holdco Ltd are Jersey entities with UK establishments; they are UK tax resident.

On page 46, the text under the heading “Principal shareholders” shall be replaced with the following:

The largest indirect shareholders in Klarna Bank AB, as of 31 May 2024, were:

Name of shareholder	Percentage of votes and share capital
Funds advised by Sequoia Capital	20.35%
Heartland	9.99%
Victor Jacobsson (directly and indirectly)	8.81%

Sebastian Siemiatkowski (directly and indirectly)	6.85%
Commonwealth Bank of Australia	5.31%
Silver Lake	4.67%
Softbank	4.23%
Permira	3.89%
Total	64.10%

As per the ownership structure above, the Issuer is not owned or controlled, directly or indirectly, by any party independently or by any of the parties acting in concert. The shareholders' influence is exercised, to the extent of their voting rights held directly in Klarna Group plc, through active participation in the decision-making process, in the forum of the general meeting of the Issuer's shareholders.

On page 49, the text under the heading “Business volumes” shall be replaced with the following:

Yearly originated product volumes and number of transactions¹ for the years 2015-2023 and the period April 2023 - March 2024 are summarised in the table below (rounded figures)²:

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
2017	87	180	231
2018	129	252	285
2019	183	333	361
2020	288	484	534
2021	452	689	732
2022	596	837	825

¹ Reporting of metric discontinued as of 2024.

² Information extracted from internal unaudited management accounts.

2023	746	981	914
April 2023 - March 2024	787	1,017	-

On page 55 after the section “Market and Industry Overview” a new section titled “Financial Information” shall be included as follows:

Financial Information

This section contains information about the Issuer as well as the Issuer’s direct parent company Klarna Holding AB. The summary of financial information for Klarna Holding AB is provided to facilitate the understanding of the regulated part of the corporate group of which the Issuer is a part.

The below income statement, balance sheet and a condensed cash flow statement for the Group, a summary of financial information for the Issuer’s direct parent company Klarna Holding AB including a reconciliation of IFRS operating results to adjusted operating income (loss), reconciliation of revenue to IFRS total net operating income, reconciliation of IFRS Total net operating income to gross profit as well as reconciliation of gross profit to IFRS operating result have been derived from the Issuer’s financial update for the period January - March 2024 published on 30 May 2024. Neither the income statement, nor the balance sheet, the condensed cash flow statement, the summary of financial information or the reconciliations have been reviewed or audited by the Issuer’s auditor. The financial update has been prepared in accordance with International Financial Reporting Standards (IFRS) such as they have been adopted by the EU. In addition to these accounting standards, the Swedish Financial Supervisory Authority regulations (FFFS 2008:25), the Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKIL, 1995:1559) and the recommendation RFR 1 Supplementary Accounting Rules for Groups issued by the Swedish Financial Reporting Board have also been applied. The accounting principles and calculation methods applied in the financial update should be read in conjunction, and are consistent, with the Issuer’s Annual Report for 2023.

Financial summary (Klarna Holding AB)

Q1 2024

Amounts in SEKm	Q1 2023	Q1 2024	YoY
Gross merchandise volume	210,696	247,176	17%
Transaction and service revenue	4,079	5,373	32%
Interest income from operating activities	871	992	14%
Total revenue	4,949	6,364	29%
Processing and servicing	(1,339)	(1,394)	4%
Consumer credit losses	(748)	(1,191)	59%
Funding costs	(429)	(817)	90%
Transaction costs	(2,516)	(3,401)	35%
Gross profit	2,433	2,963	22%
Technology and product development	(734)	(835)	14%
Sales and marketing	(694)	(615)	(11%)
Customer service and operations	(658)	(594)	(10%)
General and administrative (G&A)	(948)	(805)	(15%)
Depreciation, amortization and impairments	(581)	(376)	(35%)
Operating expenses	(3,615)	(3,225)	(11%)
Operating income (loss)	(1,182)	(263)	(78%)
- Depreciation and amortization	414	376	(9%)
- Share based payments	104	63	39%
- Restructuring and other	166	52	69%
Adjusted operating income (loss)	(498)	229	n.m
Other income (expense)	30	19	(36%)
Income tax	(98)	(80)	(18%)
Net income (loss)	(1,250)	(323)	74%

As a Swedish banking group, Klarna presents our financial statements in line with Swedish Financial Supervisory Authority regulations (FFFS 2008:25)⁴ and the Annual Accounts Act for Credit Institutions and Securities Companies (ARKL, 1995:1559), which prescribes a specific format for income statement presentation for credit institutions and securities companies.

