

Risk management and Capital Adequacy Report

Pillar 3 Report 2022

Klarna Holding AB (publ) (Corp. ID 556676-2356)

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1. Introduction

This Risk Management and Capital Adequacy Report 2022 is made according to the regulatory disclosure requirements set out in the Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms as amended by Regulation (EU) 2019/876 (the Capital Requirements Regulation or CRR) Part Eight and the Swedish Financial Supervisory Authority (SFSA) regulation FFFS 2014:12. The disclosure is made annually in conjunction with the publication of Klarna's Annual Report on Klarna's website (www.klarna.com). Unless otherwise stated, all figures have been rounded to the nearest million Swedish kronor. Disclosures on changes are based on exact values. In addition, for computational reasons, there may be rounding differences to the exact mathematical values in tables and references.

The Parent Company, Klarna Holding AB (publ), Corp. ID 556676-2356, maintains its registered office in Stockholm at the address Sveavägen 46, 111 34 Stockholm, Sweden. The consolidated financial statements for 2022 consist of the Parent Company and its subsidiaries, which together make up the Group.

Governance arrangements

The disclosures regarding the Board of Directors in accordance with CRR Article 435 are published at Klarna's website:

<https://www.klarna.com/international/about-us/corporate-governance/the-board/>

2. Risk management and risk organization

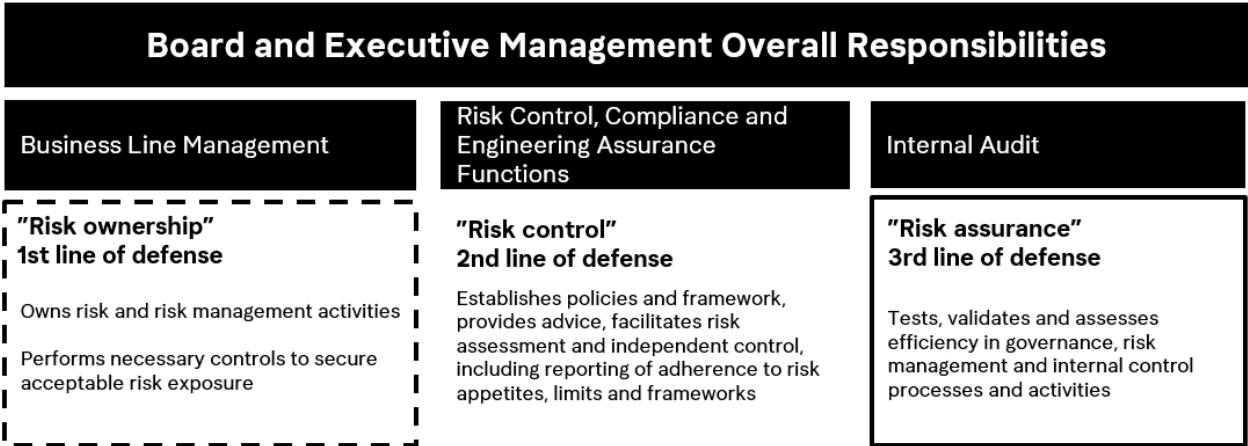
2.1 Risk management

Risk management is central to Klarna's operating model and underpins all activities conducted throughout the organization. The purpose of risk management is to safeguard Klarna's long-term viability, mitigate volatility in financial performance, enhance operational resilience and performance, and facilitate informed decision-making.

Klarna's risk management governance model encourages a risk-aware culture combined with control structures which are monitored and enforced by independent control functions. Key controls are documented and assessed on a regular basis, with assessments considering both effectiveness of design and operation. The risk strategy is a natural extension of the business model that focuses on identification, assessment, management and monitoring of the material risks that Klarna is exposed to.

2.2 Risk Governance

Klarna operates a financial services industry standard three lines of defense model for risk management and control. The model allocates responsibilities of activities among teams or functions in three independent lines as outlined below:



The ultimate responsibility for risk management rests with the Board, which sets Klarna’s risk appetite and policies establishing the principles for risk management. It also oversees and promotes a sound risk culture of risk awareness and understanding across the organization to encourage informed decision making. The Board is supported by the Audit, Compliance, and Risk Committee (ACRC), Executive Credit and Fraud Committee (ECFC) and the Capital and Liquidity Committee (CLC) in performing their duties regarding risk management, including risk identification, measurement, monitoring and ensuring appropriate controls are in place.

The Executive Management, consisting of the CEO and the CXO team, is responsible for implementing the risk strategy. They are also accountable for the management of risks and within each of their areas of responsibility, and to promote a sound and effective risk culture across their teams and the Klarna as a whole.

Business Line Management, in the first line of defense, are responsible for the risks, and the management of these, within their respective area of responsibility. They are responsible for ensuring that the appropriate organization, procedures and support systems are implemented to ensure a sufficient system of internal controls.

The second line of defense, consisting of the functions Risk Control, Compliance, and Engineering Assurance, oversee risk. These functions set the principles and framework for risk management, facilitate and challenge risk assessments, perform independent control testing, and report on adherence to risk appetites, limits and frameworks.

The control functions are independent of business line management. They attend and report to the Audit, Compliance and Risk Committee (ACRC) and the Board.

Internal Audit, in the third line of defense, provides risk assurance through independent periodic reviews of governance structures and control systems. This includes regular evaluation of Klarna’s framework for risk management and a yearly review of the control functions in the second line of defense. Internal audit reports directly to the Board of directors.

2.3 Risk Strategy and Appetite

Klarna’s risk strategy is set by the Board and outlines the nature of risks that the business is exposed to, its willingness to take these risks and how they are managed. It is formed through Klarna’s business plan, established by Executive Management and approved by the Board; the Risk Policy,

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which forms the basis of Klarna's risk management framework; the Credit Policy which sets out Klarna's credit strategy; and the Internal Capital and Liquidity Adequacy Assessment Process.

The risk appetite framework outlined in the Risk Policy reflects Klarna's willingness to take and limit risk. The appetite is set by the Board and reviewed and updated regularly, at least on an annual basis. This annual review is an integral part of the annual business planning process, ensuring alignment of the business strategy, planned business activities and Klarna's risk exposures.

Klarna's risk appetite approach commences with an assessment of Klarna's risk capacity, the maximum level of risk Klarna is able to assume, and continues with the level of aggregate risk appetite that the Board is willing to accept. Limits are set on risk appetite metrics and reported on a monthly basis. Any limit breaches are escalated to the Board.

The Board and Executive Management also issue specific written policies and instructions for managing risks, which are complemented by detailed routine descriptions within the organization. The second line functions provide an independent assessment of Klarna's risk profile to Executive Management and the Board on at least a quarterly basis.

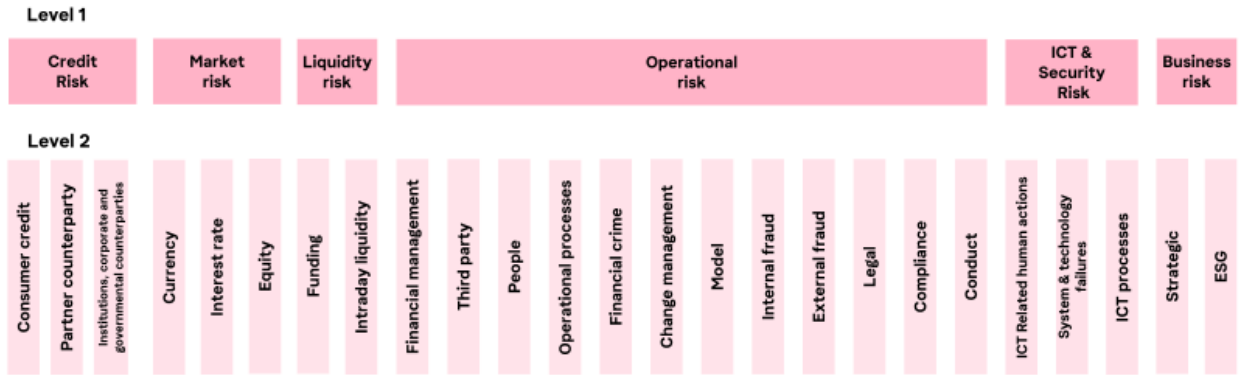
Table 1. EU KM1 – Key metrics, consolidated Klarna Holding level

SEKm		31 Dec 2022	31 Dec 2021
Available capital (amounts)			
1	Common Equity Tier 1 (CET1)	14,865	19,373
2	Tier 1 capital	15,292	19,713
3	Total capital	15,548	19,855
Risk-weighted exposure amounts			
4	Total risk-weighted exposure	68,597	61,836
Capital ratios as a percentage of total risk-weighted assets			
5	Common Equity Tier 1 ratio (%)	21.7%	31.3%
6	Tier 1 ratio (%)	22.3%	31.9%
7	Total capital ratio (%)	22.7%	32.1%
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)			
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	0.0%	0.0%
EU 7b	<i>of which: to be made up of CET1 capital (percentage points)</i>	0.0%	0.0%
EU 7c	<i>of which: to be made up of Tier 1 capital (percentage points)</i>	0.0%	0.0%
EU 7d	Total SREP own funds requirements (%)	8.0%	8.0%
Combined buffer requirement (as a percentage of risk-weighted exposure amount)			
8	Capital conservation buffer (%)	2.5%	2.5%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.0%	0.0%
9	Institution specific countercyclical capital buffer (%)	0.5%	0.0%
EU 9a	Systemic risk buffer (%)	0.0%	0.0%

SEKm		31 Dec 2022	31 Dec 2021
Available capital (amounts)			
10	Global Systemically Important Institution buffer (%)	0.0%	0.0%
EU 10a	Other Systemically Important Institution buffer	0.0%	0.0%
11	Combined buffer requirement (%)	3.0%	2.5%
EU 11a	Overall capital requirements (%)	11.0%	10.6%
12	CET1 available after meeting the total SREP own funds requirements (%)	17.6%	27.3%
Leverage ratio			
13	Total leverage ratio exposure measure	119,462	105,225
14	Leverage ratio (%) (row 2 / row 8)	12.8%	18.7%
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)			
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	0.0%	0.0%
EU 14b	of which: to be made up of CET1 capital (percentage points)	0.0%	0.0%
EU 14c	Total SREP leverage ratio requirements (%)	3.0%	3.0%
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)			
EU 14d	Leverage ratio buffer requirement (%)	0.0%	0.0%
EU 14e	Overall leverage ratio requirements (%)	3.0%	3.0%
Liquidity Coverage Ratio			
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	25,800	26,627
EU 16a	Cash outflows - Total weighted value	13,434	12,317
EU 16b	Cash inflows - Total weighted value	23,151	16,004
16	Total net cash outflows (adjusted value)	3,358	3,079
17	Liquidity coverage ratio (%)	768%	865%
Net Stable Funding Ratio			
18	Total available stable funding	104,846	87,404
19	Total required stable funding	59,598	49,005
20	NSFR ratio (%)	175.9%	178.4%

Klarna’s risk taxonomy structure is summarized below in Figure 1.

Figure 1: Risk Taxonomy



* ESG risks are Environmental, Social and Governance risks, which can also drive other risks * ICT = Information and Communications Technology and Security risks

2.4 Risks

Klarna categorizes the key risks it is exposed to into six main categories. These risk categories form the basis of how Klarna identifies, assesses, manages and reports against risk.

Credit risk is defined as the risk of loss due to a counterparty failing to meet its contractual obligations or concentrations of exposures.

Credit is fundamental to Klarna’s mission of providing consumers a smooth payment experience, better financial management and supporting partners’ growth. It is a risk that Klarna takes to achieve its business objectives.

Klarna ensures that the consumer credit portfolio is resilient to volatile economic conditions by offering short duration credits and low average order value. Klarna limits the concentration of non-performing loans and large single exposures in the consumer credit portfolio. This together with the dispersion of millions of customers across multiple countries and continents and low average order value, ensures that the consumer portfolio is diversified. Klarna takes precautionary measures to ensure that approved customers have the ability to pay their obligations.

Klarna uses financial guarantees to provide protection for part of its portfolio of consumer exposures. The guarantee can reduce the regulatory capital the bank is required to hold for unexpected losses and the guarantee is fully funded with eligible collateral.

Market risk is defined as the risk of impacts on earnings or capital as a result of market price movements.

Klarna does not actively take market risk but due to its multi-currency business and different duration of its assets and liabilities, Klarna is naturally exposed to market risk. Klarna’s exposure to interest rate risk is via a mismatch of terms in assets and liabilities, and arises as a result of Klarna’s

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funding having a different duration than the credits granted to consumers. Klarna seeks to mitigate this risk by matching assets and liabilities to reduce the risk to economic value and earnings.

Currency risk is mitigated by entering into offsetting currency transactions in order to minimize the impact that changes in currency rates may have on Klarna's realized earnings.

Liquidity risk is defined as the risk of being unable to meet financial obligations as they fall due, or unable to fund operational needs without incurring unacceptable costs.

Klarna is dependent upon the effective management of liquidity risk to realize the company's strategy. The risk of insufficient funding being available would have implications on future growth, the company's ability to meet financial obligations, and in an extreme scenario, the breach of regulatory limits.

Klarna is primarily exposed to liquidity risk due to the potential for unexpected increased demand for credits. Sufficient levels of liquidity are held at all times to ensure that sufficient funds are available to support the business and that regulatory requirements are adhered to.

Klarna invests in financial instruments for liquidity management purposes, and mostly in high credit quality sovereign and municipal government securities.

Operational risk is defined as the risk of inadequate or failed processes, personnel, products, or third parties.

Operational risk is a natural consequence of Klarna's business model and operations. The continued delivery of Klarna's services to customers (partners and consumers) relies on resilience and stability in how processes, personnel, products and third parties are managed. To manage these inherent risks Klarna operates a robust risk management framework, as outlined in its Operational Risk Policy.

On an annual basis, business critical products and services are identified and a risk assessment is completed, including the review of internal controls and identification of any additional mitigation activities required. This includes maintaining a business continuity plan.

Klarna operates a change management approval process (the NPA process) to ensure a sound understanding of business changes and that the associated risks related to the change are captured. Adequate controls and/or mitigating actions are implemented based on the associated risks.

Klarna has no appetite for any activity that may result in facilitating financial crime. Such risks are managed through customer due diligence, the use of customer scoring models, automated transaction monitoring and screening solutions. There are financial crime experts across the first and second-lines of defense.

ICT and Security risk is defined as the risk of insufficient protection of information and information systems, from unauthorized access, use, disclosure, disruption, modification, or destruction, leading to loss of confidentiality, integrity or availability. The risk also includes the risk of external events including cyber-attacks.

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Klarna uses many automated and standardized security measures in a layered approach to protect systems. Klarna maintains a specific ICT management framework which includes regular IT security/vulnerability assessments and testing, ongoing system monitoring, software change management controls, strict access management controls and regular ICT and employee training, including security awareness training and exercises.

Business Risk is defined as the risk of suboptimal strategy selection or ESG factors impacting the achievement of Klarna's business objectives or altering the long term valuation or viability of the business.

Klarna's strategy is delivered through its business plan, which enables an informed decision making process for assessing business risks. As part of the business planning cycle, Klarna assesses the up and down-side risks of the plan and assesses the impact of competitor and market conditions to test the plans achievability under different circumstances. The achievement of the business plan is then reviewed monthly by the executives with updates on key financial and business metrics. Where Klarna sees opportunities or risks, it adjusts approaches as appropriate to preserve the achievement of the plan.

