

# Publication of information concerning capital adequacy and liquidity management

27 August 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](http://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 30 June, 2024.

Summary of capital adequacy information	Consolidated Situation	Klarna Bank AB (publ)
SEKk	30 Jun 2024	30 Jun 2024
<b>Own funds</b>		
Common Equity Tier 1 capital	11,219,987	19,528,976
Additional Tier 1 capital	1,636,479	276,000
Tier 2 capital	1,839,107	0
<b>Own funds</b>	<b>14,695,573</b>	<b>19,804,976</b>
<b>Risk exposure amount</b>		
Credit risk according to standardized approach	66,988,311	84,848,807
Securitisation positions	1,430,795	1,430,795
Market risk according to standardized approach	2,313,906	2,035,665
Operational risk according to alternative standardized approach	4,534,674	4,813,346
Credit valuation adjustment	103,640	103,640
<b>Total risk exposure amount</b>	<b>75,371,326</b>	<b>93,232,253</b>
<b>Capital adequacy analysis</b>		
Common Equity Tier 1 capital ratio	14.9%	20.9%
Tier 1 capital ratio	17.1%	21.2%
Total capital ratio	19.5%	21.2%
<u>Requirements</u>		
Overall capital requirement (OCR) ratio	12.5%	12.7%
of which: Pillar II requirement	0.9%	1.1%
of which: capital conservation buffer requirement	2.5%	2.5%
of which: countercyclical buffer requirement	1.1%	1.0%
CET1 available after meeting the total SREP own funds requirements (%)	9.9%	15.8%
OCR and Pillar II Guidance (P2G)	16.0%	12.7%
of which: P2G	3.5%	0.0%
<b>Leverage ratio</b>		
Tier 1 capital	12,856,466	19,804,976
Leverage ratio total exposure measure	148,533,214	162,473,264
Leverage ratio	8.7%	12.2%
<u>Requirements</u>		
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**

**Consolidated Situation**

<b>Exposure class</b>	<b>Exposure amount</b>	<b>Risk weighted exposure amount</b>	<b>Capital requirement</b>
Central governments or central banks	35,733,212	0	0
Regional governments or local authorities	5,001,360	0	0
Public sector entities	1,097,246	0	0
Multilateral development banks	2,144,683	0	0
International organisations	934,785	0	0
Institutions	4,602,164	920,433	73,635
Corporates	9,402,603	9,133,924	730,714
Retail	68,004,768	51,003,577	4,080,286
Exposures in default	639,482	708,817	56,705
Covered bonds	303,734	30,373	2,430
Equity	468,724	882,632	70,611
Other items	3,884,402	4,308,555	344,684
<b>Total</b>	<b>132,217,163</b>	<b>66,988,311</b>	<b>5,359,065</b>

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

**Klarna Bank AB (publ)**

<b>Exposure class</b>	<b>Exposure amount</b>	<b>Risk weighted exposure amount</b>	<b>Capital requirement</b>
Central governments or central banks	35,361,007	0	0
Regional governments or local authorities	5,001,360	0	0
Public sector entities	1,097,246	0	0
Multilateral development banks	2,144,683	0	0
International organisations	934,785	0	0
Institutions	2,490,804	498,161	39,853
Corporates	27,448,589	27,187,806	2,175,024
Retail	50,549,650	37,912,236	3,032,979
Exposures in default	640,389	788,237	63,059
Covered bonds	303,734	30,373	2,430
Equity	14,944,872	15,358,781	1,228,702
Other items	2,935,338	3,073,213	245,857
<b>Total</b>	<b>143,852,457</b>	<b>84,848,807</b>	<b>6,787,904</b>

**Internally assessed capital requirement and Guidance**

As of 30 June, 2024, the internally assessed capital requirement for Klarna Holding AB (publ) Consolidated amounted to SEK 9.7bn and for Klarna Bank AB (publ) to SEK 11.9bn, comprising the minimum capital requirement under Pillar I, the capital requirement for risks managed under Pillar II and the combined buffer requirements.

Pillar II Guidance is the level of capital that the SFSA assesses to be a suitable level for each bank to hold to cover, for example, risks or aspects of risks and manage future stressed situations. From September 29, 2023, Klarna's Pillar II Guidance amount is set to 3.5% of the risk exposure amount.

## Sources of funding

As of 30 June, 2024, Klarna's business was funded by deposits from the public, debt securities in issue, subordinated debt and liabilities to credit institutions.

## Liquidity reserve

As of 30 June, 2024, Klarna Holding AB (publ) Consolidated liquidity reserve amounted to SEK 43.9bn and consisted of high-quality liquid assets. Note that Klarna Bank AB (publ) liquidity reserve also amounted to SEK 43.9bn and consisted of high-quality liquid assets.