In our financial summary, Klarna presents an income statement view designed to enhance understanding of Klarna's underlying business performance. Unlike traditional banks, [the majority of](#) our revenue is derived from transaction and service revenue linked to the volume of transactions or advertising services we facilitate, rather than from interest on balances.

Therefore, Klarna uses several specific measures of financial performance that we believe are important as they reflect underlying business activity. This includes revenue, gross profit and adjusted operating income (loss).

The information in the reconciliation presented below is for Klarna Holding AB ([publ](#)).

Reconciliation of Revenue to Total net operating income

	2020	2019	2018	2017	2016
Revenue	4,949	5,509	5,993	7,053	6,364
Commission expenses	(222)	(226)	(253)	(302)	(308)
Net result from financial transactions	(112)	(144)	99	6	(62)
Interest expenses	(481)	(577)	(768)	(1,034)	(1,024)
Interest income from liquidity assets	225	234	306	374	361
Total net operating income	4,359	4,796	5,377	6,097	5,331

Revenue is defined as Total net operating income in accordance with IFRS excluding; commission expense, interest expense, net result from financial transactions and interest on liquidity assets not related directly to the core business. Interest on liquidity assets that are not directly related to the core business stems from loans to credit institutions and other interest income. Klarna believes Revenue is the best indicator of how much value we are sustainably generating from our business and that this approach is in-line with our peers.

Reconciliation of Total net operating income to Gross profit

	2020	2019	2018	2017	2016
Total net operating income	4,359	4,796	5,377	6,097	5,331
<i>Including</i>					
Processing and servicing	(1,339)	(1,374)	(1,423)	(1,565)	(1,394)
Consumer credit losses	(748)	(929)	(780)	(1,308)	(1,191)
<i>Excluding</i>					
Interest expenses	(12)	(12)	(11)	(10)	(8)
Commission expenses	(180)	(162)	(191)	(239)	(231)
Net result from financial transactions	32	(44)	202	105	22
Gross profit	2,433	2,709	3,174	3,367	2,963

* [of](#) which are not directly related to revenue-generating activities.

Gross profit is defined as Total net operating income in accordance with IFRS, including costs related to processing and servicing, within general administrative expenses⁵, and consumer credit losses within credit losses, net⁶. Excluding interest expenses, commission expenses, currency gains and losses, and fair revaluation of securities, of which are not directly related to revenue-generating activities. Klarna believes gross profit is the best indicator of the core profitability of the company's business activities before the deduction of operating expenses.

⁴ In addition to International Financial Reporting Standards (IFRS)

⁵ In accordance with IFRS and as included on Klarna Holding AB's income [statement](#)

Reconciliation of Gross profit to Operating result

Gross profit	2,433	2,709	3,174	3,367	2,963
Operating expenses	(3,615)	(3,438)	(3,244)	(4,879)	(3,225)
Other income (expense)	30	(45)	201	105	19
Operating result	(1,152)	(775)	130	(1,408)	(243)

Operating result, in accordance with IFRS, is calculated from gross profit after deducting operating expenses and other income (loss).

Reconciliation of Operating result to Adjusted operating income (loss)

Operating result	(1,152)	(775)	130	(1,408)	(243)
Restructuring and other	(166)	(213)	197	(482)	(52)
Share-based payments	(104)	(135)	(102)	(121)	(63)
Depreciation and amortization*	(414)	(436)	(443)	(405)	(376)
Other income (expense)	30	(45)	201	105	19
Adjusted operating income (loss)	(498)	55	277	503	229

* Certain costs associated with depreciation, amortization, and impairment of intangible and tangible assets in the income statement are categorized under restructuring costs in the table above, reflecting their associated nature.

Adjusted operating income (loss) excludes items that are generally not a function of the company's underlying operating performance and therefore we view it as an important metric to understand core profitability.

Adjusted operating income (loss) now replaces the previous term, adjusted operating result. Adjusted operating income (loss) is defined as operating result, in accordance with IFRS, before restructuring costs, share based payments and related payroll taxes, depreciation and amortization, and other income (expense). Other income (expense) was previously included within Operating income (loss) and Adjusted operating income (loss). Other income (loss) is now excluded from Operating income (loss) and Adjusted operating income (loss), better reflecting income and expenses unrelated to Klarna's core operations.

Income Statement, Klarna Bank AB Group

The following financial statements presented are for the Klarna Bank AB Group.