To deliver its sustainable, global growth strategy in an efficient way, Klarna starts small with lower risk products that it can quickly test, iterate and scale. Launches of new products or markets go through a structured assessment and decision making process to ensure risks have been captured.

3. Capital adequacy

The following sections present the composition of Klarna's own funds and the regulatory capital requirements and regulatory capital buffers which it covers. The section also explains Klarna's own internal methods and assessment of the amount of capital needed to cover the risks Klarna is exposed to. Klarna is subject to capital requirements on two levels of its organization – that of Klarna Bank AB (publ) (excluding subsidiaries) and Klarna Holding AB (publ) Consolidated, and therefore the capital requirements and own funds are presented for both levels.

3.1 Klarna's capital requirement

3.1.1 Components of Klarna's capital requirements

Klarna maintains a capital composition and level adequate for its risk and business model, and which fulfills the minimum regulatory requirements.

Klarna's risk based capital requirement consists of the following components:

1. Pillar 1 minimum regulatory requirement for credit, credit valuation adjustment, market and operational risk.
2. Pillar 2 capital requirement for the risks Klarna is exposed to, but which are not covered, or not sufficiently covered, by Pillar 1.
3. Capital conservation buffer: A buffer of 2.5% of the institution's risk-weighted exposure, intended to allow institutions to remain as a going concern in a deep financial crisis.
4. Countercyclical capital buffer: A buffer of 0-2.5% intended to ensure that sufficient capital is built up during favorable business conditions. Communicated quarterly by each national

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regulator and intended to ensure that institutions build up sufficient capital reserves during those parts of the credit cycle.

5. Any potential Pillar 2 guidance as communicated by the regulators. Additional capital communicated by the regulator designed to cover risks not covered by other requirements above and to ensure the bank can absorb losses during a financial shock.
6. Furthermore, the internal capital stress test run in ICLAAP determines Klarna's potential need for a forward looking internal capital buffer on top of the requirements outlined above.

Klarna is also required to comply with the minimum leverage ratio requirement of 3% which became binding on 28 June 2021.

Table 2: Components of CET1, Tier 1 and Own funds requirements for Klarna Holding AB (publ) Consolidated and Klarna Bank AB (publ)

2022YE, SEKm	Klarna Holding AB (publ) Consolidated			Klarna Bank AB (publ)		
	CET1	Tier 1	Own funds	CET1	Tier 1	Own funds
REA	-	-	68,597	-	-	80,078
Pillar 1 requirement	3,087	4,116	5,488	3,604	4,805	6,406
Credit risk	2,795	3,727	4,970	3,322	4,429	5,905
Securitization	51	68	90	51	68	90
CVA	6	8	10	6	8	10
Market risk	67	89	118	46	61	82
Operational risk	168	225	299	179	239	318
Pillar 2 requirement	-	-	535	-	-	553
Credit concentration risk	-	-	418	-	-	432
IRRBB	-	-	117	-	-	120
Operational risk	-	-	-	-	-	-
Buffer requirement	2,070	2,070	2,070	2,373	2,373	2,373
CCoB	1,715	1,715	1,715	2,002	2,002	2,002
CCyB	355	355	355	371	371	371
Total regulatory capital requirement	5,157	6,186	8,093	5,976	7,177	9,331
Available capital	14,865	15,292	15,548	12,613	12,889	13,191

Table 3: Klarna Holding AB (publ) Consolidated and Klarna Bank AB (publ) Capital adequacy 2021-2022

% of Risk Exposure Amount	Klarna Holding AB (publ) Consolidated		Klarna Bank AB (publ)	
	2022	2021	2022	2021
CET1 Ratio	21.7%	31.3%	15.8%	27.5%
Tier 1 Ratio	22.3%	31.9%	16.1%	27.9%
Total Capital Ratio	22.7%	32.1%	16.5%	28.3%
Own funds requirements				
Pillar 1 requirement	8.0%	8.0%	8.0%	8.0%
Pillar 2 requirement	0.8%	0.8%	0.7%	0.7%
Capital conservation buffer	2.5%	2.5%	2.5%	2.5%
Countercyclical buffer	0.5%	0.1%	0.5%	0.1%
Total regulatory capital requirement	11.8%	11.4%	11.7%	11.3%

3.1.2 Regulatory capital buffers

Two regulatory capital buffers apply to Klarna, the capital conservation buffer of 2.5% and the countercyclical buffer. As part of the Supervisory Review and Evaluation Process (SREP) the SFSA may impose additional Pillar 2 Guidance for capital requirements which is a bank-specific recommendation that indicates the level of capital which the regulator expects to maintain, in addition to binding capital requirements. This serves as an additional buffer for banks to withstand stress. As of 31 December 2022, Klarna has no additional capital requirement as a result of Pillar 2 Guidance.

Table 4: Countercyclical buffer rates and exposures over time

	2022 YE		2021 YE	
	Buffer rate	Weight*	Buffer rate	Weight*
Sweden	1.0%	26.7%	0.0%	28.5%
<i>Rate active from</i>	<i>29 Sep '22</i>		<i>16 Mar '20</i>	
Norway	2.0%	4.9%	1.0%	4.7%
<i>Rate active from</i>	<i>31 Dec '22</i>		<i>13 Mar '20</i>	
United Kingdom	1.0%	14.3%	0.0%	12.0%
<i>Rate active from</i>	<i>13 Dec '22</i>		<i>24 Mar '20</i>	
Denmark	2.0%	0.5%	0.0%	0.3%
<i>Rate active from</i>	<i>31 Dec '22</i>		<i>12 Mar '20</i>	
Other markets	0.0%	53.6%	0.0%	54.5%

*Relevant exposure as part of total credit risk exposure

3.2 Capital regulatory environment

3.2.1 Current regulations

Capital adequacy refers to the ability of an institution's own funds to cover the risk it is exposed to. Within the EU the capital adequacy requirements are contained in the Capital Requirements Directive (CRD) and Capital Requirements Regulation (CRR). These regulations are based on the global capital adequacy standards Basel II and III, and define minimum requirements for total own funds in relation to risk-weighted exposure amounts (Pillar 1), rules for the Internal Capital Adequacy Process and Internal Liquidity Adequacy Assessment Process (ICLAAP) (Pillar 2) and rules for disclosures on risk, capital adequacy etc. (Pillar 3).

The key capital adequacy regulations applicable for Klarna are the CRD and the CRR, which implements the Basel III accords in the European Union. The CRR contains provisions regarding eligible own funds and minimum capital requirements. This regulation, and lower level EU rules adopted pursuant to it, are directly binding to Klarna.

In addition to the minimum capital requirement, Klarna also needs sufficient own funds to cover for capital buffers, Pillar 2 requirements and Pillar 2 guidance, as defined in the CRD and implemented into national law through the Swedish Capital Buffers Act (Sw. *Lag (2014:966) om kapitalbuffertar*) together with the regulations issued by the SFSA, *Finansinspektionens föreskrifter om tillsynskrav och kapitalbuffertar (FFFS 2014:12)*, *Finansinspektionens föreskrifter om kontracykliskt buffertvärde (FFFS 2014:33)* and the SFSA Capital requirements memorandum.¹

The EU and its member states have adopted the Banking Package which includes revisions of the CRR, CRD and the Bank Recovery and Resolution Directive (BRRD) which partly implements the final revisions of the Basel III framework.

The Banking package came into force in June 2021, however as a response to the Covid-19 crisis in spring 2020 some parts were implemented earlier (December 2020), and other parts were postponed further than June 2021.

Towards the end of 2020 the SFSA published changes in its relevant regulations and updated the SFSA Capital requirements memorandum in relation to the implementation of the Banking Package².

3.2.2 Coming regulations

In December 2017 the Basel Committee on Banking Supervision (BCBS) published the finalized Basel III framework, often referred to as the Basel IV package. The new package includes revisions to credit risk, market risk, operational risk, credit valuation adjustment (CVA) risk and the leverage ratio. The European Commission published its 2021 Banking Package which was designed to strengthen banks' resilience, and part of this package was the implementation of the final Basel reforms (Basel IV). Key amendments under Basel IV would be incorporated into the Capital Requirements Regulation, referred to as CRR3. CRR3 is intended to implement the Basel IV requirements which will ensure banks to not underestimate risks as part of their capital requirements calculation, ensuring that the capital required to cover those risks is sufficient. As a response to the COVID-19 crisis, the European Commission decided to postpone the implementation of the remaining parts of the Basel

¹ SFSA Memorandum FI Dnr 20-20990

² SFSA Memorandum FI dnr 20-20990 (Replacing FI Dnr 14-6258 of 8 Sep 2014)

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IV framework to 1st January 2023, and then again to 1st January 2025. There is expected to be no material increase in capital requirements for Klarna based on the implementation of Basel IV.

The Fundamental Review of the Trading Book (FRTB) is a comprehensive suite of capital rules developed by the BCBS as part of Basel III, intended to be applied to banks' wholesale trading activities. While Klarna does not have a trading book, a central theme of the FRTB is the boundary between the trading book and banking book. Klarna has assessed the new FRTB regulation and will ensure that its banking book positions are correctly reflected within the reporting framework. The new FRTB regulation will come into force on 01 January 2025 when the FRTB standards are adopted into the new CRR3.

The corporate sustainability reporting directive³ (CSRD) requires companies to publish detailed information on sustainability matters. This will increase a company's accountability, prevent divergent sustainability standards, and ease the transition to a sustainable economy. In practical terms, companies will have to report on how their business model affects their sustainability, and on how external sustainability factors (such as climate change or human right issues) influence their activities. The CSRD introduces more detailed reporting requirements on sustainability matters such as environmental rights, social rights, human rights and governance factors. The application of the regulation will take place for reporting in 2025 relating to the financial year 2024 for companies already subject to the non-financial reporting directive (NFRD). Klarna is subject to the NFRD.

The Corporate Sustainability Due Diligence Directive (CS3D), which was presented by the Commission in February 2022, lays out an obligation for companies in scope to conduct human rights and environmental due diligence on their operations, those of their subsidiaries and those of their value chain. In case of adverse impacts that could/should have been identified and prevented, companies will potentially face pecuniary sanctions and civil liability implications. The proposal is horizontal and therefore not specific to the financial sector. Depending on the outcomes of ongoing discussions on scope Klarna may be obliged to put in place systems and procedures to identify, prevent, mitigate and remedy actual and potential risks and adverse impacts in our operations and supply chains. An EU agreement is not expected before Q1 2024. The due diligence obligations will apply 2 years after the entry into force of the Directive.

The Green Asset Ratio (GAR) and Banking Book Taxonomy Alignment Ratio (BTAR) are based on the EU taxonomy regulation and are KPIs that show the proportion of assets that are environmentally sustainable and which contribute to the objectives of climate change mitigation. The GAR and BTAR KPIs can help a bank identify a strategic approach to change its financing activities over time to meet the Paris agreement objectives, and to measure and monitor that strategy. The EBA expects timely and accurate data for the GAR from December 2023 for counterparties subject to NFRD disclosure obligations (Klarna does fall under the NFRD) and on the Banking Book Taxonomy Alignment (BTAR) for June 2024.

³ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32022L2464>



3.3 Own funds

Common Equity Tier 1 capital

During 2022, Common Equity Tier 1 decreased by SEK 4,508m as a result of operating losses (SEK 10,292m) and an increase in the deduction of intangible assets (SEK 3,999m) mainly due to the acquisition of Pricerunner. This was partially offset by an equity raise (USD 800m) in the second half of the year. Klarna Holding AB (Publ) reported a CET1 capital amount of SEK 14,865m as of December 31, 2022.

Additional Tier 1 capital

In May 2017, Klarna Bank AB (publ) issued SEK 250m in additional Tier 1 capital instruments. They had a floating coupon rate corresponding to STIBOR 3M plus 5.75% per annum. The securities were offered to a limited number of large Nordic investors and the first call date was May 26, 2022. The security was redeemed by Klarna on the first call date.

In March 2022, Klarna Bank AB (publ) issued SEK 276m in additional Tier 1 capital instruments. They have a floating coupon rate corresponding to STIBOR 3M plus 7.00% per annum. The securities were offered to a limited number of large Nordic investors and the first call date is March 25, 2027.

In November 2018, Klarna Holding AB (publ) issued EUR 25m in additional Tier 1 capital instruments. They have a fixed-to-floating coupon rate corresponding to 6.625% per annum. The floating interest rate is EURIBOR 3M plus 6.2277% per annum. The securities were offered to a limited number of large Nordic investors and the first call date is November 15, 2023.

Subordinated liabilities

On July 5, 2018, Klarna Bank AB (publ) issued SEK 300m subordinated notes due 2028. The subordinated notes are eligible for inclusion as Tier 2 capital in accordance with current regulations. The notes have a floating coupon rate corresponding to STIBOR 3M plus 3.5% per annum. The notes were allocated to a limited number of large Nordic investors and the first call date is July 5, 2023.

The table below illustrates the composition of Klarna Holding AB (publ) Consolidated and Klarna Bank AB (publ) own funds.

Table 5: Composition of Own Funds

SEKm	Klarna Holding AB (publ) Consolidated		Klarna Bank AB (publ)	
	2022	2021	2022	2021
Paid up capital instruments	3	3	69	65
Share premium	41,549	32,235	29,980	26,301
CET1 Capital Instrument	41,553	32,237	30,048	26,366
Previous years' earnings	-8,666	-1,649	-8,473	-2,427
Profit or loss eligible of current year	-10,292	-7,017	-8,876	-6,046
Retained earnings	-18,958	-8,666	-17,349	-8,473
Accumulated other comprehensive income	756	324	-172	-8
Other reserves	399	-	1,107	-
Prudent valuation adjustments (AVA)	-2	-1	-1	-1
Intangible assets	-10,171	-6,176	-1,877	-773
Associated deferred tax liabilities	224	226	-	-
IFRS 9 Transitional arrangements	1,343	1,436	1,115	1,001
Deferred tax assets	-20	-8	-	-
Securitisation	-258	-	-258	-
CET1 Capital	14,865	19,373	12,613	19,170
AT1 Capital instruments	427	340	276	250
Tier 1 Capital	15,292	19,713	12,889	19,420
Tier 2 Capital instruments	256	142	303	301
Own Funds	15,548	19,855	13,191	19,722

Following the issuances of AT1 and T2 capital instruments, Klarna's own funds has a composition of CET1, AT1 and Tier 2 capital that is efficient for Klarna's capital need in relation to both its business model and the requirements set in CRR Article 92.

In accordance with Article 85 and 87 of CRR Klarna Bank AB (publ)'s Tier 1 and Tier 2 capital can only be included in the own funds of Klarna Holding AB (publ) Consolidated with the share required to cover the minimum capital requirements of Klarna Bank AB (publ). As of December 31, 2022 an amount of SEK 427m Additional Tier 1 capital and SEK 256m Tier 2 capital instruments issued by Klarna Holding AB (publ) Consolidated and its subsidiaries were included in the own funds.

3.4 Regulatory minimum capital requirements

The approach for determining Klarna's Pillar 1 capital is defined in the CRR, according to which Klarna is required to hold capital for credit risk, CVA, market risk and operational risk.

