
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2024.

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____
Commission file number 001-36859



PayPal Holdings, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)
2211 North First Street
(Address of Principal Executive Offices)

San Jose, California

(408) 967-7000

(Registrant's telephone number, including area code)

47-2989869
(I.R.S. Employer
Identification No.)
95131
(Zip Code)

Securities registered pursuant to Section 12(b) of the Act:

<i>Title of each class</i>	<i>Trading Symbol(s)</i>	<i>Name of each exchange on which registered</i>
Common stock, \$0.0001 par value per share	PYPL	NASDAQ Global Select Market

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of June 30, 2024, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was approximately \$59.8 billion based on the closing sale price as reported on the NASDAQ Global Select Market.

As of January 29, 2025, there were 989,242,452 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for its 2025 Annual Meeting of Stockholders are incorporated herein by reference in Part III of this Annual Report on Form 10-K to the extent stated herein. Such proxy statement will be filed with the Securities and Exchange Commission within 120 days of the registrant's fiscal year ended December 31, 2024.

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Trademarks, Trade Names and Service Marks

PayPal owns or has rights to use the trademarks, service marks, and trade names that it uses in conjunction with the operation of its business. Some of the more important trademarks that PayPal owns or has rights to use that appear in this Annual Report on Form 10-K include: PayPal®, PayPal Credit®, Braintree, Venmo, Xoom, Zettle, Hyperwallet, Honey, and Paidy, which may be registered or trademarked in the United States and other jurisdictions. PayPal's rights to some of these trademarks may be limited to select markets. This report may contain additional trade names and trademarks of other companies. The use or display of other companies' trade names or trademarks does not imply our endorsement or sponsorship of, or a relationship with these companies.

PART I

FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K (“Form 10-K”) contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including statements that involve expectations, plans or intentions (such as those relating to future business, future results of operations or financial condition, new or planned features or services, mergers or acquisitions, or management strategies). These forward-looking statements can be identified by words such as “may,” “will,” “would,” “should,” “could,” “expect,” “anticipate,” “believe,” “estimate,” “intend,” “continue,” “strategy,” “future,” “opportunity,” “plan,” “project,” “forecast,” and other similar expressions. These forward-looking statements involve risks and uncertainties that could cause our actual results and financial condition to differ materially from those expressed or implied in our forward-looking statements. Such risks and uncertainties include, among others, those discussed in “Item 1A. Risk Factors” of this Form 10-K, as well as in our consolidated financial statements, related notes, and the other information appearing in this report and our other filings with the Securities and Exchange Commission (“SEC”). We do not intend, and undertake no obligation except as required by law, to update any of our forward-looking statements after the date of this report to reflect actual results, new information, or future events or circumstances. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. You should read the information in this report in conjunction with the audited consolidated financial statements and the related notes that appear in this report.

ITEM 1. BUSINESS

OVERVIEW

At PayPal Holdings, Inc., our mission is to revolutionize commerce globally. Our products are designed to enable digital payments and simplify commerce experiences for consumers and merchants to make selling, shopping, and sending and receiving money simple, personalized, and secure, online or offline, including mobile. Our two-sided platform serves millions of consumers and merchants worldwide.

We help consumers transact quickly and securely with merchants, manage their financial lives, and send to and receive money from friends and family around the globe. We provide consumers with a digital wallet that enables them to send payments to merchants securely using a variety of funding sources, which may include a bank account, a PayPal or Venmo account balance, our consumer credit products, a credit card, a debit card, certain cryptocurrencies, or other stored value products such as gift cards, and eligible rewards.

We help merchants connect with customers, increase conversion rates and sales, and grow their businesses in the markets where our services are available. We provide large enterprises and small and medium businesses with online branded checkout solutions, including PayPal and Venmo; online unbranded payments processing, including Braintree and PayPal Complete Payments; our buy now, pay later solutions, which we refer to as PayPal Pay Later; in-person point of sale systems, including Zettle; business financing, including PayPal Working Capital (“PPWC”) and PayPal Business Loan (“PPBL”); payouts capabilities; and risk tools.

We operate a global, two-sided network at scale that connects consumers and merchants with 434 million active accounts across approximately 200 markets as of December 31, 2024.

We earn revenues primarily by charging fees for completing payment transactions for our customers and other payment-related services, which are typically based on the volume of activity processed on our payments platform. We also generate revenue from customers for currency conversion, for instant transfers from their PayPal or Venmo account to their bank account or debit card, and to facilitate the purchase and sale of cryptocurrencies; however, we generally do not charge customers to fund or draw from their accounts. We also earn revenue by providing other value added services, which primarily comprise revenue earned through partnerships, interest and fees from our consumer and merchant credit products, interest earned on certain assets underlying customer balances, referral fees, subscription fees, and gateway services.

Unless otherwise expressly stated or the context otherwise requires, references to “we,” “our,” “us,” “the Company,” or “PayPal” refer to PayPal Holdings, Inc. and its consolidated subsidiaries.

KEY PERFORMANCE METRICS

In 2024, we processed \$1.68 trillion of total payment volume (“TPV”), an increase of 10% compared to 2023, and 26.3 billion payment transactions, an increase of 5% compared to 2023. As of December 31, 2024, we had 434 million active accounts, an increase of 2% compared to December 31, 2023.

We measure the scale of our platform and the relevance of our products and services to our customers through certain metrics, including TPV, payment transactions, and active accounts:

TPV is the value of payments, net of payment reversals, successfully completed on our payments platform or enabled by PayPal via a partner payment solution, not including gateway-exclusive transactions.

Number of payment transactions is the total number of payments, net of payment reversals, successfully completed on our payments platform or enabled by PayPal via a partner payment solution, not including gateway-exclusive transactions.

An **active account** is an account registered directly with PayPal or a platform access partner that has completed a transaction on our platform, not including gateway-exclusive transactions, within the past 12 months. A platform access partner is a third party whose customers are provided access to PayPal’s platform or services through such third-party’s login credentials, including individuals and entities that utilize Hyperwallet’s payout capabilities. A user may register on our platform to access different products and may register more than one account to access a product. Accordingly, a user may have more than one active account. The number of active accounts provides management with additional perspective on the overall scale of our platform, but may not have a direct relationship to our operating results.

OUR STRENGTHS

Our business is built on a strong foundation designed to drive profitable growth and differentiate us from our competitors. We believe that our competitive strengths include the following:

- **Two-sided platform**—we facilitate online and offline transactions for millions of consumers and merchants. Our relationship on both sides of a transaction enables us to offer unique product experiences designed to remove friction, drive sales, and enhance shopping experiences. We utilize the data about how our customers use our platform to continually innovate and improve it.
- **Trusted brands**—we have built and strengthened well-recognized and trusted brands, including PayPal, Venmo, and Braintree. Our communications and marketing efforts across multiple geographies and demographic groups play an important role in building brand visibility, usage, and overall preference among customers.
- **Open ecosystem**—we are technology and platform agnostic. This approach allows our merchants to offer and use a variety of our branded and unbranded payment processing solutions and business financing products, alongside other tools. We give consumers flexibility to make and receive payments using a wide variety of funding options and digital wallet solutions, including their bank account, PayPal and Venmo account balance, buy now, pay later, debit and credit options.
- **Scale**—our global scale helps us to drive organic growth. As of December 31, 2024, we had 434 million active accounts in approximately 200 markets¹ around the world.
- **Risk and compliance management**—our enterprise risk and compliance management program is designed to help keep customer information secure and ensure we process legitimate transactions around the world, while identifying and minimizing illegal, high-risk, or fraudulent transactions.
- **Regulatory licenses**—we believe that our regulatory licenses, which enable us to operate in markets around the world, are a distinct advantage and help support business growth.

¹A market is a geographic area or political jurisdiction, such as a country, territory, or protectorate, in which we offer some or all of our products and services. A country, territory, or protectorate is identified by a distinct set of laws and regulations.

CONSUMER AND MERCHANT PAYMENT SOLUTIONS

Consumer value proposition

We help consumers transact securely with merchants, manage their financial lives, and send to and receive money from friends and family around the globe. Our goal is to create the simplest checkout experience possible for consumers online or offline, including mobile. We drive increased consumer engagement by providing consumers with a wide range of services to manage their finances and enhance their ability to shop online and offline. Our PayPal and Venmo branded checkout experiences allow customers to complete purchases in just a few steps without having to enter payment and address information. We also focus on simplifying and personalizing shopping experiences for our consumers by offering tools for product discovery, price tracking, saving through deals and offers, convenient package tracking, and redemption of shopping rewards. Our PayPal- and Venmo-branded debit and credit cards give consumers the ability to transact in-person through our platform and earn incentives, including cash-back rewards.

We also offer consumers person-to-person (“P2P”) payment solutions for domestic and international transfers through our PayPal, Venmo, and Xoom products and services. Our Venmo digital wallet in the United States (“U.S.”) is a leading mobile application used to move money between our customers. Our Xoom international money transfer service enables our customers to send money to people around the world in a secure, fast, and cost-effective way. P2P is an important source of customer engagement and also serves as a customer acquisition channel that facilitates organic growth by enabling potential users to establish active accounts with PayPal or Venmo at the time they make or receive a P2P payment.

We offer credit products to eligible consumers in certain markets as a funding source at checkout. Our consumer credit offerings include our buy now, pay later products in the U.S., United Kingdom (“U.K.”), France, and Germany, among other markets, and in Japan through our Paidy brand. A key attribute of our buy now, pay later products is the absence of interest or consumer late fees for missed payments in most of the geographies where we offer them. Further, we offer interest-bearing installment products for consumers in the U.S. (issued by an independent chartered financial institution) and in Germany. In the U.S., consumers may apply for our PayPal- and Venmo-branded consumer credit cards and our PayPal Credit revolving consumer credit product, which are offered through a partnership with an independent chartered financial institution. We offer a PayPal-issued PayPal Credit product in the U.K. We believe that our consumer credit products help us to increase engagement with consumers and merchants on our two-sided network.

We generate revenue from consumers from: foreign currency conversions, instant transfers from their PayPal or Venmo account to their bank account or debit card, and facilitating the purchase and sale of cryptocurrencies; interest, fees, or other revenue from our credit products; and other miscellaneous fees. We also earn revenue from interest earned on certain assets underlying customer balances.

Merchant value proposition

Merchants use our solutions to increase conversion rates and grow and manage their business. We employ a technology and platform agnostic approach intended to enable merchants of all sizes to utilize our various products. Our diversified suite of products and services is tailored to meet the needs of merchants regardless of their size or business complexity. We offer a seamless omnichannel solution that helps merchants manage and grow their business.

Our PayPal and Venmo branded checkout experiences allow customers to complete purchases in just a few steps without having to enter payment and address information. These seamless experiences reduce cart abandonment and drive higher conversion rates for merchants. Our buy now, pay later solutions are embedded into our branded checkout experiences, which can help increase consumer spend and enable merchants to grow sales.

Our unbranded payments processing solutions, which includes Braintree and PayPal Complete Payments, allow merchants to quickly and easily provide digital checkout online with a variety of popular ways to pay, including debit and credit cards, digital wallets, PayPal Pay Later, and local payment methods.

We offer a suite of value added services, including payouts, payments orchestration, and fraud prevention and risk management solutions that help reduce merchant losses through proprietary protection programs. We also offer omnichannel solutions that allow merchants to make sales in person using our Zettle by PayPal app, card reader, or point of sale systems.

We offer access to merchant financing products for eligible small and medium-sized businesses through the PPWC and PPBL products, which we collectively refer to as our merchant financing solutions. The PPWC product allows businesses to access a loan or cash advance for a fixed fee, based on their annual payment volume processed by PayPal. The PPBL product provides businesses with access to short-term financing for a fixed fee or interest based on an evaluation of the applying business as well as the business owner. In the U.S., these products are provided under a program agreement with an independent chartered financial institution. We believe that our merchant financing solutions enable us to deepen our engagement with our existing small and medium-sized merchants and expand services to new merchants by providing access to capital that may not be available from traditional banks or other lenders.

We generate revenues from merchants primarily by charging fees for completing their payment transactions and other payment-related services. We also earn revenues from interest and fees earned on our merchant loans and advances and interest earned on certain assets underlying customer balances.

PROTECTING CONSUMERS AND MERCHANTS

Protecting consumers and merchants on our payments platform from financial and fraud loss is important to successfully compete and sustainably grow our business. Fraudulent activities, such as account takeover, identity theft (including stolen financial information), and malicious activities by counterparties, represent a significant risk to consumers and merchants, as well as their payment partners. In addition to the protections afforded by applicable law, we provide consumers and merchants with protection programs for certain purchase transactions completed on our payments platform. Our protection programs help protect both consumers and merchants from financial loss resulting from, among other things, counterparty non-performance. These programs are designed to promote confidence on the part of both consumers, who will be reimbursed in certain circumstances, such as not receiving their purchased item in the condition significantly as described, as well as merchants, who will receive payment in certain circumstances, such as establishing proof of shipment or delivery of an item to the customer. We believe that these programs are generally consistent with or broader than protections provided by other participants in the payments industry.

Our ability to help protect both consumers and merchants is based largely on our proprietary, end-to-end payments platform and our ability to utilize the data from both sides of transactions on our two-sided network, specifically from buyers and sellers and from senders and receivers of payments. Our ongoing investment in systems and processes is designed to enhance the safety and security of our products and reflects our goal of having PayPal recognized as one of the world's most trusted payments brands.

COMPETITION

The global payments industry is highly competitive, dynamic, and innovative, and subject to regulatory scrutiny and oversight. Many of the areas in which we compete evolve rapidly with innovative and disruptive technologies, shifting user preferences and needs, price sensitivity of consumers and merchants, and frequent introductions of new products and services. Competition also may intensify as new competitors emerge, businesses combine or enter into new partnerships, and established companies in other segments expand to become competitive with various aspects of our business.

Our business faces competition from a wide range of businesses and from all forms of physical and electronic payments. We face competition from banks and financial institutions, which provide traditional payment methods (particularly credit cards and debit cards (collectively, "payment cards"), electronic bank transfers, credit, and installment methods), payment networks that facilitate payments for payment cards or proprietary retail networks, payment card processors, and "card on file" services. We also face competition from providers offering a variety of payment products and services ranging from broader platform solutions to point solutions focused on a specific functionality or feature, including tokenized and contactless payment cards, digital wallets and mobile payments solutions, credit, installment or other buy now, pay later methods, real-time payment systems, P2P payments and money remittance services, card readers and other devices or technologies for payment at point of sale (such as contactless cards, tokenized cards, Near Field Communication (NFC) based solutions, and Quick Response (QR) code based solutions), value added services related to payments (such as payouts, payment orchestration, foreign exchange and risk solutions), virtual currencies (such as cryptocurrencies and stablecoins) and distributed ledger technologies, and tools that simplify and personalize shopping experiences for consumers and merchants. Our products and services also face competition from paper-based payments (primarily cash and checks).

We differentiate ourselves to consumers through our broad acceptance and the ability to use our products and services across multiple commerce channels, including e-commerce, mobile, and offline payments, and without sharing their financial information with the merchant or any other party they are paying; our customer service, dispute resolution, and purchase protection programs; and our ability to simplify and personalize shopping experiences. In addition, we differentiate ourselves to merchants through our ability to innovate and develop products and services that offer new payment experiences or functionality for our merchants, demonstrate that they may achieve incremental sales by using and offering our services to consumers, and support transactions on our payments platform across varied technologies and payment methods; through the simplicity and transparency of our fee structure; and through our seller protection programs, analytics, and risk management, as well as other merchant services. We invest resources to improve our products and services and expand their acceptance, offer choice in payment options, provide excellent customer service, and build brands that both consumers and merchants trust.

In addition to the discussion in this section, see “Item 1A. Risk Factors” under the caption “*We face substantial and increasingly intense competition worldwide in the global payments industry*” for further discussion of the potential impact of competition on our business.

STRATEGY

Our ability to grow revenue is affected by, among other things, the macroeconomic environment and its impact on commerce and economic growth, consumer spending patterns, adoption of digital payment methods, the expansion of multiple commerce channels, the growth of mobile devices and commerce and payment applications on those devices, the growth of consumers and merchants globally with internet and mobile access, the pace of transition from cash and checks to digital forms of payment, our share of digital payments, and our ability to innovate and introduce new products, services, and features that consumers and merchants value. Our strategy to drive growth in our business includes the following:

- *Accelerating growth in our branded checkout business:* by improving our user experience, including by reducing friction and enhancing rewards, we will drive consumer selection and increase conversion rates for merchants. This strategy will increase our customers’ engagement with our products and services. A critical element of our overall growth strategy involves driving an increase in monthly active accounts, which we expect will contribute to growth in payment transactions, TPV, and net revenues.
- *Expanding our value proposition for consumers and merchants to drive daily use:* by providing consumers with simple, secure, and flexible ways to manage and move money across different markets, merchants, and platforms, including offering purchase protection programs and simplifying their shopping experiences; by being technology and platform agnostic and by expanding and launching capabilities that allow us to process payments anywhere; by partnering with our merchants to grow and expand their business online and offline, including offering merchants risk management and seller protection programs; and by delivering payment-adjacent capabilities.
- *Unlocking the power of data:* by responsibly utilizing data in our two-sided platform to personalize consumer offerings, we will create more value for our customers, improve the interconnectedness of our platform, and tap into new sources of revenue and profitable growth.
- *Increasing offline engagement:* through our PayPal-branded debit and credit cards, rewards programs, and seamless integration into other digital wallets that support in-store payments, we are giving consumers more reasons to use PayPal and Venmo for offline purchases. Providing consumers more opportunities to use PayPal for omnichannel purchases will help us to drive engagement.
- *Building and expanding strategic partnerships:* by building new strategic partnerships and deepening existing ones to provide better experiences for our customers, offer greater choice and flexibility, acquire new customers, and reinforce our role in the payments and commerce ecosystem.
- *One PayPal platform:* by investing in state-of-the-art technology, architecture, and processes to deliver high-quality products and services to our customers more efficiently and effectively.
- *Seeking new areas of growth:* innovate the future of commerce by focusing on creating new products in both the digital and physical worlds and finding opportunities to expand and improve upon our existing products and capabilities.

TECHNOLOGY

Our payments platform utilizes a combination of proprietary and third-party technologies and services intended to facilitate transactions efficiently and securely between millions of consumers and merchants worldwide across different channels, markets, and networks. Our payments platform connects with financial services providers around the world and allows consumers to make purchases using a wide range of payment methods, regardless of where a merchant is located. Consumers who use our payments platform can send payments in approximately 200 markets around the world and in approximately 140 currencies, withdraw funds to their bank accounts in 57 currencies, and hold balances in their eligible PayPal accounts in 24 currencies.

We have developed intuitive user interfaces, customer tools, transaction management databases, and payment network integrations on our platform designed to enable our customers to utilize our suite of products and services. Our payments platform, open application programming interfaces, and developer tools are designed to enable developers to innovate with ease and offer robust solutions to our global ecosystem of consumers and merchants, while at the same time helping to maintain the security of our customers' information.

The technology infrastructure supporting our payments platform is designed to simplify the storage and processing of large amounts of data and facilitate the deployment and operation of large-scale global products and services in both our own data centers and when hosted by third-party cloud service providers. Our technology infrastructure is designed around industry best practices intended to reduce downtime and help ensure the resiliency of our payments platform in the event of outages or catastrophic occurrences. Our payments platform incorporates multiple layers of protection for business continuity and system redundancy purposes and to help mitigate cybersecurity risks. We have a comprehensive cybersecurity program designed to protect our technology infrastructure and payments platform against cybersecurity threats, which includes regularly testing our systems to identify and address potential vulnerabilities. We strive to continually improve our technology infrastructure and payments platform to enhance the customer experience and to increase efficiency, scalability, and security.

For additional information regarding risks relating to our technology infrastructure and cybersecurity, see the information in "Item 1A. Risk Factors" under the captions "*Cyberattacks and security vulnerabilities could result in serious harm to our reputation, business, and financial condition*" and "*Business interruptions or systems failures may impair the availability of our websites, applications, products or services, or otherwise harm our business.*"

RESEARCH AND DEVELOPMENT

Our total research and development expense was \$1.5 billion, \$1.6 billion, and \$1.7 billion in 2024, 2023, and 2022, respectively.

INTELLECTUAL PROPERTY

The protection of our intellectual property, including our trademarks, copyrights, domain names, trade dress, patents, and trade secrets, is important to the success of our business. We seek to protect our intellectual property rights by relying on applicable laws, regulations, and administrative procedures in the U.S. and internationally. We have registered our core brands as domain names and as trademarks in the U.S. and many international jurisdictions. We also have an active program to secure and enforce trademarks and domain names that correspond to our brands in markets of interest. We have filed and continue to file patent applications in the U.S. and in international jurisdictions covering certain aspects of our proprietary technology and new innovations. We also rely on contractual restrictions to protect our proprietary rights when offering or procuring products and services. We routinely enter into confidentiality and invention assignment agreements with our employees and contractors, and non-disclosure agreements with parties with whom we conduct business to control access to, and use and disclosure of, our proprietary information.

For additional information regarding risks relating to our intellectual property, see the information in "Item 1A. Risk Factors" under the captions "*Third parties may allege that we are infringing their patents and other intellectual property rights*" and "*We may be unable to protect or enforce our intellectual property.*"

GOVERNMENT REGULATION

We operate globally and in a rapidly evolving regulatory environment characterized by a heightened focus by regulators globally on all aspects of the payments industry, including anti-money laundering, countering terrorist financing, privacy, cybersecurity, and consumer protection. The laws and regulations applicable to us, including those enacted prior to the advent of digital payments, continue to evolve through legislative and regulatory action and judicial interpretation. New or changing laws and regulations, including changes to their interpretation and implementation, as well as increased penalties and enforcement actions related to non-compliance, could have a material adverse impact on our business, results of operations, and financial condition. We monitor these areas closely and are focused on designing compliant solutions for our customers.

Government regulation impacts key aspects of our business. We are subject to the laws and regulations applicable to the payments industry in the markets we operate, which are subject to interpretation and change.

Payments regulation. Various laws and regulations govern the payments industry in the U.S. and internationally. In the U.S., PayPal, Inc. (a wholly-owned subsidiary) holds licenses to operate as a money transmitter (or its equivalent) in the states where such licenses are required, as well as in the District of Columbia and certain territories. These licenses include not only our PayPal-branded products and services, but also our Venmo, Hyperwallet, Xoom, and Zettle products and services, to the extent offered in these locations. As a licensed money transmitter, PayPal is subject to, among other requirements, restrictions on the investment of customer funds, reporting requirements, bonding requirements, and inspection by state regulatory agencies. In certain cases, these licenses also generally cover PayPal's service enabling customers to buy, hold, transfer, and sell cryptocurrency directly from their PayPal or Venmo account. In the State of New York, PayPal holds a full Bitlicense issued by the New York Department of Financial Services to offer cryptocurrency services in the state.

Outside the U.S., we provide similar services customized for various countries and foreign jurisdictions through our foreign subsidiaries. The activities of those non-U.S. entities are, or may be, supervised by a financial regulatory authority in the jurisdictions in which they operate. Among other regulatory authorities, the Luxembourg Commission de Surveillance du Secteur Financier (the "CSSF"), the U.K. Financial Conduct Authority ("FCA"), the Australian Prudential Regulation Authority, the People's Bank of China, the Monetary Authority of Singapore, the Reserve Bank of India, and the Central Bank of Brazil have asserted jurisdiction over some or all of our activities in their respective jurisdictions. This list is not exhaustive, and there are numerous other regulatory agencies that have asserted or may assert jurisdiction over our activities.

In addition, financial services regulators in various jurisdictions, including the U.S. and the European Union ("EU"), have implemented payment authentication requirements for banks and payment processors intended to reduce online fraud, which could impose significant costs, make it more difficult for new customers to open PayPal accounts, and reduce the ease of use of our products.

Financial Services supervision. We serve our customers in the EU through PayPal (Europe) S.à.r.l. et Cie, S.C.A. ("PayPal (Europe)"), a wholly-owned subsidiary that is licensed and subject to regulation as a credit institution in Luxembourg by the CSSF. We serve our customers in the U.K. through PayPal U.K. Limited ("PayPal U.K."), a wholly-owned subsidiary that is subject to regulation as an electronic money institution in the U.K. by the FCA. Accordingly, we must comply with rules and regulations applicable to electronic money institutions in the U.K. and credit institutions in the E.U., including those related to capitalization, funds management, corporate governance, anti-money laundering, consumer rights, disclosure, reporting, and inspection. We are, or may be, subject to financial services-related regulations in other countries now or in the future related to our role in the financial services industry. In addition, based on our relationships with our partner financial institutions, we are, or may be, subject to indirect regulation and examination by the regulators of these partner financial institutions.

Lending regulation. Our U.S. consumer short-term, interest-free, installment product is subject to federal and state laws governing consumer credit and debt collection, and PayPal holds multiple state licenses as the lender for this product. In Australia, PayPal Credit Pty Limited offers a consumer short-term, interest-free, installment product that is exempt from regulation by the primary consumer credit legislation, but is subject to other laws which cover the provision of financial services, credit reporting, debt collection, and privacy. PayPal's consumer short-term, interest-free, installment products in the U.K., France, Germany, Spain, and Italy are generally exempt from primary consumer credit legislation; however, certain consumer lending laws, consumer protection, and banking transparency regulations apply to this activity. Paidy, Inc. holds multiple licenses for the issuance of its consumer installment products in Japan and is registered with the Ministry of Economy, Trade and Industry as a Comprehensive Credit Purchase Intermediary.

Our U.S. consumer interest-bearing installment product is subject to federal and state laws and is offered by an independent chartered financial institution. PayPal's interest-bearing installment product for consumers in Germany is subject to applicable local laws such as consumer (lending) laws, consumer protection, or banking transparency regulations. These loans are originated by PayPal (Europe).

PayPal and Venmo co-branded consumer credit cards and the PayPal Credit revolving consumer credit product are issued by an independent chartered financial institution in the U.S., and are subject to laws and regulations governing these programs. PayPal Credit in the U.K. is a regulated, revolving consumer credit product subject to applicable local laws and regulations.

Our U.S. merchant lending products are subject to federal and state regulations and are offered by an independent chartered financial institution. Our merchant lending products offered in Germany, France, and the Netherlands are subject to the laws of Luxembourg and certain local laws, and our merchant lending product offered in the U.K. is subject to U.K. regulation. The loans offered to European and U.K. merchants are originated by PayPal (Europe) and PayPal U.K., respectively. Our merchant lending product in Australia is subject to the laws of Australia and is originated by PayPal Credit Pty Limited.

Consumer Financial Protection Bureau ("CFPB"). The CFPB has significant authority to regulate consumer financial products in the U.S., including consumer credit, deposits, payments, and similar products. As a large market participant of remittance transfers, we are subject to the direct supervisory authority of the CFPB. The CFPB and similar regulatory agencies in other jurisdictions may have broad consumer protection mandates that could result in the promulgation and interpretation of rules and regulations that may materially impact our business.

Anti-money laundering, counter-terrorist financing, and sanctions. PayPal is subject to anti-money laundering ("AML") laws and regulations in the U.S. and other jurisdictions, as well as laws designed to prevent the use of the financial systems to facilitate terrorist activities. Our AML program is designed to prevent our payments platform from being used to facilitate money laundering, terrorist financing, and other illicit activities, or to do business in countries or with persons and entities included on designated country or person lists promulgated by the U.S. Department of the Treasury's Office of Foreign Assets Controls and equivalent authorities in other countries. Our AML and sanctions compliance programs, overseen by our AML/Bank Secrecy Act Officer, are composed of policies, procedures, and internal controls, and are designed to address these legal and regulatory requirements and assist in managing money laundering and terrorist financing risks.

Interchange fees. Interchange fees (the transaction fees for processing credit and debit card transactions) are subject to regulation in certain jurisdictions. For example, in the EU, the Multilateral Interchange Fee Regulation caps interchange fees and provides for business rules to be complied with by any company dealing with payment card transactions. Interchange fees are being reviewed or challenged in various jurisdictions. As a result, the fees that we collect in certain jurisdictions may become the subject of regulatory challenge.

Data protection and privacy. We are subject to a number of laws, rules, directives, and regulations ("privacy and data protection laws") relating to the collection, use, retention, security, processing, and transfer (collectively, "processing") of personally identifiable information about our customers, our merchants' customers, and employees ("personal data") in the countries where we operate. Our business relies on the processing of personal data in many jurisdictions and the movement of data across national borders. As a result, much of the personal data that we process, which may include certain financial information associated with individuals, is subject to one or more privacy and data protection laws in one or more jurisdictions. In many cases, these laws apply not only to third-party transactions, but also to transfers of information between or among us, our subsidiaries, and other parties with which we have commercial relationships.

Regulatory scrutiny of privacy, data protection, cybersecurity practices, and the processing of personal data is increasing around the world. Regulatory authorities are continuously considering numerous legislative and regulatory proposals and interpretive guidelines that may contain additional privacy and data protection obligations. Many jurisdictions in which we operate have adopted, or are in the process of adopting or amending data protection and privacy legislation or regulation aimed at creating and enhancing individual privacy rights and data protection obligations. In addition, the interpretation and application of these privacy and data protection laws in the U.S., Europe, and elsewhere are subject to change and may subject us to increased regulatory scrutiny and business costs.

Anti-corruption. PayPal is subject to applicable anti-corruption laws, such as the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act, and similar laws in the jurisdictions in which we operate. Anti-corruption laws generally prohibit offering, promising, giving, accepting, or authorizing others to provide anything of value, either directly or indirectly, to or from a government official or private party to influence official action or otherwise gain an unfair business advantage, such as to obtain or retain business. We have implemented policies, procedures, and internal controls that are designed to comply with these laws and regulations.

Additional regulatory developments. Various regulatory agencies continue to examine and implement laws governing a wide variety of issues, including virtual currencies, identity theft, account management guidelines, disclosure rules, cybersecurity, competition, and marketing, which may impact PayPal's business. Certain governments around the world are adopting laws and regulations pertaining to environmental, social, and governance matters, and corporate sustainability performance, transparency, and reporting (e.g., the EU Corporate Sustainability Reporting Directive), as well as topical reporting and risk management disclosure requirements, such as obligations related to disclosure of the management of climate-related risks.

For an additional discussion on governmental regulation affecting our business, please see "Item 1A. Risk Factors" and "Item 3. Legal Proceedings" included in this Form 10-K.

CORPORATE SUSTAINABILITY & IMPACT MANAGEMENT

PayPal is committed to creating a more inclusive digital economy for the customers and communities we serve across the world. Our management of priority Corporate Sustainability & Impact ("CS&I") risks and opportunities in respect of our business is organized across employees and culture, social impact, responsible business practices, and environmental sustainability. We believe this integrated, enterprise-wide approach to managing our global business helps enable us to create value for our stakeholders, including our stockholders, employees, partners, and communities. We continue to prioritize efforts to manage key non-financial factors impacting our long-term business, including fostering an inclusive culture across the employee experience, utilizing PayPal's unique capabilities and resources to support inclusive entrepreneurship and small business success, further enhancements to support the safety and security of our products and platform, and progress on reducing our environmental impacts. We endeavor to provide transparent disclosures with respect to our CS&I risks and opportunities through our annual Global Impact Report and other communications.

HUMAN CAPITAL

At PayPal, we consider the management of our global talent (human capital) to be essential to the ongoing success of our business. As of December 31, 2024, we employed approximately 24,400 people globally, with 44% in the Americas, 44% in Asia-Pacific, and 12% in Europe and the Middle East. Our global employees work predominantly full-time and represent at least 140 nationalities, across 28 countries, including approximately 8,900 located in the U.S. Across our workforce, we reached approximately 43% global gender diversity and 55% U.S. ethnic diversity, as of December 31, 2024.

As a leading technology platform, we compete for top talent from around the world. We believe that a strong culture focused on employee experiences that enable advancement, learning, and individual career insights is essential to the successful acquisition, development, and retention of global talent. In 2024, we continued to build employee awareness and engagement in our leadership principles to establish a common set of expectations for all employees. We also continued to integrate these principles across our global talent strategy to help shape our programs throughout the employee lifecycle and achieve key business priorities. We use employee feedback to directly inform the ongoing development of our employee programs. In addition to administering an annual survey to gather input from our global workforce, we also conducted specific surveys to gather direct employee feedback on specific topics.

We remain focused on promoting the holistic well-being of our employees, including providing resources, programs, and services to support our employees' physical, mental, and financial wellness. PayPal offers a comprehensive benefits package designed to support employees at every stage of life while helping our employees to prepare for the future.

We are committed to equal pay for equal work and promoting enterprise-wide inclusive learning opportunities.

In October 2024, we moved to hybrid as our primary way of working at PayPal. As of December 31, 2024, approximately half of our employees worked a hybrid schedule while the remaining were fully virtual. Across PayPal, we are focused on providing tools and resources to support our distributed teams.

AVAILABLE INFORMATION

The address of our principal executive offices is PayPal Holdings, Inc., 2211 North First Street, San Jose, California 95131. Our website is located at www.paypal.com, and our investor relations website is located at <https://investor.pypl.com>. From time to time, we may use our investor relations site and other online and social media channels, including the PayPal Newsroom (<https://newsroom.paypal-corp.com/>), the PayPal Corporate website (<https://about.pypl.com>), PayPal's LinkedIn page (<https://www.linkedin.com/company/paypal>), PayPal's Facebook page (<https://www.facebook.com/PayPalUSA/>), PayPal's Youtube channel (<https://www.youtube.com/paypal>), Alex Chriss' LinkedIn profile (<https://www.linkedin.com/in/alexchriss/>), Alex Chriss' X profile (<https://x.com/acce>), Jamie Miller's LinkedIn profile (<https://www.linkedin.com/in/jamiesmiller/>), and Steven Winoker's LinkedIn profile (<https://www.linkedin.com/in/steven-winoker-0764548/>), as a means of disclosing information about the Company, including information which could be deemed to be material to investors. Our Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports are available free of charge on our investor relations website as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. The SEC maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at <http://www.sec.gov>.

The content of our websites and information we may post on, provide to, or accessible through online and social media channels, including those mentioned above, are not a part of, and are not incorporated by reference into, this Form 10-K or in any other report or document we file with, or furnish to, the SEC. Any references to our websites or online and social media contained in this Form 10-K are intended to be inactive textual references only.



ITEM 1A. RISK FACTORS

You should carefully consider the risks and uncertainties described below, in addition to other information appearing in this Form 10-K, including our consolidated financial statements and related notes, for important information regarding risks and uncertainties that could affect us. These risk factors do not identify all risks we face, and additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that adversely affect our business. If any of the following risks actually occur, our business, financial condition, results of operations, future prospects, and the trading price of our common stock could be materially and adversely affected.

CYBERSECURITY AND TECHNOLOGY RISKS

Cyberattacks and security vulnerabilities could result in serious harm to our reputation, business, and financial condition.

The techniques used to attempt to obtain unauthorized or illegal access to systems and information (including customers' personal data), disable or degrade service, exploit vulnerabilities, or sabotage systems are continuously evolving. In some circumstances, these attempts may not be recognized or detected until after they have been launched against a target. Unauthorized parties continuously attempt to gain access to our systems or facilities through various means, including through hacking into our systems or facilities or those of our customers, partners, or vendors, and attempting to fraudulently induce users of our systems (including employees, vendor and partner personnel and customers) into disclosing user names, passwords, payment card information, multi-factor authentication application access or other sensitive information used to gain access to such systems or facilities. This information may, in turn, be used to access our customers' confidential personal or proprietary information and financial instrument data that are stored on or accessible through our information technology systems and those of third parties with whom we partner. This information may also be used to execute fraudulent transactions or otherwise engage in fraudulent actions. Numerous and evolving cybersecurity and related threats, including advanced and persisting cyberattacks, cyberextortion, distributed denial-of-service attacks, ransomware, spear phishing and social engineering schemes, the introduction of computer viruses or other malware, and the physical destruction of all or portions of our information technology and infrastructure and those of third parties with whom we partner or that are part of our information technology supply chain, are becoming increasingly sophisticated and complex, may be difficult to detect, and could compromise the confidentiality, availability, and integrity of the data in our systems, as well as the systems themselves.

