

Supplement dated and registered 14 June 2023 to the base prospectus approved by the Swedish Financial Supervisory Authority (the “SFSA”) on 6 December 2022.

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This supplement (SFSA ref. no. 23-16628) (the “**Supplement**”) is a supplement to, and shall be read together with, Klarna Bank AB:s (publ) (the “**Company**”) base prospectus dated 6 December 2022 (SFSA ref. no. 22-29335) (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 14 June 2023. 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 14 June 2023 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 annual report for the period January to December 2022, which was published on the Company’s website on 28 February 2023, (ii) the publication of the Company’s financial update for the period January to March 2023, which was published on the Company’s website on 26 May 2023 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 26 May 2023, (iii) certain updates to the data regarding business volumes for the period up until March 2023 and (iv) the publication of a credit rating of the Company by S&P Global on 27 April 2023.

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 10, under the heading “Business risks”, sub-heading “Funding and liquidity risks”, the following shall be added as a new third paragraph of the section:

As at the date of this Base Prospectus, the Issuer has a credit rating from S&P Global Ratings Europe Limited (S&P) of BBB- and A-3 (long term and short term). S&P is established in the European Union and registered under Regulation (EC) No. 1060/2009 (as amended). There is no requirement to obtain or maintain this credit rating and it may be revised, suspended or withdrawn by the rating agency at any time. Any downgrade of the Issuer’s credit rating may increase Klarna’s borrowing costs, adversely affect the liquidity position of Klarna, limit its access to the capital markets or undermine confidence in and the competitive position of Klarna, and limiting the range of counterparties willing to enter into transactions with Klarna. Any of the events above could lead to increased funding costs, and could therefore have a material adverse effect on Klarna’s business and results of operations.

On page 37, under the heading “The Issuer”, a new paragraph shall be added by the end of the section, with the following information:

The Issuer has been assigned the credit ratings as set out below from S&P Global Ratings Europe Limited (S&P). S&P is established in the European Union and registered under Regulation (EC) No. 1060/2009 (as amended).

Long term	BBB-	Stable outlook
Short term	A-3	

On page 41, the text under the heading “Business volumes” shall be replaced with the following:

Yearly originated product volumes and number of transactions for the years 2015-2022 are summarised in the table below (rounded figures)¹:

Year	Originated Pay Later 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

On page 45 after the section “Market and Industry Overview” a new section titled “Financial Information” shall be included as follows:

Financial Information

The below income statement, balance sheet and a condensed cash flow statement for the Group have been derived from the Issuer’s financial update for the period January - March 2023 published on 26 May 2023. Neither the income statement, nor the balance sheet or the condensed cash flow statement has been reviewed or audited by the Issuer’s auditor.

¹ Information extracted from internal unaudited management accounts.

Income Statement, Klarna Bank AB Group

Amounts in SEKm	Jan - Mar 2023	Jan - Mar 2022	Jan - Dec 2022
Interest income	1,274	1,089	4,422
Interest expenses	-556	-233	-1,162
Net interest income	718	856	3,260
Commission income	3,439	3,071	13,422
Commission expenses	-222	-176	-724
Net result from financial transactions	-108	-427	-1,026
Other operating income	458	228	1,639
Total net operating income	4,285	3,551	16,571
General administrative expenses	-4,114	-4,671	-19,581
Depreciation, amortization and impairment of intangible and tangible assets	-581	-230	-1,504
Total operating expenses before credit losses	-4,695	-4,901	-21,085
Operating result before credit losses, net	-410	-1,350	-4,514
Credit losses, net	-775	-1,189	-5,717
Operating result	-1,185	-2,538	-10,231
Income tax	-86	-32	27
Net result for the period	-1,271	-2,570	-10,204

Balance Sheet, Klarna Bank AB Group

Amounts in SEKm	31 Mar 2023	31 Dec 2022	31 Mar 2022
Assets			
Cash and balances with central banks	13,049	16,085	9,340
Treasury bills chargeable at central banks, etc.	18,538	10,713	13,563
Loans to credit institutions	2,363	3,783	4,286
Loans to the public	66,889	74,151	62,234
Bonds and other interest-bearing securities	861	864	1,130
Other shares and participations	344	338	461
Intangible assets	11,680	11,644	5,478
Tangible assets	1,898	2,044	2,200
Deferred tax assets	384	395	337
Other assets	2,577	3,216	2,811
Prepaid expenses and accrued income	873	1,065	1,042
Total assets	119,456	124,298	102,882
Liabilities			
Liabilities to credit institutions	1,082	2,829	947
Deposits from the public	78,892	81,068	61,159
Debt securities issued	1,642	1,676	6,290
Deferred tax liabilities	889	912	189
Other liabilities	20,865	22,527	15,605
Accrued expenses and prepaid income	2,656	2,648	2,156
Provisions	95	112	61
Subordinated liabilities	303	303	301
Total liabilities	106,424	112,075	86,708
Equity			
Share capital	74	69	67
Other capital contributed	31,980	29,980	26,301
Reserves	466	422	245
Additional Tier 1 instruments	276	276	526
Retained earnings	-18,493	-8,320	-8,395
Net result for the period	-1,271	-10,204	-2,570
Total equity	13,032	12,223	16,174
Total liabilities and equity	119,456	124,298	102,882