## IFRS 9 Transitional adjustments

From 01 January 2018 Klarna applies the transitional rules in line with Article 473(a) of the EU regulation no 575/2013 to phase in IFRS 9's capital impact. As of 01 January 2023, the capital adequacy calculations are modified to include a dynamic component only, as the static component is nil from 01 January 2023 onwards.

SEKk	Consolidated Situation			
	30 Jun 2024	31 Mar 2024	31 Dec 2023	30 Sep 2023
<b>Comparison of own funds, capital and leverage ratios with and without the application of transitional arrangements for IFRS 9</b>				
<b>Available capital (amounts)</b>				
Common Equity Tier 1 (CET1) capital	11,219,987	11,202,923	11,631,947	13,077,846
Common Equity Tier 1 (CET1) capital as if IFRS 9 transitional arrangements had not been applied	10,994,454	10,979,589	11,136,069	12,574,761
Tier 1 capital	12,856,466	12,889,909	11,808,842	13,250,324
Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	12,630,932	12,666,575	11,312,965	12,747,239
Total capital	14,695,573	13,640,835	12,559,945	14,001,183
Total capital as if IFRS 9 transitional arrangements had not been applied	14,470,039	13,417,500	12,064,068	13,498,098
<b>Risk exposure amounts</b>				
Total risk exposure amount	75,371,326	72,498,398	71,794,017	65,644,572
Total risk exposure amount as if IFRS 9 transitional arrangements had not been applied	75,145,793	72,275,064	71,298,139	65,141,487
<b>Capital ratios (as percentage of total risk exposure amount)</b>				
CET1	14.9%	15.5%	16.2%	19.9%
CET1 as if IFRS 9 transitional arrangements had not been applied	14.6%	15.2%	15.6%	19.3%
Tier 1	17.1%	17.8%	16.4%	20.2%
Tier 1 as if IFRS 9 transitional arrangements had not been applied	16.8%	17.5%	15.9%	19.6%
Total capital	19.5%	18.8%	17.5%	21.3%
Total capital as if IFRS 9 trans. Arrangements had not been applied	19.3%	18.6%	16.9%	20.7%
<b>Leverage ratio</b>				
Total Leverage ratio exposure amount	148,533,214	147,228,262	131,830,983	124,689,498
Leverage ratio	8.7%	8.8%	9.0%	10.6%
Leverage ratio as if IFRS 9 transitional arrangements had not been applied	8.5%	8.6%	8.6%	10.3%

<b>Comparison of own funds, capital and leverage ratios with and without the application of transitional arrangements for IFRS 9</b>		<b>Klarna Bank AB (publ)</b>			
<b>SEkk</b>	<b>30 Jun 2024</b>	<b>31 Mar 2024</b>	<b>31 Dec 2023</b>	<b>30 Sep 2023</b>	
<b>Available capital (amounts)</b>					
Common Equity Tier 1 (CET1) capital	19,528,976	13,891,161	14,544,426	13,276,158	
Common Equity Tier 1 (CET1) capital as if IFRS 9 transitional arrangements had not been applied	19,337,300	13,680,570	14,094,565	12,883,047	
Tier 1 capital	19,804,976	14,167,161	14,820,426	13,552,158	
Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	19,613,300	13,956,570	14,370,565	13,159,047	
Total capital	19,804,976	14,167,161	14,820,426	13,552,158	
Total capital as if IFRS 9 transitional arrangements had not been applied	19,613,300	13,956,570	14,370,565	13,159,047	
<b>Risk exposure amounts</b>					
Total risk exposure amount	93,232,253	89,615,070	90,210,031	79,891,534	
Total risk exposure amount as if IFRS 9 transitional arrangements had not been applied	93,040,577	89,404,479	89,760,171	79,498,423	
<b>Capital ratios (as percentage of total risk exposure amount)</b>					
CET1	20.9%	15.5%	16.1%	16.6%	
CET1 as if IFRS 9 transitional arrangements had not been applied	20.8%	15.3%	15.7%	16.2%	
Tier 1	21.2%	15.8%	16.4%	17.0%	
Tier 1 as if IFRS 9 transitional arrangements had not been applied	21.1%	15.6%	16.0%	16.6%	
Total capital	21.2%	15.8%	16.4%	17.0%	
Total capital as if IFRS 9 transitional arrangements had not been applied	21.1%	15.6%	16.0%	16.6%	
<b>Leverage ratio</b>					
Total Leverage ratio exposure amount	162,473,264	159,999,516	145,722,422	136,001,842	
Leverage ratio	12.2%	8.9%	10.2%	10.0%	
Leverage ratio as if IFRS 9 transitional arrangements had not been applied	12.2%	8.7%	9.9%	9.7%	

## Disclosure of information regarding capital adequacy and capital ratios

The table below is prepared in accordance with FFFS 2014:12 Chapter 8 Paragraph 3 and Regulation (EU) 2021/637 Annex IV.