We believe that hostile actors, who may comprise individuals, coordinated groups, sophisticated organizations, or nation state supported entities, may target PayPal due to our name, brand recognition, types of data (including sensitive payments- and identity-related data) that customers provide to us, and the widespread adoption and use of our products and services. We have experienced from time to time, and may experience in the future, cybersecurity incidents, including breaches of our security measures, network breaches, and compromise of personally identifiable customer information due to human error, deception, malfeasance, insider threats, system errors, defects, vulnerabilities, or other issues. Any of the foregoing events may subject us to fines, penalties, regulatory or other enforcement actions, and our business, reputation or financial condition may be adversely affected.

Any cybersecurity incidents, including cyberattacks or data security breaches affecting the information technology or infrastructure of our customers, partners, or vendors (including data center and cloud computing providers) or of companies we acquire, could have similar negative effects.

Under payment card network rules and our contracts with our payment processors, if there is a breach of payment card information stored by us or our direct payment card processing vendors, we could be liable to the payment card issuing banks, including for their cost of issuing new cards and related expenses. We have experienced, and may experience in the future, breaches involving customer information for which we have notified, and may notify, regulators, customers and other third parties. These or other cybersecurity breaches and other exploited security vulnerabilities have subjected us and could further subject us to significant costs and third-party liabilities, result in improper disclosure of data and violations of applicable privacy and other laws, require us to change our business practices, cause us to incur significant remediation costs, lead to loss of customer confidence in, or decreased use of, our products and services, damage our reputation and brands, divert the attention of management from the operation of our business, result in significant compensation or contractual penalties from us to our customers and their business partners as a result of losses to or claims by them, or expose us to litigation, regulatory investigations, and significant fines and penalties. Moreover, under payment card network rules and our contracts with our payment processors, if there is a breach of payment card information stored by us or our direct payment card processing vendors, we could be liable to the payment card issuing banks, including for their cost of issuing new cards and related expenses. While we maintain insurance policies intended to help offset the financial impact we may experience from these risks, our coverage may be insufficient to compensate us for all losses caused by security breaches and other damage to or

unavailability of our systems.

Business interruptions or systems failures may impair the availability of our websites, applications, products or services, or otherwise harm our business.

Our systems and operations and those of our service providers and partners have experienced from time to time, and may experience in the future, business interruptions or degradation of service because of distributed denial-of-service and other cyberattacks, insider threats, hardware and software defects or malfunctions, human error, earthquakes, hurricanes, floods, fires, and other natural disasters, public health crises (including pandemics), power losses, disruptions in telecommunications services, fraud, military or political conflicts, terrorist attacks, computer viruses or other malware, or other events. The frequency and intensity of weather events related to climate change are increasing, which could increase the likelihood and severity of such disasters as well as related damage and business interruption. Our corporate headquarters are located in the San Francisco Bay Area, a seismically active region in California. A catastrophic event that could lead to a disruption or failure of our systems or operations could result in significant losses and require substantial recovery time and significant expenditures to resume or maintain operations. Further, some of our systems, including those of companies that we have acquired, are not fully redundant and any failure of these acquired systems, including due to a catastrophic event, may lead to operational outages or delays. While we engage in disaster recovery planning and testing intended to mitigate risks from outages or delays, our planning and testing may not be effective or sufficient for all possible outcomes or events. As a provider of payments solutions, we are also subject to heightened scrutiny by regulators that may require specific business continuity, resiliency and disaster recovery plans, and rigorous testing of such plans, which may be costly and time-consuming to implement, and may divert our resources from other business priorities. Any of the foregoing risks could have a material adverse impact on our business, financial condition, and results of operations.

We have experienced, and expect to continue to experience, system failures, cyberattacks, unplanned outages, and other events or conditions from time to time that have and may interrupt the availability, or reduce or adversely affect the speed or functionality, of our products and services. While we continue to undertake system upgrades and re-platforming efforts designed to improve the availability, reliability, resiliency, and speed of our payments platform, these efforts are costly and time-consuming, involve significant technical complexity and risk, may divert our resources from new features and products, and may ultimately not be effective. A prolonged interruption of, or reduction in, the availability, speed, or functionality of our products and services could materially harm our business and financial condition. Frequent or persistent interruptions in our services could permanently harm our relationship with our customers and partners and our reputation. If any system failure or similar event results in damage to our customers or their business partners, they could seek significant compensation or contractual penalties from us for their losses. These claims, even if unsuccessful, would likely be time-consuming and costly for us to address.

We also rely on facilities, components, applications, software, and services supplied by third parties, including data center facilities and cloud data storage and processing services. From time to time, we have experienced interruptions in the provision of such facilities and services provided by these third parties. If these third parties experience operational interference or disruptions (including a cybersecurity incident), fail to perform their obligations, or breach their agreements with us, our operations could be disrupted or negatively affected, which could result in customer dissatisfaction, regulatory scrutiny, and damage to our reputation and brands, and materially and adversely affect our business. While we maintain insurance policies intended to help offset the financial impact we may experience from these risks, our coverage may be insufficient to compensate us for all losses caused by interruptions in our service due to systems failures and similar events.

In addition, any failure to successfully implement new information systems and technologies or improvements or upgrades to existing information systems and technologies in a timely manner could lead to regulatory scrutiny, significant fines and penalties, and mandatory and costly changes to our business, adversely impact our business, internal controls, results of operations, and financial condition, and ultimately could cause us to lose existing licenses that we need to operate or prevent or delay us from obtaining additional licenses that may be required for our business.

If we cannot keep pace with rapid technological developments to provide new and innovative products and services, the use of our products and services and, consequently, our revenues, could decline.

Rapid, significant, and disruptive technological changes impact the industries in which we operate, including payment technologies (including real-time payments, payment card tokenization, virtual currencies, distributed ledger and blockchain technologies, and proximity payment technology such as Near Field Communication and other contactless payments); internet browser technologies that enable users to easily store their payment card information for use on any retail or e-commerce website; artificial intelligence (“AI”) and machine learning; developments in technologies supporting our regulatory and

compliance obligations; and in-store, digital, and social commerce.

We expect that new technologies applicable to the industries in which we operate, including the development, adoption, and use of generative AI technologies, will continue to emerge and may be superior to, or render obsolete, the technologies we currently use in our products and services. We cannot predict the effects of technological changes on our business, which technological developments or innovations will become widely adopted, and how those technologies may be regulated. Developing and incorporating new technologies into new and existing products and services may require significant investment, take considerable time, and may not ultimately be successful. For example, AI algorithms that we use may be flawed or may be based on datasets that are biased or insufficient. In addition, any latency, disruption, or failure in our AI systems or infrastructure could result in delays or errors in our offerings. There also may be real or perceived social harm, unfairness, or other outcomes that undermine public confidence in the use of our products or of AI. In addition, third parties may deploy AI technologies in a manner that reduces customer demand for our products and services.

We rely in part on third parties, including some of our competitors, for the development of and access to new or evolving technologies. These third parties may restrict or prevent our access to, or utilization of, those technologies, as well as their platforms or products. Our ability to develop, provide or incorporate new technologies and adapt our existing products and services or develop future and new products and services using new technologies may be limited or restricted by industry-wide standards, platform providers, payments networks, changes to laws and regulations, changing customer expectations, third-party intellectual property rights, and other factors. If we are unable to develop and incorporate new technologies and adapt to technological changes and evolving industry standards in a timely or cost-effective manner, our business, results of operations, or reputation could be harmed.

LEGAL, REGULATORY AND COMPLIANCE RISKS

Our business is subject to extensive government regulation and oversight. Our failure to comply with extensive, complex, overlapping, and frequently changing rules, regulations, and legal interpretations could materially harm our business.

Our business is subject to complex and changing laws, rules, regulations, policies, and legal interpretations in the markets in which we offer services directly or through partners, including, but not limited to, those governing: banking, credit, deposit taking, cross-border and domestic money transmission, prepaid access, foreign currency exchange, privacy, data protection, data governance, cybersecurity, banking secrecy, digital payments, cryptocurrency, payment services (including payment processing and settlement services), lending, fraud detection, consumer protection, antitrust and competition, economic and trade sanctions, anti-money laundering, and counter-terrorist financing.

Regulators and legislators globally have been establishing, evolving, and increasing their regulatory authority, oversight, and enforcement in a manner that impacts our business. As we introduce new products and services and expand into new markets, including through acquisitions, we expect to become subject to additional regulations, restrictions, and licensing requirements. As we expand and localize our international activities, we expect that our obligations in the markets in which we operate will continue to increase. In addition, because we facilitate sales of goods and provide services to customers worldwide, one or more jurisdictions may claim that we or our customers are required to comply with their laws, which may impose different, more specific, or conflicting obligations on us, as well as broader liability.

Any failure or perceived failure to comply with existing or new laws, regulations, or orders of any government authority (including changes to or expansion of their interpretation) may subject us to significant fines, penalties, monetary damages, injunctive relief, criminal and civil lawsuits, forfeiture of significant assets, and enforcement actions in one or more jurisdictions; result in additional compliance and licensure requirements; cause us to lose existing licenses or prevent or delay us from obtaining additional licenses that may be required for our business; increase regulatory scrutiny of our business; divert management's time and attention from our business; restrict our operations; lead to increased friction for customers; force us to make changes to our business practices, products, or operations; require us to engage in remediation activities; or delay planned transactions, product launches, or improvements. Any of the foregoing could, individually or in the aggregate, harm our reputation, damage our brands and business, and adversely affect our results of operations and financial condition. The complexity of U.S. federal and state and international regulatory and enforcement regimes, coupled with the global scope of our operations and the evolving global regulatory environment, could result in a single event prompting a large number of overlapping investigations and legal and regulatory proceedings by multiple government authorities in different jurisdictions. While we have implemented policies and procedures designed to help ensure compliance with applicable laws and regulations, there can be no assurance that our employees, contractors, and agents will not violate such laws and regulations.

Payments Regulation



In the U.S., PayPal, Inc. (a wholly-owned subsidiary) holds licenses to operate as a money transmitter (or its equivalent) in the states where such licenses are required, as well as in the District of Columbia and certain territories. If we fail to comply with applicable laws or regulations required to maintain our licenses, we could be subject to liability and/or additional restrictions, forced to cease doing business with residents of certain states or territories, forced to change our business practices, or required to obtain additional licenses or regulatory approvals, which could impose substantial costs and harm our business.

While we currently allow our customers to send payments from approximately 200 markets, we allow customers in only approximately half of those markets (including the U.S.) to also receive payments, in some cases with significant restrictions on the manner in which customers can hold balances or withdraw funds. These restrictions may limit our ability to grow our business.

We principally provide our services to customers in the European Economic Area (“EEA”) through PayPal (Europe) S.à.r.l. et Cie, S.C.A. (“PayPal (Europe)”), our wholly-owned subsidiary that is licensed and subject to regulation as a credit institution in Luxembourg and PayPal U.K. Limited (“PayPal U.K.”), a wholly-owned subsidiary that is subject to regulation as an electronic money institution and a consumer credit firm (and registration as a crypto asset business) in the United Kingdom (“U.K.”) by the Financial Conduct Authority (“FCA”). PayPal (Europe) or PayPal U.K. may be subject to enforcement actions and significant fines and penalties if either violates applicable requirements. If the business activities of PayPal (Europe) exceed certain thresholds, or if the European Central Bank (“ECB”) so determines, PayPal (Europe) may be deemed a significant supervised entity and certain activities of PayPal (Europe) would become directly supervised by the ECB, rather than by the Luxembourg Commission de Surveillance du Secteur Financier. PayPal (Europe) is also subject to regulation by the ECB under the oversight framework for electronic payment instruments, schemes and arrangements (“PISA”). Compliance with applicable laws and regulations could become more costly and operationally difficult to manage due to additional supervision, potentially inconsistent interpretations, and domestic regulations by various countries in the region. Applicable regulation relating to payments, anti-money laundering, and digital services, which are key focus areas of regulators and subject to extensive new regulation, could subject us to additional and complex obligations, risks, and associated costs, and impact our ability to expand our business in Europe.

For many of the other markets outside the U.S., we provide services on a cross-border basis through PayPal Pte. Ltd., our wholly-owned subsidiary based in Singapore. PayPal Pte. Ltd. is supervised by the Monetary Authority of Singapore (“MAS”). As of July 1, 2023, PayPal Pte. Ltd. has been issued a Major Payment Institution license by the MAS under the Payment Services Act 2019. In order to maintain this license and certain other licenses or registrations we hold in certain markets, we are required to comply with applicable regulatory requirements, which have imposed and will continue to impose increasing operational complexity and costs for our Singapore and international operations. Moreover, in many non-U.S. markets (other than Singapore) where customers of PayPal Pte. Ltd. or local branches or subsidiaries subject to local regulatory supervision or oversight, as the case may be, are located, there may be uncertainty whether our Singapore-based service is subject only to Singapore law or also to other local laws, and whether such local laws might require a payment processor like us to be licensed as a payments service, bank, financial institution, or otherwise.

There are substantial costs and potential product and operational changes involved in maintaining and renewing licenses, certifications, and approvals, and we could be subject to enforcement actions, fines, penalties, and litigation if we are found to violate any of these requirements. There can be no assurance that we will be able to (or decide to) continue to apply for or obtain any licenses, renewals, certifications, and approvals in any jurisdiction. In certain markets, we may need to rely on local banks or other partners to process payments and conduct foreign currency exchange transactions in local currency, and local regulators may use their authority over such local partners to prohibit, restrict, or limit us from doing business. Any of the foregoing could, individually or in the aggregate, result in substantial additional costs, delay or preclude planned transactions, geographical expansions, or product launches or improvements, require significant and costly operational changes, impose restrictions, limitations, or additional requirements on our business, products and services, or prevent or limit us from providing our products or services in a given market.

[Cryptocurrency Regulation and Related Risks](#)

Our customer cryptocurrency offerings could subject us to additional regulations, licensing requirements, or other obligations or liabilities. Within the U.S., we are regulated by the New York State Department of Financial Services as a virtual currency business, which does not qualify us to engage in securities brokerage or dealing activities. The regulatory status of particular cryptocurrencies is unclear under existing law. For example, if the Securities and Exchange Commission (“SEC”) were to assert that any of the cryptocurrencies we support are securities, the SEC could assert that our activities involving that cryptocurrency require securities broker-dealer registration or other obligations under the federal securities laws. The rapidly evolving

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legislative and regulatory landscapes with respect to cryptocurrency may subject us to additional licensing and regulatory obligations or to additional inquiries or investigations from the SEC or other regulators and governmental authorities, and require us to make product changes, restrict or discontinue product offerings in certain markets, implement additional and potentially costly controls, or take other actions.

In August 2023, a third-party issuer with which we have partnered commercially (the “PYUSD Issuer”) launched a U.S. dollar-denominated stablecoin named PayPal USD (“PYUSD”), which is available to PayPal U.S. customers and Venmo customers. These PayPal and Venmo customers may, if provisioned for external transfers and subject to our sanctions and anti-money laundering controls, send PYUSD to external wallets not controlled by PayPal. The PYUSD Issuer may also allow institutional users to directly purchase PYUSD from the PYUSD Issuer (as per the PYUSD Issuer’s stablecoin terms and conditions). The regulatory treatment of stablecoins is evolving and has drawn significant attention from legislative and regulatory bodies around the world, including the SEC. There are uncertainties on how ongoing changes to federal, state, and international laws and regulations would apply to stablecoins in practice, and we and the PYUSD Issuer may face substantial costs to operationalize and comply with any additional or changed requirement. If we or the PYUSD Issuer fail to comply with regulations, requirements, prohibitions or other obligations applicable to us, we could face regulatory or other enforcement actions, potential fines, penalties, and other consequences. In addition, we could face reputational harm through our relationship with the PYUSD Issuer if the PYUSD Issuer were to face regulatory scrutiny, PYUSD is deemed to be a security, or PYUSD is alleged to be used for transactions in connection with illicit or illegal activities.

We hold our customers’ cryptocurrency assets through one or more third-party custodians. Financial and third-party risks related to our customer cryptocurrency offerings, such as inappropriate access to, theft, or destruction of cryptocurrency assets held by our custodians, insufficient insurance coverage by a custodian to reimburse us for all such losses, a custodian’s failure to maintain effective controls over the custody and settlement services provided to us, a custodian’s inability to purchase or liquidate cryptocurrency holdings, the failure of the PYUSD Issuer to maintain sufficient reserve assets backing PYUSD and defaults on financial or performance obligations by a custodian, banks with which the PYUSD Issuer maintains reserve assets or counterparty financial institutions, could expose our customers and us to loss, and significantly harm our business, financial condition, and reputation.

We have selected custodian partners and the PYUSD Issuer, and may in the future select additional custodian partners and stablecoin issuing entities, that are subject to regulatory oversight, capital requirements, maintenance of audit and compliance industry certifications, and cybersecurity procedures and policies. Nevertheless, any operational disruptions at any such custodian or issuer, or such custodians’ or issuer’s failure to safeguard cryptocurrency holdings (or reserve assets), could result in losses of customer assets, expose us to customer claims, reduce consumer confidence and materially impact our cryptocurrency product offerings and our operating results.

Custodial arrangements to safeguard cryptocurrency assets involve unique risks and uncertainties in the event of a custodian’s bankruptcy. While other types of assets and some custodied cryptocurrencies have been deemed not to be part of the custodian’s bankruptcy estate under various regulatory regimes, bankruptcy courts have not yet definitively determined the appropriate treatment of custodial holdings of digital assets in a bankruptcy proceeding. In the event of a custodian’s bankruptcy, the lack of precedent and the highly fact-dependent nature of the determination could delay or preclude the return of custodied cryptocurrency assets to us or to our customers. Although we contractually require our custodians to segregate our customer assets and not commingle them with proprietary or other assets, we cannot be certain that these contractual obligations, even if duly observed by a custodian, will be effective in preventing such assets from being treated as part of the custodian’s estate under bankruptcy or other insolvency law. In that event, our claim on behalf of such customers against a custodian’s estate for our customers’ cryptocurrency assets could be treated as a general unsecured claim against the custodian, in which case our customers could seek to hold us liable for any resulting losses.

[Lending Regulation](#)

We hold a number of U.S. state lending licenses for our U.S. consumer short-term installment loan product, which is subject to federal and state laws governing consumer credit and debt collection. Similarly, the consumer short-term installment loan products that we offer outside the U.S. may be subject to consumer credit legislation, licensing requirements, consumer lending laws, consumer protection or banking transparency regulations. Increased global regulatory focus on short-term installment products and consumer credit more broadly could result in laws or regulations requiring changes to our policies, procedures, operations, and product offerings, and restrict or limit our ability to offer credit products.

[Consumer Protection](#)



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Violations of consumer protection law in applicable jurisdictions, including both federal and state laws and regulations in the U.S., such as the Electronic Fund Transfer Act (“EFTA”) and Regulation E as implemented by the Consumer Financial Protection Bureau (“CFPB”), could result in the assessment of significant actual damages or statutory damages or penalties (including treble damages in some instances) and plaintiffs’ attorneys’ fees. We are subject to, and have paid amounts in settlement of, lawsuits containing allegations that our business violated the EFTA and Regulation E or otherwise advance claims for relief relating to our business practices (e.g., that we improperly held consumer funds or otherwise improperly limited consumer accounts).

In addition, the CFPB, pursuant to its market-monitoring authority, may require us to provide extensive information on our products and offerings. From time to time, we have received orders from the CFPB pursuant to such market-monitoring authority requiring us to provide, among other items, extensive information on our payment products, including with respect to the collection, use of, and access to data and consumer protections, as well as our Buy Now, Pay Later offerings.

[Anti-Money Laundering and Counter-Terrorist Financing: Economic and Trade Sanctions](#)

Regulators globally continue to increase standards and expectations regarding anti-money laundering and counter-terrorist financing, and to expand the scope of existing laws and regulations to emerging products and markets, which may require us to revise or expand our compliance program globally and/or in specific jurisdictions, including the procedures we use to verify the identity of our customers and to monitor international and domestic transactions. Such changes could have the effect of making compliance more costly and operationally difficult to manage, lead to increased friction for customers, and result in a decrease in business. Regulators regularly re-examine the transaction volume thresholds at which we must obtain and keep applicable records or the circumstances in which we must verify identities of customers, and any change to such obligations could result in greater compliance costs and impact our business. We are also required to comply with economic and trade sanctions administered by the U.S., the European Union (“EU”) and its member states, the U.K., and other jurisdictions in which we operate. Non-compliance with anti-money laundering laws and regulations or economic and trade sanctions may subject us to significant fines, penalties, lawsuits, and enforcement actions, result in regulatory sanctions and additional compliance requirements, increase regulatory scrutiny of our business, restrict our operations, and damage our reputation and brands. In the ordinary course of business we may identify and voluntarily report, and have reported, potential compliance issues to regulatory authorities, including the U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”), and our compliance history may be considered by OFAC and other regulators as part of any potential future investigation of our sanctions regulation.

[Privacy and Protection of Customer Data](#)

The legal and regulatory environment relating to privacy and data protection laws continues to develop and evolve in ways we cannot predict, including with respect to technologies such as cloud computing, (generative) AI, machine learning, cryptocurrency, and blockchain technology. Any failure or alleged failure by us to comply with our privacy policies as communicated to customers or with privacy and data protection laws relating to our collection, use, storage, transfer, or sharing of customer data with third parties could result in proceedings or actions against us by data protection authorities, other government agencies, our customers or others, which could subject us to significant fines, penalties, judgments, and negative publicity, require us to change our business practices, increase the costs and complexity of compliance, result in reputational harm, and materially harm our business. Compliance with inconsistent privacy and data protection laws may also restrict or limit our ability to provide products and services to our customers.

Many jurisdictions in which we operate globally have enacted, or are in the process of enacting, data privacy legislation or regulations aimed at creating and enhancing individual privacy rights, including with respect to the use of personal data for personalization and cross-contextual advertising. For example, numerous U.S. states have enacted or are in the process of enacting state level data privacy laws and regulations governing the collection, use, and retention of their residents’ personal information as well as specific privacy obligations around youth. The continued proliferation of privacy laws in the jurisdictions in which we operate is likely to result in a disparate array of privacy rules with unaligned or conflicting provisions, accountability requirements, individual rights, and national or local enforcement powers, which may subject us to increased regulatory scrutiny and business costs and could lead to unintended consumer confusion.

[Artificial Intelligence \(AI\)](#)

The legal and regulatory landscape surrounding AI technologies is rapidly evolving and uncertain, including in the areas of consumer protection, intellectual property, cybersecurity, and privacy and data protection. In addition, there is uncertainty around the validity and enforceability of intellectual property rights related to the use, development, and deployment of AI.

generated outputs. Compliance with new and emerging laws, regulations or industry standards relating to AI in the U.S. and internationally, such as U.S. state regulations and the Artificial Intelligence Act in the EU, may impose significant operational costs and may limit our ability to develop, deploy or use existing or future AI technologies. As a result, our ability to adapt our existing products and services or develop future and new products and services using AI may be limited or restricted, which could adversely impact our business.

We are subject to regulatory scrutiny and may be subject to legal proceedings under antitrust and competition laws.

We are subject to scrutiny by various government agencies regarding antitrust and competition laws and regulations in the U.S. and internationally, including in connection with proposed or implemented business combinations, acquisitions, investments, partnerships, commercial agreements and business practices. Some jurisdictions also provide private rights of action for competitors or consumers to assert claims of anticompetitive conduct. Companies and government agencies have in the past alleged, and may in the future allege, that our actions (or actions of companies with which we have commercial agreements) violate the antitrust or competition laws in the U.S. or other jurisdictions in which we operate or otherwise constitute unfair competition, or that our products and services are used so broadly that otherwise uncontroversial business practices could be deemed anticompetitive. Any claims or investigations, even if without merit, may be costly to defend or respond to, involve negative publicity, cause substantial diversion of management's time and effort, and could result in reputational harm, significant judgments, fines and other remedial actions against us, require us to change our business practices, make product or operational changes, or delay or preclude planned transactions, product launches or improvements.

We are regularly subject to general litigation, regulatory scrutiny, and government inquiries.

We are regularly subject to claims, individual and class action lawsuits, arbitration proceedings, government and regulatory investigations, inquiries, actions or requests, and other proceedings alleging violations of laws, rules, and regulations with respect to competition, antitrust, intellectual property, privacy, data protection, information security, anti-money laundering, counter-terrorist financing, sanctions, anti-bribery, anti-corruption, consumer protection (including unfair, deceptive, or abusive acts or practices), the terms of our customer agreements, fraud, accessibility, securities, tax, labor and employment, commercial disputes, services, charitable fundraising, contract disputes, escheatment of unclaimed or abandoned property, product liability, use of our services for illegal purposes, the matters described in "Note 13—Commitments and Contingencies—*Litigation and Regulatory Matters—General Matters*" to our consolidated financial statements, and other matters. We expect that the number and significance of these disputes and inquiries will continue to increase as our products, services, and business expand in complexity, scale, scope, and geographic reach, including through acquisitions of businesses and technology. Investigations and legal proceedings are inherently uncertain, expensive and disruptive to our operations, and could result in substantial judgments, fines, penalties or settlements, substantial diversion of management's time and effort, negative publicity, reputational harm, criminal sanctions, or orders that prevent or limit us from offering certain products or services; require us to change our business practices or customer agreement terms in ways that may increase costs or reduce revenues, develop non-infringing or otherwise altered products or technologies, or pay substantial royalty or licensing fees; or delay or preclude planned transactions or product launches or improvements. Determining legal reserves or possible losses from such matters involves significant estimates and judgments and may not reflect the full range of uncertainties and unpredictable outcomes. We may be exposed to losses in excess of the amount recorded, and such amounts could be material. If our estimates and assumptions change or prove to have been incorrect, this could have a material adverse effect on our business, financial position, results of operations, or cash flows.

Third parties may allege that we are infringing their patents and other intellectual property rights.

We are frequently subject to litigation based on allegations of infringement or other violations of intellectual property rights. Intellectual property infringement claims against us may result from, among other things, our expansion into new business areas, including through acquisitions of businesses and technology, or new or expanded products and services and their convergence with technologies not previously associated with areas related to our business, products and services. The ultimate outcome of any allegation or claim is often uncertain and any such claim, with or without merit, may be time-consuming to defend, result in costly litigation, divert management's time and attention from our business, result in reputational harm, and require us to, among other things, redesign or stop providing our products or services, pay substantial amounts to settle claims or lawsuits, satisfy judgments, or pay substantial royalty or licensing fees.

We may be unable to protect or enforce our intellectual property.

The protection of our proprietary rights, including our trademarks, copyrights, domain names, trade dress, patents and trade secrets, is important to the success of our business. Effective protection of our proprietary rights may not be available in every jurisdiction in which we offer our products and services. Although we have generally taken measures to protect our intellectual

property, there can be no assurance that we will be successful in protecting or enforcing our rights in every jurisdiction, that our contractual arrangements will prevent or deter third parties from infringing or misappropriating our intellectual property, or that third parties will not independently develop equivalent or superior intellectual property rights. We may be required to expend significant time and resources to prevent infringement and enforce our rights, and we may be unable to discover or determine the extent of any unauthorized use of our proprietary rights. If we are unable to prevent third parties from infringing or otherwise violating our proprietary rights, the uniqueness and value of our products and services could be adversely affected, the value of our brands could be diminished, and our business could be adversely affected. We expect to continue to license in the future certain of our proprietary rights, such as trademarks or copyrighted material, to others. These licensees may take actions that diminish the value of our proprietary rights or harm our reputation. Any failure to adequately protect or enforce our proprietary rights, or significant costs incurred in doing so, could diminish the value of our intangible assets and materially harm our business.

BUSINESS AND OPERATIONS RISKS

We face substantial and increasingly intense competition worldwide in the global payments industry.

The global payments industry is highly competitive, dynamic, and innovative, and increasingly subject to regulatory scrutiny and oversight. Many of the areas in which we compete evolve rapidly with innovative and disruptive technologies, shifting user preferences and needs, price sensitivity of consumers and merchants, and frequent introductions of new products and services. Competition also may intensify as new competitors emerge, businesses combine or enter into new partnerships, and established companies in other segments expand to become competitive with various aspects of our business.

We compete with a wide range of businesses in every aspect of our business. Some of our current and potential competitors are or may be larger than we are, have larger customer bases, greater brand recognition, longer operating histories, a dominant or more secure position, broader geographic scope, volume, scale, resources, and market share than we do, or offer products and services that we do not offer. Other competitors are or may be smaller or younger companies that may be more agile in responding to regulatory and technological changes and customer preferences. Our competitors may devote greater resources to the development, promotion, and sale of products and services, and/or offer lower prices or more effectively offer their own innovative programs, products, and services. We often partner with other businesses, and the ability to continue developing these partnerships is important to our business. Competition for relationships with these partners is intense, and there can be no assurance that we will be able to continue to establish, grow, or maintain these partner relationships. If we are unable to differentiate our products and services from those of our competitors, drive value for our customers and adoption of our products and services, or effectively and efficiently align our resources with our goals and objectives, we may not be able to compete effectively, which could negatively impact our results of operations and financial condition.

Changes to payment card networks or bank fees, rules, or practices could harm our business.

To process certain transactions, we must comply with applicable payment card, bank or other network (collectively, “network”) rules. The rules govern all aspects of a transaction on the networks, including fees and other practices. From time to time, the networks have increased the fees and assessments that they charge for transactions that access their networks. Certain networks have also imposed special fees or assessments for transactions that are executed through a digital wallet such as the one that PayPal offers. Our payment processors may have the right to pass any increases in fees and assessments on to us and to increase their own fees for processing. Any increase in interchange fees, special fees, or assessments for transactions that we pay to the networks or our payment processors could make our pricing less competitive, increase our operating costs, and reduce our operating income, which could materially harm our business, financial condition, and results of operations.

In some jurisdictions, government regulations have required payment card networks to reduce or cap interchange fees. Any changes in interchange fee rates or limitations, or their applicability to PayPal’s products and services, could adversely affect our competitive position against payment card service providers and the revenue we earn from our branded card programs, require us to change our business practices, and harm our business.

We may also be subject to fines and other penalties assessed by networks resulting from any rule violations by us or our merchants. The networks set and interpret their rules, and have alleged from time to time that various aspects of our business model violate these rules, or our agreements with the networks. Such allegations may result in significant fines, penalties, damages, or other liabilities, adversely impact benefits to us under the agreements, or require changes in our business practices that may be costly and adversely affect our business, results of operations and financial condition. The network rules may also increase the cost of, impose restrictions on, or otherwise impact the development of, our products which may negatively affect product deployment and adoption. The networks could adopt new operating rules or interpret or re-interpret existing rules that

we or our payment processors might find difficult or impractical to follow, or costly to implement, which could require us to make significant changes to our products, increase our operational costs, and negatively impact our business. If we become unable or limited in our ability to accept certain payment types such as debit or credit cards, our business would be materially and adversely affected.

Changes in how consumers fund their PayPal transactions could harm our business.

We pay transaction fees when consumers fund payment transactions using credit cards, lower fees when consumers fund payments with debit cards, and nominal fees when consumers fund payment transactions by electronic transfer of funds from bank accounts, from an existing PayPal account balance or Venmo account balance, or through our PayPal branded consumer credit products. Our financial performance is sensitive to changes in the rate at which our consumers fund payments using payment cards, which can significantly increase our costs. Although we provide consumers in certain markets with the opportunity to use their existing PayPal account balance or Venmo account balance to fund payment transactions, some of our consumers may prefer to use payment cards, which may offer features and benefits not provided as part of their PayPal accounts. Any increase in the portion of our payment volume funded using payment cards or in fees associated with our funding mix, or other events or developments that make it more difficult or costly for us to fund transactions with lower-cost funding options, could materially and adversely affect our financial performance and significantly harm our business.

Our credit products expose us to additional risks.

We offer credit products to a wide range of consumers and merchants in the U.S. and various international markets. The financial success of these products depends largely on the effective management of related risk. The credit decision-making process for our consumer credit products uses proprietary methodologies and credit algorithms and other analytical techniques designed to analyze the credit risk of specific consumers based on, among other factors, their past purchase and transaction history with PayPal or Venmo and their credit scores. Similarly, proprietary risk models and other indicators are applied to assess merchants who desire to use our merchant financing offerings to help predict their ability to repay. These risk models may not accurately predict the creditworthiness of a consumer or merchant due to inaccurate assumptions, including those related to the particular consumer or merchant, market conditions, economic environment, or limited transaction history or other data. The accuracy of these risk models and the ability to manage credit risk related to our credit products may also be affected by legal or regulatory requirements, changes in consumer behavior, changes in the economic environment, issuing bank policies, and other factors.

We are subject to the risk that account holders who use our credit products will default on their payment obligations. The non-payment rate among account holders may increase due to, among other factors, changes to underwriting standards, risk models not accurately predicting the creditworthiness of a user, worsening economic conditions, such as a recession or government austerity programs, increases in prevailing interest rates, and high unemployment rates. Account holders who miss payments often fail to repay their loans, and account holders who file for protection under the bankruptcy laws generally do not repay their loans. Further, laws or regulations may limit the assessment of late fees or penalties on certain credit products, which could negatively impact our revenue share arrangement with an independent chartered financial institution with respect to our U.S. consumer credit products. Any deterioration in the performance of loans facilitated through our platform or unexpected losses on such loans may increase the risk of potential charge-offs, increase our allowance for loans and interest receivable, negatively impact our revenue share arrangement (as discussed in “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations — *Key Metrics and Financial Results*”), and materially and adversely affect our financial condition and results of operations.

We generally rely on the activities and charters of unaffiliated financial institutions to provide PayPal and Venmo branded consumer credit and merchant financing offerings to our U.S. customers. As a service provider to these unaffiliated financial institutions, which are federally supervised U.S. financial institutions, we are subject from time to time to examination by their federal banking regulators. In the event of any termination or interruption in a partner bank’s ability or willingness to lend, our ability to offer consumer credit and merchant financing products could be interrupted or limited, which could materially and adversely affect our business. We may be unable to reach a similar arrangement with another unaffiliated financial institution on favorable terms or at all. Obtaining and maintaining the lending licenses required for us to originate such loans ourselves would be a costly, time-consuming and uncertain process, and would subject us to additional laws and regulatory requirements, which could significantly increase our costs and compliance obligations and require us to change our business practices.

Merchant loans under our U.S. PayPal Working Capital (“PPWC”) and PayPal Business Loan (“PPBL”) products and certain U.S. installment loan products are provided by a state-chartered industrial bank under a program agreement with us, and we acquire the receivables generated by those loans from the state-chartered bank after origination. In June 2020, the Federal

Deposit Insurance Corporation (“FDIC”) approved a final rule clarifying that loans validly originated by state-chartered banks or insured branches of foreign banks remain valid throughout the lifetime of the loan, reflecting a similar rule finalized by the Office of the Comptroller of Currency (“OCC”) in May 2020 for nationally chartered banks. The final rule reaffirms and codifies the so-called “valid-when-made doctrine,” which provides that the permissibility of an interest rate for a loan is determined when the loan is made and will not be affected by subsequent events such as sale, assignment, or other transfer. While a number of state attorneys general have unsuccessfully challenged these FDIC and OCC rules, there remains some uncertainty whether non-bank entities purchasing loan receivables originated by FDIC-insured, state-chartered banks may rely on federal preemption of state usury laws and other state laws. An adverse outcome of these or similar challenges, or changes to applicable laws and regulations or regulatory policy, could materially impact our U.S. PPWC and PPBL products, certain installment products, and our business.

We currently purchase receivables related to our U.S. PayPal-branded merchant financing offerings and certain U.S. consumer installment loan products and extend credit for our consumer and merchant products outside the U.S. through our international subsidiaries. In June 2023, we entered into a multi-year agreement to sell U.K. and European buy now, pay later (“BNPL”) loan receivables originated by PayPal (Europe) and PayPal U.K., consisting of the sale of a substantial majority of the U.K. and European BNPL loan portfolio held on PayPal (Europe)’s balance sheet at the closing of the transaction and a forward-flow arrangement for the sale of future originations of eligible loans. The sale of future eligible receivables is subject to certain conditions. If these conditions are not satisfied or waived or if the parties are unable to fulfill their obligations under these arrangements, the sale of these receivables could be delayed and we may not realize the expected benefits of this arrangement.

We rely on third parties in many aspects of our business, which creates additional risk.

