

Supplement dated and registered 9 June 2021 to the base prospectus approved by the Swedish Financial Supervisory Authority (the “SFSA”) on 27 November 2020.

Klarna®

This supplement (SFSA ref. no. 21-15307) (the “**Supplement**”) is a supplement to, and shall be read together with, Klarna Bank AB:s (publ) (the “**Company**”) base prospectus dated 27 November 2020 (SFSA ref. no. 20-24127) and the supplement dated 24 May 2021 (SFSA ref. no. 21-12834) (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 Swedish FSA on 9 June 2021. 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 9 June 2021 and is available on the Company’s website, www.klarna.com/se/om-oss/bolagsstyrning/investor-relations/ (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 2021, which was published on the Company’s website on 28 May 2021, (ii) the publication of the capital adequacy report as of 31 March 2021, which was published on the Company’s website on 28 May 2021 and (iii) certain updates to the data regarding business volumes for the period up until March 2021.

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 37, the text under the heading “*Business volumes*” shall be replaced with the following:

Yearly originated product volumes and number of transactions for the years 2015-2020 and the period April 2020 – March 2021 are summarised in the table below (rounded figures)¹:

Year	Originated Pay in 14 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

¹ Information extracted from internal unaudited management accounts.

2018	129	252	285
2019	183	333	361
2020	288	484	534
April 2020- March 2021	333	545	603

On page 42 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 2021 published on 28 May 2021. Neither the income statement, the balance sheet nor the condensed cash flow statement has been reviewed or audited by the Issuer’s auditor.

Income Statement, Klarna Bank AB Group			
Amounts in SEKk	Jan - Mar 2021	Jan - Mar 2020	Jan - Dec 2020
Interest income calculated according to the effective interest rate method	901,890	789,383	3,264,747
Interest expenses	-179,874	-128,422	-601,096
Net interest income	722,016	660,961	2,663,651
Commission income	2,497,754	1,572,413	7,672,573
Commission expenses	-183,319	-117,195	-574,101
Net result from financial transactions	-195,905	-59,105	92,140
Other operating income	111,361	22,901	145,841
Total net operating income	2,951,907	2,079,975	10,000,104
General administrative expenses	-2,828,251	-1,903,144	-8,680,168
Depreciation, amortization and impairment of intangible and tangible assets	-135,368	-85,747	-418,249
Total operating expenses before credit losses	-2,963,619	-1,988,891	-9,098,417
Operating profit before credit losses, net	-11,712	91,084	901,687
Credit losses, net	-784,653	-691,754	-2,530,814
Operating profit	-796,365	-600,670	-1,629,127
Income tax	146,260	141,010	253,318
Net result for the period	-650,105	-459,660	-1,375,809

Balance Sheet, Klarna Bank AB Group

Amounts in SEkk	31 Mar 2021	31 Dec 2020	31 Mar 2020
Assets			
Cash and balances with central banks	12,772,296	5,014,210	428,133
Treasury bills chargeable at central banks, etc.	9,168,959	5,219,426	5,382,929
Loans to credit institutions	2,560,508	2,614,447	2,754,798
Loans to the public	45,114,538	41,717,591	28,981,899
Bonds and other interest-bearing securities	1,455,219	1,609,770	2,808,813
Other shares and participations	895,861	20,081	20,852
Intangible assets	2,572,452	2,449,280	2,311,017
Tangible assets	1,383,932	1,003,664	939,529
Deferred tax assets	881,546	643,879	311,509
Other assets	1,036,546	1,140,244	894,700
Prepaid expenses and accrued income	399,385	362,662	226,424
Total assets	78,241,242	61,795,254	45,060,603
Liabilities			
Liabilities to credit institutions	662,104	2,414,897	533,679
Deposits from the public	38,242,635	30,834,677	20,840,663
Debt securities in issue	4,531,006	4,182,723	6,149,742
Deferred tax liabilities	75,799	75,998	83,797
Other liabilities	21,553,282	15,797,011	10,669,409
Accrued expenses and prepaid income	1,677,276	1,423,335	926,704
Provisions	129,308	143,530	318,723
Subordinated liabilities	599,180	599,120	598,636
Total liabilities	67,470,590	55,471,291	40,121,353
Equity			
Share capital	57,115	52,869	52,752
Other capital contributed	12,302,533	7,305,180	4,805,140
Reserves	193,515	109,325	332,986
Additional Tier 1 instruments	250,000	250,000	250,000
Retained earnings	-1,382,406	-17,602	-41,968
Net result for the period	-650,105	-1,375,809	-459,660
Total equity	10,770,652	6,323,963	4,939,250
Total liabilities and equity	78,241,242	61,795,254	45,060,603