Own funds disclosure			Regulation (EU) No 575/2013  Article reference
SEKk	Consolidated Situation	Klarna Bank AB (publ)	
<b>Common Equity Tier 1 (CET1) capital: instruments and reserves</b>			
Capital instruments and the related share premium accounts	42,094,821	40,687,365	26(1), 27, 28, 29
of which: Share capital	3,033	79,569	26(3)
of which: Share premium	42,091,788	40,607,796	26(3)
Retained earnings	-20,917,571	-20,937,507	26(1)(c)
Accumulated other comprehensive income (and other reserves)	1,009,376	1,404,331	26(1)
Independently reviewed interim profits			26(2)
<b>Common Equity Tier 1 capital before regulatory adjustments</b>	<b>22,186,626</b>	<b>21,154,189</b>	
<b>Common Equity Tier 1 (CET1) capital: regulatory adjustments</b>			
Additional value adjustments	-858	-858	34, 105
Intangible assets (net of related tax liability)	-10,470,427	-1,390,131	36(1)(b), 37
Losses for the current financial year	-267,303	0	36(1)(a), 26(2)
IFRS 9 transitional adjustments to CET1 Capital	225,533	191,676	473a(8)
Deferred tax assets rely on future profitability	-27,684	0	IAS 12.5, 36(1)(c)
Securitisation positions alternatively subject to a 1250% risk weight	-425,900	-425,900	36(1)(k)(ii)
<b>Total regulatory adjustments to Common Equity Tier 1 (CET1)</b>	<b>-10,966,639</b>	<b>-1,625,213</b>	
<b>Common Equity Tier 1 (CET1) capital</b>	<b>11,219,987</b>	<b>19,528,976</b>	
<b>Additional Tier 1 (AT1) capital: instruments</b>			
Capital instruments and the related share premium accounts	1,500,000	276,000	51, 52
of which: classified as equity under applicable accounting standards	1,500,000	276,000	
Qualifying AT1 capital included in the consolidated Tier 1 capital issued by subsidiaries and held by third parties	136,479		85, 86
<b>Additional Tier 1 (AT1) capital before regulatory adjustments</b>	<b>1,636,479</b>	<b>276,000</b>	
<b>Additional Tier 1 (AT1) capital: regulatory adjustments</b>			
<b>Total regulatory adjustments to Additional Tier 1 (AT1) capital</b>			
<b>Additional Tier 1 (AT1) capital instruments</b>	<b>1,636,479</b>	<b>276,000</b>	
<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>12,856,466</b>	<b>19,804,976</b>	
<b>Tier 2 (T2) capital: instruments and provisions</b>			
Capital instruments and the related share premium accounts	1,839,107	0	62, 63
Qualifying own funds instruments included in the consolidated Tier 2 capital issued by subsidiaries and held by third party	0		87, 88
<b>Tier 2 (T2) capital before regulatory adjustment</b>	<b>1,839,107</b>	<b>0</b>	

**Tier 2 (T2) capital: regulatory adjustments****Total regulatory adjustments to Tier 2 (T2) capital****Tier 2 (T2) capital instruments****Own funds (TC = T1 + T2)****Total risk exposure amount**

<b>1,839,107</b>	<b>0</b>
<b>14,695,573</b>	<b>19,804,976</b>
<b>75,371,326</b>	<b>93,232,253</b>

**Capital ratios and buffers****(as percentage of total risk exposure amount)**

Common Equity Tier 1	14.9%	20.9%	92(2)(a)
Tier 1	17.1%	21.2%	92(2)(b)
Total capital	19.5%	21.2%	92(2)(c)
Overall capital requirement (OCR) ratio	12.5%	12.7%	CRD 104.a, 128, 129, 130 CRR 92(1)(a,b,c)
of which: Pillar 2 requirement	0.9%	1.1%	CRD 104.a
of which: capital conservation buffer requirement	2.5%	2.5%	CRD 129
of which: countercyclical buffer requirement	1.1%	1.0%	CRD 130
Common Equity Tier 1 available to meet buffer requirement, less minimum capital requirement.	9.9%	15.8%	CRD 128

**Amounts below the thresholds for deduction  
(before risk-weighting)**

Direct and indirect holdings of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	0	0	36(1)(i), 45, 48
Deferred tax assets arising from temporary difference (amount below 10 % threshold, net of related tax liability where the conditions in Article 38(3) are met)	282,776	91,920	36(1)(c), 38, 48