We rely on third parties in many aspects of our business, including, but not limited to, networks, banks, payment processors, and payment gateways that link us to the payment card and bank clearing networks to process transactions; unaffiliated third-party lenders to originate our U.S. credit products to consumers, U.S. merchant financing, and branded credit card products; branded debit card and savings products issued by unaffiliated banks; cryptocurrency custodial service providers; and external business partners and contractors who provide key functions (including, but not limited to, data center facilities and cloud computing, information technology, and outsourced customer support and product development functions). We are subject to additional risks inherent in engaging and relying upon third-party providers, including operational, legal, regulatory, information security, reputational, commercial, and resiliency risks. If we are unable to effectively manage our third-party relationships, these third parties are unable to meet their obligations to us, we are overly reliant on certain relationships, or we experience substantial disruptions in these relationships (including interruptions to the availability of our products and services), our operations, results of operations, and financial results could be adversely impacted. Additionally, our relationships with third parties inherently involve a lesser degree of control over business operations, governance, and compliance, which potentially increases our financial, legal, reputational, and operational risk.

Any factors that reduce cross-border trade or make such trade more difficult could harm our business.

Cross-border trade (i.e., transactions where the merchant and consumer are in different countries) is an important source of our revenues and profits. Cross-border transactions generally provide higher revenues and operating income than similar transactions that take place within a single country or market. In certain markets, cross-border trade represents our primary (and in some instances our only) offerings. Cross-border trade may be negatively impacted by various factors including foreign exchange rate fluctuations, tariffs, trade barriers or restrictions, sanctions, import or export controls, and the interpretation and application of laws of multiple jurisdictions in the context of cross-border trade and foreign exchange. Any factors that increase the costs of cross-border trade for us or our customers or that restrict, delay, or make cross-border trade more difficult or impractical could reduce our cross-border transactions and volume, negatively impact our revenues and profits, and harm our business.

Failure to deal effectively with fraud, abusive behaviors, bad transactions, and negative customer experiences may increase our loss rate and could negatively impact our business and severely diminish merchant and consumer confidence in and use of our services.

We expect that third parties will continue to attempt to abuse access to and misuse our payments services to commit fraud by, among other things, creating fictitious PayPal accounts using stolen or synthetic identities or personal information, taking over customer accounts or creating fraudulent accounts, making transactions with stolen financial instruments, abusing or misusing our services for financial gain, or fraudulently inducing users of our products and services into engaging in fraudulent transactions. Due to the nature of PayPal’s digital payments services, third parties may seek to engage in abusive schemes or fraud attacks that are often difficult to detect and may be deployed at a scale that would otherwise not be possible in physical

transactions. Measures to detect and reduce the risk of fraud and abusive behavior are complex, require continuous improvement, and may not be effective in detecting and preventing fraud, particularly new and continually evolving forms of fraud or in connection with new or expanded product offerings. If these measures are not effective, our business could be negatively impacted. We also incur substantial losses from erroneous transactions and situations where linked accounts designated by customers to fund PayPal transactions have insufficient funds or are otherwise unavailable to fund the payments, or the payment is initiated to an unintended recipient in error. Numerous and evolving fraud schemes and misuse of our payments services could subject us to significant costs and liabilities, require us to change our business practices, cause us to incur significant remediation costs, lead to loss of customer confidence in, or decreased use of, our products and services, damage our reputation and brands, divert the attention of management from the operation of our business, and result in significant compensation or contractual penalties from us to our customers and their business partners as a result of losses or claims. While we actively seek to recover transaction losses where possible, such recoveries may be insufficient to compensate us for such losses.

Our purchase and seller protection programs (“protection programs”) are intended to reduce the likelihood of losses for consumers and merchants from unauthorized and fraudulent transactions. Our purchase protection program also protects consumers who do not receive the item ordered or who receive an item that is significantly different from its description. We incur substantial losses from our protection programs as a result of disputes filed by our customers. While we may seek to recover losses from our protection programs from the merchant, we ultimately may not be able to fully recover such losses (for example, if the merchant is unwilling or unable to pay, the transaction involves a fraudulent merchant, or the merchant provides sufficient evidence that the item was delivered).

In addition, consumers who pay through PayPal or Venmo may have reimbursement rights from their payment card issuer, which in turn will seek recovery from us. If losses incurred by us related to payment card transactions become excessive, we could lose the ability to accept payment cards for payment, which would negatively impact our business. Regulators and card networks may also adapt error resolution and chargeback requirements to account for evolving forms of fraud, which could increase PayPal’s exposure to fraud losses and impact the scope of coverage of our protection programs. Increases in our loss rate, including as a result of changes to the scope of transactions covered by our protection programs, could negatively impact our business and results of operations. See “Note 13—Commitments and Contingencies—*Protection Programs*” to our consolidated financial statements.

Failure to effectively monitor and evaluate the financial condition of our merchants may expose PayPal to losses. In the event of the bankruptcy, insolvency, business failure, or other business interruption of a merchant that sells goods or services in advance of the date of their delivery or use (e.g., airline, cruise, or concert tickets, custom-made goods, and subscriptions), we could be liable to the buyers of such goods or services, including through our purchase protection program or through chargebacks on payment cards used by customers to fund their purchase. Allowances for transaction losses that we have established may be insufficient to cover incurred losses.

Use of our payments services for illegal activities or improper purposes could harm our business.

We expect that users will continue to attempt to use our payments platform for illegal activities or improper uses, including money laundering, terrorist financing, sanctions evasion, illegal online gambling, fraudulent sales of goods or services, illegal telemarketing activities, illegal sales of prescription medications or controlled substances, piracy of software, movies, music, and other copyrighted, trademarked or digital goods, bank fraud, child pornography, human trafficking, prohibited sales of alcoholic beverages or tobacco products, securities fraud, pyramid or Ponzi schemes, or the facilitation of other illegal or improper activity. Moreover, certain activity that may be legal in one jurisdiction may be illegal in another jurisdiction, and a merchant may be found responsible for intentionally or inadvertently importing or exporting illegal goods, resulting in liability for us. Owners of intellectual property rights or government authorities may seek to bring legal action against providers of payments solutions, including PayPal, that are peripherally involved in the sale of infringing or allegedly infringing items by a user. While we invest in measures intended to prevent and detect illegal activities that may occur on our payments platform, these measures may not be effective in detecting and preventing illegal activity or improper uses, and we may be subject to claims, individual and class action lawsuits, and government and regulatory requests, inquiries, or investigations that could result in liability, restrict our operations, impose additional restrictions or limitations on our business or require us to change our business practices, harm our reputation, increase our costs, and negatively impact our business.

Acquisitions, dispositions, strategic investments, and other strategic transactions could result in operating difficulties and could harm our business.

We expect to continue to consider and evaluate a wide array of potential strategic transactions as part of our overall business

strategy, including business combinations, acquisitions, and dispositions of certain businesses, technologies, services, products, and other assets; strategic investments; and commercial and strategic partnerships (collectively, “strategic transactions”). At any given time, we may be engaged in discussions or negotiations with respect to one or more strategic transactions, any of which could, individually or in the aggregate, be material to our financial condition and results of operations. There can be no assurance that we will be successful in identifying, negotiating, consummating and integrating transaction opportunities. Strategic transactions may involve additional significant challenges, uncertainties, and risks, including challenges of obtaining regulatory or other approvals, integrating new employees, products, systems, technologies, operations, and business cultures; challenges associated with operating acquired businesses in markets or business areas in which we may have limited or no experience; disruption of our ongoing operations and diversion of our management’s attention; inadequate data security, cybersecurity, or operational and information technology resilience; failure to identify, or our underestimation of, commitments, liabilities, deficiencies and other risks associated with acquired businesses or assets; potential exposure to new or incremental risks associated with acquired businesses and entities, strategic investments or other strategic transactions, including potential new or increased regulatory oversight and uncertain or evolving legal, regulatory, and compliance requirements, particularly with respect to companies in new or developing businesses or industries; challenges associated with dispositions of business or operations, including disruption to other parts of our business, potential loss of employees or customers, the transfer of technology and/or certain intellectual property rights to third-party purchasers, or exposure to unanticipated liabilities or ongoing obligations to us following any such dispositions; failure of the transaction to advance our business strategy or for its anticipated benefits to materialize; potential impairment of goodwill or other acquisition-related intangible assets; and the potential for our acquisitions to result in dilutive issuances of our equity securities or the incurrence of significant additional debt. Strategic transactions are inherently risky, may not be successful, and may harm our business, results of operations, and financial condition.

Strategic investments in which we have a minority ownership stake inherently involve a lesser degree of influence over business operations. The success of our strategic investments may be dependent on controlling shareholders, management, or other persons or entities that may have business interests, strategies, or goals that are inconsistent with ours. Business decisions or other actions or omissions of the controlling shareholders, management, or other persons or entities who control companies in which we invest may adversely affect the value of our investment, result in litigation or regulatory action against us, and damage our reputation.

Our international operations subject us to increased risks, which could harm our business.

Our international operations generate a significant portion of our net revenues. Our international operations subject us to significant challenges, uncertainties, and risks, including, but not limited to, local regulatory, licensing, reporting, and legal obligations; costs and challenges associated with operating in markets in which we may have limited or no experience, including effectively localizing our products and services and adapting them to local preferences; difficulties in developing, staffing, and simultaneously managing a large number of varying foreign operations as a result of distance, language, and cultural differences and in light of varying laws, regulations, and customs; differing employment practices and the existence of works councils; difficulties in recruiting and retaining qualified employees and maintaining our company culture; fluctuations in foreign exchange rates; exchange control regulations; profit repatriation restrictions; potential tariffs, sanctions, fines, or other trade barriers or restrictions; import or export regulations; compliance with U.S. and foreign anti-bribery, anti-corruption, sanctions, anti-money laundering and counter-terrorist financing laws and regulations; the interpretation and application of laws of multiple jurisdictions; and national or regional political, economic, or social instability. In addition, some countries have enacted or are considering data localization or residency laws, which require that certain data be maintained, stored and/or processed within their country of origin. Maintaining local data centers in individual countries could significantly increase our operating costs.

Our international operations also may heighten many of the other risks described in this “Risk Factors” section. Any violations of the complex foreign and U.S. laws, rules and regulations that may apply to our international operations may result in lawsuits, enforcement actions, criminal actions, or sanctions against us and, our directors, officers, and employees; prohibit or require us to change our business practices; and damage our reputation. Although we have implemented policies and procedures designed to promote compliance with these laws, there can be no assurance that our employees, contractors, or agents will not violate our policies. These risks are inherent in our international operations, may increase our costs of doing business internationally, and could materially and adversely affect our business.

Global and regional economic conditions could harm our business.

Adverse global and regional economic conditions such as turmoil affecting the banking system or financial markets, including, but not limited to, tightening in the credit markets, extreme volatility or distress in the financial markets (including the fixed

income, credit, currency, equity, and commodity markets), unemployment, consumer debt levels, recessionary or inflationary pressures, supply chain issues, reduced consumer confidence or economic activity, government fiscal, monetary and tax policies, U.S. and international trade relationships, agreements, treaties, tariffs and restrictive actions, the inability of a government to enact a budget in a fiscal year, government shutdowns, government austerity programs, geopolitical conditions or events, and other negative financial news or macroeconomic developments could have a material adverse impact on the demand for our products and services, including a reduction in the volume and size of transactions on our payments platform. Additionally, any inability to access the capital markets when needed due to volatility or illiquidity in the markets, liquidity needs due to unanticipated reductions in customer balances, or increased regulatory liquidity and capital requirements may strain our liquidity position. Such conditions may also expose us to fluctuations in foreign exchange rates or interest rates that could materially and adversely affect our financial results.

If our reputation or our brands are damaged, our business and operating results may be harmed.

Our reputation and brands are globally recognized, important to our business, and affect our ability to attract and retain our customers. There are numerous ways our reputation or brands could be damaged. We may experience scrutiny or criticism from customers, partners, employees, government entities, media, advocacy groups, and other influencers or stakeholders that disagree with, among other things, our product offering decisions, internal policies, or public policy positions. Damage to our reputation or our brands may result from, among other things, new features, products, services, operational efforts, or terms of service (or changes to the same), or our decisions regarding user privacy, data practices, or information security. The proliferation of social media may increase and compound the likelihood, speed, magnitude, and unpredictability of negative brand events. If our brands or reputation are damaged, our business and operating results may be adversely impacted.

Real or perceived inaccuracies in our key metrics may harm our reputation and negatively affect our business.

Our key metrics are calculated using internal company data based on the activity we measure on our payments platform and compiled from multiple systems, including systems that are internally developed or acquired through business combinations. While the measurement of our key metrics is based on what we believe to be reasonable methodologies and estimates, there are inherent challenges and limitations in measuring our key metrics globally at scale. The methodologies used to calculate our key metrics require significant judgment. We regularly review our processes for calculating these key metrics, and from time to time we may make adjustments to improve the accuracy or relevance of our metrics. For example, we continuously apply models, processes and practices designed to detect and prevent fraudulent account creation on our platforms, and work to improve and enhance those capabilities. When we detect a significant volume of illegitimate activity, we generally remove the activity identified from our key metrics. Although such adjustments may impact key metrics reported in prior periods, we generally do not update previously reported key metrics to reflect these subsequent adjustments unless the retrospective impact of process improvements or enhancements is determined by management to be material. Further, as our business develops, we may revise or cease reporting metrics if we determine that such metrics are no longer appropriate measures of our performance. If investors, analysts, or customers do not consider our reported measures to be sufficient or to accurately reflect our business, we may receive negative publicity, our reputation may be harmed, and our business may be adversely impacted.

Environmental, social and governance (“ESG”) issues may have an adverse effect on our business, financial condition and results of operations and damage our reputation.

Various jurisdictions are adopting or considering new laws and regulations that expand mandatory disclosure, reporting and diligence requirements with respect to ESG matters. If we are unable to comply with new laws and regulations concerning ESG matters or fail to meet investor, industry or stakeholder expectations and standards, our reputation may be harmed, customers may choose to refrain from using our products and services, we may be subject to fines, penalties, regulatory or other enforcement actions, and our business or financial condition may be adversely affected. If our ESG-related data, processes and reporting are viewed as incomplete or inaccurate, or if we fail to achieve progress with respect to ESG-related goals on a timely basis or at all, we may be viewed negatively by stakeholders concerned about these matters. Moreover, investors, customers, partners, media, government entities, and other stakeholders (including those in support of or in opposition to ESG principles) may have a negative view of us to the extent we are perceived to have not responded appropriately to their ESG concerns or take positions that are contrary to their views or expectations.

We recognize that climate-related risks may impact our business. For example, California, where our headquarters are located, has historically experienced, and is projected to continue to experience, extreme weather and natural disaster events more frequently, including drought, flooding, heat waves, and wildfires. Such events may disrupt our business and may cause us to experience additional costs to maintain or resume operations.

If one or more of our counterparty financial institutions default on their financial or performance obligations to us or fail, we may incur significant losses.

We have significant amounts of cash, cash equivalents, receivables outstanding, and other investments on deposit or in accounts with banks or other financial institutions in the U.S. and international jurisdictions. As part of our foreign exchange hedging activities, we regularly enter into transactions involving derivative financial instruments with various financial institutions. Certain banks and other financial institutions are also lenders under our credit facilities. We regularly monitor our concentration of, and exposure to counterparty risk, and actively manage this exposure to mitigate the associated risk. Despite these efforts, we may be exposed to the risk of default on obligations by, or deteriorating operating results or financial condition or failure of, these counterparty financial institutions. If one of our counterparty financial institutions were to become insolvent, placed into receivership, or file for bankruptcy, our ability to recover losses incurred as a result of default or to access or recover our assets that are deposited, held in accounts with, or otherwise due from, such counterparty may be limited due to the insufficiency of the failed institutions' estate to satisfy all claims in full or the applicable laws or regulations governing the insolvency, bankruptcy, or resolution proceedings. In the event of default on obligations by, or the failure of, one or more of these counterparties, we could incur significant losses, which could negatively impact our results of operations and financial condition.

If we are unable, or perceived as unable, to effectively manage customer funds, our business could be harmed.

We hold a substantial amount of funds belonging to our customers, including balances in customer accounts and funds being remitted to sellers of goods and services or recipients of person-to-person transactions. In certain jurisdictions where we operate, we are required to comply with applicable regulatory requirements with respect to customer balances. Our success is reliant on public confidence in our ability to effectively manage our customers' balances and handle substantial transaction volumes and amounts of customer funds. Any failure to manage customer funds in compliance with applicable regulatory requirements, or any public loss of confidence in us or our ability to effectively manage customer balances, could lead customers to discontinue or reduce their use of our products or reduce customer balances held with us, which could significantly harm our business.

There are risks associated with our indebtedness.

We have incurred indebtedness, and we may incur additional indebtedness in the future. Our ability to pay interest and repay the principal for our indebtedness is dependent upon our ability to manage our business operations and generate sufficient cash flows to service such debt. Our outstanding indebtedness and any additional indebtedness we incur may have significant consequences, including the need to use a significant portion of our cash flow from operations and other available cash to service our indebtedness, thereby reducing the funds available for other purposes, including capital expenditures, acquisitions, strategic investments, and share repurchases; the reduction of our flexibility in planning for or reacting to changes in our business, competitive pressures and market conditions; and limits on our ability to obtain additional financing for working capital, capital expenditures, acquisitions, strategic investments, share repurchases, or other general corporate purposes.

Our revolving credit facilities and the indentures for our senior unsecured notes pursuant to which certain of our outstanding debt securities were issued contain financial and other covenants that restrict or could restrict, among other things, our business and operations. If we fail to pay amounts due under a debt instrument or breach any of its covenants, the lenders or noteholders would typically have the right to demand immediate repayment of all borrowings thereunder (subject in certain cases to a grace or cure period). Moreover, any such acceleration and required repayment of, or default in respect of, our indebtedness could, in turn, constitute an event of default under other debt instruments, thereby resulting in the acceleration and required repayment of our indebtedness. Any of these events could materially adversely affect our liquidity and financial condition.

Changes by any rating agency to our outlook or credit rating could negatively affect the value of both our debt and equity securities and increase our borrowing costs. If our credit ratings are downgraded or other negative action is taken, the interest rates payable by us under our indebtedness may increase, and our ability to obtain additional financing in the future on favorable terms or at all could be adversely affected.

Changes in tax laws, exposure to unanticipated additional tax liabilities, or implementation of reporting or record-keeping obligations could have a material adverse effect on our business.

An increasing number of U.S. states, the U.S. federal government, and governments of foreign jurisdictions, such as the EU Commission, as well as international organizations, such as the Organization for Economic Co-operation and Development ("OECD"), are focused on tax reform and other legislative or regulatory action to increase tax revenue. These actions may

materially and adversely affect our effective tax rate, net income, and cash flows.

Specifically, the OECD has published model rules and is coordinating negotiations among participating countries with the goal of achieving consensus on significant changes to international tax rules, including the implementation of a global minimum tax rate of 15%, commonly referred to as Pillar Two. Each individual jurisdiction will need to enact minimum tax legislation which may result in various interpretations of the OECD model rules and applicable timelines. Certain countries in which we do business have enacted implementing legislation effective January 1, 2024. As additional jurisdictions enact similar legislation, transition rules expire, and other provisions of the minimum tax legislation become effective, our effective tax rate and cash tax payments could increase in future years. The impact will depend on several factors including U.S. and foreign tax legislation as well as our overall tax profile. A number of details around the provisions are still uncertain as the OECD and individual jurisdictions continue to issue guidance.

The determination of our worldwide provision for income taxes and other tax liabilities requires estimation and significant judgment, and there are many transactions and calculations for which the ultimate tax determination is uncertain. We are currently undergoing a number of investigations, audits, and reviews by tax authorities in multiple U.S. and foreign tax jurisdictions. Any adverse outcome of any such audit or review could result in unforeseen tax-related liabilities that differ from the amounts recorded in our financial statements, which may, individually or in the aggregate, materially affect our financial results in the periods for which such determination is made. While we have established reserves based on assumptions and estimates that we believe are reasonable to cover such eventualities, these reserves may prove to be insufficient.

In addition, our future income taxes could be adversely affected by changes in our geographical mix of income and impacts of statutory tax rates; by changes in the valuation of our deferred tax assets and liabilities, including as a result of gains on our foreign exchange risk management program; by changes in tax laws, regulations, or accounting principles; or by certain discrete items.

A number of U.S. states, the U.S. federal government, and foreign jurisdictions have implemented and may impose reporting or record-keeping obligations on companies that engage in or facilitate e-commerce to improve tax compliance. A number of jurisdictions are also reviewing whether payment service providers and other intermediaries could be deemed to be the legal agent of merchants for certain tax purposes. We have modified our systems to meet applicable requirements and expect that further modifications will be required to comply with future requirements, which may negatively impact our customer experience and increase operational costs. Any failure by us to comply with these and similar reporting and record-keeping obligations could result in substantial monetary penalties and other sanctions, adversely impact our ability to do business in certain jurisdictions, and harm our business.

We may be unable to attract, retain, and develop the highly skilled employees we need to support our business.

Competition for key and other highly skilled personnel is intense, especially for executive talent, software engineers, and other technology talent. We may be limited in our ability to recruit or hire internationally, including due to restrictive laws or policies on immigration, travel, or availability of visas for skilled workers. The loss of the services of any of our key personnel, or our inability to attract, hire, develop, motivate and retain key and other highly qualified and diverse talent, whether in a remote or in-office environment, or protect the safety, health and productivity of our workforce could harm our overall business and results of operations.

We are subject to risks associated with information disseminated through our products and services.

We may be subject to claims relating to information disseminated through our online services by our customers and other third parties, including, but not limited to, claims alleging defamation, libel, harassment, hate speech, breach of contract, invasion of privacy, negligence, copyright or trademark infringement, or other theories based on the nature and content of the materials disseminated through the services. We invest in measures intended to detect and block activities that may occur on our payments platform in violation of our policies and applicable laws. These measures require continuous improvement and may not be sufficiently effective in detecting and preventing the exchange of information in violation of our policies and applicable laws, which could negatively impact our business. If the laws or regulations that provide protections for online dissemination of information are invalidated, modified, or supplemented to reduce protections available to us, or to increase requirements on us to remove certain information or implement other processes, we could be harmed and may be forced to implement new measures to reduce our potential liability for information provided by our customers and carried on our products and services. This increased risk could require us to expend substantial resources or discontinue certain product or service offerings, which could harm our business.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

CYBERSECURITY RISK MANAGEMENT AND STRATEGY

Our Information Security Program is designed to support the Company in identifying, protecting, detecting, responding to, and recovering from cybersecurity threats and incidents (collectively, “cybersecurity risks”) with the intention to protect the confidentiality, integrity, and availability of our critical systems and information.

We design and regularly assess our Information Security Program guided by National Institute of Standards and Technology Cybersecurity Framework (NIST CSF) and ISO standards (including ISO 27001), proprietary controls and industry best practices.

Our Information Security Program is built on a three lines of defense model integrated into our overall Enterprise Risk and Compliance Management Program (“ERCM Program”). It shares common methodologies, reporting channels, and governance processes that apply across the ERCM Program to other legal, compliance, strategic, operational, and financial risk areas. The Program is governed by the Technology, Information Security, and Privacy Risk Management Committee and overseen by our Board of Directors (“Board”) and its Audit, Risk and Compliance Committee (“ARC Committee”).

The three lines of defense model is designed to provide a structure for risk management in the first line of defense (“FLOD”), monitoring and guidance by the second line of defense (“SLOD”), and independent audit by the third line of defense (“TLOD”). Our Office of the Chief Information Security Officer oversees the Company's information, cyber, and technology security. The Enterprise Risk Management Organization provides second line monitoring and guidance. The Technology and Information Security team serves as SLOD and provides independent oversight of our technology and cybersecurity risk mitigation practices and capabilities. As TLOD, Internal Audit independently assesses the effectiveness of our cybersecurity risk management and independently reports the results of audits to our ARC Committee to assist it in its oversight duties.

Our Information Security Program includes:

- Risk assessments designed to help identify material cybersecurity risks to our critical systems, information, products, services, and our broader enterprise Information Technology (“IT”) environment;
- Regular testing of our systems to identify and address potential vulnerabilities;
- Integrated planning and preparedness activities supporting business continuity and operational resiliency;
- Security teams principally responsible for managing (1) our annual cybersecurity risk assessment processes, (2) our security controls, and (3) our response to cybersecurity incidents;
- A cybersecurity incident response plan that includes procedures for responding to cybersecurity incidents;
- 24/7 monitoring and measurement of cybersecurity threats through our PayPal Cyber Defense Center (“CDC”);
- The use of external service providers, where appropriate, to assess, test or otherwise assist with aspects of our security controls;
- An information training and awareness program for our employees, contractors, incident response personnel, and senior management; and
- A third-party risk management framework designed to monitor and address risks from cybersecurity incidents of service providers, suppliers, and vendors that includes due diligence over third-party's information security and technology control environment at onboarding and periodically throughout the lifecycle of the relationship. In addition, our standard contractual terms require notification and communication from third parties in the event of a cybersecurity incident. We maintain procedures to respond to, manage and mitigate third-party cybersecurity events and vulnerabilities when identified.

For a description of risks from known cybersecurity threats, including as a result of any prior cybersecurity incidents, that have materially affected or are reasonably likely to materially affect us, including our operations, business strategy, results of operations, or financial condition, see “Item 1A. Risk Factors” under the captions “*Cyberattacks and security vulnerabilities could result in serious harm to our reputation, business, and financial condition*” and “*Business interruptions or systems failures may impair the availability of our websites, applications, products or services, or otherwise harm our business.*”

CYBERSECURITY GOVERNANCE

Our Board considers cybersecurity risk as part of its risk oversight function and has delegated to our ARC Committee oversight of cybersecurity and other information technology risks. The ARC Committee oversees PayPal's overall risk framework, including management's implementation of our cybersecurity risk management program, and reports to the full Board of Directors on a regular basis on cybersecurity and information technology risk management. The ARC Committee receives periodic reports from the Chief Information Security Officer ("CISO") on our cybersecurity risks. Management also updates the ARC Committee, as necessary, regarding cybersecurity incidents.

Our CISO is responsible for implementing the information security strategy, security engineering, enabling business partners, and securing customer data, digital assets, and payments. His organization also monitors cyber regulation requirements and reviews impacts of new products and initiatives. Our CISO has over two decades of experience as a cybersecurity professional, including as a CISO at PayPal and four other organizations including leading global financial services institutions and large scale U.S. government agencies (including within the Department of Defense). He has an extensive record of success shepherding digital transformation aligned with business goals, launching cybersecurity frameworks, building security engineering teams, ensuring protection of assets, data, privacy, and company reputation.

The ARC Committee reports to the Board regarding its activities, including those related to cybersecurity risk oversight. The Board also receives briefings at least annually from management on our Information Security Program. Board members receive presentations on cybersecurity topics from our CISO and external experts from time to time as part of our continuing education to the Board on topics relevant to their service as a member of our Board.

Our cybersecurity teams, overseen by our CISO, are responsible for assessing and managing our risks from cybersecurity threats, including defining security policy and board reporting of security risk. The CISO approves all security policies and oversees the identification, assessment, and management of cybersecurity risks, which provides a proactive and comprehensive approach to safeguarding our information assets. The teams have primary responsibility for our overall Information Security Program and supervise both our internal cybersecurity personnel and our external cybersecurity consultants. Our cybersecurity teams' experience includes cybersecurity incident response, in-depth security assessments, and security emulation exercises to evaluate security profile, security research, education and outreach, and security tool development.

Our cybersecurity teams, in coordination with the CDC, supervise efforts to prevent, detect, mitigate, and remediate cybersecurity threats and incidents through the operation of our incident response plan and various other means, which may include briefings from internal security personnel, threat intelligence and other information obtained from governmental, public or private sources, including external consultants engaged by us, as well as alerts and reports produced by security tools deployed in the IT environment. The CDC team oversees, identifies, and addresses security threats aimed at safeguarding PayPal employees, consumers, and merchants.

ITEM 2. PROPERTIES

We own and lease various properties in the United States ("U.S.") and other countries around the world. We use these properties for executive and administrative offices, customer services and operations centers, product development offices, and data centers. As of December 31, 2024, our owned and leased properties provided us with aggregate square footage as follows:

	United States (In millions)	Other Countries	Total
Owned facilities	0.7	0.2	0.9
Leased facilities	1.3	1.6	2.9
Total facilities	2.0	1.8	3.8

We own a total of approximately 70 acres of land, with approximately 49 acres in the U.S. Our corporate headquarters are located in San Jose, California and occupy approximately 0.7 million of owned square feet.

ITEM 3. LEGAL PROCEEDINGS

The information set forth under “Note 13—Commitments and Contingencies—*Litigation and Regulatory Matters*” to the consolidated financial statements included in Part IV, Item 15 of this Form 10-K is incorporated herein by reference.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES

COMMON STOCK

PayPal common stock is quoted on the NASDAQ Global Select Market under the ticker symbol “PYPL.”

As of January 29, 2025, there were 3,773 holders of record of our common stock. The actual number of stockholders is significantly greater than this number of record holders, and includes stockholders who are beneficial owners but whose shares are held in street name by brokers and other nominees.

DIVIDEND POLICY

We have never paid any cash dividends and we currently do not anticipate paying any cash dividends in the foreseeable future.

STOCK REPURCHASE ACTIVITY

In June 2022, our Board of Directors authorized a stock repurchase program that provides for the repurchase of up to \$15.0 billion of our common stock, with no expiration from the date of authorization. In February 2025, our Board of Directors authorized an additional stock repurchase program that provides for the repurchase of up to \$15.0 billion of our common stock, with no expiration from the date of authorization. Our stock repurchase programs are intended to offset the impact of dilution from our equity compensation programs and, subject to market conditions and other factors, may also be used to make opportunistic repurchases of our common stock to reduce outstanding share count. Any share repurchases under our stock repurchase programs may be made through open market transactions, block trades, privately negotiated transactions, including accelerated share repurchase agreements or other means at times and in such amounts as management deems appropriate, and will be funded from our working capital or other financing alternatives. Moreover, any stock repurchases are subject to market conditions and other uncertainties and we cannot predict if or when any stock repurchases will be made. We may terminate our stock repurchase programs at any time without prior notice.

The stock repurchase activity under our stock repurchase program during the three months ended December 31, 2024 is summarized as follows:

	Total number of shares purchased	Average price paid per share ⁽¹⁾	Total number of shares purchased as part of publicly announced plans or programs	Approximate dollar value of shares that may yet be purchased under the plans or programs
(In millions, except per share amounts)				
Balance as of September 30, 2024				\$ 6,081
October 1, 2024 through October 31, 2024	6.5	\$ 79.93	6.5	5,559
November 1, 2024 through November 30, 2024	7.1	\$ 83.87	7.1	4,963
December 1, 2024 through December 31, 2024	1.2	\$ 86.61	1.2	4,856
Balance as of December 31, 2024	<u>14.8</u>		<u>14.8</u>	<u>\$ 4,856</u>

⁽¹⁾ Average price paid per share for open market purchases includes broker commissions, but excludes excise tax.

ITEM 6. [RESERVED]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in conjunction with the audited consolidated financial statements and the related notes that appear in this report. Unless otherwise expressly stated or the context otherwise requires, references to “we,” “our,” “us,” “the Company,” and “PayPal” refer to PayPal Holdings, Inc. and its consolidated subsidiaries.

This Management’s Discussion and Analysis of Financial Condition and Results of Operations focuses on a discussion of 2024 results as compared to 2023 results. For a discussion of 2023 results as compared to 2022 results, see “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” within our Form 10-K for the year ended December 31, 2023 filed with the SEC on February 8, 2024.

BUSINESS ENVIRONMENT

THE COMPANY

At PayPal, our mission is to revolutionize commerce globally. Our products are designed to enable digital payments and simplify commerce experiences for consumers and merchants to make selling, shopping, and sending and receiving money simple, personalized, and secure, online or offline, including mobile. Our two-sided platform serves millions of consumers and merchants worldwide.

Regulatory environment

We operate globally and in a rapidly evolving regulatory environment characterized by a heightened focus by regulators globally on all aspects of the payments industry, including anti-money laundering, countering terrorist financing, privacy, cybersecurity, and consumer protection. The laws and regulations applicable to us, including those enacted prior to the advent of digital payments, continue to evolve through legislative and regulatory action and judicial interpretation. New or changing laws and regulations, including changes to their interpretation and implementation, as well as increased penalties and enforcement actions related to non-compliance, could have a material adverse impact on our business, results of operations, and financial condition. We monitor these areas closely and are focused on designing compliant solutions for our customers.

Cybersecurity and information security

Cybersecurity and information security risks for global payments and technology companies like us have increased significantly in recent years. Although we have developed systems and processes designed to protect the data we manage, prevent data loss and other security incidents, and enable us to effectively respond to known and potential risks, and expect to continue to expend significant resources to bolster these protections, we have experienced and expect to continue to experience cybersecurity incidents and remain subject to these risks. There can be no assurance that our security measures will provide sufficient protection or security to prevent breaches or attacks. For additional information regarding our cybersecurity and information security risks, see “Item 1A. Risk Factors—*Cyberattacks and security vulnerabilities could result in serious harm to our reputation, business, and financial condition*” and “Item 1C. Cybersecurity.”

OVERVIEW OF RESULTS OF OPERATIONS

The following table provides a summary of our consolidated financial results for the years ended December 31, 2024, 2023, and 2022:

	Year Ended December 31,			Percent Increase/(Decrease)	
	2024	2023	2022	2024	2023
(In millions, except percentages and per share amounts)					
Net revenues	\$ 31,797	\$ 29,771	\$ 27,518	7 %	8 %
Operating expenses	26,472	24,743	23,681	7 %	4 %
Operating income	5,325	5,028	3,837	6 %	31 %
Operating margin	17 %	17 %	14 %	**	**
Other income (expense), net	4	383	(471)	(99)%	181 %
Income tax expense	1,182	1,165	947	1 %	23 %
Effective tax rate	22 %	22 %	28 %	**	**
Net income (loss)	\$ 4,147	\$ 4,246	\$ 2,419	(2)%	76 %
Net income (loss) per diluted share	\$ 3.99	\$ 3.84	\$ 2.09	4 %	84 %
Net cash provided by operating activities	\$ 7,450	\$ 4,843	\$ 5,813	54 %	(17)%

All amounts in tables are rounded to the nearest million, except as otherwise noted. As a result, certain amounts may not recalculate using the rounded amounts provided.

** Not meaningful.

Net revenues increased \$2.0 billion, or 7%, in 2024 compared to 2023 driven primarily by growth in total payment volume (“TPV”, as defined below under “Key Metrics”) of 10%.

Total operating expenses increased \$1.7 billion, or 7%, in 2024 compared to 2023 due primarily to an increase in transaction expense, and to a lesser extent, restructuring and other, partially offset by a reduction in transaction and credit losses.

Operating income increased \$297 million, or 6%, in 2024 compared to 2023 due to net revenues increasing more than operating expenses. Our operating margin remained consistent at 17% for both 2024 and 2023.

Net income decreased \$99 million, or 2%, in 2024 compared to 2023 due to the previously discussed increase in operating income of \$297 million and a decrease of \$379 million in other income (expense), net, driven primarily by net losses on strategic investments in the current period as compared to net gains on strategic investments in the prior period.

IMPACT OF FOREIGN EXCHANGE RATES

We have significant international operations that are denominated in foreign currencies, primarily the British pound, Euro, Australian dollar, and Canadian dollar, subjecting us to foreign exchange risk which may adversely impact our financial results. The strengthening or weakening of the United States (“U.S.”) dollar versus foreign currencies in which we conduct our international operations impacts the translation of our net revenues and expenses generated in these foreign currencies into the U.S. dollar. In 2024, 2023, and 2022, we generated approximately 43%, 42%, and 43% of our net revenues from customers domiciled outside of the U.S., respectively. Because we generate substantial net revenues internationally, we are subject to the risks of doing business outside of the U.S., including those discussed under “Item 1A. Risk Factors.”

We calculate the year-over-year impact of foreign exchange rate movements on our business using prior period foreign exchange rates applied to current period transactional currency amounts. While changes in foreign currency exchange rates affect our reported results, we have a foreign currency exposure management program in which we use foreign exchange contracts, designated as cash flow hedges, intended to reduce the impact on earnings from foreign exchange rate movements. Gains and losses from these foreign exchange contracts are recognized as a component of transaction revenues or operating expenses (as applicable) in the same period the forecasted transactions impact earnings.