Table 6: Summary: Pillar 1 Capital requirements

Pillar 1 Capital Requirement SEKm	Klarna Holding AB (publ) Consolidated		Klarna Bank AB (publ)	
	2022	2021	2022	2021
Credit risk	4,970	4,714	5,905	5,233
Securitisation positions	90	-	90	-
CVA	10	-	10	-
Market risk	118	52	82	163
Operational risk	299	180	318	176
Total	5,488	4,947	6,406	5,572

3.4.1 Credit risk

Klarna applies the standardized method for calculating the risk exposure amount for credit risk in accordance with Part three, Title II, Chapter 2 of the CRR. Klarna is also required to hold capital to cover for counterparty credit risk (CCR) for the derivative exposures in its banking book. Klarna uses the Simplified Standardized Approach for counterparty credit risk as per CRR Article 281 to calculate this capital charge. Credit risk constitutes 90% of Klarna's Risk Exposure Amount "REA" and amounted to SEK 62,119m as of December 31, 2022.

3.4.2 Credit Value Adjustment

Credit valuation adjustment (CVA) is an adjustment to the mid-market valuation of the exposure towards a counterparty, required by the CRR. The adjustment reflects the current market value of the credit risk of the counterparty to the bank. The CVA was SEK 127m in REA per year-end 2022.

3.4.3 Market risk

Klarna applies the standardized method for calculating the capital requirement for market risk, in accordance with the CRR, Part 3, Title IV, Chapter 3. Under this method, Pillar 1 capital requirements are estimated for position risk, currency risk and commodities risk. Of these, Klarna is only exposed to currency risk in the banking book.

3.4.4 Operational, ICT and security risk

Klarna uses the Alternative Standardized Approach (ASA), in accordance with CRR, Part 3, Title III, Chapter 3, for calculating the capital requirement for operational risk in Pillar 1. The ASA was first applied at the end of December 2019 after receiving approval by the SFSA.

3.5. Internally assessed capital need

The objective of the Internal Capital Adequacy Assessment Process and Internal Liquidity Adequacy Assessment Process (combined known as ICLAAP) is to ensure that Klarna clearly and correctly identifies, assesses and manages all risks to which it is exposed. The process considers the financial resources required to cover those risks, and to ensure that Klarna has access to sufficient capital and liquidity to support its business strategy over the coming planning horizon with regards to different market conditions. The Board sets a policy governing the ICLAAP. The Board also sets limits and targets for Klarna's capital levels to ensure a sound margin to regulatory requirements and sufficient capitalisation to support Klarna's business plan.

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The internally assessed capital need under Pillar 2 should cover all risks Klarna is exposed to that are not, or not sufficiently, covered by Pillar 1. The internally assessed required capital is based on the minimum capital requirement (Pillar 1) and additional capital required for other risks as determined as part of the ICLAAP (Pillar 2) as well as the combined buffer requirements.

The internally assessed required capital as of year-end 2022 amounts to SEK 9,677m (SEK 8,229m for 2021) for Klarna Bank AB (publ) and SEK 8,230m (SEK 7,225m for 2021) for Klarna Holding AB (publ). Klarna thereby has sufficient capital to cover for required capital under Pillar 1, including combined buffer requirements, and Pillar 2.

Klarna's internal capital assessment is divided into two different assessments:

1. Pillar 2 requirement
2. Internal capital buffer

Klarna's internally assessed capital need covers credit risk, credit concentration risk, market risk, including interest rate risk in the banking book, operational risk, business risk. Klarna does not have any pension risk since Klarna does not have any defined benefit pension plans. The total internally assessed capital add-on amounts to SEK 672m (SEK 703m for 2021).

Klarna is permitted to also hold Tier 1 and Tier 2 capital to cover the Pillar 2 capital requirement. The proportion of Additional Tier 1 and Tier 2 capital may not exceed that permitted for Pillar 1 capital. Accordingly, the proportions should be at least 3/4 covered by Tier 1 and of the Tier 1 capital, 3/4 should be CET1 capital. Regulatory buffers and any potential Pillar 2 guidance should be covered by CET1 capital.

The composition of the type of capital required is illustrated in the table below.

Table 7: Minimum type of capital required for each component

	Pillar 1 Req.	Buffers	Pillar 2 Req.	Pillar 2 Guidance
CET 1	56.3%	100%	56.3%	100%
Additional Tier 1	18.8%		18.8%	
Tier 2	25.0%		25.0%	
	100%	100%	100%	100%

The exposure weighted requirement for CET1 and Tier 1 capital is 63.7% and 76.4% respectively, and the available type of capital to cover is 95.6% CET1 and 98.4% Tier 1. Klarna has a sufficient proportion of CET1 and Tier 1 capital to cover the requirements.

3.5.1 Stress test and internal buffers

As stipulated in the CRD and in the EBA/GL/2018/04, Klarna completes stress scenarios that test Klarna's capital ability to withstand shocks including mitigating actions. Should additional capital be required within the stressed scenarios, Klarna would add an internal buffer to cover that capital need.

3.6. Leverage ratio

In parallel with the risk based capital requirement Klarna also has a leverage ratio requirement. The minimum leverage ratio requirement of 3% became binding in June 2021. In addition to the minimum requirement, a Pillar 2 Requirement and a Pillar 2 guidance on leverage ratio may be imposed. As at December 31, 2022, there is no additional pillar 2 guidance in relation to the leverage ratio.

Table 8: Leverage ratio and requirement

Leverage ratio SEKm	Klarna Holding AB (publ) Consolidated		Klarna Bank AB (publ)	
	2022	2021	2022	2021
Total exposure amount*	119,462	105,225	127,312	108,774
Tier 1 amount*	15,292	19,713	12,889	19,420
Leverage ratio	12.8%	18.7%	10.1%	17.9%
Minimum Requirement	3%	3%	3%	3%

*Transitional definition

4. Credit risk

Credit risk, defined as the risk of financial loss due to a counterparty failing to meet its contractual obligations or concentrations in exposure. Klarna is mainly exposed to credit risk from four sources:

- Lending to consumers who choose to buy using Klarna's payment methods. This is the most significant source of credit risk for Klarna.
- Exposure to merchants that Klarna partners with and processes payments for. These exposures are primarily off-balance sheet in the form of contingent liabilities. If a merchant closes down or becomes insolvent, there is a risk that Klarna will potentially be unable to offset any subsequent returns from consumers against payments due from Klarna to the merchant. On-balance exposures mainly consist of merchant trade receivables.
- Exposure towards third party payment service providers who acquire payments on Klarna's behalf.
- Exposure to credit institutions, governments and municipalities. This includes investments for the liquidity portfolio and derivative and repurchase agreements entered into to manage financial risk.

A key aspect of Klarna's credit risk is the quick turnover of the loan portfolio and that it primarily consists of short term and well diversified consumer credits with a small average loan size.

4.1 Credit risk management

Klarna has a robust approach to credit risk management. It is founded in the three lines of defense model (see section 2.2) and supported by internal policies, instructions and routines. Klarna's credit risk appetite and associated limits are decided by the Board and cover aspects such as acceptable loss levels, the composition of the credit portfolio, its diversification and concentration. The Board's credit risk appetite limits set the outer limits within which the organization must operate. The limits are translated into more granular operational limits used in Klarna's underwriting. Risk Control, within

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the second line of defence, is responsible for the continuous independent monitoring and reporting of the Board's credit risk appetite limits and for the escalation of breaches.

Consumer credit risk management

In order to mitigate the credit risk from individual consumers, Klarna has established credit risk management processes in place. Klarna uses proprietary scoring models to perform credit assessments and monitors consumers repayment performances as well as expected losses continuously. In addition to the scoring models, manual and automated processes are in place to detect potential fraudulent behavior and credit abuse. A limit-framework is set towards the risk appetite for respective products and commercial regions. With the short average credit duration, changes in the underwriting strategies are implemented swiftly and effectively whenever lending conditions change contributing to resilience in difficult macroeconomic environments.

Klarna's reporting of consumer credit risks follows established processes and escalation routines covering relevant metrics focusing on individual, cohort and portfolio level. Decision processes follow a clear governance and committee structure and Management and the Board receive regular reporting on credit risk.

Merchant counterparty risk management

Klarna works proactively with tracking, controlling and mitigating merchant credit risks including by providing longer payment delays on settlement payments towards merchants, as contractually agreed upon, guarantees, actively withholding settlements, or by entering into insurance programs. Klarna has a Merchant Credit Risk function that, among other tasks, assesses merchants' credit worthiness before they are onboarded. The financial status of Klarna's largest merchant credit risks is also tracked on an individual basis. Merchant credit risk assessments are based on a combination of qualitative and quantitative factors that are considered, weighted and calculated using an internal risk classification model. If a merchant's credit risk is deemed outside the risk appetite, counter measures are taken to ensure that cooperation can continue under modified and acceptable terms.

Other credit risk management

Klarna manages exposures towards third party payment service providers, credit institutions, governments and municipalities by selecting high quality counterparties, setting exposure limits based on bank ratings and individual limits for particular counterparties.

4.2 Credit risk exposures and capital need

The table below displays the gross and net carrying amount of on-balance loan receivables.

Table 9: Loan receivables - Klarna Holding AB (publ)

SEKm		
Credit risk	31 Dec 2022	31 Dec 2021
Loan receivables, gross	83,154	71,491
Allowance for credit losses	-4,159	-3,609
Loan receivables, net carrying amount	78,995	67,882
of which: Loans to credit institutions	3,818	5,048
of which: Loans to the public	74,526	62,085

4.2.1 Regulatory capital requirement for credit risk

The Pillar 1 minimum capital requirement for credit risk is based on the standardised approach according to prudential requirements as defined in CRR.

The table below displays average and year-end 2022 and 2021 exposure values per exposure classes, net of loan loss provisions and including credit conversion factor for off-balance sheet exposures according to CRR. The average risk weight displays how the exposures are weighted according to the prudential requirements. Retail exposures are the most significant exposures for Klarna with an average risk weight of 75%. Klarna's Pillar 1 requirement for credit risk has grown from SEK 4,714m in 2021 to SEK 4,970m in 2022 largely in line with growth of aggregate exposures.

Table 10: Credit risk exposure value and risk exposure amount (REA) according to the standardised approach in CRR - average and at 31 December

Exposure class	2022					2021				
	Exposure average	Exposure	Risk weight average	REA	Pillar 1 req.	Exposure average	Exposure	Risk weight average	REA	Pillar 1 req.
Central governments or central banks	12,316	16,982	0%	-	-	15,606	17,110	0%	0	0
Regional governments or local authorities	6,566	5,063	0%	-	-	3,378	3,874	0%	0	0
Public sector entities	-	-	0%	-	-	20	0	0%	0	0
Multilateral development banks	5,248	5,436	0%	-	-	3,054	4,877	0%	0	0
Institutions	5,611	4,695	20%	939	75	3,910	6,220	20%	1,253	100
Corporates	7,400	7,785	99%	7,703	616	5,596	6,369	99%	6,296	504
Retail	57,033	59,690	75%	44,768	3,581	48,424	58,554	75%	43,916	3,513
Exposures in default	624	572	105%	598	48	634	732	104%	762	61
Covered bonds	999	864	10%	86	7	1,296	1,133	10%	113	9
Equity	374	338	220%	744	59	907	792	150%	1,185	95
Non-credit risk items	5,908	6,719	108%	7,281	582	4,383	4,926	109%	5,394	432
Total	102,079	108,144	57.44%	62,119	4,970	87,208	104,589	56%	58,919	4,714

The credit risk of derivative transactions was calculated using the Original Exposure Method (OEM) as per articles 273a and 282 of the CRR. As of December 2022, Klarna adopted the Simplified Standardized Approach to Counterparty Credit Risk (SSA-CCR) due to the continuing growth of its derivative portfolio in which the threshold set in article 273a(2)(b) was exceeded.

Credit default risk is included in the Pillar 1 capital requirement. As a part of ICLAAP, Klarna uses internal Pillar 2 capital models for credit risk which take into account historical and stressed credit losses, exposures, internal metrics, quantitative and qualitative factors, risk mitigations and external benchmarks as deemed appropriate. The outcome of these methods is used to validate that the level of capital held under Pillar 1 is sufficient.

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Concentration risk arises when exposures are less than perfectly diversified over obligors, industry sectors, geographic markets or other risk drivers, and the resulting correlation of obligor behavior creates an increased risk of worst case losses. As this risk is not reflected in Pillar 1 capital requirements, Klarna sets aside additional capital for this under Pillar 2.

4.3 Securitization

Klarna entered into its inaugural significant risk transfer (SRT) transaction in June, 2022. The transaction allows Klarna to strategically and effectively manage its credit risk. The SRT transaction contributes to sound risk management by reducing the credit risk exposure on the underlying exposures.

Klarna acts as the originator in the transaction, whereby a selected portfolio of loans are securitized into a junior, mezzanine and senior tranche structure. In the securitization structure, Klarna retains the senior and junior tranches while a funded credit protection is acquired on the mezzanine tranche in the form of a financial guarantee.

The financial guarantee is granted from a Securitisation special purpose entity (SSPE) that takes on the associated credit risk, but not legal ownership of the loans. Klarna makes periodic premium and risk transfer protection payments to the SSPE that issues credit linked notes to third parties.

The structure is treated as a synthetic securitization exposure in the banking book, in accordance with article 245 of the CRR. Under a synthetic securitisation there is no sale or transfer of the underlying assets, but rather a transfer of economic risk, resulting in the loans remaining on Klarna's balance sheet.

The securitization qualifies as a simple, transparent and standardized (STS) securitization as per the securitisation regulation, and is reported according to the standardized approach for capital adequacy purposes, in accordance with articles 261 and 262 of the CRR.

The securitization achieves SRT under the relevant regulations (Regulation (EU) No 575/2013 ("CRR") and Regulation (EU) No 2017/2402 ("SR")). Klarna has an internal significant risk transfer policy which establishes principles for the effective and robust assessment, monitoring and management of significant risk transfer transactions throughout the Klarna Holding AB (publ) Consolidated. The policy ensures Klarna remains compliant with regulatory requirements on SRT for both traditional and synthetic securitizations for capital adequacy purposes.

Table 11: EU-SEC1 - Securitisation exposures in the non-trading book

31 Dec 2022	Institution acts as originator		
	Synthetic		
SEKm		of which SRT	Sub-total
Total exposures	9,122	9,122	9,122
Retail (total)	9,122	9,122	9,122
other retail exposures	9,122	9,122	9,122

Table 12: EU-SEC3 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor

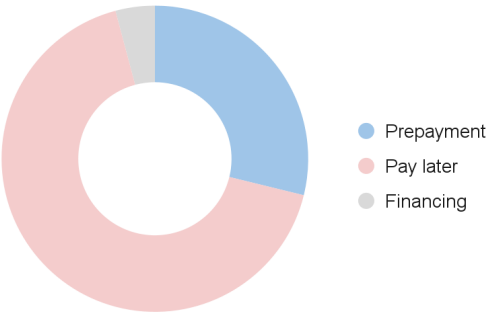
31 Dec 2022	Exposure values (by RW bands/deductions)		Exposure values (by regulatory approach)		RWEA (by regulatory approach)		Capital charge after cap	
	≤20% RW	1250% RW/ deductions	SEC-SA	1250%/ deductions	SEC-SA	1250%/ deductions	SEC-SA	1250%/ deductions
SEKm								
Total exposures	8,864	258	8,864	258	1,131	258	90	258
Synthetic transactions	8,864	258	8,864	258	1,131	258	90	258
Securitisation	8,864	258	8,864	258	1,131	258	90	258
Retail underlying	8,864	258	8,864	258	1,131	258	90	258

Table 13: EU-SEC5 - Exposures securitised by the institution - Exposures in default and specific credit risk adjustments

31 Dec 2022	Exposures securitised by the institution - Institution acts as originator or as sponsor		
	Total outstanding nominal amount		
SEKm		Of which exposures in default	Total amount of specific credit risk adjustments made during the period
Total exposures	10,370	72	25
Retail (total)	10,370	72	25
other retail exposures	10,370	72	25

4.4 Product breakdown

Klarna’s consumer credit portfolio is characterized by fast growth and issuance of loans with short average duration. A large share of the assets are originated and repaid intra-month and thus do not appear on the balance sheet in a month on month comparison. As a consequence credit risk is to a large extent incurred by new origination. This, combined with the ability to adjust underwriting criteria, gives Klarna control over both the credit quality and the size of the balance sheet.