Cash Flow Statement, condensed, Klarna Bank AB Group

Amounts in SEkk	Jan - Mar 2021	Jan - Mar 2020	Jan - Dec 2020
Cash flow from operating activities ¹	3,604,436	708,028	7,584,612
Cash flow from investing activities	-1,208,834	-112,882	-470,796
Cash flow from financing activities	5,251,605	559,212	-1,551,419
Cash flow for the period	7,647,207	1,154,358	5,562,397
Cash and cash equivalents at the beginning of the period	6,914,466	1,618,008	1,618,008
Cash flow for the period	7,647,207	1,154,358	5,562,397
Exchange rate diff. in cash and cash equivalents	157,267	48,372	-265,939
Cash and cash equivalents at the end of the period	14,718,940	2,820,738	6,914,466
Cash and cash equivalents include the following items			
Cash and balances with central banks	12,772,296	428,133	5,014,210
Loans to credit institutions ²	1,946,644	2,392,605	1,900,256
Cash and cash equivalents	14,718,940	2,820,738	6,914,466

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

² Adjusted for non-cash items such as money in transfer.

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 2021 published on 28 May 2021 (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

28 May 2021

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, internally assessed capital requirement and regulatory capital buffers.

The information is presented for Klarna Bank AB (publ) (556737-0431) and its consolidated situation as of March 31, 2021.

Summary of capital adequacy information		
SEKk	Klarna Holding 31 Mar 2021	Klarna Bank AB 31 Mar 2021
Own funds		
Common Equity Tier 1 capital	17,545,501	10,791,993
Additional Tier 1 capital	391,245	250,000
Tier 2 capital	380,662	599,180
Own funds	18,317,408	11,641,173
Risk exposure amount		
Credit risk according to standardized approach	43,606,644	46,059,908
Market risk according to standardized approach	2,124,663	3,784,626
Operational risk according to alternative standardized approach	2,252,092	2,202,000
Credit valuation adjustment	1,783	1,783
Total risk exposure amount	47,985,182	52,048,317
Capital adequacy analysis		
Common Equity Tier 1 capital ratio	36.6%	20.7%
Tier 1 capital ratio	37.4%	21.2%
Total capital ratio	38.2%	22.4%
Combined buffer requirement incl. the requirements of 575/2013 Art. 92(1)(a)	7.0%	7.0%
of which: capital conservation buffer requirement	2.5%	2.5%
of which: countercyclical buffer requirement	0.0%	0.0%
Common Equity Tier 1 available to meet buffer requirement, less minimum capital requirement.	32.1%	16.2%
Leverage ratio		
Tier 1 capital	17,936,746	11,041,993
Total Leverage ratio exposure amount	79,800,669	80,609,128
Leverage ratio	22.5%	13.7%

Capital requirements for credit risk per exposure class, standardized approach

SEKk

Klarna Holding

Exposure class	Exposure amount	Risk weighted exposure amount	Capital requirement
Central governments or central banks	16,106,332	0	0
Regional governments or local authorities	3,962,223	0	0
Public sector entities	26,062	0	0
Multilateral development banks	2,138,533	0	0
Institutions	2,662,575	532,515	42,601
Corporates	4,651,146	4,563,263	365,061
Retail	41,891,693	31,418,770	2,513,502
Exposures in default	464,371	572,131	45,770
Covered bonds	1,455,219	145,522	11,642
Equity	895,861	925,983	74,079
Other items	4,099,361	5,448,460	435,877
Total	78,353,376	43,606,644	3,488,532

Capital requirements for credit risk per exposure class, standardized approach

SEKk

Klarna Bank AB

Exposure class	Exposure amount	Risk weighted exposure amount	Capital requirement
Central governments or central banks	15,872,799	0	0
Regional governments or local authorities	3,962,223	0	0
Public sector entities	26,062	0	0
Multilateral development banks	2,138,533	0	0
Institutions	1,151,863	230,373	18,430
Corporates	7,581,644	7,515,393	601,231
Retail	38,793,531	29,095,148	2,327,612
Exposures in default	546,709	654,837	52,387
Covered bonds	1,455,219	145,522	11,642
Equity	4,247,169	4,277,291	342,183
Other items	3,172,873	4,141,344	331,308
Total	78,948,625	46,059,908	3,684,793