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In the years ended December 31, 2024 and 2023, the year-over-year foreign exchange rate movements relative to the U.S. dollar had the following impact on our reported results:

	Year Ended December 31,	
	2024	2023
	(In millions)	
(Unfavorable) favorable impact to net revenues (exclusive of hedging impact)	\$ (18)	\$ 128
Hedging impact	48	111
Favorable impact to net revenues	30	239
Favorable (Unfavorable) impact to operating expense	28	(29)
Net favorable impact to operating income	\$ 58	\$ 210

While we enter into foreign exchange contracts to help reduce the impact on earnings from foreign exchange rate movements, it is impossible to eliminate the total effects of this exposure.

We also use foreign exchange contracts, designated as net investment hedges, to reduce the foreign exchange risk related to our investment in certain foreign subsidiaries. Gains and losses associated with these instruments will remain in accumulated other comprehensive income (loss) until the underlying foreign subsidiaries are sold or substantially liquidated.

Given that we also have foreign exchange risk on our assets and liabilities denominated in currencies other than the functional currency of our subsidiaries, we have an additional balance sheet foreign currency exposure management program in which we use foreign exchange contracts to help offset the impact of foreign exchange rate movements on our assets and liabilities. The foreign exchange gains and losses on our assets and liabilities are recorded in other income (expense), net, and are offset by the gains and losses on the foreign exchange contracts. These foreign exchange contracts reduce, but do not entirely eliminate, the impact of foreign exchange rate movements on our assets and liabilities.

Additionally, in connection with transactions occurring in multiple currencies on our payments platform, we generally set our foreign exchange rates daily and may face financial exposure if we incorrectly set our foreign exchange rates or as a result of fluctuations in foreign exchange rates between the times that we set our foreign exchange rates and when transactions occur. While we have processes in place to mitigate these risks, it is impossible to eliminate the total effects of any possible exposure associated with setting foreign exchange rates on our payments platform.

KEY METRICS AND FINANCIAL RESULTS

KEY METRICS

TPV, number of payment transactions, active accounts, and number of payment transactions per active account are key non-financial performance metrics (“key metrics”) that management uses to measure the scale of our platform and the relevance of our products and services to our customers, and are defined as follows:

- *TPV* is the value of payments, net of payment reversals, successfully completed on our payments platform or enabled by PayPal via a partner payment solution, not including gateway-exclusive transactions.
- *Number of payment transactions* is the total number of payments, net of payment reversals, successfully completed on our payments platform or enabled by PayPal via a partner payment solution, not including gateway-exclusive transactions.
- An *active account* is an account registered directly with PayPal or a platform access partner that has completed a transaction on our platform, not including gateway-exclusive transactions, within the past 12 months. A platform access partner is a third party whose customers are provided access to PayPal’s platform or services through such third-party’s login credentials, including individuals and entities that utilize Hyperwallet’s payout capabilities. A user may register on our platform to access different products and may register more than one account to access a product. Accordingly, a user may have more than one active account. The number of active accounts provides management with additional perspective on the overall scale of our platform, but may not have a direct relationship to our operating results.

- *Number of payment transactions per active account* reflects the total number of payment transactions within the previous 12-month period, divided by active accounts at the end of the period. The number of payment transactions per active account provides management with insight into the average number of times an account engages in payments activity on our payments platform in a given period. The number of times a consumer account or a merchant account transacts on our platform may vary significantly from the average number of payment transactions per active account.

As our transaction revenue is typically correlated with TPV growth and the number of payment transactions completed on our payments platform, management uses these metrics to gain insights into the scale and strength of our payments platform, the engagement level of our customers, and underlying activity and trends which may be indicators of current and future performance. We present these key metrics to enhance investors' evaluation of the performance of our business and operating results.

Our key metrics are calculated using internal company data based on the activity we measure on our payments platform and compiled from multiple systems, including systems that are internally developed or acquired through business combinations. While the measurement of our key metrics is based on what we believe to be reasonable methodologies and estimates, there are inherent challenges and limitations in measuring our key metrics globally at scale. The methodologies used to calculate our key metrics require significant judgment.

We regularly review our processes for calculating these key metrics, and from time to time we may make adjustments to improve the accuracy or relevance of our metrics. For example, we continuously apply models, processes, and practices designed to detect and prevent fraudulent account creation on our platforms, and work to improve and enhance those capabilities. When we detect a significant volume of illegitimate activity, we generally remove the activity identified from our key metrics. Although such adjustments may impact key metrics reported in prior periods, we generally do not update previously reported key metrics to reflect these subsequent adjustments unless the retrospective impact of process improvements or enhancements is determined by management to be material.

NET REVENUES

Our revenues are classified into the following two categories:

- *Transaction revenues:* Net transaction fees charged to merchants and consumers on a transaction basis based on the TPV completed on our payments platform. Growth in TPV is directly impacted by the number of payment transactions that we enable on our payments platform. We generate additional revenue from merchants and consumers: on transactions where we perform currency conversion, when we enable cross-border transactions (i.e., transactions where the merchant and consumer are in different countries), to facilitate the instant transfer of funds for our customers from their PayPal or Venmo account to their bank account or debit card, to facilitate the purchase and sale of cryptocurrencies, as contractual compensation from sellers that violate our contractual terms (for example, through fraud or counterfeiting), and other miscellaneous fees.
- *Revenues from other value added services:* Net revenues derived primarily from revenue earned through partnerships, referral fees, subscription fees, gateway fees, and other services we provide to our consumers and merchants. We also earn revenues from interest and fees earned on our portfolio of loans receivable, and interest earned on certain assets underlying customer balances.

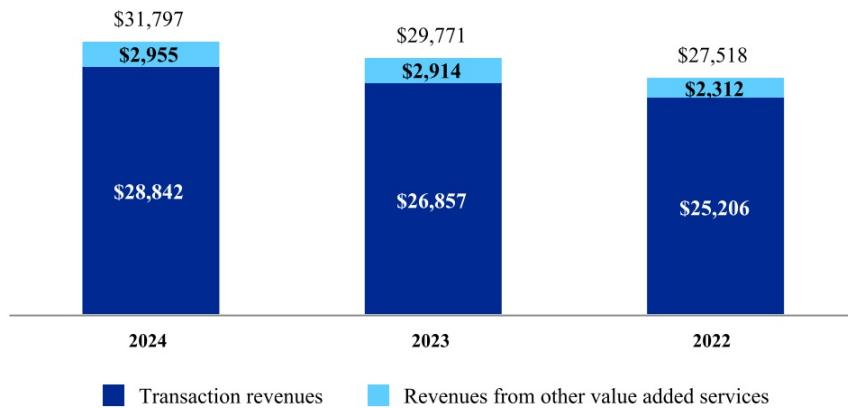
Our revenues can be significantly impacted by a number of factors, including the following:

- The mix of merchants, products, and services;
- The mix between domestic and cross-border transactions;
- The geographic region or country in which a transaction occurs; and
- The amount of our loans receivable outstanding with consumers and merchants.

Refer to "Part I, Item 1A, Risk Factors" in this Form 10-K for further discussion on factors that may impact our revenue.

Net revenue analysis

The components of our net revenues for the years ended December 31, 2024, 2023, and 2022 were as follows (in millions):

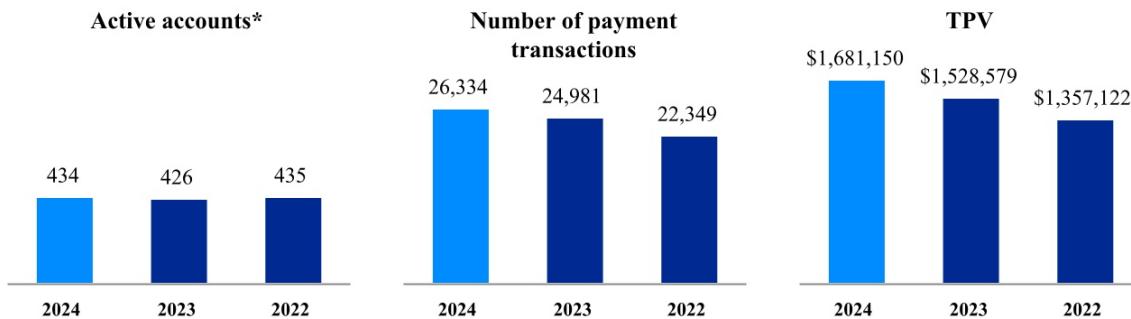


Transaction revenues

Transaction revenues grew \$2.0 billion, or 7%, in 2024 compared to 2023 driven primarily by an increase in revenues of approximately \$1.3 billion, \$0.5 billion, and \$0.2 billion from our Braintree, core PayPal, and Venmo products and services, respectively, which resulted from growth in TPV and the number of payment transactions.

As a result of ongoing negotiations with merchants, including our stronger focus on profitable growth, we expect lower volume and transaction revenue growth from our Braintree offerings in 2025.

The graphs below present the respective key metrics (in millions) for the years ended December 31, 2024, 2023, and 2022:



*Reflects active accounts at the end of the applicable period.

The following table provides a summary of related metrics:

	Year Ended December 31,			Percent Increase/ (Decrease)	
	2024	2023	2022	2024	2023
Number of payment transactions per active account	60.6	58.7	51.4	3 %	14 %
Percent of cross-border TPV ⁽¹⁾	12 %	12 %	13 %	**	**

⁽¹⁾ Cross-border TPV occurs primarily between two PayPal accounts in different countries and includes transactions initiated through our Xoom product.

** Not meaningful.

We had active accounts of 434 million and 426 million as of December 31, 2024 and 2023, respectively, an increase of 2%. Number of payment transactions was 26.3 billion and 25.0 billion for the years ended December 31, 2024 and 2023, respectively, an increase of 5%. TPV was \$1.68 trillion and \$1.53 trillion for the years ended December 31, 2024 and 2023, respectively, an increase of 10%.

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Transaction revenues growth was lower than the growth in TPV in 2024 due primarily to changes in mix from core PayPal products and services with a higher volume from large merchants, which have lower pricing.

Revenues from other value added services

Revenues from other value added services increased \$41 million, or 1%, in 2024 compared to 2023 due primarily to an approximately \$380 million increase in interest earned on certain assets underlying customer account balances resulting from higher interest rates and higher customer balances, partially offset by a decline in the revenue of approximately \$160 million earned from an independent chartered financial institution (“partner institution”). Revenue from the partner institution is earned primarily through our revenue share associated with our U.S. revolving consumer credit product and PayPal and Venmo branded credit cards. Revenues from other value added services were also impacted by an approximately \$180 million decline from: lower interest and fee revenue on our PayPal Business Loan (“PPBL”) products, lower revenues from Honey, and lower revenues resulting from the sale of Happy Returns in the forth quarter of 2023.

Consumers that have outstanding loans and interest receivable due to our partner institution may experience hardships that result in losses recognized by the partner institution, which may result in a decrease in our revenue share earned in future periods. In the event the overall return on the PayPal branded credit programs funded by the partner institution does not meet a minimum rate of return (“minimum return threshold”) in a particular quarter, our revenue share for that period would be zero. Further, in the event the overall return on the PayPal branded credit programs managed by the partner institution does not meet the minimum return threshold as measured over four consecutive quarters and in the following quarter, we would be required to make a payment to the partner institution, subject to certain limitations. Through December 31, 2024, the overall return on the PayPal branded credit programs funded by the partner institution exceeded the minimum return threshold.

Seasonality

The Company does not experience meaningful seasonality with respect to net revenues. No individual quarter in 2024, 2023, or 2022 accounted for more than 30% of annual net revenue.

OPERATING EXPENSES

The following table summarizes our operating expenses and related metrics we use to assess the trends in each:

	Year Ended December 31,			Percent Increase/ (Decrease)	
	2024	2023	2022	2024	2023
	(In millions, except percentages)				
Transaction expense	\$ 15,697	\$ 14,385	\$ 12,173	9 %	18 %
Transaction and credit losses	1,442	1,682	1,572	(14)%	7 %
Customer support and operations	1,768	1,919	2,120	(8)%	(9)%
Sales and marketing	2,001	1,809	2,257	11 %	(20)%
Technology and development	2,979	2,973	3,253	— %	(9)%
General and administrative	2,147	2,059	2,099	4 %	(2)%
Restructuring and other	438	(84)	207	**	(141)%
Total operating expenses	<u>\$ 26,472</u>	<u>\$ 24,743</u>	<u>\$ 23,681</u>	7 %	4 %
Transaction expense rate ⁽¹⁾	0.93 %	0.94 %	0.90 %	**	**
Transaction and credit loss rate ⁽²⁾	0.09 %	0.11 %	0.12 %	**	**

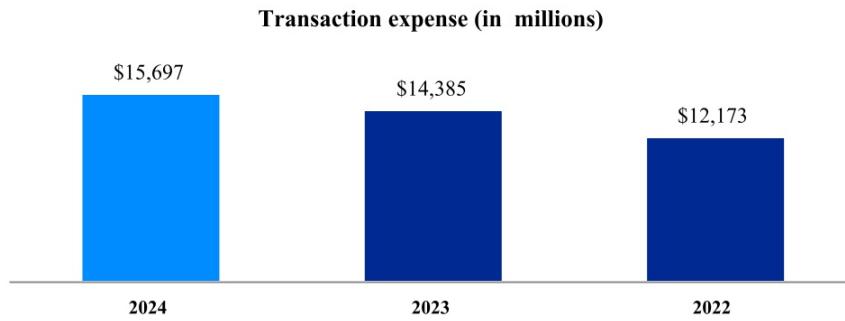
⁽¹⁾ Transaction expense rate is calculated by dividing transaction expense by TPV.

⁽²⁾ Transaction and credit loss rate is calculated by dividing transaction and credit losses by TPV.

** Not meaningful.

Transaction expense

Transaction expense is primarily composed of the costs we incur to accept a customer's funding source of payment. These costs include fees paid to payment processors and other financial institutions when we draw funds from a customer's credit or debit card, bank account, or other funding source they have stored in their digital wallet. We refer to the allocation of funding sources used by our consumers as our "funding mix." The cost of funding a transaction with a credit or debit card is generally higher than the cost of funding a transaction from a bank or through internal sources such as a PayPal or Venmo account balance or our consumer credit products. As we expand the availability and presentation of alternative funding sources to our customers, our funding mix may change, which could increase or decrease our transaction expense rate. The cost of funding a transaction is also impacted by the geographic region or country in which a transaction occurs, as we generally pay lower rates for transactions funded with credit or debit cards outside the U.S. Our transaction expense rate is impacted by changes in product mix, merchant mix, regional mix, funding mix, and fees paid to payment processors and other financial institutions. Macroeconomic environment changes may also result in behavioral shifts in consumer spending patterns affecting the type of funding source they use, which could also impact the funding mix.



Transaction expense increased \$1.3 billion, or 9%, in 2024 compared to 2023 due to Braintree, which has a higher expense rate than our other products and services, representing a larger portion of TPV. The decrease in transaction expense rate in 2024 compared to 2023 was attributable to favorable changes in regional mix, product mix, and certain third-party pricing incentives within our core PayPal products and services. For the years ended December 31, 2024, 2023, and 2022, approximately 37%, 36%, and 35% of TPV, respectively, was generated outside of the U.S.

Transaction and credit losses

Transaction losses include the expense associated with our customer protection programs, fraud, and chargebacks. Credit losses include the current expected credit losses associated with our consumer and merchant loans receivable portfolio. Our transaction and credit losses fluctuate depending on many factors, including TPV, product mix, current and projected macroeconomic conditions such as unemployment rates, retail e-commerce sales and household disposable income, merchant insolvency events, changes to and usage of our customer protection programs, the impact of regulatory changes, and the credit quality of loans receivable arising from transactions funded with our credit products for consumers and loans and advances to merchants. Estimating our current expected credit loss allowances for our loans receivable portfolios is an inherently uncertain process and the ultimate losses we incur may vary from the current estimates. We regularly update our allowance estimates as new facts become known and events occur that may impact the ultimate losses incurred. A deterioration in macroeconomic conditions or other factors beyond those considered in our estimates could result in credit losses that exceed our current estimated credit losses and adversely impact our future operating results.

The components of our transaction and credit losses for the years ended December 31, 2024, 2023, and 2022 were as follows (in millions):



Transaction and credit losses decreased \$240 million, or 14%, in 2024 compared to 2023.

Transaction losses were approximately \$1.1 billion and \$1.2 billion for 2024 and 2023, respectively, reflecting a decrease of \$78 million, or 7%. Transaction loss rate (transaction losses divided by TPV) was 0.07%, 0.08%, and 0.09% for the years ended December 31, 2024, 2023, and 2022, respectively. The decrease in transaction losses and the associated transaction loss rate in 2024 was primarily due to lower losses from our Venmo products and services resulting from enhanced risk mitigation strategies.

Credit losses decreased \$162 million in 2024 compared to 2023. The components of credit losses for the years ended December 31, 2024, 2023, and 2022 were as follows (in millions):

	Year Ended December 31,		
	2024	2023 ⁽³⁾	2022
Net charge-offs ⁽¹⁾	\$ 372	\$ 549	\$ 267
Reserve (release) build ⁽²⁾	(44)	(59)	135
Credit losses	\$ 328	\$ 490	\$ 402

⁽¹⁾ Net charge-offs includes principal charge-offs partially offset by recoveries for consumer and merchant receivables.

⁽²⁾ Reserve (release) build represents change in allowance for principal receivables excluding foreign currency remeasurement.

⁽³⁾ Includes changes in the allowance due to the reclassification of loans and interest receivable to or from held for sale.

Credit losses in the year ended December 31, 2024 were primarily attributable to loan originations during the period partially offset by improvement in the credit quality of loans outstanding. Credit losses in the year ended December 31, 2023 were primarily attributable to loan originations during the period and a deterioration in the credit quality of loans outstanding.

Consumer loan portfolio

In June 2023, we entered into a multi-year agreement with a global investment firm to sell United Kingdom (“U.K.”) and other European buy now, pay later loan receivables, consisting of eligible loans and interest receivables, including a forward-flow arrangement for the sale of future originations of eligible loans over a 24-month commitment period (collectively, “eligible consumer installment receivables”). In December 2024, this agreement was amended and restated to extend the commitment period to December 2026 and to increase the maximum balance of loans that can be sold at a time. For additional information, see “Note 1—Overview and Summary of Significant Accounting Policies” in the notes to the consolidated financial statements included in this Form 10-K. As of December 31, 2024 and 2023, loans and interest receivable, held for sale was \$541 million and \$563 million, respectively.

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The consumer loans and interest receivable balance as of December 31, 2024 and 2023 was \$5.4 billion and \$4.8 billion, respectively, net of participation interest sold, reflecting an increase of 13%. The increase was driven primarily by growth of approximately \$390 million and \$250 million in our installment credit products driven by growth in Japan and the U.S., respectively, as well as growth of approximately \$170 million in our revolving credit product in the U.K., partially offset by a decline of approximately \$180 million in our installment credit products in Germany due to the forward-flow arrangement with the global investment firm.

The following table provides information regarding the credit quality of our consumer loans and interest receivable balance:

	December 31,	
	2024	2023
Percent of consumer loans and interest receivable current	96.6 %	95.4 %
Percent of consumer loans and interest receivable > 90 days outstanding ⁽¹⁾	1.6 %	2.2 %
Net charge-off rate ⁽²⁾	4.5 %	7.2 %

⁽¹⁾ Represents percentage of balances which are 90 days past the billing date or contractual repayment date, as applicable.

⁽²⁾ Net charge-off rate is the annualized ratio of net credit losses during the three months ended December 31, 2024, excluding fraud losses, on consumer loans as a percentage of the average daily amount of consumer loans and interest receivable balance during the same period.

The decline in net charge-off rate for consumer receivables at December 31, 2024 as compared to December 31, 2023 was due primarily to the improvement in credit quality of the U.S. interest-bearing installment products.

In response to changing portfolio performance and macroeconomic environment, we continue to monitor risk and evaluate and modify our acceptable risk parameters. Changes to such parameters in 2024 resulted in an increase of U.S. interest-bearing installment loan originations in 2024.

[Merchant loan portfolio](#)

We offer access to merchant finance products for certain small and medium-sized businesses, which we refer to as our merchant finance offerings. Total merchant loans, advances, and interest and fees receivable outstanding, net of participation interest sold, as of December 31, 2024 and 2023 was \$1.5 billion and \$1.2 billion, respectively, reflecting an increase of 23%. The increase was due primarily to growth of approximately \$170 million in our PayPal Working Capital (“PPWC”) product portfolio, primarily from the U.S., Germany and the U.K., as well as growth of approximately \$110 million in our PPBL product in the U.S.

The following table provides information regarding the credit quality of our merchant loans, advances, and interest and fees receivable balance:

	December 31,	
	2024	2023
Percent of merchant loans, advances, and interest and fees receivable current	90.4 %	87.0 %
Percent of merchant loans, advances, and interest and fees receivable > 90 days outstanding ⁽¹⁾	2.8 %	5.6 %
Net charge-off rate ⁽²⁾	5.3 %	18.8 %

⁽¹⁾ Represents percentage of balances which are 90 days past the original expected or contractual repayment period, as applicable.

⁽²⁾ Net charge-off rate is the annualized ratio of net credit losses during the three months ended December 31, 2024, excluding fraud losses, on merchant loans and advances as a percentage of the average daily amount of merchant loans, advances, and interest and fees receivable balance during the same period.

The increase in the percent of current merchant receivables and decrease in percent of merchant receivables greater than 90 days outstanding and the net charge-off rate for merchant receivables at December 31, 2024 as compared to December 31, 2023 was due primarily to the improvement in underwriting and credit quality of the PPBL portfolio.

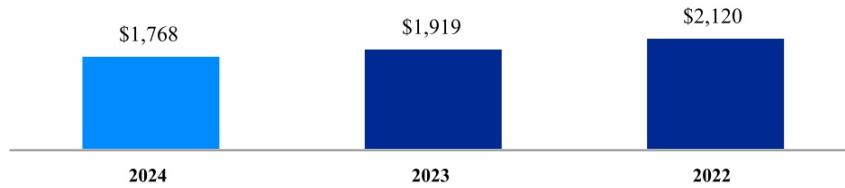
In response to changing portfolio performance and macroeconomic environment, we continue to monitor risk and evaluate and modify our acceptable risk parameters. Changes to such parameters resulted in an increase in PPBL originations in 2024.

For additional information, see “Note 11—Loans and Interest Receivable” in the notes to the consolidated financial statements, and “Item 1A. Risk Factors—Our credit products expose us to additional risks” included in this Form 10-K.

Customer support and operations

Customer support and operations includes costs incurred in our global customer operations centers, including costs to provide call support to our customers, costs to support our trust and security programs protecting our consumers and merchants, and other costs incurred related to the delivery of our products, including payment devices, card production, and customer onboarding and compliance costs.

Customer support and operations (in millions)



Customer support and operations expenses decreased \$151 million, or 8%, in 2024 compared to 2023 due primarily to a decline in employee-related costs of approximately \$100 million associated with a headcount reduction. The decline in customer support and operations expenses year-over-year was also impacted by a reduction in other costs incurred related to delivery of our products, including warehouses, shipping, and payment devices and a decrease in contractors and consulting costs, partially offset by an increase in customer onboarding and compliance costs and card issuance costs.

Sales and marketing

Sales and marketing includes costs incurred for customer acquisition, business development, advertising, and marketing programs.

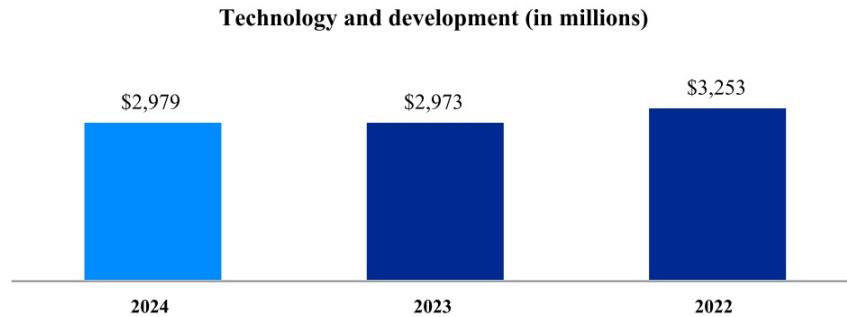
Sales and marketing (in millions)



Sales and marketing expenses increased \$192 million, or 11%, in 2024 compared to 2023 due primarily to higher spend of approximately \$260 million on marketing and brand advertising, including the launch of our PayPal Everywhere advertising campaign, partially offset by a decline in employee-related costs.

Technology and development

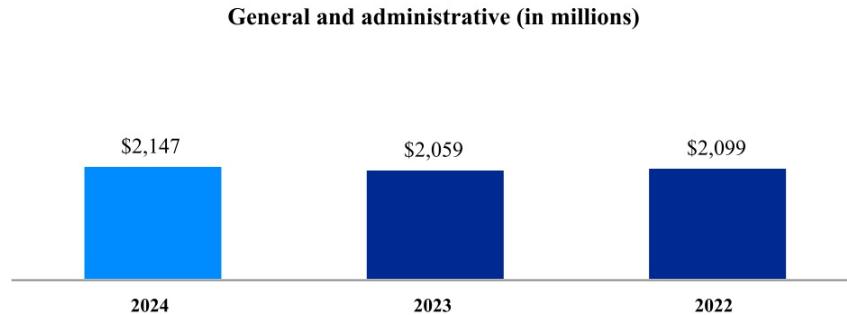
Technology and development includes costs incurred in connection with the development of our payments platform, new products, and the improvement of our existing products, including the amortization of software and website development costs incurred in developing our payments platform, which are capitalized. It also includes acquired developed technology and our site operations and other infrastructure costs incurred to support our payments platform.



Technology and development expenses remained consistent in 2024 compared to 2023 due primarily to a decline in employee-related costs associated with headcount reduction offset by an increase in costs related to contractors and consultants and software maintenance costs.

General and administrative

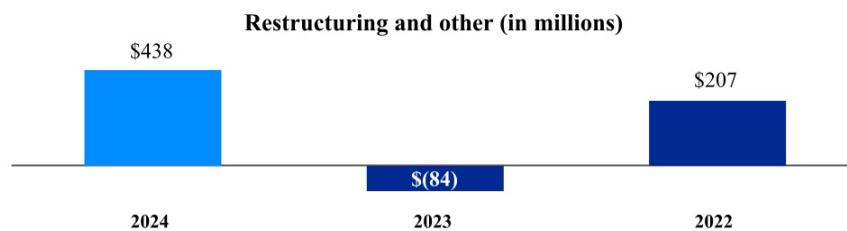
General and administrative includes costs incurred to provide support to our business, including legal, human resources, finance, risk and compliance, executive, and other support operations.



General and administrative expenses increased \$88 million, or 4%, in 2024 compared to 2023 due primarily to an increase in professional services expense, a contingency reserve, and indirect tax expense, partially offset by a decline in depreciation expense and facilities costs.

Restructuring and other

Restructuring and other primarily consist of restructuring expenses, asset impairment charges, gain on sale of divested business, and losses on loans and interest receivable, held for sale.



Restructuring and other increased \$522 million in 2024 compared to 2023 primarily resulting from restructuring charges and fair value adjustments on loans and interest receivable, held for sale and a gain on sale of a divested business, in which we recorded a pre-tax gain of \$339 million in 2023 with no comparable activity in the current period.

During the first quarter of 2024, management initiated a global workforce reduction intended to streamline operations, focus resources on core strategic priorities, and improve our cost structure. The associated restructuring charges during the year ended December 31, 2024 were \$307 million and included employee severance and benefits costs and stock-based compensation expense, which were substantially completed by the fourth quarter of 2024. The estimated reduction in annualized employee-related costs associated with the impacted workforce is approximately \$575 million, including approximately \$165 million in stock-based compensation. We reinvested a portion of the reduction in annual costs associated with the impacted workforce to drive business priorities.

During the first quarter of 2023, management initiated a global workforce reduction intended to focus resources on core strategic priorities, and improve our cost structure and operating efficiency. The associated restructuring charges during the year ended December 31, 2023 were \$122 million. We primarily incurred employee severance and benefits costs, which were substantially completed in the fourth quarter of 2023.

For information on the associated restructuring liabilities, see “Note 17—Restructuring and Other” in the notes to the consolidated financial statements included in this Form 10-K.

We continue to review our real estate and facility capacity requirements due to our new and evolving work models. We incurred asset impairment charges of nil and \$61 million in the years ended December 31, 2024 and 2023, respectively, due to exiting certain leased properties, which resulted in a reduction of right-of-use lease assets and related leasehold improvements.

In the year ended December 31, 2023, we recognized a gain of \$17 million due to the sale of an owned property. We also incurred a loss of \$14 million related to another owned property, which was previously held for sale, in the year ended December 31, 2023.

During the years ended December 31, 2024 and 2023, approximately \$129 million and \$74 million of losses were recorded in restructuring and other, which included net loss on sale of loans and interest receivable previously held for sale (inclusive of transaction costs) and fair value adjustments to measure loans and interest receivable, held for sale, at the lower of cost or fair value.

Other income (expense), net

Other income (expense), net of \$4 million in 2024 decreased \$379 million compared to \$383 million in 2023. This decline in other income (expense), net was due primarily to net losses and impairments on strategic investments in the current period compared to net gains in the prior period, which contributed a decline of approximately \$490 million year-over-year, partially offset by an increase in interest income of approximately \$180 million resulting from an increase in average cash balances and interest rates year-over-year.

Income tax expense

Our effective income tax rate was 22% in both 2024 and 2023. Our effective income tax rate in 2024 remained consistent compared to 2023 and was impacted primarily by changes in jurisdictional mix of income, U.S. income taxed at different rates, discrete tax adjustments, and tax expense in prior period associated with sale of a divested business. See “Note 16—Income Taxes” to the consolidated financial statements included in this Form 10-K for more information on our effective tax rate.

LIQUIDITY AND CAPITAL RESOURCES

We require liquidity and access to capital to fund our global operations, including our customer protection programs, credit products, capital expenditures, investments in our business, potential acquisitions and strategic investments, working capital, and other cash needs. We believe that our existing cash, cash equivalents, and investments, cash expected to be generated from operations, and our expected access to capital markets, together with potential external funding through third-party sources, will be sufficient to meet our cash requirements within the next 12 months and beyond.

SOURCES OF LIQUIDITY

Cash, cash equivalents, and investments

The following table summarizes our cash, cash equivalents, and investments as of December 31, 2024 and 2023:

	Year Ended December 31,	
	2024	2023
	(In millions)	
Cash, cash equivalents, and investments ⁽¹⁾⁽²⁾	\$ 13,846	\$ 15,493

⁽¹⁾ Excludes assets related to funds receivable and customer accounts of \$37.7 billion and \$38.9 billion as of December 31, 2024 and 2023, respectively.

⁽²⁾ Excludes total restricted cash of \$1 million and \$3 million at December 31, 2024 and 2023, respectively, and strategic investments of \$1.6 billion and \$1.8 billion at December 31, 2024 and 2023, respectively.

Cash, cash equivalents, and investments held by our foreign subsidiaries were \$8.5 billion at December 31, 2024 and \$10.0 billion at December 31, 2023, or 62% and 64%, of our total cash, cash equivalents, and investments as of those respective dates. At December 31, 2024, all of our cash, cash equivalents, and investments held by foreign subsidiaries were subject to U.S. taxation under Subpart F, Global Intangible Low Taxed Income ("GILTI") or the one-time transition tax under the Tax Cuts and Jobs Act of 2017 ("Tax Act"). Subsequent repatriations to the U.S. will not be taxable from a U.S. federal tax perspective except for any tax on foreign exchange gains and losses; however, they may be subject to state income or foreign withholding tax.

A significant aspect of our global cash management activities involves meeting our customers' requirements to access their cash while simultaneously meeting our regulatory financial ratio commitments in various jurisdictions. Our global cash balances are required not only to provide operational liquidity to our businesses, but also to support our global regulatory requirements across our regulated subsidiaries. Accordingly, not all of our cash is available for general corporate purposes.

Cash flows

The following table summarizes our consolidated statements of cash flows:

	Year Ended December 31,		
	2024	2023	2022
	(In millions)		
Net cash provided by (used in):			
Operating activities	\$ 7,450	\$ 4,843	\$ 5,813
Investing activities	1,589	752	(3,328)
Financing activities	(8,276)	(2,993)	(1,203)
Effect of exchange rates on cash, cash equivalents, and restricted cash	(207)	76	(155)
Net change in cash, cash equivalents, and restricted cash	\$ 556	\$ 2,678	\$ 1,127

Operating activities

Cash flows from operating activities includes net income adjusted for certain non-cash expenses, timing differences between expenses recognized for provision for transaction and credit losses and actual cash transaction losses incurred, originations and proceeds from repayments and sales of loans and interest receivable held for sale, and changes in other assets and liabilities. Significant non-cash expenses for the period include depreciation and amortization and stock-based compensation. The cash impact from actual transaction losses incurred during a period is reflected as changes in other assets and liabilities. The expenses recognized during the period for provision for credit losses are estimates of current expected credit losses on our consumer and merchant credit products. Actual charge-offs of receivables related to our consumer and merchant credit products have no impact on cash from operating activities.

Net cash provided by operating activities grew \$2.6 billion in 2024 compared to 2023 due primarily to changes in deferred taxes of approximately \$900 million, changes in working capital of approximately \$760 million, an increase of approximately \$530 million in sales and repayments of loans receivable held for sale, net of originations, and an impact of approximately \$490 million from losses on strategic investments.

Cash paid for income taxes, net in 2024, 2023, and 2022 was \$1.0 billion, \$2.1 billion, and \$878 million, respectively.

Investing activities

Cash flows from investing activities includes purchases, maturities and sales of investments; cash paid for acquisitions and strategic investments; purchases and sales of property and equipment; purchases, originations, sales, and principal repayment of loans receivable, originally classified as held for investment; changes in funds receivable; changes in collateral posted related to derivative instruments, net; and purchases and maturities of reverse repurchase agreements.

Net cash provided by investing activities increased \$837 million in 2024 compared to 2023 due primarily to an increase of \$5.9 billion from changes related to funds receivable, partially offset by a decrease of \$3.0 billion in sales and repayments of loans receivables, net of purchases and originations, and an increase of \$1.6 billion in purchases of investments, net of sales and maturities.

Financing activities

Cash flows from financing activities includes proceeds from issuance of common stock, purchases of treasury stock, tax withholdings related to net share settlements of equity awards, borrowings and repayments under financing arrangements, changes in funds payable and amounts due to customers, changes in collateral received related to derivative instruments, net, and borrowings and repayments under repurchase agreements.

Net cash used in financing activities increased \$5.3 billion in 2024 compared to 2023 due primarily to a decrease of \$3.8 billion from changes related to funds payable and amounts due to customers, an increase of \$1.0 billion in share repurchases of our common stock, and an increase of approximately \$590 million in repayments, net of borrowings under financing arrangements.

Effect of exchange rates on cash, cash equivalents, and restricted cash

Foreign exchange rates had a negative impact of \$207 million and positive impact of \$76 million on cash, cash equivalents, and restricted cash during 2024 and 2023, respectively. The negative impact in 2024 was primarily due to unfavorable fluctuations in the exchange rate of the U.S. dollar to the Australian dollar and, to a lesser extent, the British pound and Euro. The positive impact in 2023 was primarily due to favorable fluctuations in the exchange rate of the U.S. dollar to the British pound.

Available credit and debt

In June 2023, we entered into a credit agreement (the “Credit Agreement”) that provides for an unsecured \$5.0 billion, five-year revolving credit facility. The Credit Agreement includes a \$150 million letter of credit sub-facility and a \$600 million swingline sub-facility, with available borrowings under the revolving credit facility reduced by the amount of any letters of credit and swingline borrowings outstanding from time to time. As of December 31, 2024, no borrowings were outstanding under the Credit Agreement and as such, \$5.0 billion of borrowing capacity was available for the purposes permitted by the Credit Agreement, subject to customary conditions to borrowing.