The graph displays the split of total volume in 2022 per payment method.

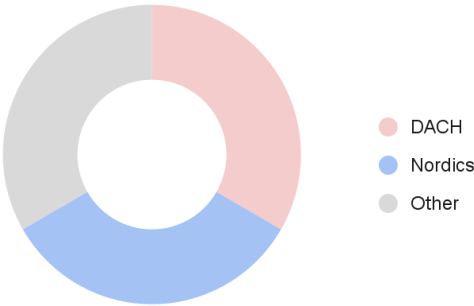
Pay Later consists of four alternatives depending on market preferences, usually the consumer can choose to pay within 30 days without interest but payment terms can be longer.

Financing is for the consumer who wants to pay over time in installments. It is a fixed part payment or flexible where the customer at his own pace determines how much is to be paid each month (though with a fixed minimum amount).

Prepayment options are for the consumers who want to pay for the goods directly at point of purchase. These are not consumer credit products but can carry short term credit risk due to the time lag between purchase initiation and settlement.

4.5 Credit concentration and geographical breakdown

Klarna’s consumer credit portfolio is geographically diversified in more than 22 countries as of year-end 2022. Germany, Sweden and UK combined constitute more than 60% of the portfolio but the fast growing US market accounts for 23% of the portfolio, and is contributing to increased diversification along with smaller established and growing markets. Within Klarna the countries are further grouped into regions such as Nordics (Sweden, Norway, Finland, Denmark), DACH (Germany, Austria, Switzerland), US, UK and and others.



Large exposures towards single counterparties are monitored closely by the relevant business units. These arise mainly from financial counterparties for liquidity and risk management purposes (see Section 4.7) and transactions with third party payment service providers who acquire payments on Klarna’s behalf. Concentrations towards large counterparties, geographical locations and industries

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are monitored closely and included in the internally assessed capital need as described in section 4.2.1.

4.6 Past due exposures, provisions and credit losses

Consumer credit losses are driven by different factors and the main aspects can be divided into:

- Consumers are unable to meet their obligations as a result of personal financial difficulties.
- Consumers who never intended to meet their obligations (1st party fraud).
- Identity theft and fraud which are managed alongside credit losses and are an everyday consequence of digital lending.

As stated before, Klarna has control of the credit quality by underwriting every transaction in real-time using proprietary scoring models that naturally adapt to a deterioration in credit quality in the client base.

Provisions

While it is never possible to foresee the exact loss level in advance, a credit institution can forecast loss rates with a reasonable level of confidence. These loss rates are referred to as Expected Credit Losses (ECL) and are generally seen as the cost equivalent for doing business and are widely used as a means for provisioning for credit losses.

Klarna makes provisions to cover for expected credit losses (ECL) in line with the IFRS 9 framework for loans to the public, loans to credit institutions and financial guarantees and commitments and groups its financial assets and off-balance sheet items into stages within the scope of the IFRS 9 impairment requirements.⁴

The ECL allowance is based on either the 12 months' expected credit loss (12m ECL) or on the lifetime expected credit loss (lifetime ECL). The ECL allowance is based on the latter if there has been a significant increase in credit risk since initial recognition.

Lifetime ECL and 12m ECL are calculated on a collective basis. When calculating ECL on a collective basis, the ECL components are calculated based on segmentation which is built on shared risk characteristics. The probability of default (PD) component is segmented by geographical region, instrument type and by days since origination.

The loss given default (LGD) component is dependent on geographical region, retailer type, days past due, and, in some cases, recoveries from the sale of non-performing portfolios. These PD and LGD estimates are obtained for each of the segment permutations, which is used to calculate the ECL on a collective basis. Since collateral is not held as security, it is not part of the ECL calculations.

An exposure is considered in default when the asset has been 90 days or more past due without any payments, has entered debt collection or is classified as fraudulent. Whether the default criteria are

⁴ See Klarna Holding (publ) - Annual report 2022 - Note 2 Accounting and valuation principles - point 12) for more details about definitions, stage allocation, and information about impairment of financial assets, financial guarantees and commitments under IFRS9.

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met is determined by analyzing historical payment patterns and assessing whether there is no realistic expectation of recovery.

The tables below display performing and non-performing exposures measured at amortized cost and allocated to stages according to IFRS9, for year-end 2022 and 2021 for comparison. Stage 3 balances are mainly built up by the consumer credit portfolio. Simplified Approach balances are built up by on-balance merchant counterparty credit risk portfolio. Klarna measures the consumer credit NPL (non-performing loan) rate as a key metric and tracks development towards the internal management and board limit. During 2022 Klarna continued to strengthen the controls to improve the NPL ratio given the strong focus on expansion after a period of stringent consumer lending during the Covid pandemic in 2020. Note that the table below includes all on-balance exposures allocated to stage 3 according to IFRS9⁵ and are therefore not relevant for the calculated NPL ratio. FINREP provides a more detailed overview of the performing and non-performing exposures and is presented in the Appendices 8-10.

Table 14: Performing and non-performing exposures, gross exposure per 31 December 2022

SEKm Klarna Holding AB (publ) Consolidated						
Days past due	Stage1	Stage2	Stage3	POCI	Simplified Approach	Total
Before due	68,542	2,508	152		1,296	72,497
≤ 30 days	4,632	1,545	14		64	6,256
> 30-60 days	-	1,193	16	-	18	1,227
> 60-90 days	-	672	30	-	10	712
> 90 days	-	135	1,730	1	234	2,100
Total	73,174	6,053	1,941	1	1,623	82,793

Table 15: Performing and non-performing exposures per 31 December 2021

SEKm Klarna Holding AB (publ) Consolidated						
Days past due	Stage1	Stage2	Stage3	POCI	Simplified Approach	Total
Before due	59,064	1,344	28	0	838	61,274
≤ 30 days	5,083	1,217	14	0	33	6,347
> 30-60 days	-	1,376	28	0	18	1,423
> 60-90 days	-	637	34	-	21	692
> 90 days	-	50	1,561	1	143	1,755
Total	64,147	4,626	1,664	1	1,053	71,491

⁵ Note that the gross carrying amount includes merchant receivables (presented under Simplified approach) and receivables towards third party payment providers and credit institutions. Further information about how the provisional allowances in accordance with the accounting framework IFRS 9 changed during 2021 can be found in Note 18 of the Annual Report.

Credit losses

Klarna's business model, with short average maturity and high credit turnover, results in relatively low loan losses in comparison to the total lending volume over the full financial year. Credit losses as a percentage of total gross merchandise volume decreased across all major markets in 2022. Detailed information regarding credit losses can be found in Note 13 in the Klarna Holding (publ) - Annual report.

4.7 Other sources of credit risk

Klarna has credit risk arising from investments in debt securities held for liquidity management purposes. Credit risk in the liquidity portfolio is managed by ensuring the level of securities held is in relation to the business need and by taking into account the creditworthiness of the counterparty. The Group controls the exposure by setting limits on the type of issuers whose securities can be purchased and the credit rating of those issuers. These limits are applied by the Treasury Function on an ongoing basis in managing the liquidity portfolio and independently controlled by Risk Control.

The risk of securities in the liquidity portfolio is mitigated by only investing in instruments issued by central banks, supranationals, governments, municipalities, as well as covered bonds. A limit framework is in place, with limits based on credit rating for both single name and issuer type exposure, in order to maintain high overall credit quality and ensure an appropriate level of diversification. As at end December 2022 the entire liquidity portfolio was eligible for inclusion in the Liquidity Buffer under the Delegated Act on the Liquidity Coverage Ratio.⁶

Table 16: Credit quality of debt securities

Credit quality of debt securities	31 Dec 2022	31 Dec 2021
SEKm		
Treasury bills chargeable at central banks, etc., and bonds and other interest-bearing securities		
AAA	8,738	8,610
AA+	1,267	1,781
AA	1,251	92
AA-	321	10,483
Total	11,577	10,877

* According to the rating from Standard & Poor's.

Another source of credit risk for Klarna is counterparty credit risk relating to derivative contracts. This means the risk of a counterparty failing to fulfill its contractual obligations, which could cause a loss for Klarna. Counterparty credit risk is managed by selecting only high quality counterparties such as large Nordic and Global banks as derivative counterparties. In addition netting and margining are used to minimize the exposure amounts per counterparty. The Treasury Function manages the risk with independent oversight by Risk Control.

⁶ Commission Delegated Regulation (EU) 2015/61

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The credit risk of derivative transactions is calculated according to the simplified standardized approach to counterparty credit risk (SSA-CCR). The derivative transactions currently used by Klarna are currency and interest rate swaps. All active derivative transactions, measured at fair value, are shown in the table below.

Table 17: Derivatives measured at fair value

31 December 2022			
SEKm			
	Fairvalue		Total nominal amount
	Positive	Negative	
Derivatives designated in a hedged relationship			
Interest rate swaps	-	-85	10,147
Total	-	-85	10,147
	Fairvalue		Total nominal amount
	Positive	Negative	
Derivatives not designated in a hedged relationship			
Currency forwards	789	-50	41,042
Total	789	-50	41,042
31 December 2021			
SEKm			
	Fairvalue		Total gross nominal amount
	Positive	Negative	
Derivatives not designated in a hedged relationship			
Currency forwards	67	-628	49,520
Interest rate swaps	-	-3	3,000
Total	67	-631	52,520

Klarna calculates the capital requirement arising from credit risk exposures according to the standardised approach as stated in section 4.2.1. Klarna uses the external rating agencies Moody's, Fitch and Standard and Poor's, to calculate risk weighted exposure amounts for institute exposures, corporate exposures and local and central authorities. Klarna regularly updates its counterparty register with short and long ratings. If an institution has two ratings, the worst is selected and with three ratings available, the highest two are selected, then the final rating would be the worst of these two. Should there be no rating available, the assigned risk weight is instead based on the rating of the national government in the jurisdiction to which the institution belongs. The Risk Control function reports the follow-up of all defined limits for credit risks to the board at least quarterly. Any limit breaches are escalated immediately.

5. Market risk

Market risk is defined as the risk that the value of, or expected future cash flow from Klarna's assets and liabilities, will decline as a result of market conditions. Klarna only invests in financial instruments for liquidity management purposes, and not with a speculative purpose. The nature of Klarna's business implies that there is no exposure to commodity risk. Interest and currency risk however exist as part of the business. The management of these risks is further described in the sections below.

5.1 Currency risk

Klarna operates in multiple countries and currencies. This gives rise to currency risk in Klarna's earnings as a result of currency fluctuations. The currency risk is managed by entering into offsetting currency exposures, protecting against losses from changes in foreign exchange rates. Internal Risk Policies limits currency exposures in both Klarna Holding AB (publ) and Klarna Bank AB (publ). The capital requirement for currency risk is based on Klarna's net open currency position.

Klarna's foreign-exchange positions, based on the average daily value, as of 2022 and 2021 are shown in the table below.

Table 18: Daily average currency exposure as of 2022 and 2021

31 Dec 2022					
SEKm	EUR	USD	GBP	Other	Total exposure
Net average daily position	15,491	185,843	43,821	208,439	453,593
Effect of 10% change versus the foreign currency	-1,549	-18,584	-4,382	-20,44	-45,306

31 Dec 2021					
SEKm	EUR	USD	GBP	Other	Total exposure
Net average daily position	58,653	80,898	25,582	106,524	271,657
Effect of 10% change versus the foreign currency	-5,865	-8,090	-2,558	-10,652	-27,165

A 10% change in the currency exchange rate (SEK) versus all foreign currencies would entail an effect of -0.43% on net income and -0.19% on the equity for the Group.

Currency risk is included in the Pillar 1 capital requirement and as a part of the ICLAAP Klarna uses an internal model to assess if the market risk Pillar 1 capital is sufficient to cover the risk.

5.2 Interest-rate risk in the banking book (IRRBB)

Interest rate risk is the sensitivity of earnings or economic value of assets and liabilities held for non-trading purposes to changes in interest rates. It is defined as the risk of decreased market values of Klarna's interest-bearing assets or an increase in market values for interest-bearing liabilities, due to mismatches in repricing of assets and liabilities (value risk), or the risk of net interest income being negatively affected by changes in general interest rates (earnings risk).

Klarna manages interest rate risk based on the SFSA's revised Pillar 2 methods published in December 2020⁷ and internal limits set by the Board. To manage the risk and exposure Klarna can enter into hedging instruments such as interest rate swaps.

Interest rate risk in the banking book (IRRBB) is not included in the Pillar 1 requirement. The IRRBB covers gap risk, basis risk and option risk. An additional related risk type is credit spread risk in the banking book (CSRBB). Klarna evaluates exposure to all of these risks with capital allocated for gap risk, basis risk and CSRBB in accordance with the SFSA's revised Pillar 2 methods published in December 2020.

5.3 Equity risk

Klarna does not have a trading book but strategically invests in other companies to accelerate innovation and/or expand/improve its product offering. Equity risk, the risk that the value of Klarna's investments may increase or decrease, is a natural consequence of this. The Board sets out clear investment mandates to limit this risk exposure.

6. Operational, ICT and security risk

Operational risk is defined as the risk of inadequate or failed processes, personnel, products or third parties. Klarna's operational risks take multiple forms. To manage the inherent operational risks of this model Klarna operates a robust operational risk management framework with risk specific activities and approaches set out in the Operational Risk Policy approved by the Board. The processes and methodologies include the following:

6.1 Risk assessment and internal control

The foundation for Klarna's operational risk approach is a risk assessment and internal control framework. This includes:

- Identifying and mapping all business critical products and services, including their sub-processes,
- Identifying the main risks in each of these through monitoring of key risk indicators,
- Deciding and implementing mitigating actions,
- Implementing and enhancing internal controls,
- Regular testing of the design and execution controls, and
- Reporting of risk and control profile to the Board

The process to identify and assess risks is performed at least annually or when deemed necessary due to e.g. incidents, identification of new risks, increased risk exposures, improved controls or reorganizations.

6.2 New product/process approval process

The New Product Approval (NPA) process is designed to provide risk assurance for new and materially altered products or services, processes, IT systems, mergers and acquisition, markets,

⁷ SFSA, Pelare 2-metod för bedömning av kapitalpåslag för marknadsrisker i övrig verksamhet, dnr 19-4434 (Swedish only)

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non-related third-party and major operational and organizational changes. The process identifies and assesses risks associated with the change, deciding and implementing mitigating actions or adequate controls to mitigate these to an acceptable level before implementation.