Cash Flow Statement, condensed, Klarna Bank AB Group

Amounts in SEKm	Jan - Mar 2023	Jan - Mar 2022	Jan - Dec 2022
Cash flow from operating activities ¹	5,124	-4,460	10,385
Cash flow from investing activities	-263	-189	-4,583
Cash flow from financing activities	-173	-2,666	-7,482
Cash flow for the period	4,688	-7,315	-1,680
Cash and cash equivalents at the beginning of the period	17,724	18,702	18,702
Cash flow for the period	4,688	-7,315	-1,680
Exchange rate diff. in cash and cash equivalents	23	249	702
Cash and cash equivalents at the end of the period	22,435	11,636	17,724
Cash and cash equivalents include the following items			
Cash and balances with central banks ²	12,903	9,340	16,085
Loans to credit institutions ³	1,293	2,296	1,639
Treasury bills chargeable at central banks, etc.	8,239	-	-
Cash and cash equivalents	22,435	11,636	17,724
Additional liquidity portfolio ⁴	11,160	14,693	11,577
Total cash and liquidity⁴	33,595	26,329	29,301

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

² Excludes mandatory deposits held by Bundesbank.

³ Adjusted for non-cash items such as money in transit.

⁴ As a bank, cash flows from operating activities include the net of inflows and outflows from the bank's borrowing and lending activities, including deposits, and are not a simple reflection of a bank's net operating result for the period. In addition to cash and cash equivalents of SEK 22.4bn at the end of the period, Klarna holds SEK 11bn in treasury bills and bonds in an additional liquidity portfolio.

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 2023 published on 26 May 2023 (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

26 May 2023

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, 2023.

Summary of capital adequacy information	Klarna Holding AB (publ) Consolidated 31 Mar 2023	Klarna Bank AB (publ) 31 Mar 2023
SEKk		
Own funds		
Common Equity Tier 1 capital	13,084,917	12,934,161
Additional Tier 1 capital	407,583	276,000
Tier 2 capital	227,045	303,295
Own funds	13,719,545	13,513,456
Risk exposure amount		
Credit risk according to standardized approach	52,026,912	64,763,729
Securitisation positions	1,226,830	1,226,830
Market risk according to standardized approach	756,795	1,141,350
Operational risk according to alternative standardized approach	3,742,449	3,980,829
Credit valuation adjustment	100,031	100,031
Total risk exposure amount	57,853,017	71,212,769
Capital adequacy analysis		
Common Equity Tier 1 capital ratio	22.6%	18.2%
Tier 1 capital ratio	23.3%	18.6%
Total capital ratio	23.7%	19.0%
Combined buffer requirement incl. the requirements of 575/2013 Art. 92(1)(a)	7.7%	7.7%
of which: capital conservation buffer requirement	2.5%	2.5%
of which: countercyclical buffer requirement	0.7%	0.7%
Common Equity Tier 1 available to meet buffer requirement, less minimum capital requirement.	18.1%	13.7%
Leverage ratio		
Tier 1 capital	13,492,500	13,210,161
Total Leverage ratio exposure amount	114,258,382	124,957,033
Leverage ratio	11.8%	10.6%

**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	22,090,564	0	0
Regional governments or local authorities	5,154,677	0	0
Public sector entities	0	0	0
Multilateral development banks	4,928,881	0	0
Institutions	3,065,018	613,004	49,040
Corporates	6,446,602	6,357,077	508,566
Retail	49,807,513	37,355,635	2,988,451
Exposures in default	494,131	518,256	41,460
Covered bonds	861,437	86,144	6,892
Equity	344,086	751,312	60,105
Other items	5,797,981	6,345,484	507,639
Total	98,990,890	52,026,912	4,162,153

**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	21,814,181	0	0
Regional governments or local authorities	5,154,677	0	0
Public sector entities	0	0	0
Multilateral development banks	4,928,881	0	0
Institutions	1,260,735	252,147	20,172
Corporates	13,368,507	13,288,346	1,063,068
Retail	42,860,448	32,145,336	2,571,627
Exposures in default	478,266	502,391	40,191
Covered bonds	861,437	86,144	6,892
Equity	13,883,709	14,290,936	1,143,275
Other items	4,049,521	4,198,429	335,874
Total	108,660,362	64,763,729	5,181,099

On page 46-47, in the table titled “Incorporation by reference”, two new rows shall be added with the following information:

The Issuer’s annual report for 2022	as regards the audited consolidated financial information on page 27 for income statements, page 28 for the balance sheet, page 33 for the cash flow statement, page 29 for changes in equity capital, pages 35-113 for notes to the income statement and notes to the balance sheet and the last four pages for the audit report.
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The audit report for the 2022 annual report	in its complete form (as included in the annual report).
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