In February 2022, we entered into a credit agreement (the “Paidy Credit Agreement”) with Paidy as co-borrower, which provided for an unsecured revolving credit facility of ¥60.0 billion, which was modified in September 2022 to increase the borrowing capacity by ¥30.0 billion for a total borrowing capacity of ¥90.0 billion (approximately \$574 million as of December 31, 2024). In the year ended December 31, 2024, ¥90.0 billion (approximately \$574 million) was drawn down under the Paidy Credit Agreement. Accordingly, at December 31, 2024, no borrowing capacity was available under the Paidy Credit Agreement.

We maintain uncommitted credit facilities in various regions throughout the world with a borrowing capacity of approximately \$80 million in the aggregate, where we can withdraw and utilize the funds at our discretion for general corporate purposes. As of December 31, 2024, substantially all of the borrowing capacity under these credit facilities was available, subject to customary conditions to borrowing.

In May 2024, June 2023, May 2022, May 2020 and September 2019, we issued fixed rate notes with varying maturity dates (collectively referred to as the “Notes”). Proceeds from the issuance of these Notes may be used for general corporate purposes, which may include funding the repayment or redemption of outstanding debt, share repurchases, ongoing operations, capital expenditures, and possible acquisitions of businesses, assets, or strategic investments. As of December 31, 2024, we had an aggregate principal amount of \$10.6 billion in fixed rate debt outstanding with varying maturity dates.

For additional information, see “Note 12—Debt” to our consolidated financial statements included in this Form 10-K.

Depending on market conditions, we may from time to time issue debt, including in private or public offerings, to fund our operating activities, finance acquisitions, make strategic investments, repurchase shares under our stock repurchase program, or reduce our cost of capital.

Credit ratings

As of December 31, 2024, we continue to be rated investment grade by Standard and Poor's Financial Services, LLC, Fitch Ratings, Inc., and Moody's Investors Services, Inc. We expect that these credit rating agencies will continue to monitor our performance, including our capital structure and results of operations. Our goal is to be rated investment grade, but as circumstances change, there are factors that could result in our credit ratings being downgraded or put on a watch list for possible downgrading. If that were to occur, it could increase our borrowing rates, including the interest rate on borrowings under our credit agreements.

CURRENT AND FUTURE CASH REQUIREMENTS

Our material cash requirements include funds to support current and potential: operating activities, credit products, customer protection programs, stock repurchases, strategic investments, acquisitions, other commitments, capital expenditures, and other future obligations.

Credit products

Growth in our portfolio of loans receivable increases our liquidity needs, and any inability to meet those liquidity needs could adversely affect our business. We continue to evaluate partnerships and third-party sources of funding for our credit products.

The Luxembourg Commission de Surveillance du Secteur Financier (the "CSSF") has agreed that PayPal's management may designate up to 50% of European customer balances held in our Luxembourg banking subsidiary to fund European, U.K., and U.S. credit activities. As of December 31, 2024 and 2023, the cumulative amount approved by PayPal to be designated to fund credit activities was \$2.0 billion and \$3.0 billion, respectively, and represented approximately 26% and 39% of European customer balances made available for our corporate use as of those respective dates, as determined by applying financial regulations maintained by the CSSF. We may periodically seek to change the designation of amounts of European customer balances for our credit activities, as we deem necessary, based on utilization of the approved funds and anticipated credit funding requirements. Under certain exceptional circumstances, corporate liquidity could be called upon to meet our obligations related to our European customer balances.

In June 2023, we entered into a multi-year agreement with a global investment firm to sell our eligible consumer installment receivables portfolio. In December 2024, this agreement was amended and restated to extend the commitment period to December 2026 and to increase the maximum balance of loans that can be sold at a time. During the years ended December 31, 2024 and 2023, we sold \$20.8 billion and \$5.5 billion, respectively, of loans and interest receivable in connection with this agreement. For additional information, see "Note 1—Overview and Summary of Significant Accounting Policies" to our consolidated financial statements included in this Form 10-K.

While our objective is to expand the availability of our credit products with capital from external sources, there can be no assurance that we will be successful in achieving that goal.

Customer protection programs

The risk of losses from our customer protection programs are specific to individual consumers, merchants, and transactions, and may also be impacted by regional variations in, and changes or modifications to, the programs, including as a result of changes in regulatory requirements. For the periods presented in these consolidated financial statements included in this report, our transaction loss rate ranged between 0.07% and 0.09% of TPV. Historical loss rates may not be indicative of future results.

Stock repurchases

During the year ended December 31, 2024, we repurchased approximately \$6.0 billion of our common stock in the open market under our stock repurchase program authorized in June 2022. As of December 31, 2024, a total of approximately \$4.9 billion remained available for future repurchases of our common stock under our June 2022 stock repurchase program. For additional information, see "Note 14—Stock Repurchase Programs" to our consolidated financial statements included in this Form 10-K.

Future obligations

We have certain fixed contractual obligations and commitments that include future estimated payments for general operating purposes. Changes in our business needs, contractual cancellation provisions, fluctuating interest rates, and other factors may result in actual payments differing from our estimates. We cannot provide certainty regarding the timing and amounts of these payments. The following table summarizes our obligations as of December 31, 2024 that are expected to impact liquidity and cash flow in future periods. We believe we will be able to fund these obligations through our existing cash and investment portfolio and cash expected to be generated from operations.

Payments Due During the Year Ending December 31,	Purchase Obligations	Leases	Transition Tax	Long-term Debt	Total
	(In millions)				
2025	\$ 849	\$ 171	\$ 354	\$ 1,542	\$ 2,916
2026	578	177	—	1,738	2,493
2027	131	159	—	797	1,087
2028	11	109	—	522	642
2029	3	88	—	1,785	1,876
Thereafter	5	198	—	9,263	9,466
	\$ 1,577	\$ 902	\$ 354	\$ 15,647	\$ 18,480

The significant assumptions used in our determination of amounts presented in the above table are as follows:

- Purchase obligation amounts include minimum purchase commitments for cloud computing services, advertising, and other goods and services entered into in the ordinary course of business.
- Lease amounts include primarily minimum rental payments under our non-cancelable operating leases primarily for office and data center facilities. The amounts presented are consistent with contractual terms and are not expected to differ significantly from actual results under our existing leases, unless a substantial change in our headcount needs requires us to expand our occupied space or exit an office facility early.
- Transition tax represents the one-time mandatory tax on previously deferred foreign earnings under the Tax Act.
- Long-term debt amounts represent the future principal and interest payments (based on contractual interest rates) on our fixed-rate debt. For more information, see “Note 12—Debt” to our consolidated financial statements included in this Form 10-K.

As we are unable to reasonably predict the timing of settlement of liabilities related to unrecognized tax benefits, net, the table above does not include \$2.6 billion recorded in other long-term liabilities on our consolidated balance sheets as of December 31, 2024.

Other considerations

Our liquidity, access to capital, and borrowing costs could be adversely impacted by declines in our credit rating, our financial performance, and global credit market conditions, as well as a broad range of other factors. In addition, our liquidity, access to capital, and borrowing costs could also be negatively impacted by the outcome of any of the legal or regulatory proceedings to which we are a party. See “Item 1A. Risk Factors” and “Note 13—Commitments and Contingencies” to our consolidated financial statements included in this Form 10-K for additional discussion of these and other risks that our business faces.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The application of U.S. generally accepted accounting principles (“GAAP”) requires us to make estimates and assumptions about certain items and future events that directly affect our reported financial condition. We have established detailed policies and control procedures to provide reasonable assurance that the methods used to make estimates and assumptions are well controlled and are applied consistently from period to period. The accounting estimates and assumptions discussed in this section are those that we consider to be the most critical to our financial statements. An accounting estimate or assumption is considered critical if both (a) the nature of the estimate or assumption is material due to the levels of subjectivity and judgment involved, and (b) the impact within a reasonable range of outcomes of the estimate and assumption is material to our financial condition. Management has discussed the development, selection, and disclosure of these estimates with the Audit, Risk, and Compliance Committee of our Board of Directors. Our significant accounting policies, including recent accounting pronouncements, are described in “Note 1—Overview and Summary of Significant Accounting Policies” to the consolidated financial statements included in this Form 10-K.

A quantitative sensitivity analysis is provided where information is reasonably available, can be reliably estimated, and provides material information to investors. The amounts used to assess sensitivity are included to allow users of this report to understand a general directional cause and effect of changes in the estimates and do not represent management’s predictions of variability. For all of these estimates, it should be noted that future events rarely develop exactly as forecasted, and such estimates require regular review and adjustment.

ALLOWANCE FOR TRANSACTION AND CREDIT LOSSES

Transaction and credit losses include the expense associated with our customer protection programs, fraud, chargebacks, and credit losses associated with our loans receivable balances. Our transaction and credit losses fluctuate depending on many factors, including: total TPV, product mix, current and projected macroeconomic conditions, merchant insolvency events, changes to and usage of our customer protection programs, the impact of regulatory changes, and the credit quality of loans receivable arising from transactions funded with our credit products, which include revolving and installment credit products offered to consumers at checkout, as well as merchant loans and advances arising from the PPWC and PPBL products.

We establish allowances for negative customer balances and estimated transaction losses arising from processing customer transactions, such as chargebacks for unauthorized credit card use and merchant-related chargebacks due to non-delivery or unsatisfactory delivery of purchased items, purchase protection program claims, account takeovers, and bank returns and reversals. Additions to the allowance, in the form of provisions, are reflected in transaction and credit losses on our consolidated statements of income (loss). The allowances are based on known facts and circumstances, internal factors including experience with similar cases, historical trends involving collection and write-off patterns, and the mix of transaction and loss types, as well as current and projected macroeconomic factors, as appropriate.

We also establish an allowance for loans and interest receivable, which represents our estimate of current expected credit losses inherent in our portfolio of loans and interest receivable and includes expected credit losses from modifications of receivables to borrowers experiencing financial difficulty. Determining appropriate current expected credit loss allowances for loans and interest receivable is an inherently uncertain process and ultimate losses may vary from the current estimates. We regularly update our allowance estimates as new facts become known and events occur that may impact the settlement or recovery of losses. The allowances are maintained at a level we deem appropriate to adequately provide for current expected credit losses at the balance sheet date after incorporating the impact of externally sourced macroeconomic forecasts. As of December 31, 2024 and 2023, we utilized externally published projections of forecasted U.S. unemployment rates, forecasted U.S. and U.K. retail e-commerce sales, and forecasted U.K. household disposable income, among others, over the reasonable and supportable forecast period. The overall principal and interest coverage ratio as of December 31, 2024 and 2023 was approximately 7% and 9%, respectively. A significant change in the forecasted macroeconomic factors could result in a material change in our allowances. An increase of 1% in the principal and interest coverage ratio would increase our allowances by approximately \$69 million based on the loans and interest receivable balance outstanding as of December 31, 2024.

ACCOUNTING FOR INCOME TAXES

Our annual tax rate is based on our income, statutory tax rates, and tax planning opportunities available to us in the various jurisdictions in which we operate. Tax laws are complex and subject to different interpretations by the taxpayer and respective government taxing authorities. Significant judgment is required in determining our tax expense and in evaluating our tax positions, including evaluating uncertainties. We review our tax positions quarterly and adjust the balances as new information becomes available. Our income tax rate is significantly affected by the tax rates that apply to our foreign earnings. In addition to local country tax laws and regulations, our income tax rate depends on the extent that our foreign earnings are taxed by the U.S. through provisions such as the GILTI tax and base erosion anti-abuse tax.

Deferred tax assets represent amounts available to reduce income taxes payable on taxable income in future years. Such assets arise because of temporary differences between the financial reporting and tax bases of assets and liabilities, as well as from net operating loss and tax credit carryforwards. We evaluate the recoverability of these future tax deductions and credits by assessing the adequacy of future expected taxable income from all sources, including reversal of taxable temporary differences, forecasted operating earnings, and available tax planning strategies. These sources of income rely heavily on estimates that are based on a number of factors, including our historical experience and short-range and long-range business forecasts. To the extent deferred tax assets are not expected to be realized, we record a valuation allowance.

We recognize and measure uncertain tax positions in accordance with U.S. GAAP, pursuant to which we only recognize the tax benefit from an uncertain tax position if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such positions are then measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. We report a liability for unrecognized tax benefits resulting from uncertain tax positions taken or expected to be taken in a tax return. U.S. GAAP further requires that a change in judgment related to the expected ultimate resolution of uncertain tax positions be recognized in earnings in the quarter in which such change occurs. We recognize interest and penalties, if any, related to unrecognized tax benefits in income tax expense.

We file annual income tax returns in multiple taxing jurisdictions around the world. A number of years may elapse before an uncertain tax position is audited by the relevant tax authorities and finally resolved. While it is often difficult to predict the final outcome or the timing of resolution of any particular uncertain tax position, we believe that our reserves for income taxes are adequate. We adjust these reserves, as well as the related interest and penalties, where appropriate in light of changing facts and circumstances. Settlement of any particular position could require the use of cash.

Based on our results for the year ended December 31, 2024, an increase in our income tax expense of \$53 million would have resulted in a one-percentage point increase in our effective tax rate.

LOSS CONTINGENCIES

We are regularly involved in various claims, regulatory and legal proceedings, and investigations of potential violations by regulatory oversight authorities. On a regular basis, we review the status of each significant matter and assess our potential financial exposure. If the potential loss from any claim, legal proceeding, or potential regulatory violation is considered probable and the amount can be reasonably estimated, we accrue a liability for the estimated loss. Significant judgment is required in both the determination of probability and whether an exposure is reasonably estimable. Our judgments are subjective and are based on the status of the legal or regulatory proceedings, the merits of our defenses, and consultation with in-house and outside legal counsel. Because of uncertainties related to these matters, accruals are based on the best information available at the time. As additional information becomes available, we reassess the potential liability related to pending claims, litigation, or other violations and may revise our estimates. Due to the inherent uncertainties of legal and regulatory processes in the multiple jurisdictions in which we operate, our judgments may differ materially from the actual outcomes.

REVENUE RECOGNITION

Application of the accounting principles in U.S. GAAP related to the measurement and recognition of revenue requires us to make judgments and estimates. Complex arrangements with nonstandard terms and conditions may require significant contract interpretation to determine the appropriate accounting. Specifically, the determination of whether we are a principal to a transaction (gross revenue) or an agent (net revenue) can require considerable judgment. Further, we provide incentive payments to consumers and merchants. Evaluating whether these incentives are a payment to a customer, or consideration payable on behalf of a customer, requires judgment. Incentives determined to be made to a customer, or payable on behalf of a customer, are recorded as a reduction to gross revenue. Incentives that are earned by the customer based on performance targets are recorded when earned, based on management's estimate of each customer's future performance. These accruals are regularly reviewed and estimates of performance are adjusted, as appropriate, based on changes in performance expectations, actual customer performance, amendments to existing contracts, or the execution of new contracts. Changes in judgments with respect to these assumptions and estimates could impact the amount of revenue recognized.

EVALUATION OF STRATEGIC INVESTMENTS FOR IMPAIRMENT

We have strategic investments in non-marketable equity securities, which include investments that do not have a readily determinable fair value and are measured at cost minus impairment, if any, and are adjusted for changes resulting from observable price changes in orderly transactions for an identical or similar investment in the same issuer (the Measurement Alternative). We review these investments regularly to determine if impairment has occurred. We assess whether an impairment loss on these non-marketable equity securities, which are primarily investments in privately held companies, has occurred based on qualitative factors such as the companies' financial condition and business outlook, industry performance, regulatory, economic or technological environment, and other relevant events and factors affecting the company. When indicators of impairment exist, we estimate the fair value of these non-marketable equity securities using the market approach and/or the income approach. If any impairment is identified, we write down the investment to its fair value and record the corresponding charge through other income (expense), net on our consolidated statements of income (loss). Estimating fair value requires judgment and use of estimates such as discount rates, forecasted cash flows, and market data of comparable companies, among others. For sensitivity analysis performed on our strategic investments, see "Item 7A. Quantitative and Qualitative Disclosures about Market Risk—*Equity Investment Risk*."

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the potential for economic losses to be incurred on market risk sensitive instruments arising from adverse changes in market factors such as interest rates, foreign exchange rates, and equity investment risk. Management establishes and oversees the implementation of policies governing our investing, funding, and foreign exchange derivative activities intended to mitigate market risks. We monitor risk exposures on an ongoing basis.

INTEREST RATE RISK

We are exposed to interest rate risk relating to our investment portfolio and from interest-rate sensitive assets underlying the customer balances we hold on our consolidated balance sheets as customer accounts.

As of December 31, 2024 and 2023, approximately 47% and 59%, respectively, of our total cash, cash equivalents, and investment portfolio (excluding restricted cash and strategic investments) was held in cash and cash equivalents. The remaining portfolio and assets underlying the customer balances that we hold on our consolidated balance sheets as customer accounts are maintained in interest and non-interest bearing bank deposits, time deposits, and available-for-sale debt securities. We seek to preserve principal while holding eligible liquid assets, as defined by applicable regulatory requirements and commercial law in certain jurisdictions where we operate, equal to at least 100% of the aggregate amount of all customer balances. We do not pay interest on amounts due to customers.

Interest rate movements affect the interest income we earn on cash and cash equivalents, time deposits, and available-for-sale debt securities and the fair value of those securities. A hypothetical 100 basis points increase in interest rates would have resulted in a decrease in the fair value of our cash equivalents and available-for-sale debt securities investment by approximately \$101 million and \$122 million at December 31, 2024 and 2023, respectively. Changes in the fair value of our available-for-sale debt securities resulting from such interest rate changes are reported as a component of accumulated other comprehensive income ("AOCI") and are realized only if we sell the securities prior to their scheduled maturities or the declines in fair values are due to expected credit losses.

As of both December 31, 2024 and 2023, we had an aggregate principal amount of \$10.6 billion in fixed rate debt with varying maturity dates. Since these notes bear interest at fixed rates, they do not result in any financial statement risk associated with changes in interest rates. However, the fair value of these notes fluctuates when interest rates change, increasing in periods of declining interest rates and declining in periods of increasing interest rates.

As of both December 31, 2024 and 2023, we also had revolving credit facilities of approximately \$5.6 billion available to us. We are obligated to pay interest on borrowings under these facilities as well as other customary fees, including an upfront fee and an unused commitment fee based on our debt rating. Borrowings under these facilities, if any, bear interest at floating rates. As a result, we are exposed to the risk related to fluctuations in interest rates to the extent of our borrowings. As of December 31, 2024 and 2023, ¥90.0 billion (approximately \$574 million) and ¥50.0 billion (approximately \$355 million), respectively, was outstanding under these facilities. A 100 basis points hypothetical adverse change in applicable market interest rates would not have resulted in a material impact to interest expense recorded in the period. For additional information, see “Note 12—Debt” in the notes to the consolidated financial statements included in this Form 10-K.

Interest rates may also adversely impact our customers’ spending levels and ability and willingness to pay outstanding amounts owed to us. Higher interest rates often lead to larger payment obligations by customers of our credit products to us, or to lenders under mortgage, credit card, and other consumer and merchant loans, which may reduce our customers’ ability to remain current on their obligations to us and therefore lead to increased delinquencies, charge-offs, and allowances for loans and interest receivable, which could have an adverse effect on our net income (loss).

FOREIGN EXCHANGE RISK

We have significant operations internationally that are denominated in foreign currencies, primarily the British pound, Euro, Australian dollar, and Canadian dollar, which subject us to foreign exchange risk and may adversely impact our financial results. We transact in various foreign currencies and have significant international revenues and expenses. In addition, we charge our international subsidiaries for their use of intellectual property and technology and for certain corporate services. Our cash flows, results of operations, and certain of our intercompany balances that are exposed to foreign exchange rate fluctuations may differ materially from expectations, and we may record significant gains or losses due to foreign currency fluctuations and related hedging activities. We are generally a net receiver of foreign currencies and therefore benefit from a weakening of the United States (“U.S.”) dollar, and are adversely affected by a strengthening of the U.S. dollar, relative to foreign currencies. We considered the historical trends in foreign exchange rates and determined that it was reasonably possible that changes in exchange rates of 10% for all currencies could be experienced in the near term.

We have a foreign currency exposure management program designed to identify material foreign currency exposures, manage these exposures, and reduce the potential effects of currency fluctuations on our consolidated cash flows and results of operations through the execution of foreign exchange contracts. These foreign exchange contracts are accounted for as derivative instruments; for additional details related to our foreign exchange contracts, please see “Note 10—Derivative Instruments” to the consolidated financial statements included in this Form 10-K.

We use foreign exchange contracts to protect our forecasted U.S. dollar-equivalent earnings and our investment in foreign subsidiaries from adverse changes in foreign exchange rates. These hedging contracts reduce, but do not entirely eliminate, the impact of adverse foreign exchange rate movements. We designate these contracts as cash flow hedges of forecasted revenues and expenses denominated in certain foreign currencies and net investment hedges for accounting purposes. The derivative’s gain or loss is initially reported as a component of AOCI. Cash flow hedges are subsequently reclassified into revenue or expense in the same period the forecasted transaction affects earnings. The accumulated gains and losses associated with net investment hedges will remain in AOCI until the foreign subsidiaries are sold or substantially liquidated, at which point they will be reclassified into earnings.

If the U.S. dollar weakened by a hypothetical 10% at December 31, 2024 and 2023, the amount recorded in AOCI related to our foreign exchange contracts, before taxes, would have been approximately \$380 million and \$622 million lower, respectively, before considering the offsetting impact of the underlying hedged item.

We have an additional balance sheet foreign currency management program in which we use foreign exchange contracts to help offset the foreign exchange risk on our assets and liabilities denominated in currencies other than the functional currency of our subsidiaries. These contracts are not designated as hedging instruments and reduce, but do not entirely eliminate, the impact of currency exchange rate movements on our assets and liabilities. The foreign exchange gains and losses on our assets and liabilities are recorded in other income (expense), net, and are offset by the gains and losses on the foreign exchange contracts.

Adverse changes in exchange rates of a hypothetical 10% for all foreign currencies would have resulted in a negative impact on income before income taxes of approximately \$470 million and \$417 million at December 31, 2024 and 2023, respectively, without considering the offsetting effect of foreign exchange contracts. Foreign exchange contracts in place as of December 31, 2024 would have positively impacted income before income taxes by approximately \$445 million, resulting in a net negative impact of approximately \$25 million. Foreign exchange contracts in place as of December 31, 2023 would have positively impacted income before income taxes by approximately \$400 million, resulting in a net negative impact of approximately \$17 million. These reasonably possible adverse changes in exchange rates of 10% were applied to monetary assets, monetary liabilities, and available-for-sale debt securities denominated in currencies other than the functional currencies of our subsidiaries at the balance sheet dates to compute the adverse impact these changes would have had on our income before income taxes in the near term.

EQUITY INVESTMENT RISK

Our strategic investments are subject to a variety of market-related risks that could substantially reduce or increase the carrying value of the portfolio. As of December 31, 2024 and 2023, our strategic investments totaled \$1.6 billion and \$1.8 billion which represented approximately 10% and 11% of our total cash, cash equivalents, and short-term and long-term investment portfolio at those respective dates. Our strategic investments include marketable equity securities, which are publicly traded, and non-marketable equity securities, which are primarily investments in privately held companies. We are required to record all adjustments to the value of these strategic investments through our consolidated statements of income (loss). As such, we expect volatility to our net income (loss) in future periods due to changes in observable prices and impairment related to our non-marketable equity securities accounted for under the Measurement Alternative. These changes could be material based on market conditions. Additionally, the financial success of our investments in privately held companies is typically dependent on a liquidity event, such as a public offering, acquisition, private sale, or other favorable market event providing the ability to realize appreciation in the value of the investment. A hypothetical adverse change of 10% in the carrying value of our strategic investments as of December 31, 2024, which could be experienced in the near term, would have resulted in a decrease of approximately \$156 million to the carrying value of the portfolio. We review our non-marketable equity securities accounted for under the Measurement Alternative for impairment when events and circumstances indicate a decline in fair value of such assets below carrying value. Our analysis includes a review of recent operating results and trends, recent purchases and sales of securities, and other publicly available data, for which we assess factors such as the investees' financial condition and business outlook, industry performance, regulatory, economic, or technological environment, and other relevant events and factors affecting the investees.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The audited consolidated financial statements covering the years ended December 31, 2024, 2023, and 2022 and accompanying notes listed in Part IV, Item 15(a)(1) of this Form 10-K are included in this report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures. Based on the evaluation of our disclosure controls and procedures (as defined in the Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act), our principal executive officer and our principal financial officer have concluded that as of December 31, 2024, the end of the period covered by this report, our disclosure controls and procedures were effective.

Management's Report on Internal Control over Financial Reporting. Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our management, including our principal executive officer and principal financial officer, conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on its evaluation under the framework in *Internal Control - Integrated Framework*, our management concluded that our internal control over financial reporting was effective as of December 31, 2024.

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The effectiveness of our internal control over financial reporting as of December 31, 2024 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears in Item 15(a) of this Form 10-K.

Changes in Internal Controls over Financial Reporting. There were no changes in our internal controls over financial reporting as defined in the Exchange Act Rule 13a-15(f) that occurred during our most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

RULE 10B5-1 TRADING PLANS

An equity trading plan is a written document that preestablishes the amounts, prices, and dates (or formula for determining the amounts, prices, and dates) of future purchases or sales of the Company's stock, including sales of shares acquired under the Company's employee and director equity plans.

On December 10, 2024, Frank Keller, Executive Vice President, General Manager – Large Enterprise and Merchant Platform Group, entered into an equity trading plan that is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act. The trading plan has a duration of March 11, 2025 to December 5, 2025 with approximately 27,700 shares (vested and net shares expected to vest over the duration of the trading plan) subject to sale under the plan.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Incorporated by reference from our Proxy Statement for our 2025 Annual Meeting of Stockholders to be filed with the SEC within 120 days after December 31, 2024.

Insider Trading Policies and Procedures

The Company has insider trading policies and procedures that govern the purchase, sale, and other dispositions of its securities by directors, officers, employees, and contractors, as well as by the Company itself. We believe these policies and procedures are reasonably designed to promote compliance with insider trading laws, rules and regulations and applicable listing standards. See "Index of Exhibits" within this Annual Report on Form 10-K for our Insider Trading Policy.

ITEM 11. EXECUTIVE COMPENSATION

Incorporated by reference from our Proxy Statement for our 2025 Annual Meeting of Stockholders to be filed with the SEC within 120 days after December 31, 2024 (excluding the information under the subheading "Pay Versus Performance").

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Incorporated by reference from our Proxy Statement for our 2025 Annual Meeting of Stockholders to be filed with the SEC within 120 days after December 31, 2024.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Incorporated by reference from our Proxy Statement for our 2025 Annual Meeting of Stockholders to be filed with the SEC within 120 days after December 31, 2024.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Incorporated by reference from our Proxy Statement for our 2025 Annual Meeting of Stockholders to be filed with the SEC within 120 days after December 31, 2024.

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PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this report:

1. Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm (PCAOB ID 238)	<u>56</u>
Consolidated Balance Sheets	<u>58</u>
Consolidated Statements of Income (Loss)	<u>59</u>
Consolidated Statements of Comprehensive Income (Loss)	<u>60</u>
Consolidated Statements of Stockholders' Equity	<u>61</u>
Consolidated Statements of Cash Flows	<u>62</u>
Notes to Consolidated Financial Statements	<u>64</u>

2. Financial Statement Schedule

Schedule II—Valuation and Qualifying Accounts	<u>120</u>
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All other schedules have been omitted because the information required to be set forth therein is not applicable or is shown in the financial statements or notes thereto.

3. Exhibits Required by Item 601 of Regulation S-K

The information required by this Item is set forth in the Index of Exhibits that precedes the signature page of this Annual Report.

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of PayPal Holdings, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of PayPal Holdings, Inc. and its subsidiaries (the “Company”) as of December 31, 2024 and 2023, and the related consolidated statements of income (loss), of comprehensive income (loss), of stockholders’ equity and of cash flows for each of the three years in the period ended December 31, 2024, including the related notes and schedule of valuation and qualifying accounts for each of the three years in the period ended December 31, 2024, listed in the index appearing under Item 15(a)(2) (collectively referred to as the “consolidated financial statements”). We also have audited the Company’s internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company’s management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management’s Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company’s consolidated financial statements and on the Company’s internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Allowance for Consumer Loans Receivable

As described in Notes 1 and 11 to the consolidated financial statements, the total allowance for loans and interest receivable was \$461 million as of December 31, 2024, of which \$341 million relates to consumer loans receivable. The allowance for consumer loans receivable is primarily based on expectations of credit losses based on historical lifetime loss data and incorporates macroeconomic forecasts applied to the portfolio. The consumer loss models incorporate various portfolio attributes including geographic region, loan term, delinquency, credit rating, vintage, and for the revolving credit portfolio, macroeconomic factors such as forecasted trends in household disposable income and retail e-commerce sales. The forecasted macroeconomic factors are sourced externally, using a single scenario to reflect the economic conditions applicable to a particular period.

The principal considerations for our determination that performing procedures relating to the allowance for consumer loans receivable is a critical audit matter are (i) a high degree of auditor subjectivity and effort in performing procedures and evaluating audit evidence relating to certain consumer loss models, and for the revolving credit portfolio, forecasted macroeconomic factors related to household disposable income and retail e-commerce sales used to estimate expected credit losses; and (ii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the allowance for consumer loans receivable, including controls over certain consumer loss models, and for the revolving credit portfolio, forecasted macroeconomic factors related to household disposable income and retail e-commerce sales used to estimate expected credit losses. These procedures also included, among others (i) testing management's process for determining the allowance for consumer loans receivable; (ii) testing the completeness and accuracy of certain data used in the estimate; and (iii) the involvement of professionals with specialized skill and knowledge to assist in evaluating (a) the appropriateness of certain methodologies and consumer loss models used by management and (b) for the revolving credit portfolio, the reasonableness of forecasted macroeconomic factors related to household disposable income and retail e-commerce sales.

/s/ PricewaterhouseCoopers LLP
San Jose, California
February 4, 2025

We have served as the Company's auditor since 2000.

PayPal

PayPal Holdings, Inc.
CONSOLIDATED BALANCE SHEETS

	As of December 31,	
	2024	2023
	(In millions, except par value)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 6,561	\$ 9,081
Short-term investments	4,262	4,979
Accounts receivable, net	984	1,069
Loans and interest receivable, held for sale	541	563
Loans and interest receivable, net of allowances of \$461 and \$540 as of December 31, 2024 and 2023, respectively	6,422	5,433
Funds receivable and customer accounts	37,671	38,935
Prepaid expenses and other current assets	4,651	2,509
Total current assets	<u>61,092</u>	<u>62,569</u>
Long-term investments	4,583	3,273
Property and equipment, net	1,508	1,488
Goodwill	10,837	11,026
Intangible assets, net	326	537
Other assets	3,265	3,273
Total assets	<u>\$ 81,611</u>	<u>\$ 82,166</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 227	\$ 139
Funds payable and amounts due to customers	39,671	41,935
Accrued expenses and other current liabilities	8,478	6,392
Total current liabilities	<u>48,376</u>	<u>48,466</u>
Other long-term liabilities	2,939	2,973
Long-term debt	9,879	9,676
Total liabilities	<u>61,194</u>	<u>61,115</u>
Commitments and contingencies (Note 13)		
Equity:		
Common stock, \$0.0001 par value; 4,000 shares authorized; 993 and 1,072 shares outstanding as of December 31, 2024 and 2023, respectively	—	—
Preferred stock, \$0.0001 par value; 100 shares authorized, unissued	—	—
Treasury stock at cost, 337 and 245 shares as of December 31, 2024 and 2023, respectively	(27,085)	(21,045)
Additional paid-in-capital	20,705	19,642
Retained earnings	27,347	23,200
Accumulated other comprehensive income (loss)	(550)	(746)
Total equity	<u>20,417</u>	<u>21,051</u>
Total liabilities and equity	<u>\$ 81,611</u>	<u>\$ 82,166</u>

The accompanying notes are an integral part of these consolidated financial statements.

PayPal Holdings, Inc.
CONSOLIDATED STATEMENTS OF INCOME (LOSS)

	Year Ended December 31,		
	2024	2023	2022
	(In millions, except for per share amounts)		
Net revenues	\$ 31,797	\$ 29,771	\$ 27,518
Operating expenses:			
Transaction expense	15,697	14,385	12,173
Transaction and credit losses	1,442	1,682	1,572
Customer support and operations	1,768	1,919	2,120
Sales and marketing	2,001	1,809	2,257
Technology and development	2,979	2,973	3,253
General and administrative	2,147	2,059	2,099
Restructuring and other	438	(84)	207
Total operating expenses	<u>26,472</u>	<u>24,743</u>	<u>23,681</u>
Operating income	5,325	5,028	3,837
Other income (expense), net	4	383	(471)
Income before income taxes	<u>5,329</u>	<u>5,411</u>	<u>3,366</u>
Income tax expense	1,182	1,165	947
Net income (loss)	<u>\$ 4,147</u>	<u>\$ 4,246</u>	<u>\$ 2,419</u>
Net income (loss) per share:			
Basic	\$ 4.03	\$ 3.85	\$ 2.10
Diluted	\$ 3.99	\$ 3.84	\$ 2.09
Weighted average shares:			
Basic	1,029	1,103	1,154
Diluted	1,039	1,107	1,158

The accompanying notes are an integral part of these consolidated financial statements.

PayPal Holdings, Inc.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Year Ended December 31,		
	2024	2023	2022
	(In millions)		
Net income (loss)	\$ 4,147	\$ 4,246	\$ 2,419
Other comprehensive income (loss), net of reclassification adjustments:			
Foreign currency translation adjustments ("CTA")	(204)	(156)	(305)
Net investment hedges CTA gains (losses), net	122	192	(25)
Tax (expense) benefit on net investment hedges CTA gains (losses), net	(29)	(44)	6
Unrealized gains (losses) on cash flow hedges, net	203	(167)	(88)
Tax (expense) benefit on unrealized gains (losses) on cash flow hedges, net	(10)	8	4
Unrealized gains (losses) on available-for-sale debt securities, net	148	457	(504)
Tax (expense) benefit on unrealized gains (losses) on available-for-sale debt securities, net	(34)	(108)	120
Other comprehensive income (loss), net of tax	196	182	(792)
Comprehensive income (loss)	<u>\$ 4,343</u>	<u>\$ 4,428</u>	<u>\$ 1,627</u>

The accompanying notes are an integral part of these consolidated financial statements.

PayPal Holdings, Inc.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock Shares	Treasury Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Equity
	(In millions)					
Balances at December 31, 2021	1,168	\$ (11,880)	\$ 17,208	\$ (136)	\$ 16,535	\$ 21,727
Net income	—	—	—	—	2,419	2,419
Foreign CTA	—	—	—	(305)	—	(305)
Net investment hedge CTA losses, net	—	—	—	(25)	—	(25)
Tax benefit on net investment hedges CTA losses, net	—	—	—	6	—	6
Unrealized losses on cash flow hedges, net	—	—	—	(88)	—	(88)
Tax benefit on unrealized losses on cash flow hedges, net	—	—	—	4	—	4
Unrealized losses on available-for-sale debt securities, net	—	—	—	(504)	—	(504)
Tax benefit on unrealized losses on available-for-sale debt securities, net	—	—	—	120	—	120
Common stock and stock-based awards issued, net of shares withheld for employee taxes	9	—	(195)	—	—	(195)
Common stock repurchased	(41)	(4,199)	—	—	—	(4,199)
Stock-based compensation	—	—	1,313	—	—	1,313
Other	—	—	1	—	—	1
Balances at December 31, 2022	1,136	\$ (16,079)	\$ 18,327	\$ (928)	\$ 18,954	\$ 20,274
Net income	—	—	—	—	4,246	4,246
Foreign CTA	—	—	—	(156)	—	(156)
Net investment hedge CTA gains, net	—	—	—	192	—	192
Tax expense on net investment hedges CTA gains, net	—	—	—	(44)	—	(44)
Unrealized losses on cash flow hedges, net	—	—	—	(167)	—	(167)
Tax benefit on unrealized losses on cash flow hedges, net	—	—	—	8	—	8
Unrealized gains on available-for-sale debt securities, net	—	—	—	457	—	457
Tax expense on unrealized gains on available-for-sale debt securities, net	—	—	—	(108)	—	(108)
Common stock and stock-based awards issued, net of shares withheld for employee taxes	9	—	(130)	—	—	(130)
Common stock repurchased	(74)	(5,046)	—	—	—	(5,046)
Treasury stock reissuance	1	80	—	—	—	80
Stock-based compensation	—	—	1,445	—	—	1,445
Balances at December 31, 2023	1,072	\$ (21,045)	\$ 19,642	\$ (746)	\$ 23,200	\$ 21,051
Net income	—	—	—	—	4,147	4,147
Foreign CTA	—	—	—	(204)	—	(204)
Net investment hedges CTA gains, net	—	—	—	122	—	122
Tax expense on net investment hedges CTA gains, net	—	—	—	(29)	—	(29)
Unrealized gains on cash flow hedges, net	—	—	—	203	—	203
Tax expense on unrealized gains on cash flow hedges, net	—	—	—	(10)	—	(10)
Unrealized gains on available-for-sale debt securities, net	—	—	—	148	—	148
Tax expense on unrealized gains on available-for-sale debt securities, net	—	—	—	(34)	—	(34)
Common stock and stock-based awards issued, net of shares withheld for employee taxes	13	—	(263)	—	—	(263)
Common stock repurchased	(92)	(6,053)	—	—	—	(6,053)
Treasury stock reissuance	—	13	—	—	—	13
Stock-based compensation	—	—	1,326	—	—	1,326
Balances at December 31, 2024	993	\$ (27,085)	\$ 20,705	\$ (550)	\$ 27,347	\$ 20,417

The accompanying notes are an integral part of these consolidated financial statements.