The purpose of the NPA process is to ensure that Klarna only enters into activities when risks are adequately identified, managed and controlled.

6.3 Incident management and reporting

Incident management and reporting focuses on returning the functionality and the performance of the product/service (including IT services) back to normal as quickly as possible, and thereby minimizing the impact. Following the resolution of an incident, a mandatory process is followed to learn and improve from the incident and take preventative action to prevent a similar incident from occurring.

6.4 Business continuity management

Business Continuity Management (BCM) identifies threats to the continuity of business critical products or services. It provides a framework to ensure readiness to recover, resume and maintain business critical products and services at an acceptable and predefined level during a disaster or significant long term disruption and/or crisis.

6.5 Model risk management framework

The Model risk management framework identifies, understands and manages model risk across Klarna. It is based on an assessment of the criticality of models used and encompasses governance and control mechanisms such as management oversight, policies and procedures and controls, compliance and validation.

6.6 ICT and security risk management framework

The Information and Communication Technology (ICT) and security risk management framework is integrated into the risk assessment and internal control process and risk management framework. The purpose with the framework is to ensure that all ICT and security risks are identified, analyzed, measured, monitored, managed, reported and kept within the limits of the risk appetite and that the projects and systems Klarna delivers and the activities Klarna performs are in compliance with external and internal requirements. The framework exists in order to do this in the most efficient manner possible as well as cover for the specific needs of ICT and security risk management as defined by EBA/GL/2019/04 guidelines for ICT and Security risk management amongst other local requirements.

6.7 Regulatory capital requirements for operational risk

Klarna uses the alternative standardized method (ASA), in accordance with CRR, Part 3, Title III, Chapter 3, for calculating the capital requirement for operational risk in Pillar 1. The standardized approach in the CRR uses gross income (3-year average) for different business lines as an indicator multiplied with a beta factor (12-18 percent) to calculate the REA. The ASA method uses exposures instead of gross income for retail and commercial business lines, which is more representative of the risk Klarna is exposed to. The capital requirement for operational risk equals the average of the

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annual capital requirements over all business lines over the preceding three years. The table below shows the key components underlying the calculation.

Table 19: Pillar 1 requirement for operational risk

SEKm	2022	2021
Exposure indicator	2,534	2,051
Avg. beta factor as per CRR Art 317	11.81%	12.4%
Own funds requirement	299	254

Klarna continuously enhances its approach to managing and reducing operational risk exposure. In its ICLAAP, Klarna uses an internal operational risk model to assess the sufficiency of the operational risk Pillar 1 capital. If the total internally assessed capital need is greater than Pillar 1, the amount exceeding Pillar 1 is included in Pillar 2.

7. Funding and Liquidity risk

Liquidity and funding risk assessment is an integral part of ongoing business operations at Klarna. The liquidity coverage ratio is found in the table below.

Table 20: Liquidity coverage ratio

Consolidated situation				
SEKm	Total adjusted value			
	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Liquidity buffer	25,800	25,605	14,886	23,379
Total net cash outflows	3,358	3,164	3,230	3,246
Liquidity coverage ratio %	768%	809%	460%	720%

7.1 Liquidity risk management

The relatively short duration of Klarna's assets can be leveraged during a liquidity shortage to quickly improve the liquidity situation through limiting new loan origination to reduce the funding need. The result is lower liquidity risk. Klarna is also subject to Swedish FSA's regulations on liquidity risk management (FFFS 2010:7). In particular these rules contain requirements relating to the identification and measurement of liquidity risk as well as funding plans, performance of stress testing and the maintenance of an adequate liquidity reserve.

7.1.1 Liquidity reserve and Counterbalancing capacity

To meet short term requirements in Klarna's liquidity position, which could be driven by a sudden shift in customer product preference or repayment behavior, an outflow of deposits, or an unexpected peak in credits granted over a short period of time, Klarna has various levers at its disposal as part of its counterbalancing capacity.



7.2 Liquidity stress testing

Liquidity stress testing is an integral part of Klarna's liquidity risk management framework and Klarna regularly uses stress testing to assess liquidity adequacy with the purpose is to evaluate sensitivity to relevant market and company specific factors and to ensure proper resistance towards stress.

7.3 Encumbered assets

A large proportion of Klarna's assets remain unencumbered. As the majority of these assets are lending to the public with a short average repayment profile, these inflows serve as a safeguard to reduce the liquidity risk. Tables can be found in appendix 5.

8. Risk in remuneration systems

The rules on remuneration are found in the Swedish Banking and Financing Act (2004:297) and the Swedish Financial Supervisory Authority's regulations (FFFS 2011:1) regarding remuneration systems in credit institutions, securities companies and fund management companies licensed to conduct discretionary portfolio management (below "the remuneration rules").

In accordance with part eight of the CRR and the regulations and general guidelines of the Swedish Financial Supervisory Authority (FFFS 2014:12) regarding the disclosure of information on capital adequacy and risk management, Klarna shall at least annually in its annual report and on its website give information on its Remuneration Policy and remuneration systems.

The disclosures regarding remuneration in accordance with CRR Article 450 can be found in the Annual Report 2022, note 10.

Appendix

Appendix 1: Own funds balance sheet reconciliation

Reconciliation of shareholders' equity to regulatory capital SEKm	Klarna Holding AB (publ) Consolidated		
	Carrying values as reported in financial statement	Adjustments under the scope of regulatory framework	Carrying values under the scope of regulatory framework
Common Equity Tier 1 (CET1) capital: instruments and reserves			
Total Share Capital	41,572	-19	41,553
Of which: Share capital	3	0	3
Of which: Other capital contributions	41,569	-19	41,549
Restricted fund	0	0	0
Reserves	756	399	1,155
Retained earnings	-8,267	-399	-8,666
Common Equity Tier 1 (CET1) capital before regulatory adjustments	34,061	-19	34,042
Common Equity Tier 1: regulatory adjustments			
Adjustments to CET1 due to prudential filters	0	-2	-2
Goodwill	-6,856	646	-6,209
Other intangible assets (net of related tax liabilities)	-5,917	2,179	-3,738
Of which: Licenses	-15	0	-15
Of which: Trademarks	-1,055	0	-1,055
Of which: Capitalized development costs	-2,333	1,956	-377
Of which: Other intangible assets	-2,514	0	-2,514
Of which: Related tax liabilities	0	224	224
P&L current period	-10,292	0	-10,292
IFRS 9 transitional adjustments	0	1,343	1,343
Deferred tax assets	-395	375	-20
Securitisation	0	-258	-258
Total regulatory adjustments to Common Equity Tier 1	-23,460	4,284	-19,177
Common Equity Tier 1 Capital	10,600	4,265	14,865
Additional Tier 1 (AT1) capital instruments			
Additional Tier 1 instruments	276	-106	170
AT1 Instruments issued by subsidiaries	256	0	256
Additional Tier 1 Capital	532	-106	427
Tier 1 Capital	11,133	4,159	15,292
Tier 2 (T2) Capital: instruments and provisions			
Subordinated Liabilities	303	-46	256
Tier 2 Capital	303	-46	256
Tier 1 Capital	11,133	4,159	15,292
Total Capital	11,435	4,112	15,548

Appendix 2: Capital instruments main features

Capital instruments main features		Common Equity Tier 1	Additional Tier 1	Additional Tier 1	Tier 2
1	Issuer	Klarna Holding AB	Klarna Holding AB	Klarna Bank AB	Klarna Bank AB
2	Unique identifier	SE0003490770	SE0011844356	SE0017767296	SE0011415538
3	Governing law(s) of the instrument	Swedish law	Swedish law	Swedish law	Swedish law

Regulatory treatment

4	Transitional CRR rules	Common Equity Tier 1	Additional Tier 1	Additional Tier 1	Tier 2
5	Post-transitional CRR rules	Common Equity Tier 1	Additional Tier 1	Additional Tier 1	Tier 2
6	Eligible at solo/(sub-) consolidated/solo & (sub-) consolidated	Consolidated	Consolidated	Solo & Consolidated	Solo & Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Share capital	Additional Tier 1 Capital Notes	Additional Tier 1 Capital Notes	Subordinated Tier 2 Capital Notes
8	Amount recognised in regulatory capital (as of most recent reporting date)	SEK 19,372,837,370	SEK 340,300,570	SEK 276,000,000	SEK 301,055,663
9	Nominal amount of instrument	SEK 2,602,083	EUR 25,000,000	SEK 276,000,000	SEK 300,000,000
9a	Issue price	-	100%	100%	100%
9b	Redemption value	-	100%	100%	100%
10	Accounting classification	Shareholder's equity	Shareholder's equity	Shareholder's equity	Liability - amortized cost
11	Original date of issuance				
12	Perpetual or dated	Perpetual	Perpetual	Perpetual	Dated
13	Original maturity date	No maturity	No maturity	No maturity	2028-07-05
14	Issuer call subject to prior supervisory approval	-	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	-	2023-11-15	2027-03-25	2023-07-05
16	Subsequent call dates, if applicable	-	Every quarter falling after the first call date	Every quarter falling after the first call date	Every quarter falling after the first call date

Coupons / dividends

17	Fixed or floating dividend/coupon				
18	Coupon rate and any related index	Fully discretionary	Fixed rate of 6.625% until optional call date. Floating rate of EURIBOR 3M + 6.277% afterwards	STIBOR 3M + 7.00%	STIBOR 3M + 3.5%
19	Existence of a dividend stopper	No	No	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	Fully discretionary	Fully discretionary	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Fully discretionary	Fully discretionary	Mandatory

Capital instruments main features		Common Equity Tier 1	Additional Tier 1	Additional Tier 1	Tier 2
21	Existence of step up or other incentive to redeem	No	No	No	No
22	Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Cumulative
23	Convertible or non-convertible	N/A	Non-convertible	Non-convertible	N/A
24	If convertible, conversion trigger(s)	-	-	-	-
25	If convertible, fully or partially	-	-	-	-
26	If convertible, conversion rate	-	-	-	-
27	If convertible, mandatory or optional conversion	-	-	-	-
28	If convertible, specify instrument type convertible into	-	-	-	-
29	If convertible, specify issuer of instrument it converts into	-	-	-	-
30	Write-down features	No	Yes	Yes	No
31	If write-down, write down trigger(s)	-	CET1 ratio falls below 7% for the Consolidated situation of Klarna Bank AB	CET1 ratio falls below 5.125% for Klarna Bank AB or 7% for the Consolidated situation of Klarna Bank AB	-
32	If write-down, full or partial	-	Fully or partially	Fully or partially	-
33	If write-down, permanent or temporary	-	Temporary	Temporary	-
34	If temporary write-down, description of write-up mechanism	-	Fully discretionary	Fully discretionary	-
35	Position in subordinated hierarchy in liquidation	Immediately junior to holders of notes which constitutes Additional Tier 1 Capital	Immediately junior to holders of notes which constitutes Additional Tier 2 Capital	Immediately junior to holders of notes which constitutes Tier 2 capital	Immediately junior to claims of depositors and other unsubordinated creditors
36	Non-compliant transitioned features	No	No	No	No
37	If yes, specify non-compliant features	-	-	-	-

Appendix 3: EU CC1 - Composition of regulatory own funds

SEKm	Klarna Holding AB (publ) Consolidated	Regulation (EU) No 575/2013 Article Reference	
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	41,553	26(1), 27, 28, 29
	Of which: Share capital	3	EBA list 26(3)
	Of which: Share premium	41,549	EBA list 26(3)
2	Retained earnings	-8,666	26(1)(c)
3	Accumulated other comprehensive income (and other reserves)	1,155	26(1)
3a	Funds for general banking risk	-	26(1)(f)
4	Amount of qualifying items referred to in Article 484(3) and the related share premium accounts subject to phase out from CET1	-	486(2)
5	Minority interest (amount allowed in consolidated CET1)	-	84
5a	Independently reviewed interim profits not of any foreseeable charge or dividend	-	26(2)
6	Common Equity Tier 1 capital before regulatory adjustments	34,042	
Common Equity Tier 1: regulatory adjustments			
7	Additional value adjustments (negative amount)	-2	34, 105
8	Intangible assets (net of related tax liability) (negative amount)	-9,947	36(1)(b), 37
	Of which: Goodwill (negative amount)	-6,209	
	Of which: Other intangible assets (net of related tax liability) (negative amount)	-3,738	
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 36(3) are met) (negative amount)	-20	36(1)(c), 38
11	Fair value reserves related to gains or losses on cash flow hedges	-	33(1)(a)
12	Negative amounts resulting from the calculations of expected loss amounts	-	36(1)(d), 40, 159
13	Any increase in equity that results from securitised assets (negative amount)	-	32(1)
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-	33(1)(b)
15	Defined-benefit pension fund assets (negative amount)	-	36(1)(e), 41
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	-	36(1)(f), 42
17	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	36(1)(g), 44
18	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	36(1)(h), 43, 45, 46, 49(2) & (3), 79
19	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	36(1)(i), 43, 45, 47, 48(1)(b), 49(1) to (3), 79
20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-	36(1)(k)
20b	Of which: qualifying holdings outside the financial sector (negative amount)	-	36(1)(k)(i), 89 to 91
20c	Of which: securitisation positions (negative amount)	-258	36(1)(k)(ii), 243(1)(b), 244(1)(b), 258
20d	Of which: free deliveries (negative amount)	-	36(1)(k)(iii), 379(3)

SEKm		Klarna Holding AB (publ) Consolidated	Regulation (EU) No 575/2013 Article Reference
21	Deferred tax assets arising from temporary difference (amount above 10 % threshold , net of related tax liability where the conditions in Article 38(3) are met) (negative amount)	-	36(1)(c), 38, 48(1)(a)
22	Amount exceeding the 15% threshold (negative amount)	-	48(1)
23	Of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-	36(1)(i), 48(1)(b)
25	Deferred tax assets arising from temporary difference	-	36(1)(c), 38, 48(1)(a)
25a	Losses for the current financial year (negative amount)	-10,292	36(1)(a)
25b	Foreseeable tax charges relating to CET1 items (negative amount)	-	36(1)(l)
27	Qualifying AT1 deductions that exceeds the AT1 capital of the institution (negative amount)	-	36(1)(j)
27a	IFRS 9 transitional adjustments to CET1 Capital	1,343	473a(8)
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	-19,177	
29	Common Equity Tier 1 (CET1) capital	14,865	
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	256	51, 52
31	Of which: classified as equity under applicable accounting standards	256	
32	Of which: classified as liabilities under applicable accounting standards	-	
33	Amount of qualifying items referred to in Article 484(4) and the related share premium accounts subject to phase out from AT1	-	486(3)
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interest not included in row 5) issued by subsidiaries and held by third parties	170	85, 86
35	Of which: instruments issued by subsidiaries subject to phase-out	-	486(3)
36	Additional Tier 1 (AT1) capital before regulatory adjustments	427	
Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)	-	52(1)(b), 56(a), 57
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holding with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	56(b), 58
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	56(c), 59, 60 79
40	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	56(d), 59, 79
42	Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)	-	56(e)
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital	-	
44	Additional Tier 1 (AT1) capital	427	
45	Tier 1 capital (T1 = CET1 + AT1)	15,292	
Tier 2 (T2) capital: instruments and provisions			
46	Capital instruments and the related share premium accounts	-	62, 63
47	Amount of qualifying items referred to in Article 484(5) and the related share premium accounts subject to phase out from T2	-	486(4)
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interest and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third party	256	87, 88