Amounts in SEKm	Jan - Mar 2024	Jan - Mar 2023	Jan - Dec 2023
Interest income	1,354	1,095	4,845
Interest expenses	(1,150)	(556)	(3,140)
Net interest income	204	539	1,705
Commission income	4,870	3,617	17,826
Commission expenses	(308)	(222)	(1,003)
Net result from financial transactions	(59)	(111)	(151)
Other operating income	502	462	1,984
Total net operating income	5,209	4,285	20,361
General administrative expenses	(3,971)	(4,114)	(17,301)
Depreciation, amortization and impairment of intangible and tangible assets	(376)	(581)	(2,291)
Total operating expenses before credit losses	(4,347)	(4,695)	(19,592)
Operating result before credit losses, net	862	(410)	769
Credit losses, net	(1,209)	(775)	(4,032)
Operating result	(347)	(1,185)	(3,263)
Income tax	(61)	(86)	657
Net result for the period	(408)	(1,271)	(2,606)

Unlike the balance sheet, which shows a snapshot of assets and liabilities as at each period end, the credit losses in the income statement reflect provisions for future losses and realized losses associated with all lending activities during the period.

Balance Sheet, Klarna Bank AB Group

Amounts in SEKm	31 Mar 2024	31 Dec 2023	31 Mar 2023
Assets			
Cash and balances with central banks	32,190	22,028	13,049
Treasury bills chargeable at central banks, etc.	13,089	7,267	18,538
Loans to credit institutions	5,749	4,500	2,363
Loans to the public	85,149	86,108	66,721
Bonds and other interest-bearing securities	303	506	861
Other shares and participations	460	345	344
Intangible assets	11,070	11,063	11,680
Tangible assets	1,189	1,228	1,898
Deferred tax assets	301	282	384
Other assets	2,215	2,798	2,577
Prepaid expenses and accrued income	961	858	873
Total assets	152,676	136,983	119,288
Liabilities			
Liabilities to credit institutions	1,758	1,636	1,082
Deposits from the public	108,173	97,096	79,333
Debt securities issued	936	651	1,642
Deferred tax liabilities	18	5	889
Other liabilities	23,392	19,173	20,424
Accrued expenses and prepaid income	3,519	3,586	2,656
Provisions	102	128	95
Subordinated liabilities	-	-	303
Total liabilities	137,898	122,275	108,424
Equity			
Share capital	78	78	74
Other capital contributed	35,240	35,240	31,980
Reserves	739	284	466
Additional Tier 1 instruments	276	276	276
Retained earnings	(21,147)	(18,564)	(18,658)
Net result for the period	(408)	(2,606)	(1,274)
Total equity	14,778	14,708	12,864
Total liabilities and equity	152,676	136,983	119,288

Loans to the public represents only the amount of outstanding loans receivable, as at each period end, and is net of allowance for future credit losses. This balance is only partially comparable to credit losses on the income statement as the income statement reports all activity during the period, while the balance sheet is a snapshot of lending outstanding as at the period end date.

Cash Flow Statement, condensed, Klarna Bank AB Group

Amounts in SEKm	Jan - Mar 2024	Jan - Mar 2023	Jan - Dec 2023
Cash flow from operating activities ¹	13,470	5,124	6,221
Cash flow from investing activities	(110)	(263)	(874)
Cash flow from financing activities	191	(173)	1,691
Cash flow for the period	13,551	4,688	7,038
Cash and cash equivalents at the beginning of the period	24,167	17,724	17,724
Cash flow for the period	13,551	4,688	7,038
Exchange rate diff. in cash and cash equivalents	1,069	23	(595)
Cash and cash equivalents at the end of the period	38,787	22,435	24,167
Cash and cash equivalents include the following items			
Cash held with central banks	31,745	12,903	21,784
Loans to credit institutions ²	4,043	1,293	2,383
Treasury bills chargeable at central banks, etc.	2,999	8,239	-
Cash and cash equivalents	38,787	22,435	24,167
Additional liquidity portfolio	10,393	11,160	7,774
Total cash and liquidity	49,180	33,595	31,941

¹ Cash flow from operating activities includes interest payments received and interest expenses paid.

² SEK 4bn of Loans to credit institutions are classified as Cash and cash equivalents as at March 31, 2024.