PayPal Holdings, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	2024	2023	2022
	(In millions)		
Cash flows from operating activities:			
Net income (loss)	\$ 4,147	\$ 4,246	\$ 2,419
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Transaction and credit losses	1,442	1,682	1,572
Depreciation and amortization	1,032	1,072	1,317
Stock-based compensation	1,230	1,475	1,261
Deferred income taxes	231	(668)	(811)
Net (gains) losses on strategic investments	285	(201)	304
Gain on divestiture of business, excluding transaction costs	—	(356)	—
Accretion of discounts on investments, net of amortization of premiums	(335)	(367)	(70)
Adjustments to loans and interest receivable, held for sale	125	53	—
Other	(3)	(104)	275
Originations of loans receivable, held for sale	(24,498)	(11,470)	—
Proceeds from repayments and sales of loans receivable, originally classified as held for sale	24,352	10,795	—
Changes in assets and liabilities:			
Accounts receivable	85	(114)	(163)
Transaction loss allowance for cash losses, net	(1,131)	(1,188)	(1,230)
Other current assets and non-current assets	(8)	203	118
Accounts payable	83	7	(35)
Other current liabilities and non-current liabilities	413	(222)	856
Net cash provided by operating activities	7,450	4,843	5,813
Cash flows from investing activities:			
Purchases of reverse repurchase agreements	(424)	—	—
Maturities of reverse repurchase agreements	337	—	—
Purchases of property and equipment	(683)	(623)	(706)
Proceeds from sales of property and equipment	1	45	5
Purchases and originations of loans receivable	(21,807)	(25,198)	(28,170)
Proceeds from repayments and sales of loans receivable, originally classified as held for investment	20,272	26,660	24,903
Purchases of investments	(26,209)	(21,980)	(20,219)
Maturities and sales of investments	26,962	24,295	23,411
Proceeds from divestiture of business, net of cash divested	—	466	—
Funds receivable	2,908	(2,943)	(2,720)
Collateral posted related to derivative instruments, net	73	(56)	(19)
Other	159	86	187
Net cash provided by (used in) investing activities	1,589	752	(3,328)
Cash flows from financing activities:			
Borrowings from repurchase agreements	656	—	—
Repayments of repurchase agreements	(656)	—	—
Proceeds from issuance of common stock	95	127	143
Purchases of treasury stock	(6,047)	(5,002)	(4,199)
Tax withholdings related to net share settlements of equity awards	(351)	(257)	(336)
Borrowings under financing arrangements	1,546	1,528	3,475
Repayments under financing arrangements	(1,661)	(1,053)	(1,686)
Funds payable and amounts due to customers	(1,954)	1,861	1,405
Collateral received related to derivative instruments and reverse repurchase agreements, net	156	(197)	(6)
Other	(60)	—	1
Net cash used in financing activities	(8,276)	(2,993)	(1,203)

PayPal Holdings, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS—(Continued)

	Year Ended December 31,		
	2024	2023	2022
	(In millions)		
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(207)	76	(155)
Net change in cash, cash equivalents, and restricted cash	556	2,678	1,127
Cash, cash equivalents, and restricted cash at beginning of period	21,834	19,156	18,029
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 22,390</u>	<u>\$ 21,834</u>	<u>\$ 19,156</u>
 Supplemental cash flow disclosures:			
Cash paid for interest	\$ 366	\$ 331	\$ 280
Cash paid for income taxes, net	\$ 1,027	\$ 2,118	\$ 878
 The table below reconciles cash, cash equivalents, and restricted cash as reported in the consolidated balance sheets to the total of the same amounts shown in the consolidated statements of cash flows:			
Cash and cash equivalents	\$ 6,561	\$ 9,081	\$ 7,776
Short-term and long-term investments	1	3	17
Funds receivable and customer accounts	15,828	12,750	11,363
Total cash, cash equivalents, and restricted cash shown in the consolidated statements of cash flows	<u>\$ 22,390</u>	<u>\$ 21,834</u>	<u>\$ 19,156</u>

The accompanying notes are an integral part of these consolidated financial statements.

PayPal Holdings, Inc.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****NOTE 1—OVERVIEW AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*****OVERVIEW AND ORGANIZATION***

PayPal Holdings, Inc. (“PayPal,” the “Company,” “we,” “us,” or “our”) was incorporated in Delaware in January 2015. At PayPal, our mission is to revolutionize commerce globally. Our products are designed to enable digital payments and simplify commerce experiences for consumers and merchants to make selling, shopping, and sending and receiving money simple, personalized, secure, online or offline, including mobile. Our two-sided platform serves millions of consumers and merchants worldwide.

We operate globally and in a rapidly evolving regulatory environment characterized by a heightened focus by regulators globally on all aspects of the payments industry, including anti-money laundering, countering terrorist financing, privacy, cybersecurity, and consumer protection. The laws and regulations applicable to us, including those enacted prior to the advent of digital payments, continue to evolve through legislative and regulatory action and judicial interpretation. New or changing laws and regulations, including changes to their interpretation and implementation, as well as increased penalties and enforcement actions related to non-compliance, could have a material adverse impact on our business, results of operations, and financial condition. We monitor these areas closely and are focused on designing compliant solutions for our customers.

SIGNIFICANT ACCOUNTING POLICIES***Basis of presentation and principles of consolidation***

The accompanying consolidated financial statements include the financial statements of PayPal and our wholly- and majority-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Investments in entities where we have the ability to exercise significant influence, but not control, over the investee are accounted for using the equity method of accounting. For such investments, our share of the investee’s results of operations is included in other income (expense), net on our consolidated statements of income (loss). Investments in entities where we do not have the ability to exercise significant influence over the investee are accounted for at fair value or cost minus impairment, if any, adjusted for changes resulting from observable price changes, which are included in other income (expense), net on our consolidated statements of income (loss). Our investment balances are included in long-term investments on our consolidated balance sheets.

We determine at the inception of each investment, and re-evaluate if certain events occur, whether an entity in which we have made an investment is considered a variable interest entity (“VIE”). If we determine an investment is in a VIE, we then assess if we are the primary beneficiary, which would require consolidation. As of December 31, 2024 and December 31, 2023, no VIEs qualified for consolidation as the structures of these entities do not provide us with the ability to direct activities that would significantly impact their economic performance. As of December 31, 2024 and December 31, 2023, the carrying value of our investments in nonconsolidated VIEs was \$187 million and \$175 million, respectively, and is included as non-marketable equity securities applying the equity method of accounting in long-term investments on our consolidated balance sheets. The investments in nonconsolidated VIEs are primarily investments in funds that are limited partnerships or similar structures which are focused on increasing access to capital for underserved communities. Our maximum exposure to loss related to our nonconsolidated VIEs, which represents funded commitments and any future funding commitments, was \$246 million as of both December 31, 2024 and 2023.

Certain amounts for prior years have been reclassified to conform to the financial statement presentation as of and for the year ended December 31, 2024.

Use of estimates

The preparation of consolidated financial statements in conformity with United States (“U.S.”) generally accepted accounting principles (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, we evaluate our estimates, including those related to provisions for transaction and credit losses, income taxes, loss contingencies, revenue recognition, and the evaluation of strategic investments for impairment. We base our estimates on historical experience and various other assumptions which we believe to be reasonable under the circumstances. Actual results could materially differ from these estimates.

Cash and cash equivalents

Cash and cash equivalents are short-term, highly liquid investments with original maturities of three months or less when purchased and are comprised of primarily bank deposits, government and agency securities, and commercial paper.

Investments

Short-term investments include time deposits and available-for-sale debt securities with original maturities of greater than three months but less than one year when purchased or maturities of one year or less on the reporting date. Long-term investments include time deposits and available-for-sale debt securities with maturities exceeding one year on the reporting date, as well as our strategic investments. Our available-for-sale debt securities are reported at fair value using the specific identification method. Unrealized gains and losses are reported as a component of other comprehensive income (loss), net of related estimated tax provisions or benefits.

We elect to account for available-for-sale debt securities denominated in currencies other than the functional currency of our subsidiaries, underlying funds receivable and customer accounts, short-term investments, and long-term investments, under the fair value option as further discussed in “Note 9—Fair Value Measurement of Assets and Liabilities.” The changes in fair value related to initial measurement and subsequent changes in fair value are included as a component of other income (expense), net on our consolidated statements of income (loss).

Our strategic investments consist of marketable equity securities, which are publicly traded, and non-marketable equity securities, which are primarily investments in privately held companies. Marketable equity securities have readily determinable fair values with changes in fair value recorded in other income (expense), net. Non-marketable equity securities include investments that do not have a readily determinable fair value, as well as equity method investments. Our investments that do not have a readily determinable fair value are measured at cost minus impairment, if any, and are adjusted for changes resulting from observable price changes in orderly transactions for an identical or similar investment in the same issuer (the “Measurement Alternative”). Non-marketable equity securities also include our investments where we have the ability to exercise significant influence, but not control, over the investee and these securities are accounted for using the equity method of accounting. All gains and losses on these investments, realized and unrealized, and our share of earnings or losses from investments accounted for using the equity method are recognized in other income (expense), net on our consolidated statements of income (loss).

We assess whether an impairment loss on our non-marketable equity securities accounted for under the Measurement Alternative has occurred based on qualitative factors such as the companies’ financial condition and business outlook, industry performance, regulatory, economic or technological environment, and other relevant events and factors affecting the company. We assess whether an other-than-temporary impairment loss on our equity method investments has occurred due to declines in fair value or other market conditions. If any impairment is identified for non-marketable equity securities or impairment is considered other-than-temporary for our equity method investments, we write down the investment to its fair value and record the corresponding charge through other income (expense), net on our consolidated statements of income (loss).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Our available-for-sale debt securities in an unrealized loss position are written down to fair value through a charge to other income (expense), net on our consolidated statements of income (loss) if we intend to sell the security or it is more likely than not we will be required to sell the security before recovery of its amortized cost basis. For the remaining available-for-sale debt securities in an unrealized loss position, if we identify that the decline in fair value has resulted from credit losses, taking into consideration changes to the rating of the security by rating agencies, implied yields versus benchmark yields, and the extent to which fair value is less than amortized cost, among other factors, we estimate the present value of cash flows expected to be collected. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses is recorded, limited by the amount that the fair value is less than the amortized cost basis. Any portion of impairment not related to credit losses is recognized in other comprehensive income (loss).

Accounts receivable, net

Accounts receivable is primarily related to revenue earned from customers and is reduced by an allowance for credit losses. For the years ended December 31, 2024 and 2023, the allowance for credit losses was not significant. Accounts receivable deemed uncollectible are charged against the allowance for credit losses when identified.

Loans and interest receivable, held for sale

In June 2023, we entered into a multi-year agreement with a global investment firm to sell United Kingdom (“U.K.”) and other European buy now, pay later loan receivables, consisting of eligible loans and interest receivable and a forward-flow arrangement for the sale of future originations of eligible loans over a 24-month commitment period (together, “eligible consumer installment receivables”). In December 2024, this agreement was amended and restated to extend the commitment period to December 2026 and to increase the maximum balance of loans that can be sold at a time. Following the sale, the global investment firm becomes the owner of the eligible consumer installment receivables sold and we no longer hold an ownership interest in these receivables.

These sales of eligible consumer installment receivables to the global investment firm are accounted for as a true sale based on our determination that these receivables met all the necessary criteria for such accounting including legal isolation for transferred assets, ability of the transferee to pledge or exchange the transferred assets without constraint, and the transfer of control, and thus, we no longer record these receivables on our consolidated financial statements. We also concluded that our continuing involvement in the arrangement does not invalidate this determination. We maintain the servicing rights for the entire pool of the consumer installment receivables sold and receive a market-based service fee for servicing the assets sold.

Prior to the decision to sell, this portfolio was reported at outstanding principal balances, including unamortized deferred origination costs and estimated collectible interest and fees, net of allowances for credit losses. At the time of reclassification of eligible consumer installment receivables to loans and interest receivable, held for sale in May 2023, any previously recorded allowance for credit losses for loans and interest receivable outstanding was reversed, resulting in a decrease in transaction and credit losses on our consolidated statements of income (loss) for the year ended December 31, 2023.

Loans and interest receivable, held for sale as of December 31, 2024 and 2023 represents installment consumer receivables that we originated and intend to sell to the global investment firm. Loans and interest receivable, held for sale are recorded at the lower of cost or fair value, determined on an aggregate basis, with valuation changes and any associated charge-offs recorded in restructuring and other on our consolidated statements of income (loss). Interest income on interest bearing held-for-sale loans is accrued and recognized based on the contractual rate of interest.

If PayPal no longer intends to sell loans and interest receivable, held for sale, such loans would be reclassified to loans and interest receivable, held for investment. When a loan is reclassified to held for investment, any amounts previously recorded in order to measure the loan at the lower of cost or fair value are reversed on our consolidated statements of income (loss) (recognized within restructuring and other) and the loan is recorded consistent with loans held for investment.

Loans and interest receivable, net

Loans and interest receivable, net represents consumer loans originated under our revolving credit products (PayPal Credit) and installment credit products and merchant receivables originated under our PayPal Working Capital (“PPWC”) product and PayPal Business Loan (“PPBL”) product.

In the U.S., consumer interest-bearing installment products, PPWC, and PPBL are provided under a program agreement we have with an independent chartered financial institution (“partner institution”). The partner institution extends credit to consumers for interest-bearing installment products and to merchants for the PPWC and PPBL products, and we purchase the related receivables originated by the partner institution. In the U.S., we extend certain short-term, interest-free, installment loans to consumers through a U.S. subsidiary. For our international consumer credit products, we extend credit in the U.K. and the rest of Europe through our U.K. subsidiary and Luxembourg banking subsidiary, respectively, and in Australia and Japan, through local subsidiaries. For our merchant finance products outside the U.S., we extend working capital advances and loans in the U.K. and rest of Europe through our U.K. subsidiary and Luxembourg banking subsidiary, respectively, and working capital loans in Australia through an Australian subsidiary.

As part of our arrangement with the partner institution in the U.S., we sell back a participation interest in the pool of receivables for the consumer interest-bearing installment products, PPWC, and PPBL. The partner institution has no recourse against us related to their participation interests for failure of debtors to pay when due. The participation interests held by the partner institution have the same priority to the interests held by us and are subject to the same credit, prepayment, and interest rate risk associated with this pool of receivables. All risks of loss are shared pro rata based on participation interests held among all participating stakeholders. We account for the asset transfer as a sale and derecognize the portion of the participation interests for which control has been surrendered. For this arrangement, gains or losses on the sale of the participation interests are not material as the carrying amount of the participation interest sold approximates the fair value at time of transfer.

Loans, advances, and interest and fees receivable are reported at their outstanding balances, net of any participation interests sold and unamortized deferred origination costs. We maintain the servicing rights for the entire pool of consumer and merchant receivables outstanding and receive a market-based service fee for servicing the assets underlying the participation interest sold.

We offer both revolving and installment credit products to our consumers. The terms of our consumer relationships require us to submit monthly bills to the consumer detailing loan repayment requirements. The terms also allow us to charge the consumer interest and fees in certain circumstances. Due to the relatively small dollar amount of individual loans and interest receivable, we do not require collateral on these balances.

In certain instances where a merchant is able to demonstrate that it is experiencing financial difficulty, there may be a modification of the loan or advance and the related interest or fee receivable for which it is probable that, without modification, we would be unable to collect all amounts due. Another partner institution is the exclusive issuer of the PayPal Credit consumer financing program in the U.S. We do not hold an ownership interest in the receivables generated through the program and therefore, do not record these receivables on our consolidated financial statements. PayPal earns a revenue share on the portfolio of consumer receivables owned by the partner institution, which is recorded in revenues from other value added services on our consolidated statements of income (loss).

Allowance for loans and interest receivable

The allowance for loans and interest receivable represents our estimate of current expected credit losses inherent in our portfolio of loans and interest receivables. Changes to the allowance for loans receivable are reflected as a component of transaction and credit losses on our consolidated statements of income (loss). Changes to the allowance for interest and fees receivable are reflected within revenues from other value added services in net revenues on our consolidated statements of income (loss), or within deferred revenue in accrued expenses and other current liabilities on our consolidated balance sheets, when interest and fees are billed at the inception of a loan or advance. The evaluation process to assess the adequacy of allowances is subject to numerous estimates and judgments.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The allowance for consumer loans and interest receivable not classified as held for sale is primarily based on expectations of credit losses based on historical lifetime loss data and incorporates macroeconomic forecasts applied to the portfolio. The consumer loss models incorporate various portfolio attributes including geographic region, loan term, delinquency, credit rating, vintage, and for the revolving credit portfolio, macroeconomic factors such as forecasted trends in household disposable income and retail e-commerce sales. The forecasted macroeconomic factors are sourced externally, using a single scenario that we believe is most appropriate to the economic conditions applicable to a particular period. For both 2024 and 2023, the reasonable and supportable forecast period for revolving products and installment products (not classified as held for sale) that we have included in our projected loss rates, which approximates the estimated life of the loans, was approximately 5 years and 7 months to 3.5 years, respectively. Projected loss rates (inclusive of historical loss data and for the revolving credit portfolio, macroeconomic factors) are derived based on and applied to the principal amount of our consumer receivables. We also include qualitative adjustments that incorporate incremental information not captured in the quantitative estimates of our current expected credit losses, such as expectations of macroeconomic conditions not captured in the loss models for our installment products (not classified as held for sale). The allowance for current expected credit losses on interest and fees receivable is determined primarily by applying loss curves to each portfolio by geography, delinquency, and period of origination, among other factors.

We charge off consumer receivable balances in the month in which a customer's balance becomes 180 days past the billing date or contractual repayment date, except for the U.S. consumer interest-bearing installment receivables, which are charged off 120 days past the contractual repayment date. Charge-offs are recorded as a reduction to our allowance for loans and interest receivable and subsequent recoveries, if any, are recorded as an increase to the allowance for loans and interest receivable. Loans receivable continue to accrue interest until they are charged off.

In connection with the sale of our eligible consumer installment receivables and the reclassification of that portfolio as held for sale in 2023, we reversed the previously recorded allowances for credit losses associated with those loans and interest receivable balances. Charge-offs and any adjustments to the fair value of loans and interest receivable, held for sale, are recorded in restructuring and other on our consolidated statement of income (loss).

The allowance for merchant loans, advances, and interest and fees receivable is primarily based on expectations of credit losses based on historical lifetime loss data as well as macroeconomic forecasts applied to the portfolio. In the third quarter of 2024, we updated our expected credit loss model for our PPWC portfolio to reflect its current risk characteristics. These changes did not have a material impact on our provision recorded in the year ended December 31, 2024. The merchant loss models incorporate various portfolio attributes including geographic region, first borrowing versus repeat borrowing, delinquency, internally developed risk ratings, and vintage, as well as macroeconomic factors such as forecasted trends in unemployment rates and retail e-commerce sales. The forecasted macroeconomic factors are sourced externally, using a single scenario that we believe is most appropriate to the economic conditions applicable to a particular period. The reasonable and supportable forecast period for merchant products that we have included in our projected loss rates for 2024 and 2023, which approximates the estimated life of the loans, was approximately 2.5 to 3.5 years. Projected loss rates, inclusive of historical loss data and macroeconomic factors, are derived based on and applied to the principal amount of our merchant receivables. We also include qualitative adjustments that incorporate incremental information not captured in the quantitative estimates of our current expected credit losses. The allowance for current expected credit losses on interest and fees receivable is determined primarily by applying loss curves to each portfolio by geography, delinquency, and period of origination, among other factors.

For merchant loans and advances, the determination of delinquency is based on the current expected or contractual repayment period of the loan or advance and fixed interest or fee payment as compared to the original expected or contractual repayment period. We charge off the receivables outstanding under our PPBL product when the repayments are 180 days past the contractual repayment date. We charge off the receivables outstanding under our PPWC product when the repayments are 180 days past our expectation of repayments and the merchant has not made a payment in the last 60 days, or when the repayments are 360 days past due regardless of whether the merchant has made a payment in the last 60 days. Charge-offs are recorded as a reduction to our allowance for loans and interest receivable and subsequent recoveries, if any, are recorded as an increase to the allowance for loans and interest receivable.

Customer accounts

We hold all customer balances, both in the U.S. and internationally, as direct claims against us which are reflected on our consolidated balance sheets as a liability classified as amounts due to customers. Certain jurisdictions where PayPal operates require us to hold eligible liquid assets, as defined by applicable regulatory requirements and commercial law in these jurisdictions, equal to at least 100% of the aggregate amount of all customer balances. Therefore, we restrict the use of the assets underlying the customer balances to meet these regulatory requirements and separately classify the assets as customer accounts on our consolidated balance sheets. We classify the assets underlying the customer balances as current based on their purpose and availability to fulfill our direct obligation under amounts due to customers. Customer funds for which PayPal is an agent and custodian on behalf of our customers are not reflected on our consolidated balance sheets. These funds include U.S. dollar funds which are deposited at one or more third-party financial institutions insured by the Federal Deposit Insurance Corporation (“FDIC”) and are eligible for FDIC pass-through insurance (subject to applicable limits).

The Luxembourg Commission de Surveillance du Secteur Financier (the “CSSF”) has agreed that PayPal’s management may designate up to 50% of European customer balances held in our Luxembourg banking subsidiary to fund European, U.K., and U.S. credit activities. As of December 31, 2024 and 2023, the cumulative amount approved by PayPal to be designated to fund credit activities was \$2.0 billion and \$3.0 billion, respectively, and represented approximately 26% and 39% of European customer balances made available for our corporate use as of those respective dates, as determined by applying financial regulations maintained by the CSSF. At the time PayPal’s management designates the European customer balances held in our Luxembourg banking subsidiary to be used to extend credit, the balances are classified as cash and cash equivalents and no longer classified as customer accounts on our consolidated balance sheets. The remaining assets underlying the customer balances remain separately classified as customer accounts on our consolidated balance sheets. We identify these customer accounts separately from corporate funds and maintain them in interest and non-interest bearing bank deposits, time deposits, and available-for-sale debt securities. Customer balances deposited with our partners on a short-term basis in advance of customer transactions and used to fulfill our direct obligation under amounts due to customers are classified as cash and cash equivalents within our customer accounts classification on our consolidated balance sheets. See “Note 8—Cash and Cash Equivalents, Funds Receivable and Customer Accounts, and Investments” for additional information related to customer accounts.

Under applicable accounting standards, we are an agent when facilitating cryptocurrency transactions on behalf of our customers. Cryptocurrencies held on behalf of our customers are not PayPal’s assets and therefore, are not reflected as cryptocurrency assets on our consolidated balance sheets; however, we recognize a crypto asset safeguarding liability with a corresponding safeguarding asset to reflect our obligation to safeguard the cryptocurrencies held on behalf of our customers.

Funds receivable and funds payable

Funds receivable and funds payable arise due to the time required to initiate collection from and clear transactions through external payment networks. When customers fund their PayPal account using their bank account, credit card, or debit card, or withdraw funds from their PayPal account to their bank account or through a debit card transaction, there is a clearing period before the cash is received or settled, usually one to three business days for U.S. transactions and generally up to five business days for international transactions. In addition, a portion of our customers’ funds are settled directly to their bank account. These funds are also classified as funds receivable and funds payable and arise due to the time required to initiate collection from and clear transactions through external payment networks.

We present changes in funds receivable and funds payable and amounts due to customers as cash flows from investing activities and financing activities, respectively, on our consolidated statements of cash flows based on the nature of the activity underlying our customer accounts.

Property and equipment

Property and equipment consists primarily of computer equipment, software and website development costs, land and buildings, leasehold improvements, and furniture and fixtures. Property and equipment are stated at historical cost less accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets; generally, one to five years for computer equipment and software, including capitalized software and website development costs, three years for furniture and fixtures, up to 30 years for buildings and building improvements, and the shorter of five years or the non-cancelable term of the lease for leasehold improvements.

Direct costs incurred to develop software for internal use and website development costs, including those costs incurred in expanding and enhancing our payments platform, are capitalized and amortized generally over an estimated useful life of three years and are recorded as amortization within the financial statement captions aligned with the internal organizations that are the primary beneficiaries of such assets. We capitalized \$509 million and \$445 million of internally developed software and website development costs for the years ended December 31, 2024 and 2023, respectively. Amortization expense for these capitalized costs was \$498 million, \$482 million, and \$426 million for the years ended December 31, 2024, 2023, and 2022, respectively. Costs related to the maintenance of internal use software and website development costs are expensed as incurred.

Leases

We determine whether an arrangement is a lease for accounting purposes at contract inception. Operating leases are recorded as right-of-use (“ROU”) assets which are included in other assets, and lease liabilities which are included in accrued expenses and other current liabilities and other long-term liabilities on our consolidated balance sheets. ROU assets for finance leases are included in property and equipment, and lease liabilities for finance leases are included in accrued expenses and other current liabilities and other long-term liabilities on our consolidated balance sheets. For sale-leaseback transactions, we evaluate the sale and the lease arrangement based on our conclusion as to whether control of the underlying asset has been transferred, and recognize the sale-leaseback as either a sale transaction or under the financing method. The financing method requires the asset to remain on our consolidated balance sheets throughout the term of the lease and the proceeds to be recognized as a financing obligation.

ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. A majority of our leases do not provide an implicit rate and therefore we use an incremental borrowing rate for specific terms on a collateralized basis using information available on the commencement date in determining the present value of lease payments. The ROU asset calculation includes lease payments to be made and excludes lease incentives. The ROU asset and lease liability may include amounts attributed to options to extend or terminate the lease when it is reasonably certain we will exercise that option. When we reach a decision to exercise a lease renewal or termination option, we recognize the associated impact to the ROU asset and lease liability. Lease expense for operating leases is recognized on a straight-line basis over the lease term. Lease expense for finance leases is amortized on a straight-line basis over the lease term, and interest expense for finance lease liabilities is recognized based on the implicit rate or the incremental borrowing rate.

We have lease agreements with lease and non-lease components. We have elected to apply the practical expedient and account for the lease and non-lease components as a single lease component for all leases, where applicable. In addition, we have elected to apply the practical expedients related to lease classification, hindsight, and land easement. We apply a single portfolio approach to account for the ROU assets and lease liabilities.

We evaluate ROU assets related to leases for indicators of impairment whenever events or changes in circumstances indicate that the carrying amount of an ROU asset may not be recoverable. When a decision has been made to exit a lease prior to the contractual term or to sublease that space, we evaluate the asset for impairment and recognize the associated impact to the ROU asset and related expense, if applicable. The evaluation is performed at the asset group level initially and where appropriate, at the lowest level of identifiable cash flows, which is at the individual lease level. Undiscounted cash flows expected to be generated by the related ROU assets are estimated over the ROU assets' useful lives. If the evaluation indicates that the carrying amount of the ROU assets may not be recoverable, any potential impairment is measured based upon the fair value of the related ROU asset or asset group as determined by appropriate valuation techniques.

Goodwill and intangible assets

Goodwill is tested for impairment, at a minimum, on an annual basis at the reporting unit level by first performing a qualitative assessment to determine whether it is more likely than not that the fair value of the reporting unit is less than its carrying value. If the reporting unit does not pass the qualitative assessment, then the reporting unit's carrying value is compared to its fair value. Goodwill is considered impaired if the carrying value of the reporting unit exceeds its fair value. The fair value of the reporting unit may be estimated using income and market approaches. The discounted cash flow method, a form of the income approach, uses expected future operating results and a market participant discount rate. The market approach uses comparable company prices and other relevant information generated by market transactions (either publicly traded entities or mergers and acquisitions) to develop pricing metrics to be applied to historical and expected future operating results of the reporting unit. Failure to achieve these expected results, changes in the discount rate, or market pricing metrics may cause a future impairment of goodwill at the reporting unit level. We conducted our annual impairment test of goodwill as of August 31, 2024 and 2023. We determined that no adjustment to the carrying value of goodwill of our reporting unit was required. As of December 31, 2024, we determined that no events occurred, or circumstances changed from August 31, 2024 through December 31, 2024 that would more likely than not reduce the fair value of the reporting unit below its carrying amount.

Intangible assets consist of acquired customer list and user base intangible assets, marketing related intangibles, developed technology, and other intangible assets. Intangible assets are amortized over the period of estimated benefit using the straight-line method and estimated useful lives ranging from three to seven years. No significant residual value is estimated for intangible assets.

We evaluate long-lived assets (including intangible assets) for impairment whenever events or changes in circumstances indicate that the carrying amount of a long-lived asset may not be recoverable. An asset is considered impaired if its carrying amount exceeds the future undiscounted cash flow the asset is expected to generate.

Allowance for transaction losses

We are exposed to transaction losses due to credit card and other payment misuse as well as nonperformance from sellers who accept payments through PayPal. We establish an allowance for estimated losses arising from completing customer transactions, such as chargebacks for unauthorized credit card use and merchant-related chargebacks due to non-delivery or unsatisfactory delivery of purchased items, purchase protection program claims, and account takeovers. This allowance represents an accumulation of the estimated amounts of probable transaction losses as of the reporting date. The allowance is monitored regularly and is updated based on actual loss data. The allowance is based on known facts and circumstances, internal factors including experience with similar cases, historical trends involving loss payment patterns, and the mix of transaction and loss types, as appropriate. Additions to the allowance are reflected as a component of transaction and credit losses on our consolidated statements of income (loss). The allowance for transaction losses is included in accrued expenses and other current liabilities on our consolidated balance sheets.

Allowance for negative customer balances

Negative customer balances occur primarily when there are insufficient funds in a customer's PayPal account to cover charges applied for bank returns and reversals, debit card transactions, and merchant-related chargebacks due to non-delivery or unsatisfactory delivery of purchased items, which are generally within the scope of our protection programs. Negative customer balances can be cured by the customer by adding funds to their account, receiving payments, or through back-up funding sources. We also utilize third-party collection agencies. For negative customer balances that are not expected to be cured or otherwise collected, we provide an allowance for expected losses. The allowance represents expected losses based on historical trends involving collection and write-off patterns, internal factors including our experience with similar cases, other known facts and circumstances, and reasonable and supportable macroeconomic forecasts, as appropriate. Loss rates are derived using historical loss data for each delinquency bucket using a roll rate model that captures the losses and the likelihood that a negative customer balance will be written off as the delinquency age of such balance increases. The loss rates are then applied to the outstanding negative customer balances. Once the quantitative calculation is performed, we review the adequacy of the allowance and determine if qualitative adjustments need to be considered. We write-off negative customer balances in the month in which the balance becomes outstanding for 120 days. Write-offs that are recovered are recorded as a reduction to our allowance for negative customer balances. Negative customer balances are included in other current assets, net of the allowance on our consolidated balance sheets. Adjustments to the allowance for negative customer balances are recorded as a component of transaction and credit losses on our consolidated statements of income (loss).

Derivative instruments

See “Note 10—Derivative Instruments” for information related to the derivative instruments.

Repurchase and reverse repurchase agreements

We enter into repurchase agreements as a form of secured borrowing and reverse repurchase agreements as a form of secured lending, primarily to provide additional liquidity and to deploy excess cash. These agreements are accounted for as collateralized financing transactions. Repurchase agreements and reverse repurchase agreements are reported in other current liabilities and other current assets, respectively, on our consolidated balance sheet and recorded at amortized cost.

Fair value measurements

We measure certain financial assets and liabilities at fair value on a recurring basis and certain financial and non-financial assets and liabilities at fair value on a non-recurring basis when a change in fair value or impairment is evidenced. Fair value is defined as the price received to sell an asset or paid to transfer a liability in the principal market for the asset or liability in an orderly transaction between market participants on the measurement date. Fair value is estimated by maximizing the use of observable inputs and minimizing the use of unobservable inputs. The categorization within the following three-level fair value hierarchy for our recurring and non-recurring fair value measurements is based upon the lowest level of input that is available and significant to the fair value measurement:

- Level 1 - Observable inputs, such as unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 - Observable inputs other than Level 1 quoted prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active or other inputs that are observable or can be market-corroborated.
- Level 3 - Unobservable inputs that cannot be directly corroborated by observable market data and that typically reflect management’s estimate of assumptions that market participants would use in pricing the asset or liability.

See “Note 9—Fair Value Measurement of Assets and Liabilities” for additional information related to our fair value measurements.

Crypto asset safeguarding liability and corresponding safeguarding asset

See “Note 7—Other Financial Statement Details” for information related to our crypto asset safeguarding liability and corresponding safeguarding asset.

Concentrations of risk

Our cash, cash equivalents, short-term investments, accounts receivable, loans and interest receivable, net, funds receivable and customer accounts, long-term investments, and other assets, are potentially subject to concentration of credit risk. Cash, cash equivalents, and customer accounts are placed with financial institutions that management believes are of high credit quality. In addition, funds receivable are generated primarily with financial institutions which management believes are of high credit quality. We invest our cash, cash equivalents, and customer accounts primarily in highly liquid, highly rated instruments which are uninsured. We have corporate deposit balances with financial services institutions which exceed the FDIC insurance limit of \$250,000. As part of our cash management process, we perform periodic evaluations of the relative credit standing of these financial institutions. Our accounts receivable are derived from revenue earned from customers located in the U.S. and internationally. Our loans and interest receivable are derived from consumer and merchant financing activities for customers located in the U.S. and internationally. Our long-term notes receivable and contract asset within other assets are associated with the sale of our U.S. consumer credit receivables to a partner institution. Transaction expense is derived from fees paid to payment processors and other financial institutions, located in the U.S. and internationally, when we draw funds from a customer’s credit or debit card, bank account, or other funding source they have stored in their digital wallet.

As of December 31, 2024 and 2023, one partner institution accounted for 14% and 15% of net accounts receivables, respectively. The same partner institution accounted for our long-term notes receivable and contract asset balance, which represented 17% and 16% of other assets at December 31, 2024 and 2023, respectively. No customer accounted for more than 10% of net loans receivable as of December 31, 2024 and 2023. During the years ended December 31, 2024, 2023, and 2022, no customer accounted for more than 10% of net revenues. During the year ended December 31, 2024, two payment processors accounted for 48% of transaction expense. During the years ended December 31, 2023 and 2022, one payment processor accounted for 60% and 63% of transaction expense, respectively.

Revenue recognition

See “Note 2—Revenue” for information related to our revenue recognition.

Advertising expense

We expense the cost of producing advertisements at the time production occurs and expense the cost of communicating advertisements in the period during which the advertising space or airtime is used as sales and marketing expense. Online advertising expenses are recognized based on the terms of the individual agreements, which are generally based on the number of impressions delivered over the total number of contracted impressions, on a pay-per-click basis, or on a straight-line basis over the term of the contract. Advertising expense totaled \$574 million, \$364 million, and \$518 million for the years ended December 31, 2024, 2023, and 2022, respectively.

Defined contribution savings plans

We have a defined contribution savings plan in the U.S. which qualifies under Section 401(k) of the Internal Revenue Code (“Code”). Our non-U.S. employees are covered by other savings plans. Expenses related to our defined contribution savings plans are recorded when services are rendered by our employees.