SEKm		Klarna Holding AB (publ) Consolidated	Regulation (EU) No 575/2013 Article Reference
49	Of which: instruments issued by subsidiaries subject to phase-out	-	486(4)
50	Credit risk adjustments	-	62(c) & (d)
51	Tier 2 (T2) capital before regulatory adjustment	256	
Tier 2 (T2) capital: regulatory adjustments			
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-	63(b)(i), 66(a), 67
53	Holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institutions designed to inflate artificially the own funds of the institution (negative amount)	-	66(b), 68
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10 % threshold and net of eligible short positions) (negative amount)	-	66(c), 69, 70, 79
55	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amounts)	-	66(d), 69, 79
57	Total regulatory adjustments to Tier 2 (T2) capital	-	
58	Tier 2 (T2) capital	256	
59	Total capital (TC = T1 + T2)	15,548	
60	Total risk-weighted assets	68,597	
Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	21.7%	92(2)(a)
62	Tier 1 (as a percentage of total risk exposure amount)	22.3%	92(2)(b)
63	Total capital (as a percentage of total risk exposure amount)	22.7%	92(2)(c)
64	Institution specific buffer requirement (CET1 requirement in accordance with article 92(1)(a) plus capital conservation and countercyclical buffer requirements plus a systemic risk buffer, plus systemically important institution buffer expressed as a percentage of total REA)	7.5%	CRD128, 129, 130, 131, 133
65	Of which: capital conservation buffer requirement	2.5%	
66	Of which: countercyclical buffer requirement	0.5%	
67	Of which: systemic risk buffer requirement	-	
67a	Of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	-	
68	Common Equity Tier 1 available to meet buffers (as a percentage of REA)	17.2%	CRD 128
Amounts below the thresholds for deduction (before risk-weighting)			
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	-	36(1)(h), 45, 46, 56(c), 59, 60, 66(c), 69, 70
73	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)	270	36(1)(i), 45, 48
75	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)	395	36(1)(c), 38, 48
Applicable caps on the inclusion of provisions in Tier2			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardized approach (prior to the application of the cap)	-	62

SEKm		Klarna Holding AB (publ) Consolidated	Regulation (EU) No 575/2013 Article Reference
77	Cap on inclusion of credit risk adjustments in T2 under standardized approach	-	62
78	Credit risk adjustments included in T2 in respect of exposures subject to internal rating-based approach (prior to the application of the cap)	-	62
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	-	62
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)			
80	- Current cap on CET1 instruments subject to phase-out arrangements	-	484(3), 486(2) & (5)
81	- Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	484(3), 486(2) & (5)
82	- Current cap on AT1 instruments subject to phase-out arrangements	-	484(4), 486(3) & (5)
83	- Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	484(4), 486(3) & (5)
84	- Current cap on T2 instruments subject to phase-out arrangements	-	484(5), 486(4) & (5)
85	- Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	484(5), 486(4) & (5)

Appendix 4: Asset encumbrance

Encumbered and unencumbered assets				
SEKm	Klarna Holding AB (publ) Consolidated			
<i>Median over last four quarters</i>	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
Assets of the reporting institution	1,713	-	113,233	355
Equity instruments	-	-	355	355
Debt securities	1,136	-	12,332	-
of which: covered bonds	-	-	819	-
of which: asset-backed securities	-	-	-	-
of which: issued by general governments	-	-	4,032	-
of which: issued by financial institutions	1,136	-	7,108	-
of which: issued by non-financial corporations	-	-	-	-
Other assets	603	-	100,606	-
of which: loans on demand	603	-	13,003	-
of which: loans and advances other than loans on demand	-	-	69,549	-
of which: other	-	-	18,906	-

Collateral received		Klarna Holding AB (publ) Consolidated	
	Fair value of encumbered collateral received or own debt securities issued	Fair value of collateral received or own debt issued available for encumbrance	
Collateral received by the reporting institution	12	-	
Loans on demand	-	-	
Equity instruments	-	-	
Debt securities	-	-	
of which: covered bonds	-	-	
of which: asset-backed securities	-	-	
of which: issued by general government	-	-	
of which: issued by financial corporations	-	-	
of which: issued by non-financial corporations	-	-	
Loans and advances other than loans on demand	-	-	
Other collateral received	12	-	
Own debt securities issued other than own covered bonds or asset-backed securities	-	-	
Own covered bonds and asset-backed securities issued and not yet pledged	-	-	
Total assets, collateral received and own debt securities issued	2,046		

Source of encumbrance		Klarna Holding AB (publ) Consolidated	
	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities other than covered bonds and ABSs encumbered	
Carrying amount of selected financial liabilities	1,568	2,046	
Derivatives	721	727	
of which: Over-The-Counter	721	727	
Deposits	1,139	1,177	
Repurchase agreements	1,138	1,142	
of which: central banks	-	-	
Collateralized deposits other than repurchase agreements	1	34	
of which: central banks	-	-	
Debt securities issued	-	-	
of which: covered bonds issued	-	-	
of which: asset-backed securities issued	-	-	
Other sources of encumbrance	-	-	
Nominal of loan commitments received	-	-	
Nominal of financial guarantees received	-	-	
Fair value of securities borrowed with non-cash-collateral	-	-	
Other	-	-	
Total sources of encumbrance	1,568	2,046	

Source of encumbrance

An asset shall be treated as encumbered if it has been pledged or if it is subject to any form of arrangement to secure, collateralise or credit enhance any transaction from which it cannot be freely withdrawn. It is important to note that assets pledged that are subject to any restrictions in withdrawal such as for instance assets that require prior approval before withdrawal or replacement by other assets should be considered encumbered. The definition is not based on an explicit legal definition such as title transfer but rather on economic principles as the legal frameworks may differ in this respect across countries. The definition however is closely linked to contractual conditions.

One of the sources of encumbrance for Klarna includes collateral lent and received when conducting derivative transactions. Klarna considers a majority of its assets to be available for encumbrance.

The disclosed values above are derived from the median of the four quarterly end-of-period values over the previous 12 months.

Appendix 5: Disclosure on leverage ratio

Summary reconciliation of accounting assets and leverage ratio exposures		Klarna Holding AB (publ) Consolidated
SEKm		Applicable amount
1	Total assets as per published financial statements	125,924
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	
3	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013	
4	Adjustments for derivative financial instruments	1,013
5	Adjustments for securities financing transactions (SFTs)	-
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	2,753
EU-6a	(Adjustment for intragroup exposures excluded from the leverage ratio exposure measure in accordance with Article 429(7) of Regulation (EU) No 575/2013)	-
EU-6b	(Adjustment for exposures excluded from the leverage ratio exposure measure in accordance with Article 429(14) of Regulation (EU) No 575/2013)	-
7	Other adjustments	-10,227
8	Total leverage ratio exposure	119,462

Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)		Klarna Holding AB (publ) Consolidated
SEKm		Leverage ratio exposure
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs and exempted exposures)	125,924
EU-2	Trading book exposures	-
EU-3	Banking book exposures of which:	125,924
EU-4	Covered bonds	864
EU-5	Exposures treated as sovereigns	22,045
EU-6	Exposures to regional governments, MDB, international organizations and PSE NOT treated as sovereigns	5,436
EU-7	Institutions	3,720
EU-8	Secured by mortgages of immovable properties	-
EU-9	Retail exposures	59,690
EU-10	Corporate	5,499
EU-11	Exposures in default	572
EU-12	Other exposures (e.g. equity securitisations, and other non-credit obligation assets)	28,098

Leverage ratio common disclosure		Klarna Holding AB (publ) Consolidated
SEKm		Leverage ratio exposure
On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs, and fiduciary assets but including collateral)	125,924
2	(Asset amounts deducted in determining Tier 1 capital)	-10,227
3	Total on-balance sheet exposures (excluding derivatives, SFTs, and fiduciary assets) (sum of lines 1 and 2)	115,697
Derivative exposures		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	941
5	Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	71
EU-5a	Exposure determined under Original Exposure Method	
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	
8	(Exempted CCP leg of client-cleared trade exposures)	
9	Adjusted effective notional amount of written credit derivatives	
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	
11	Total derivative exposures (sum of lines 4 to 10)	1,013
Securities financing transaction exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	
14	Counterparty credit risk exposure for SFT assets	
EU-14a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Article 429b(4) and 222 of Regulation (EU) No 575/2013	
15	Agent transaction exposures	

Leverage ratio common disclosure		Klarna Holding AB (publ) Consolidated
SEKm		Leverage ratio exposure
EU-15a	(Exempted CCP leg of client-cleared SFT exposure)	
16	Total securities financing transaction exposures (sum of lines 12 to 15a)	-
Other off-balance sheet exposures		
17	Off-balance sheet exposures at gross notional amount	16,290
18	(Adjustments for conversion to credit equivalent amounts)	-13,537
19	Other off-balance sheet exposures (sum of lines 17 to 18)	2,753
Exempted exposures in accordance with CRR Article 429(7) and (14) (on and off balance sheet)		
EU-19a	(Exemption of intragroup exposures (solobasis) in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet))	-
EU-19b	(Exposures exempted in accordance with Article 429(14) of Regulation (EU) No 575/2013 (on and off balance sheet))	-
Capital and total exposures		
20	Tier 1 capital	15,292
21	Total leverage ratio exposures (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	119,462
Leverage ratio		
22	Leverage ratio	12.8%
Choice on transitional arrangements and amount of derecognised fiduciary items		
EU-23	Choice on transitional arrangements for the definition of the capital measure	Transitional
EU-24	Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) NO 575/2013	0

Appendix 6: IFRS 9 transitional disclosure

Comparison of own funds, capital and leverage ratios with and without the application of transitional arrangements for IFRS 9				
Klarna Holding AB (publ) Consolidated				
SEKm	31 Dec 2022	30 Sep 2022	30 June 2022	31 Mar 2022
Available capital (amounts)				
Common Equity Tier 1 (CET1) capital	14,865	15,903	9,386	16,721
CET1 capital as if IFRS 9 transitional arrangements had not been applied	13,522	14,555	7,941	15,505
Tier 1 capital	15,292	16,327	9,770	17,185
Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	13,948	14,980	8,325	15,968
Total capital	15,548	16,580	9,971	17,374
Total capital as if IFRS 9 transitional arrangements had not been applied	14,204	15,232	8,526	16,157
Risk Exposure Amounts				
Total risk exposure amount	68,597	63,843	62,841	62,645
Total risk exposure amount as if IFRS 9 transitional arrangements had not been applied	67,254	62,496	61,396	61,429
Capital ratios (as percentage of total risk exposure amount)				
CET1	21.7%	24.9%	14.9%	26.7%
CET1 as if IFRS 9 transitional arrangements had not been applied	20.1%	23.3%	12.9%	25.2%
Tier 1 capital	22.3%	25.6%	15.5%	27.4%
Tier 1 as if IFRS 9 transitional arrangements had not been applied	20.7%	24.0%	13.6%	26.0%
Total capital	22.7%	26.0%	15.9%	27.7%
Total capital as if IFRS 9 transitional arrangements had not been applied	21.1%	24.4%	13.9%	26.3%
Leverage ratio				
Total Leverage ratio exposure amount	119,462	113,719	108,327	103,126
Leverage ratio	12.8%	14.4%	9.0%	16.7%
Leverage ratio as if IFRS 9 transitional arrangements had not been applied	11.8%	13.3%	7.9%	15.7%

Appendix 7: Disclosure of Performing and Non-performing exposures

Credit quality of Performing and Non-performing exposures by past due dates (gross balances)							
Klarna Holding AB (publ) Consolidated 2022-12-31							
SEKm							
	Performing	Non-performing	Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 5 years	Past due > 5 years
Cash balances at central banks and other demand deposits	17,943						
Loans and advances	78,570	2,188	122	1,246	378	435	6
Central banks							
General governments							
Credit institutions	1,969						
Other financial corporations	2,607						
Non-financial corporations	1,573	241		15	62	163	
Of which SMEs	191	137		5	13	119	
Households	72,421	1,947	122	1,231	316	272	6
Debt securities	11,578						
Central banks							
General governments	4,285						
Credit institutions	7,293						
Other financial corporations							
Non-financial corporations							
Off-balance sheet exposures	11,332	2					
Central banks							
General governments							
Credit institutions							
Other financial corporations							
Non-financial corporations	11,332	2					
Households							
Total	119,423	2,190	122	1,246	378	435	6

Appendix 8: Disclosure of Provisions for performing and Non-performing exposures

Provisions for Performing and Non-performing exposures by past due days							
Klarna Holding AB (publ) Consolidated 2022-12-31							
SEKm							
	Performing	Non-performing	Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1year	Past due > 1 year ≤ 5 years	Past due > 5 years
Cash balances at central banks and other demand deposits							
Loans and advances	-2,570	-1,588	-78	-941	-315	-251	-3
Central banks							
General governments							
Credit institutions	-5						
Other financial corporations	-2						
Non-financial corporations	-29	-224		-13	-52	-159	
Of which SMEs	-1	-58		-1	-7	-50	
Households	-2,534	-1,364	-78	-928	-263	-92	-3
Debt securities							
Central banks							
General governments							
Credit institutions							
Other financial corporations							
Non-financial corporations							
Off-balance sheet exposures	-92	-2					
Central banks							
General governments							
Credit institutions							
Other financial corporations							
Non-financial corporations	-92	-2					
Households							
Total	-2,662	-1,590	-78	-941	-315	-251	-3

Appendix 9: Disclosure of Forborne exposures

Credit quality of forborne exposures							
Klarna Holding AB (publ) Consolidated 2022-12-31							
SEKm							
	Gross carrying amount / nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures
	Performing forborne	Non-performing forborne	Of which defaulted	Of which impaired	On performing forborne exposures	On non-performing forborne exposures	Of which collateral and financial guarantees received on non-performing exposures
Cash balances at central banks and other demand deposits							
Loans and advances	19	214	214	214	-9	-79	
Central banks							
General governments							
Credit institutions							
Other financial corporations							
Non-financial corporations							
Households	19	214	214	214	-9	-79	
Debt Securities							
Loan commitments given							
Total	19	214	214	214	-9	-79	

Appendix 10: Collateral obtained by taking possession and execution processes

Collateral obtained by taking possession, Non-performing exposures			
Klarna Holding AB (publ) Consolidated			
SEKm			
		Value at initial recognition	Accumulated negative changes
1	Property, plant and equipment (PP&E)	0	0
2	Other than PP&E	0	0
3	Residential immovable property	0	0
4	Commercial Immovable property	0	0
5	Movable property (auto, shipping, etc.)	0	0
6	Equity and debt instruments	0	0
7	Other	0	0
8	Total	0	0

Appendix 10 not applicable for Klarna Holding AB (publ) or Klarna Bank AB (publ)

Appendix 11: EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

31 Dec 2022 SEKm	General credit exposures	Securitisation exposures	Own fund requirements				Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
	Exposure value under the standardized approach	Exposure value for non-trading book	Total exposure value	Relevant credit risk exposures - Credit risk	Relevant credit exposures - Securitisation positions in the non-trading book	Total			
Denmark	695		695	25		25	309	0.5%	2.0%
Luxembourg	2,598		2,598	1		1	7	0.0%	0.5%
Norway	3,983		3,983	243		243	3,041	4.8%	2.0%
Sweden	36,173		36,173	1,325		1,325	16,561	26.2%	1.0%
United Kingdom	11,423		11,423	713		713	8,911	14.1%	1.0%
Germany	18,253	9,122	27,375	1,013	90	1,104	13,796	21.8%	
United States of America	17,891		17,891	1,030		1,030	12,873	20.4%	
Other countries	17,128		17,128	620		620	7,752	12.3%	
Total	108,144	9,122	117,266	4,970	90	5,060	63,250	100.0%	

Appendix 12: EU CCyB2 - Amount of institution-specific countercyclical capital buffer

SEKm		31 Dec 2022	31 Dec 2021
1	Total risk exposure amount	68,597	61,836
2	Institution specific countercyclical capital buffer rate	0.52%	0.05%
3	Institution specific countercyclical capital buffer requirement	355	29

Appendix 13: EU CCR3 – Standardized approach – CCR exposures by regulatory exposure class and risk weights

31 Dec 2022 SEKm	Exposure classes	Risk weight											Other rs	Total exposure value	
		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%				
1	Central governments or central banks														
2	Regional government or local authorities														
3	Public sector entities														
4	Multilateral development banks														
5	International organizations														
6	Institutions					975									975
7	Corporates		37												37
8	Retail														
9	Institutions and corporates with a short-term credit assessment														
10	Other items														
11	Total exposure value		37			975									1,013

31 Dec 2021 SEKm	Exposure classes	Risk weight											Other rs	Total exposure value	
		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%				
1	Central governments or central banks														
2	Regional government or local authorities														
3	Public sector entities														
4	Multilateral development banks														
5	International organizations														
6	Institutions					1,154	31								1,186
7	Corporates														
8	Retail														
9	Institutions and corporates with a short-term credit assessment														
10	Other items														
11	Total exposure value					1,154	31								1,186

Appendix 14: EU CR1: Performing and non-performing exposures and related provisions.