As a bank, cash flows from operating activities primarily represent the net flows of money coming in and going out from the bank's consumer lending and retail deposit activities. It's not a reflection of the bank's net operating result for the period. In addition to the SEK 38.8bn in cash and cash equivalents held at year-end, Klarna also maintains an additional liquidity portfolio of SEK 10.4bn.

The below information on capital adequacy and liquidity for Klarna Holding AB and the Issuer have been derived from the report concerning capital adequacy and liquidity management for the period January – March 2024 published on 30 May 2024 (which is presented pursuant to Regulation (EU) 575/2013 and the SFSA's regulations and general guidelines (FFFS 2014:12) on regulatory requirements and capital buffers). No information in the tables below has been reviewed or audited by the Issuer's auditor.

Publication of information concerning capital adequacy and liquidity management

30 May 2024

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 as amended by Regulation (EU) 2019/876, 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, internally assessed capital requirement and regulatory capital buffers.

The information is presented for Klarna Bank AB (publ) (556737-0431) and Klarna Holding AB (publ) Consolidated as of 31 March, 2024.

Summary of capital adequacy information	Klarna Holding AB (publ) Consolidated	Klarna Bank AB (publ)
SEKk	31 Mar 2024	31 Mar 2024
Own funds		
Common Equity Tier 1 capital	11,202,923	13,891,161
Additional Tier 1 capital	1,686,986	276,000
Tier 2 capital	750,926	0
Own funds	13,640,835	14,167,161
Risk exposure amount		
Credit risk according to standardized approach	64,030,385	81,028,133
Securitisation positions	1,431,665	1,431,665
Market risk according to standardized approach	2,399,610	2,239,862
Operational risk according to alternative standardized approach	4,534,674	4,813,346
Credit valuation adjustment	102,064	102,064
Total risk exposure amount	72,498,398	89,615,070
Capital adequacy analysis		
Common Equity Tier 1 capital ratio	15.5%	15.5%
Tier 1 capital ratio	17.8%	15.8%
Total capital ratio	18.8%	15.8%
Requirements		
Overall capital requirement (OCR) ratio	12.5%	12.7%
of which: Pillar 2 requirement	0.9%	1.1%
of which: capital conservation buffer requirement	2.5%	2.5%
of which: countercyclical buffer requirement	1.0%	1.1%
CET1 available after meeting the total SREP own funds requirements (%)	10.4%	10.4%
OCR and Pillar 2 Guidance (P2G)	16.0%	12.7%
of which: P2G	3.5%	0.0%
Leverage ratio		
Tier 1 capital	12,889,909	14,167,161
Leverage ratio total exposure measure	147,228,262	159,999,516
Leverage ratio	8.8%	8.9%
Requirements		
Overall leverage ratio requirement (OLRR)	3.0%	3.0%
Overall leverage ratio requirement (OLRR) and Pillar to Guidance (P2G) ratio	6.0%	3.0%
of which: P2G	3.0%	0.0%

**Capital requirements for credit risk per exposure class, standardized approach
SEKk**

Klarna Holding AB (publ) Consolidated

Exposure class	Exposure amount	Risk weighted exposure amount	Capital requirement
Central governments or central banks	36,318,310	0	0
Regional governments or local authorities	4,941,619	0	0
Public sector entities	1,108,655	0	0
Multilateral development banks	2,444,030	0	0
International organisations	1,144,229	0	0
Institutions	6,738,150	1,347,630	107,810
Corporates	9,493,311	9,148,646	731,892
Retail	63,260,821	47,445,616	3,795,649
Exposures in default	634,270	732,735	58,619
Covered bonds	303,472	30,347	2,428
Equity	460,093	878,501	70,280
Other items	4,035,661	4,446,910	355,753
Total	130,882,621	64,030,385	5,122,431

**Capital requirements for credit risk per exposure class, standardized approach
SEKk**

Klarna Bank AB (publ)

Exposure class	Exposure amount	Risk weighted exposure amount	Capital requirement
Central governments or central banks	35,966,147	0	0
Regional governments or local authorities	4,941,619	0	0
Public sector entities	1,108,655	0	0
Multilateral development banks	2,444,030	0	0
International organisations	1,144,229	0	0
Institutions	4,807,653	961,530	76,922
Corporates	25,073,117	24,737,949	1,979,036
Retail	46,568,335	34,926,251	2,794,100
Exposures in default	671,343	880,086	70,407
Covered bonds	303,472	30,347	2,428
Equity	15,924,777	16,343,186	1,307,455
Other items	3,027,180	3,148,784	251,903
Total	141,980,557	81,028,133	6,482,251