Stock-based compensation

We determine compensation expense associated with restricted stock units, performance based restricted stock units, and restricted stock awards based on the estimated fair value of our common stock on the date of grant. We determine compensation expense associated with stock options based on the estimated grant date fair value method using the Black-Scholes valuation model. We generally recognize compensation expense using a straight-line amortization method over the respective vesting period for awards that are ultimately expected to vest. Accordingly, stock-based compensation expense for the years ended December 31, 2024, 2023, and 2022 has been reduced for estimated forfeitures. When estimating forfeitures, we consider voluntary termination behavior of our employees as well as trends of actual forfeitures.

Foreign currency

Many of our foreign subsidiaries have designated the local currency of their respective countries as their functional currency. Assets and liabilities of our non-U.S. dollar functional currency subsidiaries are translated into U.S. dollars at exchange rates prevailing at the balance sheet dates. Revenues and expenses of our non-U.S. dollar functional currency subsidiaries are translated into U.S. dollars using daily exchange rates. Gains and losses resulting from these translations are recorded as a component of accumulated other comprehensive income (loss) (“AOCI”). Gains and losses from the remeasurement of foreign currency transactions into the functional currency are recognized as other income (expense), net on our consolidated statements of income (loss).

Income taxes

We account for income taxes using an asset and liability approach which requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequences of events that have been recognized in the financial statements or tax returns. The measurement of current and deferred tax assets and liabilities is based on provisions of enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. If necessary, the measurement of deferred tax assets is reduced by the amount of any tax benefits that are not expected to be realized based on available evidence. We report a liability for unrecognized tax benefits resulting from uncertain tax positions taken or expected to be taken in a tax return. We recognize interest and penalties, if any, related to unrecognized tax benefits in income tax expense. We account for Global Intangible Low-Taxed Income as a current-period expense when incurred.

Other income (expense), net

Other income (expense), net includes:

- interest income, which consists of interest earned on corporate cash and cash equivalents and short-term and long-term investments,
- interest expense, which consists of interest expense, fees, and amortization of debt discount on our long-term debt (including current portion) and credit facilities,
- realized and unrealized gains (losses) on strategic investments, and
- other, which primarily includes foreign exchange gains and losses due to remeasurement of certain foreign currency denominated monetary assets and liabilities, forward points on derivative contracts designated as net investment hedges, and fair value changes on the derivative contracts not designated as hedging instruments.

Recent accounting guidance

In December 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2023-08, *Intangibles – Goodwill and Other – Crypto Assets* (Subtopic 350-60): *Accounting for and Disclosure of Crypto Assets*. This amended guidance requires fair value measurement of certain crypto assets each reporting period with the changes in fair value reflected in net income. The amendments also require disclosures of the name, fair value, units held, and cost bases for each significant crypto asset held and annual reconciliations of crypto asset holdings. The new guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2024. We adopted this guidance effective January 1, 2025. We have applied the amendments of this guidance as a cumulative-effect adjustment to retained earnings. The adoption of this guidance did not have a significant impact.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes* (Topic 740): *Improvements to Income Tax Disclosures*. The amended guidance enhances income tax disclosures primarily related to the effective tax rate reconciliation and income taxes paid information. This guidance requires disclosure of specific categories in the effective tax rate reconciliation and further information on reconciling items meeting a quantitative threshold. In addition, the amended guidance requires disaggregating income taxes paid (net of refunds received) by federal, state, and foreign taxes. It also requires disaggregating individual jurisdictions in which income taxes paid (net of refunds received) is equal to or greater than 5 percent of total income taxes paid (net of refunds received). The amended guidance is effective for annual periods beginning after December 15, 2024. The guidance can be applied either prospectively or retrospectively. We are evaluating the impact this amended guidance may have on the notes to our consolidated financial statements.

In November 2024, the FASB issued ASU 2024-03, *Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures* (Subtopic 220-40): *Disaggregation of Income Statement Expenses*. The amended guidance requires disaggregation of certain expense captions into specified natural expense categories in the disclosures within the notes to the financial statements. In addition, the guidance requires disclosure of selling expenses and its definition. The new guidance is effective for fiscal years beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027, with early adoption permitted. The guidance can be applied either prospectively or retrospectively. We are evaluating the impact this amended guidance may have on the notes to our consolidated financial statements.

In January 2025, the SEC released Staff Accounting Bulletin No. 122 (“SAB 122”) rescinding SAB 121, which required an entity to record a liability to reflect its obligation to safeguard the crypto assets held for its platform users with a corresponding asset and required disclosures related to the entity’s safeguarding obligations. SAB 122 is effective for annual periods beginning after December 15, 2024 and is required to be applied on a fully retrospective basis, with early adoption permitted. Upon adoption we will no longer recognize the crypto asset safeguarding liability and corresponding safeguarding asset on our consolidated financial statements.

Recently adopted accounting guidance

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting* (Topic 280): *Improvements to Reportable Segment Disclosures*. The amended guidance requires incremental reportable segment disclosures, primarily about significant segment expenses. The amendments also require entities with a single reportable segment to provide all disclosures required by these amendments, and all existing segment disclosures. The amendments will be applied retrospectively to all prior periods presented in the financial statements and is effective for fiscal years beginning after December 15, 2023, and interim periods in fiscal years beginning after December 15, 2024, with early adoption permitted. We adopted this guidance in the fourth quarter of 2024. For additional information, see “Note 18—Segment Information.”

There are other new accounting pronouncements issued by the FASB that we have adopted or will adopt, as applicable. We do not believe any of these new accounting pronouncements have had, or will have, a material impact on our consolidated financial statements or disclosures.

NOTE 2—REVENUE

We enable our customers to send and receive payments. We earn revenue primarily by completing payment transactions for our customers on our payments platform and from other value added services. Our revenues are classified into two categories: transaction revenues and revenues from other value added services.

TRANSACTION REVENUES

We earn transaction revenues primarily from fees paid by our customers to receive payments on our platform. These fees may have a fixed and variable component. The variable component is generally a percentage of the value of the payment amount and is known at the time the transaction is processed. For a portion of our transactions, the variable component of the fee is eligible for reimbursement when the underlying transaction is approved for a refund. We estimate the amount of fee refunds that will be processed each quarter and record a provision against our transaction revenues. The volume of activity processed on our payments platform, which results in transaction revenue, is referred to as Total Payment Volume (“TPV”). We generate additional revenues from merchants and consumers: on transactions where we perform currency conversion, when we enable cross-border transactions (i.e., transactions where the merchant and consumer are in different countries), to facilitate the instant transfer of funds for our customers from their PayPal or Venmo account to their bank account or debit card, to facilitate the purchase and sale of cryptocurrencies, as contractual compensation from sellers that violate our contractual terms (for example, through fraud or counterfeiting), and other miscellaneous fees. Our transaction revenues are also reduced by certain incentives provided to our customers.

Our contracts with our customers are usually open-ended and can be terminated by either party without a termination penalty after the notice period has lapsed. Therefore, our contracts are defined at the transaction level and do not extend beyond the service already provided. Our contracts generally renew automatically without any significant material rights. Some of our contracts include tiered pricing, which are based primarily on volume. The fee charged per transaction is adjusted up or down if the volume processed for a specified period is different from prior period defined volumes. We have concluded that this volume-based pricing approach does not constitute a future material right since the discount is within a range typically offered to a class of customers with similar volume. We do not have any capitalized contract costs.

Our primary service comprises a single performance obligation to complete payments on our payments platform for our customers. Using our risk assessment tools, we perform a transaction risk assessment on individual transactions to determine whether a transaction should be authorized for completion on our payments platform. When we authorize a transaction, we become obligated to our customer to complete the payment transaction.

We recognize fees charged to our customers primarily on a gross basis as transaction revenue when we are the principal in respect of completing a payment transaction. As a principal to the transaction, we control the service of completing payments on our payments platform. We bear primary responsibility for the fulfillment of the payment service, contract directly with our customers, control the product specifications, and define the value proposal from our services. Further, we have full discretion in determining the fee charged to our customers, which is independent of the costs we incur in instances where we may utilize payment processors or other financial institutions to perform services on our behalf. We therefore bear full margin risk when completing a payment transaction. These fees paid to payment processors and other financial institutions are recognized as transaction expense. We are also responsible for providing customer support.

To promote engagement and acquire new users on our platform, we may provide incentives to merchants and consumers in various forms including discounts on fees, rebates, rewards, and coupons. Evaluating whether an incentive is a payment to a customer requires judgment. Incentives that are determined to be consideration payable to a customer or paid on behalf of a customer are recognized as a reduction of revenue. Incentives based on performance targets are recorded as a reduction to revenue when earned based on management's estimate of each customer's future performance, and incentives not based on performance targets are amortized as a reduction of revenue ratably over the contractual term. Certain incentives paid to users that are not our customers are classified as sales and marketing expense.

We provide merchants and consumers with protection programs for certain purchase transactions completed on our payments platform. These protection programs help protect both merchants and consumers from financial loss, resulting from, among other things, counterparty non-performance. These protection programs do not provide a separate service to our customers and we estimate and record associated costs in transaction and credit losses during the period the payment transaction is completed.

REVENUES FROM OTHER VALUE ADDED SERVICES

We earn revenues from other value added services, which are comprised primarily of revenue earned through partnerships, referral fees, subscription fees, gateway fees, and other services that we provide to our consumers and merchants. These contracts typically have one performance obligation which is provided and recognized over the term of the contract. The transaction price is generally fixed and known at the end of each reporting period; however, for some agreements, it may be necessary to estimate the transaction price using the expected value method. Revenue earned from other value added services is recorded on a net basis when we are considered the agent with respect to processing transactions.

We also earn revenues from interest and fees earned on our portfolio of loans receivable, and interest earned on certain assets underlying customer balances. Interest and fees earned on the portfolio of loans receivable are computed and recognized based on the effective interest method and are presented net of any required reserves and amortization of deferred origination costs.

We record a contract asset when we have a conditional right to consideration for services we have already transferred to our customer. These contract assets are included in other assets in our consolidated balance sheets and were \$207 million and \$185 million as of December 31, 2024 and 2023, respectively.

DISAGGREGATION OF REVENUE

We believe that the nature, amount, timing, and uncertainty of our revenue and cash flows and how they are affected by economic factors are most appropriately depicted through our primary geographical markets and types of revenue categories (transaction revenues and revenues from other value added services). Revenues recorded within these categories are earned from similar products and services for which the nature of associated fees and the related revenue recognition models are substantially similar.

The following table presents our revenue disaggregated by primary geographical market and category:

	Year Ended December 31,		
	2024	2023	2022
	(In millions)		
Primary geographical markets			
U.S.	\$ 18,267	\$ 17,253	\$ 15,807
Other countries ⁽¹⁾	13,530	12,518	11,711
Total net revenues ⁽²⁾	<u><u>\$ 31,797</u></u>	<u><u>\$ 29,771</u></u>	<u><u>\$ 27,518</u></u>
Revenue category			
Transaction revenues	\$ 28,842	\$ 26,857	\$ 25,206
Revenues from other value added services	2,955	2,914	2,312
Total net revenues ⁽²⁾	<u><u>\$ 31,797</u></u>	<u><u>\$ 29,771</u></u>	<u><u>\$ 27,518</u></u>

⁽¹⁾ No single country included in the other countries category generated more than 10% of total net revenues.

⁽²⁾ Total net revenues include \$2.1 billion, \$1.8 billion, and \$1.3 billion for the years ended December 31, 2024, 2023, and 2022, respectively, which do not represent revenues recognized in the scope of Accounting Standards Codification Topic 606, *Revenue from contracts with customers*. Such revenues relate to

PayPal Holdings, Inc.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

interest and fees earned on loans and interest receivable, including loans and interest receivable held for sale, as well as hedging gains or losses, and interest earned on certain assets underlying customer balances.

Net revenues are attributed to the country in which the party paying our fee is located.

NOTE 3—NET INCOME (LOSS) PER SHARE

Basic net income (loss) per share is computed by dividing net income (loss) for the period by the weighted average number of common shares outstanding during the period. Diluted net income (loss) per share is computed by dividing net income (loss) for the period by the weighted average number of shares of common stock and potentially dilutive common stock outstanding for the period. The dilutive effect of outstanding equity incentive awards is reflected in diluted net income (loss) per share by application of the treasury stock method. The calculation of diluted net income (loss) per share excludes all anti-dilutive common shares. During periods when we report net loss, diluted net loss per share is the same as basic net loss per share because the effects of potentially dilutive items would decrease the net loss per share.

The following table sets forth the computation of basic and diluted net income (loss) per share for the periods indicated:

	Year Ended December 31,		
	2024	2023	2022
	(In millions, except per share amounts)		
Numerator:			
Net income (loss)	\$ 4,147	\$ 4,246	\$ 2,419
Denominator:			
Weighted average shares of common stock—basic	1,029	1,103	1,154
Dilutive effect of equity incentive awards	10	4	4
Weighted average shares of common stock—diluted	1,039	1,107	1,158
Net income (loss) per share:			
Basic	\$ 4.03	\$ 3.85	\$ 2.10
Diluted	\$ 3.99	\$ 3.84	\$ 2.09
Common stock equivalents excluded from net income (loss) per diluted share because their effect would have been anti-dilutive or potentially dilutive	9	21	13

NOTE 4—BUSINESS COMBINATIONS AND DIVESTITURES

There were no acquisitions accounted for as business combinations completed in 2024, 2023, or 2022. There were no divestitures completed in 2024 or 2022.

DIVESTITURES COMPLETED IN 2023

On November 1, 2023, we completed the sale of Happy Returns to United Parcel Services, Inc. for approximately \$466 million in cash, net of cash divested, and derecognized the assets held for sale, consisting primarily of \$81 million of goodwill and \$13 million of net intangible assets. The sale of Happy Returns enabled us to focus on our core business and priorities. A pre-tax gain of \$339 million, net of transaction costs, was included in restructuring and other in the consolidated statements of income (loss) for the year ended December 31, 2023.

NOTE 5—GOODWILL AND INTANGIBLE ASSETS**GOODWILL**

The following table presents goodwill balances and adjustments to those balances during the years ended December 31, 2024 and 2023:

	December 31, 2022	Goodwill Acquired	Adjustments	December 31, 2023	Goodwill Acquired	Adjustments	December 31, 2024
	(In millions)						
Total goodwill	\$ 11,209	\$ —	\$ (183)	\$ 11,026	\$ —	\$ (189)	\$ 10,837

The adjustments to goodwill during 2024 pertained to foreign currency translation adjustments. The adjustments to goodwill during 2023 pertained to foreign currency translation adjustments and a reduction in goodwill associated with the divestiture of Happy Returns. For additional information, see “Note 4—Business Combinations and Divestitures.”

INTANGIBLE ASSETS

The components of identifiable intangible assets were as follows:

	December 31, 2024			December 31, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
(In millions, except years)						
Intangible assets ⁽¹⁾ :						
Customer lists and user base	\$ 854	\$ (601)	\$ 253	\$ 913	\$ (507)	\$ 406
Marketing related	60	(38)	22	67	(30)	37
Developed technology	—	—	—	77	(63)	14
All other	182	(131)	51	188	(108)	80
Intangible assets, net	<u>\$ 1,096</u>	<u>\$ (770)</u>	<u>\$ 326</u>	<u>\$ 1,245</u>	<u>\$ (708)</u>	<u>\$ 537</u>

⁽¹⁾Excludes intangible assets which have been fully amortized, but are still in use.

In the year ended December 31, 2023, we recorded a reduction of approximately \$36 million of gross intangible assets, with a net carrying amount of \$13 million, associated with the divestiture of Happy Returns as described in “Note 4—Business Combinations and Divestitures.” In the year ended December 31, 2023, we retired approximately \$141 million of fully amortized intangible assets, consisting primarily of \$79 million in customer lists and user base and \$62 million in developed technology. Amortization expense for intangible assets was \$207 million, \$226 million, and \$471 million for the years ended December 31, 2024, 2023, and 2022, respectively.

Expected future intangible asset amortization as of December 31, 2024 was as follows:

Fiscal years:	(In millions)
2025	\$ 144
2026	88
2027	53
2028	41
	<u>\$ 326</u>

NOTE 6—LEASES

PayPal enters into various leases, which are primarily real estate operating leases. We use these properties for executive and administrative offices, customer services and operations centers, product development offices, and data centers. PayPal also enters into computer equipment finance leases.

While a majority of our lease agreements do not contain an explicit interest rate, certain of our lease agreements are subject to changes based on the Consumer Price Index or another referenced index. In the event of changes to the relevant index, lease liabilities are not remeasured and instead are treated as variable lease payments and recognized in the period in which the obligation for those payments is incurred.

The short-term lease exemption has been adopted for all leases with a duration of less than 12 months.

PayPal’s lease portfolio includes a small number of subleases. A sublease situation can arise when currently leased real estate space is available and is surplus to operational requirements.

PayPal Holdings, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The components of lease expense were as follows:

	Year Ended December 31,		
	2024	2023	2022
	(In millions)		
Operating lease expense	\$ 159	\$ 156	\$ 171
Finance lease expense			
Amortization of ROU lease assets	8	—	—
Total finance lease expense	8	—	—
Sublease income	(12)	(9)	(8)
Total lease expense, net	\$ 155	\$ 147	\$ 163

Supplemental cash flow information related to leases was as follows:

	Year Ended December 31,		
	2024	2023	2022
	(In millions)		
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating leases	\$ 169	\$ 174	\$ 172
Financing cash flows from finance leases	\$ 60	—	—
ROU lease assets obtained in exchange for new operating lease liabilities	\$ 343	\$ (1)	\$ 131
ROU lease assets obtained in exchange for new finance lease liabilities	\$ 82	—	—
Other non-cash ROU lease asset activity ⁽¹⁾	\$ —	\$ (40)	\$ (52)

⁽¹⁾ ROU lease asset impairment. Refer to “Note 17—Restructuring and Other” for further details.

Supplemental balance sheet information related to leases was as follows:

	As of December 31,			
	(In millions, except weighted-average figures)			
	2024	2023	Operating leases	Finance leases
ROU lease assets	\$ 599	\$ 73	\$ 390	\$ —
Current lease liabilities	135	5	144	—
Long-term lease liabilities	629	18	416	—
Total lease liabilities	\$ 764	\$ 23	\$ 560	\$ —
Weighted-average remaining lease term	5.9 years	4.4 years	5.0 years	—
Weighted-average discount rate	4 %	5 %	4 %	— %

Future minimum lease payments for our leases as of December 31, 2024 were as follows:

Fiscal years:	Operating Leases		Finance Leases
	(In millions)		
2025	\$ 164	\$ 7	
2026	171	6	
2027	153	6	
2028	103	6	
2029	88	—	
Thereafter	198	—	
Total	\$ 877	\$ 25	
Less: present value discount	(113)	(2)	
Lease liability	\$ 764	\$ 23	

Operating lease amounts include minimum lease payments under our non-cancelable operating leases primarily for office and data center facilities. Finance lease amounts include minimum lease payments under our non-cancelable finance leases primarily for computer equipment. The amounts presented are consistent with contractual terms and are not expected to differ significantly from actual results under our existing leases. We recognize rent expense under such agreements on a straight-line basis.

NOTE 7—OTHER FINANCIAL STATEMENT DETAILS

CRYPTO ASSET SAFEGUARDING LIABILITY AND CORRESPONDING SAFEGUARDING ASSET

We allow our customers in certain markets to buy, hold, sell, convert, receive, and send certain cryptocurrencies as well as use the proceeds from sales of cryptocurrencies to pay for purchases at checkout. These cryptocurrencies consist of Bitcoin, Ethereum, Litecoin, Bitcoin Cash, and PayPal USD stablecoin (collectively, “our customers’ crypto assets”). We engage third parties, which are licensed trust companies, to provide certain custodial services, including holding our customers’ cryptographic key information, securing our customers’ crypto assets, and protecting them from loss or theft, including indemnification against certain types of losses such as theft. Our third-party custodians hold the crypto assets in a custodial account in PayPal’s name for the benefit of PayPal’s customers. We maintain the internal recordkeeping of our customers’ crypto assets, including the amount and type of crypto asset owned by each of our customers in that custodial account. As of December 31, 2024, we utilize two third-party custodians; as such, there is concentration risk in the event these custodians are not able to perform in accordance with our agreements.

Due to the unique risks associated with cryptocurrencies, including technological, legal, and regulatory risks, we recognize a crypto asset safeguarding liability to reflect our obligation to safeguard the crypto assets held for the benefit of our customers, which is recorded in accrued expenses and other current liabilities on our consolidated balance sheets. We also recognize a corresponding safeguarding asset which is recorded in prepaid expenses and other current assets on our consolidated balance sheets. The crypto asset safeguarding liability and corresponding safeguarding asset are measured and recorded at fair value on a recurring basis using quoted prices for the underlying crypto assets on the active exchange that we have identified as the principal market at the balance sheet date. The corresponding safeguarding asset may be adjusted for loss events, as applicable. As of December 31, 2024 and 2023, the Company had not incurred any safeguarding loss events, and therefore, the crypto asset safeguarding liability and corresponding safeguarding asset were recorded at the same value.

The following table summarizes the significant crypto assets we hold for the benefit of our customers and the crypto asset safeguarding liability and corresponding safeguarding asset as of December 31, 2024 and 2023:

	As of December 31,		(In millions)
	2024	2023	
	\$	\$	
Bitcoin	2,030	741	
Ethereum	731	412	
Other	125	88	
Crypto asset safeguarding liability	2,886	1,241	
Crypto asset safeguarding asset	2,886	1,241	

PayPal Holdings, Inc.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)****PROPERTY AND EQUIPMENT, NET**

	As of December 31,	
	2024	2023
	(In millions)	
Property and equipment, net:		
Computer equipment and software	\$ 3,360	\$ 3,377
Internal use software and website development costs	4,714	4,257
Land and buildings	337	333
Leasehold improvements	343	317
Furniture and fixtures	133	118
Development in progress and other	104	34
Total property and equipment, gross	8,991	8,436
Accumulated depreciation and amortization	(7,483)	(6,948)
Total property and equipment, net	<u><u>\$ 1,508</u></u>	<u><u>\$ 1,488</u></u>

Depreciation and amortization expense was \$825 million in 2024 and \$846 million for both 2023 and 2022.

Net changes in accounts payable on our consolidated statements of cash flows includes non-cash investing activities associated with property and equipment; the impact of which was an increase of \$14 million and \$7 million in 2024 and 2023, respectively, and a decrease of \$36 million in 2022.

Geographical information

The following table summarizes long-lived assets based on geography, which consist of property and equipment, net and operating lease ROU assets:

	As of December 31,	
	2024	2023
	(In millions)	
Long-lived assets:		
U.S.	\$ 1,885	\$ 1,629
Other countries	222	249
Total long-lived assets	<u><u>\$ 2,107</u></u>	<u><u>\$ 1,878</u></u>

Long-lived assets attributed to the U.S. and other countries are based upon the country in which the asset is located or owned.

ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following table summarizes the changes in accumulated balances of other comprehensive income (loss) for the year ended December 31, 2024:

	Unrealized Gains (Losses) on Cash Flow Hedges	Unrealized Gains (Losses) on Available-for- sale Debt Securities	Foreign Currency Translation Adjustment ("CTA")	Net Investment Hedges CTA Gains (Losses)	Estimated Tax (Expense) Benefit	Total
	(In millions)					
Beginning balance	\$ (56)	\$ (134)	\$ (731)	\$ 191	\$ (16)	\$ (746)
Other comprehensive income (loss) before reclassifications	251	108	(204)	122	(73)	204
Less: Amount of net gains (losses) reclassified from AOCI	48	(40)	—	—	—	8
Net current period other comprehensive income (loss)	203	148	(204)	122	(73)	196
Ending balance	<u>\$ 147</u>	<u>\$ 14</u>	<u>\$ (935)</u>	<u>\$ 313</u>	<u>\$ (89)</u>	<u>\$ (550)</u>

The following table summarizes the changes in accumulated balances of other comprehensive income (loss) for the year ended December 31, 2023:

	Unrealized Gains (Losses) on Cash Flow Hedges	Unrealized Gains (Losses) on Available-for- sale Debt Securities	Foreign CTA	Net Investment Hedges CTA Gains (Losses)	Estimated Tax (Expense) Benefit	Total
	(In millions)					
Beginning balance	\$ 111	\$ (591)	\$ (575)	\$ (1)	\$ 128	\$ (928)
Other comprehensive income (loss) before reclassifications	(56)	434	(156)	192	(144)	270
Less: Amount of net gains (losses) reclassified from AOCI	111	(23)	—	—	—	88
Net current period other comprehensive income (loss)	(167)	457	(156)	192	(144)	182
Ending balance	<u>\$ (56)</u>	<u>\$ (134)</u>	<u>\$ (731)</u>	<u>\$ 191</u>	<u>\$ (16)</u>	<u>\$ (746)</u>

The following table summarizes the changes in accumulated balances of other comprehensive income (loss) for the year ended December 31, 2022:

	Unrealized Gains (Losses) on Cash Flow Hedges	Unrealized Gains (Losses) on Available-for- sale Debt Securities	Foreign CTA	Net Investment Hedges CTA Gains (Losses)	Estimated Tax (Expense) Benefit	Total
	(In millions)					
Beginning balance	\$ 199	\$ (87)	\$ (270)	\$ 24	\$ (2)	\$ (136)
Other comprehensive income (loss) before reclassifications	374	(499)	(305)	(25)	130	(325)
Less: Amount of net gains (losses) reclassified from AOCI	462	5	—	—	—	467
Net current period other comprehensive income (loss)	(88)	(504)	(305)	(25)	130	(792)
Ending balance	<u>\$ 111</u>	<u>\$ (591)</u>	<u>\$ (575)</u>	<u>\$ (1)</u>	<u>\$ 128</u>	<u>\$ (928)</u>

PayPal Holdings, Inc.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

The following table provides details about reclassifications out of AOCI for the periods presented below:

Details about AOCI Components	Amount of Gains (Losses) Reclassified from AOCI			Affected Line Item in the Statements of Income (Loss)	
	Year Ended December 31,				
	2024	2023	2022		
(In millions)					
Net gains (losses) on cash flow hedges—foreign exchange contracts	\$ 48	\$ 111	\$ 462	Net revenues	
Net gains (losses) on investments	(40)	(21)	—	Net revenues	
Net gains (losses) on investments	—	(2)	5	Other income (expense), net	
	8	88	467	Income before income taxes	
	—	—	—	Income tax expense	
Total reclassifications for the period	<u><u>\$ 8</u></u>	<u><u>\$ 88</u></u>	<u><u>\$ 467</u></u>	Net income (loss)	

OTHER INCOME (EXPENSE), NET

The following table reconciles the components of other income (expense), net for the periods presented below:

	Year Ended December 31,		
	2024	2023	2022
	(In millions)		
Interest income	\$ 662	\$ 480	\$ 174
Interest expense	(382)	(347)	(304)
Net gains (losses) on strategic investments	(285)	201	(304)
Other	9	49	(37)
Other income (expense), net	<u><u>\$ 4</u></u>	<u><u>\$ 383</u></u>	<u><u>\$ (471)</u></u>

Refer to “Note 1—Overview and Summary of Significant Accounting Policies” for details on the composition of these balances.

NOTE 8—CASH AND CASH EQUIVALENTS, FUNDS RECEIVABLE AND CUSTOMER ACCOUNTS, AND INVESTMENTS

The following table summarizes the assets underlying our cash and cash equivalents, funds receivable and customer accounts, short-term investments, and long-term investments as of December 31, 2024 and 2023:

	December 31, 2024	December 31, 2023
	(In millions)	
Cash and cash equivalents ⁽¹⁾	\$ 6,561	\$ 9,081
Funds receivable and customer accounts:		
Cash and cash equivalents ⁽²⁾	\$ 15,828	\$ 12,750
Time deposits	15	82
Available-for-sale debt securities	14,551	15,708
Funds receivable	7,277	10,395
Total funds receivable and customer accounts	\$ 37,671	\$ 38,935
Short-term investments:		
Time deposits	\$ 107	\$ 128
Available-for-sale debt securities	4,154	4,848
Restricted cash	1	3
Total short-term investments	\$ 4,262	\$ 4,979
Long-term investments:		
Time deposits	\$ 22	\$ 45
Available-for-sale debt securities	3,002	1,391
Strategic investments	1,559	1,837
Total long-term investments	\$ 4,583	\$ 3,273

⁽¹⁾ Includes nil and \$777 million of available-for-sale debt securities with original maturities of three months or less as of December 31, 2024 and 2023, respectively.

⁽²⁾ Includes \$149 million and \$399 million of available-for-sale debt securities with original maturities of three months or less as of December 31, 2024 and 2023, respectively.

As of December 31, 2024 and 2023, the estimated fair value of our available-for-sale debt securities included within cash and cash equivalents, funds receivable and customer accounts, short-term investments, and long-term investments was as follows:

	December 31, 2024 ⁽¹⁾				
	Gross Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	
	(In millions)				
Funds receivable and customer accounts:					
U.S. government and agency securities	\$ 5,709	\$ 4	(2)	\$ 5,711	
Foreign government and agency securities	77	—	—	77	
Corporate debt securities	405	—	—	405	
Mortgage-backed and asset-backed securities	4,039	13	(5)	4,047	
Municipal securities	503	1	—	504	
Commercial paper	3,391	1	—	3,392	
Short-term investments:					
U.S. government and agency securities	188	—	(2)	186	
Foreign government and agency securities	84	—	—	84	
Corporate debt securities	1,751	—	(2)	1,749	
Mortgage-backed and asset-backed securities	848	5	—	853	
Commercial paper	1,281	1	—	1,282	
Long-term investments:					
U.S. government and agency securities	235	—	—	235	
Foreign government and agency securities	124	—	(1)	123	
Corporate debt securities	1,601	3	(2)	1,602	
Mortgage-backed and asset-backed securities	1,042	1	(1)	1,042	
Total available-for-sale debt securities⁽²⁾	\$ 21,278	\$ 29	\$ (15)	\$ 21,292	

⁽¹⁾ “—” Denotes gross unrealized gain or unrealized loss of less than \$1 million in a given position.

⁽²⁾ Excludes foreign currency denominated available-for-sale debt securities accounted for under the fair value option. Refer to “Note 9—Fair Value Measurement of Assets and Liabilities.”

PayPal Holdings, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

	December 31, 2023 ⁽¹⁾					
	Gross Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses		Estimated Fair Value	
	(In millions)					
Cash and cash equivalents:						
U.S. government and agency securities	\$ 428	\$ —	\$ —	\$ —	\$ 428	
Commercial paper	349	—	—	—	349	
Funds receivable and customer accounts:						
U.S. government and agency securities	8,549	8	(79)	8,478		
Foreign government and agency securities	620	—	(8)	612		
Corporate debt securities	1,507	—	(18)	1,489		
Asset-backed securities	1,421	4	(2)	1,423		
Municipal securities	639	1	(2)	638		
Commercial paper	2,846	4	(1)	2,849		
Short-term investments:						
U.S. government and agency securities	632	—	(9)	623		
Foreign government and agency securities	353	—	(6)	347		
Corporate debt securities	1,494	1	(13)	1,482		
Asset-backed securities	719	3	(4)	718		
Commercial paper	1,678	1	(1)	1,678		
Long-term investments:						
U.S. government and agency securities	188	—	(8)	180		
Foreign government and agency securities	33	—	(1)	32		
Corporate debt securities	424	—	(6)	418		
Asset-backed securities	759	2	—	761		
Total available-for-sale debt securities⁽²⁾	\$ 22,639	\$ 24	\$ (158)	\$ 22,505		

⁽¹⁾ “—” Denotes gross unrealized gain or unrealized loss of less than \$1 million in a given position.

⁽²⁾ Excludes foreign currency denominated available-for-sale debt securities accounted for under the fair value option. Refer to “Note 9—Fair Value Measurement of Assets and Liabilities.”

Gross amortized cost and estimated fair value balances exclude accrued interest receivable on available-for-sale debt securities, which totaled \$140 million and \$101 million at December 31, 2024 and 2023, respectively, and were included in other current assets on our consolidated balance sheets.

As of December 31, 2024 and 2023, the gross unrealized losses and estimated fair value of our available-for-sale debt securities included within cash and cash equivalents, funds receivable and customer accounts, short-term investments, and long-term investments for which an allowance for credit losses was not deemed necessary in the current period, aggregated by the length of time those individual securities have been in a continuous loss position, was as follows:

	December 31, 2024 ⁽¹⁾									
	Less than 12 months		12 months or longer				Total			
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
(In millions)										
Funds receivable and customer accounts:										
U.S. government and agency securities	\$ 1,314	\$ (1)	\$ 517	\$ (1)	\$ 1,831	\$ (2)				
Foreign government and agency securities	57	—	—	—	57	—				
Corporate debt securities	105	—	50	—	155	—				
Mortgage-backed and asset-backed securities	1,673	(5)	2	—	1,675	(5)				
Municipal securities	29	—	36	—	65	—				
Commercial paper	275	—	—	—	275	—				
Short-term investments:										
U.S. government and agency securities	—	—	186	(2)	186	(2)				
Corporate debt securities	618	(2)	90	—	708	(2)				
Mortgage-backed and asset-backed securities	250	—	18	—	268	—				
Commercial paper	218	—	—	—	218	—				
Long-term investments:										
U.S. government and agency securities	50	—	—	—	50	—				
Foreign government and agency securities	90	—	34	(1)	124	(1)				
Corporate debt securities	347	(1)	9	(1)	356	(2)				
Mortgage-backed and asset-backed securities	610	(1)	—	—	610	(1)				
Total available-for-sale debt securities	\$ 5,636	\$ (10)	\$ 942	\$ (5)	\$ 6,578	\$ (15)				

⁽¹⁾“—” Denotes gross unrealized loss or fair value of less than \$1 million in a given position.

PayPal Holdings, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

	December 31, 2023 ⁽¹⁾						Total			
	Less than 12 months		12 months or longer							
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses				
(In millions)										
Cash and cash equivalents:										
Commercial paper	\$ 349	\$ —	\$ —	\$ —	\$ 349	\$ —				
Funds receivable and customer accounts:										
U.S. government and agency securities	2,626	(8)	3,917	(71)	6,543	(79)				
Foreign government and agency securities	36	—	451	(8)	487	(8)				
Corporate debt securities	100	—	1,364	(18)	1,464	(18)				
Asset-backed securities	253	—	473	(2)	726	(2)				
Municipal securities	196	(1)	156	(1)	352	(2)				
Commercial paper	1,088	(1)	—	—	1,088	(1)				
Short-term investments:										
U.S. government and agency securities	—	—	296	(9)	296	(9)				
Foreign government and agency securities	—	—	347	(6)	347	(6)				
Corporate debt securities	194	—	797	(13)	991	(13)				
Asset-backed securities	131	—	144	(4)	275	(4)				
Commercial paper	737	(1)	—	—	737	(1)				
Long-term investments:										
U.S. government and agency securities	—	—	180	(8)	180	(8)				
Foreign government and agency securities	—	—	32	(1)	32	(1)				
Corporate debt securities	120	—	120	(6)	240	(6)				
Asset-backed securities	109	—	195	—	304	—				
Total available-for-sale debt securities	<u>\$ 5,939</u>	<u>\$ (11)</u>	<u>\$ 8,472</u>	<u>\$ (147)</u>	<u>\$ 14,411</u>	<u>\$ (158)</u>				

⁽¹⁾“—” Denotes gross unrealized loss or fair value of less than \$1 million in a given position.

Unrealized losses have not been recognized into income as we neither intend to sell, nor anticipate that it is more likely than not that we will be required to sell, the securities before recovery of their amortized cost basis. The decline in fair value was due primarily to changes in market interest rates rather than credit losses. We will continue to monitor the performance of the investment portfolio and assess whether impairment due to expected credit losses has occurred. During the years ended December 31, 2024 and 2023, we received \$33.5 billion and \$30.3 billion in proceeds from the sales and maturities of available-for-sale debt securities and incurred gross realized losses of \$44 million and \$26 million, respectively, and de minimis gross realized gains, which were determined using the specific identification method.