31 Dec 2022		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions					Collaterals and financial guarantees received
		Performing exposures			Non-performing exposures			Performing exposures - Accumulated impairment and provisions			Non-performing exposures - Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		On performing exposures
		of which: stage 1	of which: stage 2	of which: stage 3	of which: stage 2	of which: stage 3	of which: stage 1	of which: stage 2	of which: stage 3	of which: stage 2	of which: stage 3		
SEKm													
005	Cash balances at central banks and other demand deposits	17,943	17,943										
010	Loans and advances	78,570	71,013	7,557	2,189	2,188	-2,571	-1,526	-1,045	-1,589		-1,589	1,222
020	Central banks												
030	General governments												
040	Credit institutions	1,969	1,966	3			-5	-5					
050	Other financial corporations	2,607	2,589	18			-2	-2					
060	Non-financial corporations	1,573	85	1,487	241	241	-29		-29	-224		-224	
070	Of which SMEs	191	60	131	137	137	-1		-1	-58		-58	
080	Households	72,421	66,372	6,049	1,947	1,946	-2,534	-1,519	-1,016	-1,364		-1,364	1,222
090	Debt Securities	11,577	11,577										
100	Central banks												
110	General governments	4,285	4,285										
120	Credit institutions	7,293	7,293										
130	Other financial corporations												
140	Non-financial corporations												
150	Off-balance sheet exposures	16,382	16,304	78	2	2	92	53	39	2		2	
160	Central banks												
170	General governments												
180	Credit institutions												
190	Other financial corporations												
200	Non-financial corporations	11,376	11,298	78	2	2	92	53	39	2		2	
210	Households	5,006	5,006										
220	Total	124,472	116,837	7,635	2,190	2,189	-2,478	-1,473	-1,006	-1,587		-1,587	1,222

31 Dec 2021	SEKm	Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				Collaterals and financial guarantees received
		Performing exposures		Non-performing exposures		Performing exposures - Accumulated impairment and provisions		Non-performing exposures - Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		On performing exposures		
		of which: stage 1	of which: stage 2	of which: stage 2	of which: stage 3	of which: stage 1	of which: stage 2	of which: stage 3				
005	Cash balances at central banks and other demand deposits	19,361	19,361									
010	Loans and advances	65,554	59,734	5,820	1,836	1,835	-2,505	-1,599	-907	-1,104	-1,103	
020	Central banks											
030	General governments											
040	Credit institutions	1,504	1,502	2								
050	Other financial corporations	1,734	1,716	18			-2	-2				
060	Non-financial corporations	1,281	97	1,184	172	172	-23		-23	-145	-145	
070	Of which SMEs	310	83	227	101	101	-2		-2	-21	-21	
080	Households	61,035	56,419	4,616	1,664	1,663	-2,480	-1,596	-884	-959	-959	
090	Debt Securities	10,877	10,877									
100	Central banks											
110	General governments	3,030	3,030									
120	Credit institutions	7,744	7,744									
130	Other financial corporations	104	104									
140	Non-financial corporations											
150	Off-balance sheet exposures	23,616	23,606	10	12	12	49	44	5	12	12	
160	Central banks											
170	General governments											
180	Credit institutions											
190	Other financial corporations											
200	Non-financial corporations	7,008	6,998	10	12	12	49	44	5	12	12	
210	Households	16,608	16,608									
220	Total	119,409	113,579	5,830	1,848	1,847	-2,457	-1,555	-902	-1,092	-1,092	

Appendix 15: EU CQ3: Credit quality of performing and non-performing exposures by past due days

31 Dec 2022		Gross carrying amount / Nominal amount											
		Performing exposures			Non-performing exposures								
SEKm		Not past due or Past due < 30 days	Past due > 30 days		Unlikely to pay that are not past-due or past-due < 90 days	Past due > 90 days <= 180 days	Past due > 180 days <= 1 year	Past due > 1 year <= 2 years	Past due > 2 year <= 5 years	Past due > 5 year <= 7 years	Past due > 7 years	Of which defaulted	
005	Cash balances at central banks and other demand deposits	17,943	17,943										
010	Loans and advances	78,570	76,349	2,221	2,189	122	1,247	378	193	243	3	3	2,189
020	Central banks												
030	General governments												
040	Credit institutions	1,969	1,969										
050	Other financial corporations	2,607	2,606	1									
060	Non-financial corporations	1,573	1,562	11	241		15	62	120	44			241
070	Of which SMEs	191	187	3	137		5	13	79	40			137
080	Households	72,421	70,212	2,209	1,947	122	1,231	316	73	199	3	3	1,947
090	Debt Securities	11,577	11,577										
100	Central banks												
110	General governments	4,285	4,285										
120	Credit institutions	7,293	7,293										
130	Other financial corporations												
140	Non-financial corporations												
150	Off-balance sheet exposures	16,382			2								2
160	Central banks												
170	General governments												
180	Credit institutions												
190	Other financial corporations												
200	Non-financial corporations	11,376			2								2
210	Households	5,006											
220	Total	124,472	105,869	2,221	2,190	122	1,247	378	193	243	3	3	2,190

31 Dec 2021		Gross carrying amount / Nominal amount											
		Performing exposures			Non-performing exposures								
SEKm		Not past due or Past due < 30 days	Past due > 30 days < 90 days	Unlikely to pay that are not past-due or past-due < 90 days	Past due > 90 days <= 180 days	Past due > 180 days <= 1 year	Past due > 1 year <= 2 years	Past due > 2 year <= 5 years	Past due > 5 year <= 7 years	Past due > 7 years	Of which defaulted		
005	Cash balances at central banks and other demand deposits	19,361	19,361										
010	Loans and advances	65,554	63,364	2,190	1,836	515	1,027	171	77	44	1	2	1,794
020	Central banks												
030	General governments												
040	Credit institutions	1,504	1,504										
050	Other financial corporations	1,734	1,733	1									
060	Non-financial corporations	1,281	1,255	26	172	1	63	46	43	19			154
070	Of which SMEs	310	288	22	101	1	8	33	41	19			94
080	Households	61,035	58,871	2,164	1,664	514	964	125	34	25	1	2	1,640
090	Debt Securities	10,877	10,877										
100	Central banks												
110	General governments	3,030	3,030										
120	Credit institutions	7,744	7,744										
130	Other financial corporations	104	104										
140	Non-financial corporations												
150	Off-balance sheet exposures	23,616			12								
160	Central banks												
170	General governments												
180	Credit institutions												
190	Other financial corporations												
200	Non-financial corporations	7,008			12								
210	Households	16,608											
220	Total	119,409	93,602	2,190	1,848	515	1,027	171	77	44	1	2	1,794

Appendix 16: EU CQ4: Quality of non-performing exposures by geography

31 Dec 2022		Gross carrying/Nominal amount				Accumulated impairment
SEKm			of which: non-performing	of which: defaulted	of which: subject to impairment	
010	On balance sheet exposures	92,336	2,189	2,189	92,336	-4,159
020	Germany	27,931	814	814	27,931	-1,032
030	United States	18,600	529	529	18,600	-1,585
040	United Kingdom	11,440	250	250	11,440	-527
050	Sweden	13,573	102	102	13,573	-190
060	Norway	3,888	80	80	3,888	-45
070	Other countries	16,903	414	414	16,903	-781
080	Off balance sheet exposures	16,383	2	2		
090	Germany	4,516				
100	United States	838				
110	United Kingdom	6,397				
120	Sweden	2,413	1	1		
130	Norway	524				
140	Other countries	1,695				
150	Total	108,719	2,190	2,190	92,336	-4,159

31 Dec 2021		Gross carrying/Nominal amount				Accumulated impairment
SEKm			of which: non-performing	of which: defaulted	of which: subject to impairment	
010	On balance sheet exposures	78,268	1,836	1,794	78,268	-3,609
020	United States	15,187	483	483	15,187	-1,586
030	Germany	23,071	719	696	23,071	-803
040	Sweden	15,523	225	225	15,523	-227
050	United Kingdom	9,368	137	136	9,368	-460
060	Norway	3,564	72	72	3,564	-37
070	Other countries	11,555	201	181	11,555	-497
080	Off balance sheet exposures	23,628	12			
090	United States	13,496				
100	Germany	2,709	11			
110	Sweden	1,795				
120	United Kingdom	4,345	1			
130	Norway	438				
140	Other countries	845				
150	Total	101,896	1,848	1,794	78,268	-3,609

Appendix 17: EU CQ5: Credit quality of loans and advances to non-financial corporations by industry

31 Dec 2022		Gross carrying amount			Accumulated impairment	
		of which: non-performing	of which: loans and advances subject to impairment	of which: defaulted		
SEKm						
010	Agriculture, forestry and fishing	3			3	
020	Mining and quarrying					
030	Manufacturing	10	3	3	10	-1
040	Electricity, gas, steam and air conditioning supply					
050	Water supply					
060	Construction	12	2	2	12	
070	Wholesale and retail trade	1,585	211	211	1,585	-219
080	Transport and storage	12	1	1	12	
090	Accommodation and food service activities	3	1	1	3	
100	Information and communication	34	3	3	34	
110	Real estate activities	5			5	
120	Financial and insurance activities	2	1	1	2	
130	Professional, scientific and technical activities	31	6	6	31	-7
140	Administrative and support service activities	60	11	11	60	-22
150	Public administration and defense, compulsory social security	2	1	1	2	-1
160	Education	2			2	
170	Human health services and social work activities	2			2	
180	Arts, entertainment and recreation	6			6	
190	Other services	43	2	2	43	-2
200	Total	1,813	241	241	1,813	-253

31 Dec 2021		Gross carrying amount				Accumulated impairment
		SEKm	of which: non-performing		of which: loans and advances subject to impairment	
				of which: defaulted		
010	Agriculture, forestry and fishing	3	1	1	3	
020	Mining and quarrying	4	3	3	4	-2
030	Manufacturing	13	3	3	13	-1
040	Electricity, gas, steam and air conditioning supply					
050	Water supply					
060	Construction	14	1	1	14	-1
070	Wholesale and retail trade	1,176	139	126	1,176	-151
080	Transport and storage	9	1	1	9	
090	Accommodation and food service activities	3			3	
100	Information and communication	14	2	2	14	-1
110	Real estate activities					
120	Financial and insurance activities	3			3	
130	Professional, scientific and technical activities	34	6	6	34	-1
140	Administrative and support service activities	65	8	4	65	-7
150	Public administration and defense, compulsory social security	40	1		40	-1
160	Education	9			9	
170	Human health services and social work activities	5			5	
180	Arts, entertainment and recreation	9	1	1	9	
190	Other services	52	4	4	52	-2
200	Total	1,453	172	154	1,453	-168

Appendix 18: EU OV1 – Overview of total risk exposure amounts

31 Dec 2022		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
SEKm		31 Dec 2022	31 Dec 2021	31 Dec 2022
1	Credit risk (excluding CCR)	61,923	58,672	4,954
2	Of which the standardized approach	61,923	58,672	4,954
3	Of which the Foundation IRB (F-IRB) approach			
4	Of which: slotting approach			
EU 4a	Of which: equities under the simple risk weighted approach			
5	Of which the Advanced IRB (A-IRB) approach			
6	Counterparty credit risk - CCR	323	255	26
7	Of which the standardized approach	196	247	16
8	Of which internal model method (IMM)			
EU 8a	Of which exposures to a CCP	1		
EU 8b	Of which credit valuation adjustment - CVA	127	9	10
9	Of which other CCR			
10	Not applicable			
11	Not applicable			
12	Not applicable			
13	Not applicable			
14	Not applicable			
15	Settlement risk			
16	Securitisation exposures in the non-trading book (after the cap)	1,131		90
17	Of which SEC-IRBA approach			
18	Of which SEC-ERBA (including IAA)			
19	Of which SEC-SA approach	1,131		90
EU 19a	Of which 1250% / deduction	258		21
20	Position, foreign exchange and commodities risks (Market risk)	1,478	656	118
21	Of which the standardized approach	1,478	656	118
22	Of which IMA			
EU 22a	Large exposures			
23	Operational risk	3,742	2,252	299
EU 23a	Of which basic indicator approach			
EU 23b	Of which standardized approach	3,742	2,252	299
EU 23c	Of which advanced measurement approach			
24	Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)			
25	Not applicable			
26	Not applicable			
27	Not applicable			
28	Not applicable			
29	Total	68,597	61,836	5,488

Appendix 19: EU CCR1 – Analysis of CCR exposure by approach

31 Dec 2022		Replacem ent cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
SEKm									
EU1	EU - Original Exposure Method (for derivatives)								
EU2	EU - Simplified SA-CCR (for derivatives)	51	672		1.4	3,288	1,013	1,013	196
1	SA-CCR (for derivatives)								
2	IMM (for derivatives and SFTs)								
2a	<i>Of which securities financing transactions netting sets</i>								
2b	<i>Of which derivatives and long settlement transactions netting sets</i>								
2c	<i>Of which from contractual cross-product netting sets</i>								
3	Financial collateral simple method (for SFTs)								
4	Financial collateral comprehensive method (for SFTs)								
5	VaR for SFTs								
6	Total					3,288	1,013	1,013	196

31 Dec 2021		Replacem ent cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
SEKm									
EU1	EU - Original Exposure Method (for derivatives)	67	847		1.4	914	1,186	1,186	247
EU2	EU - Simplified SA-CCR (for derivatives)								
1	SA-CCR (for derivatives)								
2	IMM (for derivatives and SFTs)								
2a	<i>Of which securities financing transactions netting sets</i>								
2b	<i>Of which derivatives and long settlement transactions netting sets</i>								
2c	<i>Of which from contractual cross-product netting sets</i>								
3	Financial collateral simple method (for SFTs)								
4	Financial collateral comprehensive method (for SFTs)								
5	VaR for SFTs								
6	Total					914	1,186	1,186	247

Klarna adopted the Simplified SA-CCR methodology for derivatives in 2022.

Appendix 20: EU CCR5 – Composition of collateral for CCR exposures

31 Dec 2022		Collateral used in derivative transactions			
		Fair value of collateral received		Fair value of posted collateral	
		Segregated	Unsegregated	Segregated	Unsegregated
SEKm	Collateral type				
1	Cash – domestic currency				480
2	Cash – other currencies	163	10		180
3	Domestic sovereign debt				
4	Other sovereign debt				
5	Government agency debt				
6	Corporate bonds				
7	Equity securities				
8	Other collateral				
9	Total	163	10		660

31 Dec 2021		Collateral used in derivative transactions			
		Fair value of collateral received		Fair value of posted collateral	
		Segregated	Unsegregated	Segregated	Unsegregated
SEKm	Collateral type				
1	Cash – domestic currency		332		25
2	Cash – other currencies		337		
3	Domestic sovereign debt				
4	Other sovereign debt				
5	Government agency debt				
6	Corporate bonds				
7	Equity securities				
8	Other collateral				
9	Total		669		25

Appendix 21: EU CCR8 – Exposures to CCPs

SEKm		31 Dec 2022		31 Dec 2021	
		Exposure value	RWEA	Exposure value	RWEA
1	Exposures to QCCPs (total)		1		
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	37	1		
3	(i) OTC derivatives	37	1		
4	(ii) Exchange-traded derivatives				
5	(iii) SFTs				
6	(iv) Netting sets where cross-product netting has been approved				
7	Segregated initial margin	80			
8	Non-segregated initial margin				
9	Prefunded default fund contributions				
10	Unfunded default fund contributions				
11	Exposures to non-QCCPs (total)		195		247
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	975	195	1,186	247
13	(i) OTC derivatives	975	195	1,186	247
14	(ii) Exchange-traded derivatives				
15	(iii) SFTs				
16	(iv) Netting sets where cross-product netting has been approved				
17	Segregated initial margin				
18	Non-segregated initial margin				
19	Prefunded default fund contributions				
20	Unfunded default fund contributions				

Appendix 22: EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques

31 Dec 2022	SEKm	Unsecured carrying amount	Secured carrying amount	
			Of which secured by collateral	Of which secured by financial guarantees Of which secured by credit derivatives
1	Loans and advances	93,320	1,222	1,222
2	Debt securities	11,577		
3	Total	104,897	1,222	1,222
4	<i>Of which non-performing exposures</i>	600		
EU-5	<i>Of which defaulted</i>			

31 Dec 2021		Secured carrying amount		
		Unsecured carrying amount	Of which secured by collateral	Of which secured by financial guarantees
SEKm				Of which secured by credit derivatives
1	Loans and advances	83,142		
2	Debt securities	10,877		
3	Total	94,020		
4	<i>Of which non-performing exposures</i>	247		
EU-5	<i>Of which defaulted</i>			

Appendix 23: EU CR4 – Standardized approach – Credit risk exposure and CRM effects

31 Dec 2022	Exposure classes	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWEA	RWEA density (%)
SEKm		a	b	c	d	e	f
1	Central governments or central banks	16,982		16,982			0%
2	Regional government or local authorities	5,063		5,063			0%
3	Public sector entities						0%
4	Multilateral development banks	5,436		5,436			0%
5	International organizations						0%
6	Institutions	3,720		3,720		744	20%
7	Corporates	5,499	11,284	5,499	2,248	7,702	99%
8	Retail	59,690	5,006	59,690		44,768	75%
9	Secured by mortgages on immovable property						0%
10	Exposures in default	572		572		598	105%
11	Exposures associated with particularly high risk						0%
12	Covered bonds	864		864		86	10%
13	Institutions and corporates with a short-term credit assessment						0%
14	Collective investment undertakings						0%
15	Equity	338		338		744	220%
16	Other items	6,719		6,719		7,281	108%
17	TOTAL	104,883	16,290	104,883	2,248	61,923	58%

31 Dec 2021	Exposure classes	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
		On-balance- sheet exposures	Off-balance- sheet exposures	On-balance- sheet exposures	Off-balance- sheet exposures	RWEA	RWEA density (%)
		a	b	c	d	e	f
1	Central governments or central banks	17,110		17,110			0%
2	Regional government or local authorities	3,874		3,874			0%
3	Public sector entities						0%
4	Multilateral development banks	4,877		4,877			0%
5	International organizations						0%
6	Institutions	5,035		5,035		1,007	20%
7	Corporates	4,807	7,851	4,807	1,562	6,296	99%
8	Retail	58,554	16,608	58,554		43,916	75%
9	Secured by mortgages on immovable property						0%
10	Exposures in default	732		732		762	104%
11	Exposures associated with particularly high risk						0%
12	Covered bonds	1,133		1,133		113	10%
13	Institutions and corporates with a short-term credit assessment						0%
14	Collective investment undertakings						0%
15	Equity	792		792		1,185	150%
16	Other items	4,926		4,926		5,394	109%
17	TOTAL	101,841	24,458	101,841	1,562	58,672	57%

Appendix 24: EU CR5 – Standardized approach

31 Dec 2022	Exposure classes	Risk weight									Total	Of which unrated	
		0%	2%	10%	20%	50%	75%	100%	150%	250%			
SEKm													
1	Central governments or central banks	16,982										16,982	
2	Regional government or local authorities	5,063										5,063	5,063
3	Public sector entities												
4	Multilateral development banks	5,436										5,436	5,436
5	International organizations												
6	Institutions				4,695							4,695	528
7	Corporates		37					7,747				7,785	7,747
8	Retail						59,690					59,690	59,690
9	Secured by mortgages on immovable property												
10	Exposures in default							519	53			572	572
11	Exposures associated with particularly high risk												
12	Covered bonds			864								864	
13	Institutions and corporates with a short-term credit assessment												
14	Collective investment undertakings												
15	Equity							67		270		338	338
16	Other items							6,343		375		6,719	6,719
17	TOTAL	27,481	37	864	4,695		59,690	14,678	53	646		108,144	86,093

31 Dec 2021	Exposure classes	Risk weight										Of which unrated	
		0%	2%	10%	20%	50%	75%	100%	150%	250%	Total		
SEKm													
1	Central governments or central banks	17,110										17,110	
2	Regional government or local authorities	3,874										3,874	3,874
3	Public sector entities												
4	Multilateral development banks	4,877										4,877	4,877
5	International organizations												
6	Institutions				6,189	31						6,220	177
7	Corporates							6,369				6,369	6,369
8	Retail							58,554				58,554	58,554
9	Secured by mortgages on immovable property												
10	Exposures in default							674	59			732	732
11	Exposures associated with particularly high risk												
12	Covered bonds			1,133								1,133	
13	Institutions and corporates with a short-term credit assessment												
14	Collective investment undertakings												
15	Equity							531		262		792	792
16	Other items							4,614		312		4,926	4,926
17	TOTAL	25,861		1,133	6,189	31	58,554	12,188	59	573		104,589	80,303

Appendix 25: EU OR1 - Operational risk own funds requirements and risk-weighted exposure amounts

31 Dec 2022 SEKm		Relevant indicator			Own funds requirements	Risk exposure amount
		Year-3	Year-2	Last year		
1	Banking activities subject to basic indicator approach (BIA)					
2	Banking activities subject to standardized (TSA) / alternative standardized (ASA) approaches	2,102	2,799	2,703	299	3,742
3	<u>Subject to TSA:</u>	82	-692	-1,224		
4	<u>Subject to ASA:</u>	2,019	3,491	3,927		
5	Banking activities subject to advanced measurement approaches AMA					

31 Dec 2021 SEKm		Relevant indicator			Own funds requirements	Risk exposure amount
		Year-3	Year-2	Last year		
1	Banking activities subject to basic indicator approach (BIA)					
2	Banking activities subject to standardized (TSA) / alternative standardized (ASA) approaches	888	1,253	2,102	180	2,252
3	<u>Subject to TSA:</u>	-41	-72	82		
4	<u>Subject to ASA:</u>	929	1,325	2,019		
5	Banking activities subject to advanced measurement approaches AMA					

Appendix 26: EU MR1 - Market risk under the standardized approach

SEKm		31 Dec 2022	31 Dec 2021
		RWEAs	RWEAs
	Outright products		
1	Interest rate risk (general and specific)		
2	Equity risk (general and specific)		
3	Foreign exchange risk	1,478	656
4	Commodity risk		
	Options		
5	Simplified approach		
6	Delta-plus approach		
7	Scenario approach		
8	Securitisation (specific risk)		
9	Total	1,478	656

Appendix 27: EU LIQ1 - Quantitative information of LCR

Klarna Holding AB (publ) Consolidated		a	b	c	d	e	f	g	h
SEKm		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on (DD Month YYYY)	31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Mar 2022	31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Mar 2022
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA), after application of haircuts in line with Article 9 of regulation (EU) 2015/61					22,970	25,188	24,335	25,171
CASH - OUTFLOWS									
2	retail deposits and deposits from small business customers, of which:	67,431	62,487	54,474	47,817	2,116	2,094	1,857	1,572
3	<i>Stable deposits</i>	1,020	769	489	285	51	38	24	14
4	<i>Less stable deposits</i>	19,546	19,506	17,463	14,821	2,065	2,055	1,833	1,558
5	Unsecured wholesale funding	454	499	362	386	454	499	362	386
6	<i>Operational deposits (all counterparties) and deposits in networks of cooperative banks</i>								
7	<i>Non-operational deposits (all counterparties)</i>								
8	Unsecured debt	454	499	362	386	454	499	362	386
9	Secured wholesale funding					18	16	15	
10	Additional requirements	14,654	17,294	18,412	16,709	2,164	2,076	1,859	1,593
11	<i>Outflows related to derivative exposures and other collateral requirements</i>	1,506	1,275	988	3,025	1,507	1,275	988	909
12	<i>Outflows related to loss of funding on debt products</i>								
13	<i>Credit and liquidity facilities</i>	13,148	16,019	17,424	13,684	657	801	871	684
14	Other contractual funding obligations	13 919	13 434	12 546	11 799	9 525	9 151	8 650	8 390
15	Other contingent funding obligations	42	42	41	41	1	5	9	14
16	TOTAL CASH OUTFLOWS					14 278	13 841	12 753	11 955
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)								
18	Inflows from fully performing exposures	33,495	29,035	24,263	20,863	20,008	17,285	14,365	11,847
19	Other cash inflows	722	673	574	481	722	673	574	481
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)								
EU-19b	(Excess inflows from a related specialized credit institution)								
20	TOTAL CASH INFLOWS	34,217	29,708	24,837	21,344	20,730	17,958	14,939	12,328
EU-20a	<i>Fully exempt inflows</i>								

Klarna Holding AB (publ) Consolidated		a	b	c	d	e	f	g	h
SEKm		Total unweighted value (average)				Total weighted value (average)			
EU-20b	Inflows subject to 90% cap								
EU-20c	Inflows subject to 75% cap	34,217	29,708	24,837	21,344	20,730	17,958	14,939	12,328
TOTAL ADJUSTED VALUE									
21	LIQUIDITY BUFFER					22,970	25,188	24,335	25,171
22	TOTAL NET CASH OUTFLOWS					3,570	3,728	3,456	3,257
23	LIQUIDITY COVERAGE RATIO					656%	692%	735%	795%

Appendix 28: EU LIQ2: Net Stable Funding Ratio

31 Dec 2022		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
SEKm						
Available stable funding (ASF) Items						
1	Capital items and instruments	24,301			303	24,604
2	Own funds	24,301			303	24,604
3	Other capital instruments					
4	Retail deposits		37,739	24,160	18,280	74,050
5	Stable deposits		1,200			1,140
6	Less stable deposits		36,540	24,160	18,280	72,910
7	Wholesale funding:		10,561	237	2,326	6,106
8	Operational deposits					
9	Other wholesale funding		10,561	237	2,326	6,106
10	Interdependent liabilities					
11	Other liabilities:	561	6,541		150	87
12	NSFR derivative liabilities	561				
13	All other liabilities and capital instruments not included in the above categories		6,541		150	87
14	Total available stable funding (ASF)					104,846
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					60
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool					
16	Deposits held at other financial institutions for operational purposes					
17	Performing loans and securities:		60,246	3,659	26	40,878
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut					
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		6,155		26	642

31 Dec 2022		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
SEKm						
20	<i>Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:</i>		54,091	3,659		40,236
21	<i>With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk</i>					
22	<i>Performing residential mortgages, of which:</i>					
23	<i>With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk</i>					
24	<i>Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products</i>					
25	Interdependent assets					
26	Other assets:		3,240		16,425	18,207
27	<i>Physical traded commodities</i>					
28	<i>Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs</i>					
29	<i>NSFR derivative assets</i>		654			
30	<i>NSFR derivative liabilities before deduction of variation margin posted</i>					
31	<i>All other assets not included in the above categories</i>		2,586		16,425	18,207
32	Off-balance sheet items			8 993		453
33	Total RSF					59,598
34	Net Stable Funding Ratio (%)					175.9%

31 Dec 2021		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
SEKm						
Available stable funding (ASF) Items						
1	Capital items and instruments	24,447			301	24,748
2	<i>Own funds</i>	24,447			301	24,748
3	<i>Other capital instruments</i>					
4	Retail deposits		29,966	9,569	18,827	54,420
5	<i>Stable deposits</i>		255			242
6	<i>Less stable deposits</i>		29,711	9,569	18,827	54,178
7	Wholesale funding:		10,561	237	2,326	3,623
8	<i>Operational deposits</i>					
9	<i>Other wholesale funding</i>		10,561	237	2,326	3,623
10	<i>Interdependent liabilities</i>					
11	Other liabilities:		10,748	2,010	3,608	4,613
12	<i>NSFR derivative liabilities</i>					

31 Dec 2021		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
SEKm						
13	All other liabilities and capital instruments not included in the above categories		10,748	2,010	3,608	4,613
14	Total available stable funding (ASF)					87,404
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					79
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool					
16	Deposits held at other financial institutions for operational purposes					
17	Performing loans and securities:		44,823	4,619	16,411	36,208
18	Performing securities financing transactions with financial customer collateralized by Level 1 HQLA subject to 0% haircut					
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		6,156		1	616
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		38,667	4,619	16,410	35,592
21	With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk					
22	Performing residential mortgages, of which:					
23	With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk					
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products					
25	Interdependent assets					
26	Other assets:		3,176	246	10,549	12,355
27	Physical traded commodities					
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs					
29	NSFR derivative assets					
30	NSFR derivative liabilities before deduction of variation margin posted		602			30
31	All other assets not included in the above categories		2,574	246	10,549	12,325
32	Off-balance sheet items			7,020		362
33	Total RSF					49,005
34	Net Stable Funding Ratio (%)					178.4%