Our available-for-sale debt securities included within cash and cash equivalents, funds receivable and customer accounts, short-term investments, and long-term investments classified by date of contractual maturity were as follows:

	December 31, 2024		(In millions)
	Amortized Cost	Fair Value	
One year or less	\$ 11,392	\$ 11,392	
After one year through five years	4,968	4,980	
After five years through ten years	3,331	3,337	
After ten years	1,587	1,583	
Total	<u>\$ 21,278</u>	<u>\$ 21,292</u>	

Actual maturities may differ from contractual maturities as certain securities may be prepaid.

Supplemental cash flow information related to investments

Non-cash investing transactions that are not reflected in the consolidated statement of cash flows for the year ended December 31, 2024 include the purchase of investments of \$150 million that have not yet settled.

STRATEGIC INVESTMENTS

Our strategic investments include marketable equity securities, which are publicly traded, and non-marketable equity securities, which are primarily investments in privately held companies. Our marketable equity securities have readily determinable fair values and are recorded as long-term investments on our consolidated balance sheets at fair value with changes in fair value recorded in other income (expense), net on our consolidated statements of income (loss). Marketable equity securities totaled \$23 million and \$24 million as of December 31, 2024 and 2023, respectively.

Our non-marketable equity securities are recorded in long-term investments on our consolidated balance sheets. The carrying value of our non-marketable equity securities totaled \$1.5 billion and \$1.8 billion as of December 31, 2024 and 2023, respectively. As of December 31, 2024 and 2023, we had non-marketable equity securities of \$200 million and \$182 million, respectively, for which we have the ability to exercise significant influence, but not control, over the investee. We account for these equity securities using the equity method of accounting. The remaining non-marketable equity securities do not have a readily determinable fair value and we measure these equity investments at cost minus impairment, if any, and adjust for changes resulting from observable price changes in orderly transactions for an identical or similar investment in the same issuer. All gains and losses on these investments, realized and unrealized, and our share of earnings or losses from investments accounted for using the equity method are recognized in other income (expense), net on our consolidated statements of income (loss).

Measurement Alternative adjustments

The adjustments to the carrying value of our non-marketable equity securities accounted for under the Measurement Alternative in the years ended December 31, 2024 and 2023 were as follows:

	Year Ended December 31,	
	2024	2023
(In millions)		
Carrying amount, beginning of period	\$ 1,631	\$ 1,687
Adjustments related to non-marketable equity securities:		
Net (sales) additions ⁽¹⁾	(2)	67
Gross unrealized gains	20	32
Gross unrealized losses and impairments	(313)	(155)
Carrying amount, end of period	<u>\$ 1,336</u>	<u>\$ 1,631</u>

⁽¹⁾ Net (sales) additions include purchases, reductions due to sales of securities, and reclassifications when the Measurement Alternative is subsequently elected or no longer applies.

The following table summarizes the cumulative gross unrealized gains and cumulative gross unrealized losses and impairment related to non-marketable equity securities accounted for under the Measurement Alternative, held at December 31, 2024 and 2023, respectively:

	December 31,	
	2024	2023
(In millions)		
Cumulative gross unrealized gains	\$ 1,187	\$ 1,168
Cumulative gross unrealized losses and impairments	\$ (562)	\$ (283)

PayPal Holdings, Inc.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)*****Unrealized gains (losses) on strategic investments, excluding those accounted for using the equity method***

The following table summarizes the net unrealized gains (losses) on marketable and non-marketable equity securities, excluding those accounted for using the equity method, held at December 31, 2024 and 2023, respectively:

	Year Ended December 31,	
	2024	2023
	(In millions)	
Net unrealized gains (losses)	\$ (270)	\$ (128)
PayPal		90

NOTE 9—FAIR VALUE MEASUREMENT OF ASSETS AND LIABILITIES

FINANCIAL ASSETS AND LIABILITIES MEASURED AND RECORDED AT FAIR VALUE ON A RECURRING BASIS

The following tables summarize our financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2024 and 2023:

	December 31, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
	(In millions)		
Assets:			
Cash and cash equivalents ⁽¹⁾ :			
Money market fund	\$ 14	\$ 14	—
Short-term investments ⁽²⁾ :			
U.S. government and agency securities	186	—	186
Foreign government and agency securities	84	—	84
Corporate debt securities	1,749	—	1,749
Mortgage-backed and asset-backed securities	853	—	853
Commercial paper	1,282	—	1,282
Total short-term investments	<u>4,154</u>	<u>—</u>	<u>4,154</u>
Funds receivable and customer accounts ⁽³⁾ :			
U.S. government and agency securities	5,711	—	5,711
Foreign government and agency securities	379	—	379
Corporate debt securities	667	—	667
Mortgage-backed and asset-backed securities	4,047	—	4,047
Municipal securities	504	—	504
Commercial paper	3,392	—	3,392
Total funds receivable and customer accounts	<u>14,700</u>	<u>—</u>	<u>14,700</u>
Derivatives ⁽⁴⁾	243	—	243
Crypto asset safeguarding asset ⁽⁴⁾	2,886	—	2,886
Long-term investments ^{(2),(5)} :			
U.S. government and agency securities	235	—	235
Foreign government and agency securities	123	—	123
Corporate debt securities	1,602	—	1,602
Mortgage-backed and asset-backed securities	1,042	—	1,042
Marketable equity securities	23	23	—
Total long-term investments	<u>3,025</u>	<u>23</u>	<u>3,002</u>
Total financial assets	<u>\$ 25,022</u>	<u>\$ 37</u>	<u>\$ 24,985</u>
Liabilities:			
Derivatives ⁽⁴⁾	\$ 37	\$ —	\$ 37
Crypto asset safeguarding liability ⁽⁴⁾	2,886	—	2,886
Total financial liabilities	<u>\$ 2,923</u>	<u>\$ —</u>	<u>\$ 2,923</u>

⁽¹⁾ Excludes cash of \$6.5 billion not measured and recorded at fair value.

⁽²⁾ Excludes restricted cash of \$1 million and time deposits of \$129 million not measured and recorded at fair value.

⁽³⁾ Excludes cash, time deposits, and funds receivable of \$23.0 billion underlying funds receivable and customer accounts not measured and recorded at fair value.

⁽⁴⁾ Derivative assets and liabilities are included within “prepaid expenses and other current assets” and “other assets” and “accrued expenses and other current liabilities” and “other long-term liabilities,” respectively, on our consolidated balance sheets. Crypto safeguarding asset and associated liability are recorded within “prepaid expenses and other current assets” and “accrued expenses and other current liabilities,” respectively, on our consolidated balance sheets.

⁽⁵⁾ Excludes non-marketable equity securities of \$1.5 billion measured using the Measurement Alternative or equity method accounting.

	December 31, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
	(In millions)		
Assets:			
Cash and cash equivalents ⁽¹⁾ :			
U.S. government and agency securities	\$ 428	\$ —	\$ 428
Commercial paper	349	—	349
Money market fund	160	160	—
Total cash and cash equivalents	<u>937</u>	<u>160</u>	<u>777</u>
Short-term investments ⁽²⁾ :			
U.S. government and agency securities	623	—	623
Foreign government and agency securities	347	—	347
Corporate debt securities	1,482	—	1,482
Asset-backed securities	718	—	718
Commercial paper	1,678	—	1,678
Total short-term investments	<u>4,848</u>	<u>—</u>	<u>4,848</u>
Funds receivable and customer accounts ⁽³⁾ :			
U.S. government and agency securities	8,478	—	8,478
Foreign government and agency securities	1,118	—	1,118
Corporate debt securities	1,601	—	1,601
Asset-backed securities	1,423	—	1,423
Municipal securities	638	—	638
Commercial paper	2,849	—	2,849
Total funds receivable and customer accounts	<u>16,107</u>	<u>—</u>	<u>16,107</u>
Derivatives ⁽⁴⁾	141	—	141
Crypto asset safeguarding asset ⁽⁴⁾	1,241	—	1,241
Long-term investments ^{(2), (5)} :			
U.S. government and agency securities	180	—	180
Foreign government and agency securities	32	—	32
Corporate debt securities	418	—	418
Asset-backed securities	761	—	761
Marketable equity securities	24	24	—
Total long-term investments	<u>1,415</u>	<u>24</u>	<u>1,391</u>
Total financial assets	<u><u>\$ 24,689</u></u>	<u><u>\$ 184</u></u>	<u><u>\$ 24,505</u></u>
Liabilities:			
Derivatives ⁽⁴⁾	\$ 131	\$ —	\$ 131
Crypto asset safeguarding liability ⁽⁴⁾	1,241	—	1,241
Total financial liabilities	<u>\$ 1,372</u>	<u>\$ —</u>	<u>\$ 1,372</u>

⁽¹⁾ Excludes cash of \$8.1 billion not measured and recorded at fair value.

⁽²⁾ Excludes restricted cash of \$3 million and time deposits of \$173 million not measured and recorded at fair value.

⁽³⁾ Excludes cash, time deposits, and funds receivable of \$22.8 billion underlying funds receivable and customer accounts not measured and recorded at fair value.

⁽⁴⁾ Derivative assets and liabilities are included within “prepaid expenses and other current assets” and “other assets” and “accrued expenses and other current liabilities” and “other long-term liabilities,” respectively, on our consolidated balance sheets. Crypto safeguarding asset and associated liability are recorded within “prepaid expenses and other current assets” and “accrued expenses and other current liabilities,” respectively, on our consolidated balance sheets.

⁽⁵⁾ Excludes non-marketable equity securities of \$1.8 billion measured using the Measurement Alternative or equity method accounting.

Our financial assets classified within Level 1 are valued using quoted prices for identical assets in active markets. There are no active markets for our crypto asset safeguarding liability or the corresponding safeguarding asset. Accordingly, we have valued the asset and liability using quoted prices on the active exchange that we have identified as the principal market for the underlying crypto assets (Level 2). All other financial assets and liabilities are valued using quoted prices for identical instruments in less active markets, readily available pricing sources for comparable instruments, or models using market observable inputs (Level 2).

A majority of our derivative instruments are valued using pricing models that take into account the contract terms as well as multiple observable inputs where applicable, such as currency rates, interest rate yield curves, option volatility, and equity prices (Level 2).

As of December 31, 2024 and 2023, we did not have any assets or liabilities requiring measurement at fair value on a recurring basis with significant unobservable inputs that would require a high level of judgment to determine fair value (Level 3).

We elect to account for available-for-sale debt securities denominated in currencies other than the functional currency of our subsidiaries under the fair value option. Election of the fair value option allows us to recognize any gains and losses from fair value changes on such investments in other income (expense), net on the consolidated statements of income (loss) to significantly reduce the accounting asymmetry that would otherwise arise when recognizing the corresponding foreign exchange gains and losses relating to customer liabilities. The following table summarizes the estimated fair value and amortized cost of our available-for-sale debt securities under the fair value option as of December 31, 2024 and 2023:

	December 31, 2024		December 31, 2023	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	(In millions)			
Funds receivable and customer accounts	\$ 566	\$ 564	\$ 625	\$ 618

The following table summarizes the gains (losses) from fair value changes recognized in other income (expense), net related to the available-for-sale debt securities under the fair value option for the years ended December 31, 2024 and 2023:

	Year Ended December 31,	
	2024	2023
	(In millions)	
Funds receivable and customer accounts	\$ (29)	\$ 13

ASSETS MEASURED AND RECORDED AT FAIR VALUE ON A NON-RECURRING BASIS

The following tables summarize our assets held as of December 31, 2024 and 2023 for which a non-recurring fair value measurement was recorded during the years ended December 31, 2024 and 2023, respectively:

	December 31, 2024	Significant Other Observable Inputs (Level 2)		Significant Other Unobservable Inputs (Level 3)	
		(In millions)			
Loans and interest receivable, held for sale	\$ 541	\$ 541	\$ —	\$ —	\$ —
Non-marketable equity securities measured using the Measurement Alternative ⁽¹⁾	\$ 476	\$ 131	\$ 345		
Total	\$ 1,017	\$ 672	\$ 345		

⁽¹⁾ Excludes non-marketable equity securities of \$860 million accounted for under the Measurement Alternative for which no observable price changes occurred during the year ended December 31, 2024.

	December 31, 2023	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
		(In millions)	
Loans and interest receivable, held for sale ⁽¹⁾	\$ 563	\$ —	\$ 563
Non-marketable equity securities measured using the Measurement Alternative ⁽²⁾	440	131	309
Other assets ⁽³⁾	112	112	—
Total	\$ 1,115	\$ 243	\$ 872

⁽¹⁾ As of December 31, 2023, loans and interest receivable, held for sale were valued using a price-based model. The price was the significant unobservable input and was determined based upon certain loan and risk classifications of the portfolio. Low, high and weighted average prices were all \$0.99, measured in relation to \$1.00 par.

⁽²⁾ Excludes non-marketable equity securities of \$1.2 billion accounted for under the Measurement Alternative for which no observable price changes occurred during the year ended December 31, 2023.

⁽³⁾ Consists of ROU lease assets recorded at fair value pursuant to impairment charges that occurred during the year ended December 31, 2023.

Beginning with the first quarter of 2024, we measure loans and interest receivable, held for sale using observable inputs, such as the most recent executed prices for comparable loans sold to the global investment firm. Accordingly, loans and interest receivable, held for sale are classified within Level 2 in the fair value hierarchy. Refer to “Note 11—Loans and Interest Receivable” for additional information on loans and interest receivable, held for sale.

We measure the non-marketable equity securities accounted for under the Measurement Alternative at cost minus impairment, if any, adjusted for observable price changes in orderly transactions for an identical or similar investment in the same issuer. Non-marketable equity securities that have been remeasured during the period based on observable price changes are classified within Level 2 in the fair value hierarchy because we estimate the fair value based on valuation methods which only include significant inputs that are observable, such as the observable transaction price at the transaction date. The fair value of non-marketable equity securities are classified within Level 3 when we estimate fair value using significant unobservable inputs such as when we remeasure due to impairment and use discount rates, forecasted cash flows, and market data of comparable companies, among others.

We evaluate ROU assets related to leases for indicators of impairment whenever events or changes in circumstances indicate that the carrying amount of an ROU asset may not be recoverable. Impairment losses on ROU lease assets related to office operating leases are calculated using estimated rental income per square foot derived from observable market data, and the impaired asset is classified within Level 2 in the fair value hierarchy.

FINANCIAL ASSETS AND LIABILITIES NOT MEASURED AND RECORDED AT FAIR VALUE

Our financial instruments, including cash, restricted cash, time deposits, reverse repurchase agreements, loans and interest receivable, net, certain customer accounts, notes receivable, and long-term debt related to borrowings on our credit facilities are carried at amortized cost, which approximates their fair value. Our term debt (including current portion) in the form of fixed rate notes had a carrying value of approximately \$10.5 billion and fair value of approximately \$9.8 billion as of December 31, 2024. Our term debt (including current portion) in the form of fixed rate notes had a carrying value of approximately \$10.6 billion and fair value of approximately \$10.0 billion as of December 31, 2023. If these financial instruments were measured at fair value in the financial statements, cash would be classified as Level 1; restricted cash, time deposits, reverse repurchase agreements, certain customer accounts, and term debt (including current portion) would be classified as Level 2; and the remaining financial instruments would be classified as Level 3 in the fair value hierarchy.

NOTE 10—DERIVATIVE INSTRUMENTS

SUMMARY OF DERIVATIVE INSTRUMENTS

Our primary objective in holding derivatives is to reduce the volatility of earnings and cash flows associated with changes in foreign exchange rates. Our derivatives expose us to credit risk to the extent that our counterparties may be unable to meet the terms of the arrangement. We seek to mitigate such risk by limiting our counterparties to, and by spreading the risk across, major financial institutions and by entering into collateral security arrangements. In addition, the potential risk of loss with any one counterparty resulting from this type of credit risk is monitored on an ongoing basis. We do not use any derivative instruments for trading or speculative purposes.

Cash flow hedges

We have significant international revenues and expenses denominated in foreign currencies, which subjects us to foreign exchange risk. We have a foreign currency exposure management program in which we designate certain foreign exchange contracts, generally with maturities of 12 months or less, to reduce the volatility of cash flows primarily related to forecasted revenues and expenses denominated in certain foreign currencies. The objective of these foreign exchange contracts is to help mitigate the risk that the U.S. dollar-equivalent cash flows are adversely affected by changes in the applicable U.S. dollar/foreign currency exchange rate. These derivative instruments are designated as cash flow hedges and accordingly, the derivative's gain or loss is initially reported as a component of AOCI and subsequently reclassified into revenue or applicable expense line item in the consolidated statements of income (loss) in the same period the forecasted transaction affects earnings. We evaluate the effectiveness of our foreign exchange contracts on a quarterly basis by comparing the critical terms of the derivative instruments with the critical terms of the forecasted cash flows of the hedged item; if the critical terms are the same, we conclude the hedge will be perfectly effective. We do not exclude any component of the changes in fair value of the derivative instruments from the assessment of hedge effectiveness. We report cash flows arising from derivative instruments consistent with the classification of cash flows from the underlying hedged items that these derivatives are hedging. Accordingly, the cash flows associated with derivatives designated as cash flow hedges are classified in cash flows from operating activities on our consolidated statements of cash flows.

As of December 31, 2024, we estimated that \$147 million of net derivative gains related to our cash flow hedges included in AOCI are expected to be reclassified into earnings within the next 12 months. During the years ended December 31, 2024, 2023, and 2022, we did not discontinue any cash flow hedges because it was probable that the original forecasted transaction would not occur and as such, did not reclassify any gains or losses to earnings prior to the occurrence of the hedged transaction. If we elect to discontinue our cash flow hedges and it is probable that the original forecasted transaction will occur, we continue to report the derivative's gain or loss in AOCI until the forecasted transaction affects earnings, at which point we also reclassify it into earnings. Gains and losses on derivatives held after we discontinue our cash flow hedges and on derivative instruments that are not designated as cash flow hedges are recorded in the same financial statement line item to which the derivative relates.

Net investment hedges

We use forward foreign exchange contracts to reduce the foreign exchange risk related to our investment in certain foreign subsidiaries. These derivatives are designated as net investment hedges and accordingly, the gains and losses on the portion of the derivatives included in the assessment of hedge effectiveness is recorded in AOCI as part of foreign currency translation. We exclude forward points from the assessment of hedge effectiveness and recognize them in other income (expense), net on a straight-line basis over the life of the hedge. The accumulated gains and losses associated with these instruments will remain in AOCI until the foreign subsidiaries are sold or substantially liquidated, at which point they will be reclassified into earnings. The cash flows associated with derivatives designated as a net investment hedge are classified in cash flows from investing activities on our consolidated statements of cash flows.

We have not reclassified any gains or losses related to net investment hedges from AOCI into earnings for any of the periods presented.

Foreign exchange contracts not designated as hedging instruments

We have a foreign currency exposure management program in which we use foreign exchange contracts to offset the foreign exchange risk of our assets and liabilities denominated in currencies other than the functional currency of our subsidiaries. These contracts are not designated as hedging instruments and reduce, but do not entirely eliminate, the impact of foreign exchange rate movements on our assets and liabilities. The gains and losses due to remeasurement of certain foreign currency denominated monetary assets and liabilities are recorded in other income (expense), net, which are offset by the gains and losses on these foreign exchange contracts. The cash flows associated with our non-designated derivatives used to hedge foreign currency denominated monetary assets and liabilities are classified in cash flows from operating activities on our consolidated statements of cash flows.

FAIR VALUE OF DERIVATIVE CONTRACTS

The fair value of our outstanding derivative instruments as of December 31, 2024 and 2023 was as follows:

	Balance Sheet Location	As of December 31,	
		2024	2023
Derivative Assets:			
Foreign exchange contracts designated as hedging instruments	Other current assets	\$ 157	\$ 7
Foreign exchange contracts designated as hedging instruments	Other assets (non-current)	—	77
Foreign exchange contracts not designated as hedging instruments	Other current assets	86	57
Total derivative assets		<u>\$ 243</u>	<u>\$ 141</u>
Derivative Liabilities:			
Foreign exchange contracts designated as hedging instruments	Other current liabilities	\$ 10	\$ 64
Foreign exchange contracts not designated as hedging instruments	Other current liabilities	27	67
Total derivative liabilities		<u>\$ 37</u>	<u>\$ 131</u>

EFFECT OF DERIVATIVE CONTRACTS ON CONSOLIDATED FINANCIAL STATEMENTS

The following table provides the location in the consolidated statements of income (loss) and amount of recognized gains or losses related to our derivative instruments:

	Year Ended December 31,					
	2024		2023		2022	
	Net revenues	Other income (expense), net	Net revenues	Other income (expense), net	Net revenues	Other income (expense), net
Total amounts presented in the consolidated statements of income (loss) in which the effects of cash flow hedges and net investment hedges are recorded						
\$ 31,797	\$ 4	\$ 29,771	\$ 383	\$ 27,518	\$ (471)	
Gains (losses) on derivatives in cash flow hedging relationship:						
Amount of net gains (losses) on foreign exchange contracts reclassified from AOCI	48	—	111	—	462	—
Gains (losses) on derivatives in net investment hedging relationship:						
Amount of net gains (losses) on foreign exchange contracts excluded from the assessment of effectiveness	—	67	—	100	—	84
Gains (losses) on derivatives not designated as hedging instruments:						
Amount of net gains (losses) on foreign exchange contracts	—	111	—	(263)	—	118
Amount of gains (losses) on equity derivative contracts ⁽¹⁾	—	—	—	44	—	(174)
Total net gains (losses)	\$ 48	\$ 178	\$ 111	\$ (119)	\$ 462	\$ 28

⁽¹⁾ During the years ended December 31, 2023 and 2022, equity derivative contracts were entered into and matured in association with the sale of marketable equity securities related to strategic investments. The cash flows associated with the equity derivative contracts were classified in cash flows from investing activities on our consolidated statements of cash flows.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following table provides the amount of pre-tax unrealized gains or losses included in the assessment of hedge effectiveness related to our derivative instruments designated as hedging instruments that are recognized in other comprehensive income (loss):

	Year Ended December 31,		
	2024	2023	2022
	(In millions)		
Unrealized net gains (losses) on foreign exchange contracts designated as cash flow hedges	\$ 251	\$ (56)	\$ 374
Unrealized net gains (losses) on foreign exchange contracts designated as net investment hedges	122	192	(25)
Total unrealized net gains (losses) recognized from derivative contracts designated as hedging instruments in the consolidated statements of comprehensive income (loss)	\$ 373	\$ 136	\$ 349

NOTIONAL AMOUNTS OF DERIVATIVE CONTRACTS

Derivative transactions are measured in terms of the notional amount; however, this amount is not recorded on the balance sheet and is not, when viewed in isolation, a meaningful measure of the risk profile of the derivative instruments. The notional amount is generally not exchanged, but is used only as the underlying basis on which the value of foreign currency exchange payments under these contracts is determined. The following table provides the notional amounts of our outstanding derivatives:

	Year Ended December 31,	
	2024	2023
	(In millions)	
Foreign exchange contracts designated as hedging instruments	\$ 3,942	\$ 6,767
Foreign exchange contracts not designated as hedging instruments	13,317	14,025
Total	\$ 17,259	\$ 20,792

MASTER NETTING AGREEMENTS - RIGHTS OF SET-OFF

Under master netting agreements with certain counterparties to our derivative contracts, repurchase agreements, and reverse repurchase agreements, subject to applicable requirements, we are allowed to net settle transactions of the same type with a single net amount payable by one party to the other. PayPal has not elected to offset for balance sheet presentation and we present the derivative assets, derivative liabilities, repurchase agreements and reverse repurchase agreements on a gross basis on our consolidated balance sheets.

We have entered into collateral security arrangements with certain counterparties that provide for collateral to be received or posted when the net fair value of certain financial instruments fluctuates from contractually established thresholds. Receivables related to cash collateral posted and payables related to cash collateral received are recognized in other current assets and other current liabilities, respectively, on our consolidated balance sheets.

PayPal Holdings, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following tables present the derivative assets, derivative liabilities, repurchase agreements, and reverse repurchase agreements not offset on the consolidated balance sheet but available for offset in the event of default. The tables also present the cash and non-cash collateral received or pledged relating to these positions. The amount of collateral presented is limited to the amount presented on our consolidated balance sheet; therefore, instances of over-collateralization are excluded from the table below.

	Amounts Presented on the Consolidated Balance Sheet	Amounts not Offset on the Consolidated Balance Sheet				Net Amounts
		Financial Instruments ⁽¹⁾		Collateral Received ⁽²⁾		
		(In millions)				
As of December 31, 2024						
Derivative assets ⁽³⁾	\$ 243	\$ 23	\$ 169	\$ 51		
Reverse repurchase agreements ⁽⁴⁾	87	—	87	—		
Total assets	\$ 330	\$ 23	\$ 256	\$ 51		
As of December 31, 2023						
Derivative assets ⁽³⁾	\$ 141	\$ 38	\$ 4	\$ 99		
Reverse repurchase agreements ⁽⁴⁾	—	—	—	—		
Total assets	\$ 141	\$ 38	\$ 4	\$ 99		

	Amounts Presented on the Consolidated Balance Sheet	Amounts not Offset on the Consolidated Balance Sheet				Net Amounts
		Financial Instruments ⁽¹⁾		Collateral Pledged ⁽²⁾		
		(In millions)				
As of December 31, 2024						
Derivative liabilities ⁽³⁾	\$ 37	\$ 23	\$ 7	\$ 7		
Repurchase agreements	—	—	—	—		
Total liabilities	\$ 37	\$ 23	\$ 7	\$ 7		
As of December 31, 2023						
Derivative liabilities ⁽³⁾	\$ 131	\$ 38	\$ 54	\$ 39		
Repurchase agreements	—	—	—	—		
Total liabilities	\$ 131	\$ 38	\$ 54	\$ 39		

⁽¹⁾ For derivative positions, this includes any derivative fair value that could be offset in the event of counterparty default. For repurchase or reverse repurchase positions this includes any payable or receivable, respectively, that could be offset in the event of counterparty default.

⁽²⁾ Includes cash and the fair value of securities exchanged with the counterparty. For reverse repurchase agreements, these securities are not included in the consolidated balance sheet unless the counterparty defaults.

⁽³⁾ We received cash collateral from derivative counterparties totaling \$162 million and \$6 million as of December 31, 2024 and 2023, respectively, and securities from derivative counterparties with a fair value of \$30 million and nil as of December 31, 2024 and 2023, respectively. We posted \$7 million and \$80 million of cash collateral as of December 31, 2024 and 2023, respectively.

⁽⁴⁾ PayPal is permitted by contract to sell or repledge collateral relating to its reverse repurchase agreements. The fair value of this collateral was \$96 million and nil as of December 31, 2024 and 2023, respectively. We have not sold or repledged as of both December 31, 2024 and 2023.

NOTE 11—LOANS AND INTEREST RECEIVABLE***LOANS AND INTEREST RECEIVABLE, HELD FOR SALE***

In June 2023, we entered into a multi-year agreement with a global investment firm to sell our eligible consumer installment receivables portfolio, including a forward-flow arrangement for the sale of future originations. In December 2024, this agreement was amended and restated to extend the commitment period to December 2026 and to increase the maximum balance of loans that can be sold at a time. Loans and interest receivable, held for sale are recorded at the lower of cost or fair value, determined on an aggregate basis, with valuation changes and any associated charge-offs recorded in restructuring and other on our consolidated statements of income (loss). During the year ended December 31, 2023, we reclassified approximately \$1.2 billion of eligible consumer installment receivables from loans and interest receivable, net to loans and interest receivable, held for sale. See “Note 1—Overview and Summary of Significant Accounting Policies” for additional information.

As of December 31, 2024 and 2023, loans and interest receivable, held for sale was \$541 million and \$563 million, respectively. During the years ended December 31, 2024 and 2023, we sold \$20.8 billion and \$5.5 billion of loans and interest receivable, respectively, in connection with the above mentioned agreement.

LOANS AND INTEREST RECEIVABLE, NET***Consumer receivables***

We offer revolving and installment credit products as a funding option for consumers in certain checkout transactions on our payments platform. Our revolving credit product consists of PayPal Credit in the U.K., which is made available to consumers as a funding source in their PayPal wallet once they are approved for credit. Additionally, we offer installment credit products at the time of checkout in various markets, including the U.S., several markets across Europe, Australia, and Japan. We offer non interest-bearing installment credit products in these markets as well as interest-bearing installment credit products in the U.S. and Germany. We purchase receivables related to interest-bearing installment loans extended to U.S. consumers by a partner institution and are responsible for the servicing functions related to that portfolio. During the years ended December 31, 2024 and 2023, we purchased approximately \$690 million and \$670 million in consumer receivables, respectively. As of December 31, 2024 and 2023, the outstanding balance of consumer receivables, which consisted of revolving and installment loans and interest receivable, was \$5.4 billion and \$4.8 billion, respectively, net of the participation interest sold to the partner institution of \$23 million and \$14 million, respectively. See “Note 1—Overview and Summary of Significant Accounting Policies” for additional information on this participation arrangement.

We closely monitor the credit quality of our consumer receivables to evaluate and manage our related exposure to credit risk. Credit risk management begins with initial underwriting and continues through the full repayment of a loan. To assess a consumer who requests a loan, we use, among other indicators, internally developed risk models using detailed information from external sources, such as credit bureaus where available, and internal data, including the consumer’s prior repayment history with our credit products where available. We use delinquency status and trends to assist in making (or, for interest-bearing installment loans in the U.S., to assist the partner institution in making) new and ongoing credit decisions, to adjust our models, to plan our collection practices and strategies, and in determining our allowance for consumer loans and interest receivable.

Consumer receivables delinquency and allowance

The following tables present the delinquency status and gross charge-offs of consumer loans and interest receivable by year of origination. The amounts are based on the number of days past the billing date for revolving loans or contractual repayment date for installment loans. The “current” category represents balances that are within 29 days of the billing date or contractual repayment date, as applicable.

	Revolving Loans Amortized Cost Basis	December 31, 2024						(In millions, except percentages)		Total	Percent				
		Installment Loans Amortized Cost Basis													
		2024	2023	2022	2021	2020									
Consumer loans and interest receivable:															
Current	\$ 2,404	\$ 2,427	\$ 353	\$ 43	\$ —	\$ —	\$ 5,227	96.6%							
30 - 59 Days	25	28	4	—	—	—	57	1.1%							
60 - 89 Days	16	19	4	1	—	—	40	0.7%							
90 - 179 Days	38	40	9	2	—	—	89	1.6%							
Total	<u>\$ 2,483</u>	<u>\$ 2,514</u>	<u>\$ 370</u>	<u>\$ 46</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 5,413</u>	<u>100%</u>							
Gross charge-offs for the year ended December 31, 2024	\$ 138	\$ 39	\$ 133	\$ 14	\$ —	\$ —	\$ 324								

	Revolving Loans Amortized Cost Basis	December 31, 2023						(In millions, except percentages)		Total	Percent				
		Installment Loans Amortized Cost Basis													
		2023	2022	2021	2020	2019									
Consumer loans and interest receivable:															
Current	\$ 2,225	\$ 2,045	\$ 289	\$ —	\$ —	\$ —	\$ 4,559	95.4%							
30 - 59 Days	27	34	4	1	—	—	66	1.4%							
60 - 89 Days	20	26	4	—	—	—	50	1.0%							
90 - 179 Days	41	55	8	1	—	—	105	2.2%							
Total	<u>\$ 2,313</u>	<u>\$ 2,160</u>	<u>\$ 305</u>	<u>\$ 2</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 4,780</u>	<u>100%</u>							
Gross charge-offs for the year ended December 31, 2023	\$ 125	\$ 101	\$ 140	\$ 5	\$ —	\$ —	\$ 371								

PayPal Holdings, Inc.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

The following table summarizes the activity in the allowance for consumer loans and interest receivable for the years ended December 31, 2024 and 2023:

	December 31, 2024			December 31, 2023		
	Consumer Loans Receivable	Interest Receivable	Total Allowance	Consumer Loans Receivable	Interest Receivable	Total Allowance ⁽¹⁾
	(In millions)					
Beginning balance	\$ 357	\$ 23	\$ 380	\$ 322	\$ 25	\$ 347
Changes in allowance due to reclassification of loans and interest receivable to or from held for sale	—	—	—	(12)	—	(12)
Provisions	249	7	256	342	26	368
Charge-offs	(301)	(23)	(324)	(342)	(29)	(371)
Recoveries	48	—	48	41	—	41
Other ⁽²⁾	(12)	—	(12)	6	1	7
Ending balance	<u>\$ 341</u>	<u>\$ 7</u>	<u>\$ 348</u>	<u>\$ 357</u>	<u>\$ 23</u>	<u>\$ 380</u>

⁽¹⁾ Beginning balances, provisions and charge-offs include amounts related to loans and interest receivable prior to their reclassification to loan and interest receivable, held for sale.

⁽²⁾ Includes amounts related to foreign currency remeasurement.

The allowance for credit losses at December 31, 2024 for our consumer receivable portfolio was \$348 million, a decrease from \$380 million at December 31, 2023. The decrease in allowance for credit losses was related to the improvement in credit quality of interest-bearing installment loans in the U.S. offset by the growth of interest-bearing installment loans in the U.S., revolving loans in the U.K., and installment loans in Japan.

Merchant receivables

We offer access to merchant finance products for certain small and medium-sized businesses through our PPWC and PPBL products, which we collectively refer to as our merchant finance offerings. We purchase receivables related to credit extended to U.S. merchants by a partner institution and are responsible for the servicing functions related to that portfolio. During the years ended December 31, 2024 and 2023, we purchased approximately \$1.8 billion and \$1.7 billion in merchant receivables, respectively. As of December 31, 2024 and 2023, the total outstanding balance in our pool of merchant loans, advances, and interest and fees receivable was \$1.5 billion and \$1.2 billion, respectively, net of the participation interest sold to the partner institution of \$53 million and \$44 million, respectively. See “Note 1—Overview and Summary of Significant Accounting Policies” for additional information on this participation arrangement.

Through our PPWC product, merchants can borrow a certain percentage of their annual payment volume processed by PayPal and are charged a fixed fee for the loan or advance based on the overall credit assessment of the merchant. Loans and advances are repaid through a fixed percentage of the merchant’s future payment volume that PayPal processes. Through our PPBL product, we provide merchants access to short-term business financing for a fixed fee based on an evaluation of the applying business as well as the business owner. PPBL repayments are collected through periodic payments until the balance has been satisfied.

The interest or fee is fixed at the time the loan or advance is extended and is recognized as deferred revenue in accrued expenses and other current liabilities on our consolidated balance sheets. The fixed interest or fee is amortized into revenues from other value added services based on the amount repaid over the repayment period. We estimate the repayment period for PPWC based on the merchant’s payment processing history with PayPal. For PPWC, there is a general requirement that at least 10% of the original amount of the loan or advance plus the fixed fee must be repaid every 90 days. We calculate the repayment rate of the merchant’s future payment volume so that repayment of the loan or advance and fixed fee is expected to generally occur within 9 to 12 months from the date of the loan or advance. On a monthly basis, we recalculate the repayment period based on the repayment activity on the receivable. As such, actual repayment periods are dependent on actual merchant payment processing volumes. For PPBL, we receive fixed periodic payments over the contractual term of the loan, which generally ranges from 3 to 12 months.

PayPal Holdings, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

We actively monitor receivables with repayment periods greater than the original expected or contractual repayment period, as well as the credit quality of our merchant loans and advances that we extend or purchase, so that we can evaluate, quantify, and manage our credit risk exposure. To assess a merchant seeking a loan or advance, we use, among other indicators, risk models developed internally which utilize information obtained from multiple internal and external data sources to predict the likelihood of timely and satisfactory repayment by the merchant of the loan or advance amount and the related interest or fee. Primary drivers of the models include the merchant's annual payment volume, payment processing history with PayPal, prior repayment history with PayPal's credit products where available, information sourced from consumer and business credit bureau reports, and other information obtained during the application process. We use delinquency status and trends to assist in making (or, in the U.S., to assist the partner institution in making) ongoing credit decisions, to adjust our internal models, to plan our collection strategies, and in determining our allowance for these loans, advances, and interest and fees receivable.

Merchant receivables delinquency and allowance

The following tables present the delinquency status and gross charge-offs of merchant loans, advances, and interest and fees receivable by year of origination. The amounts are based on the number of days past the expected or contractual repayment date for amounts outstanding. The "current" category represents balances that are within 29 days of the expected repayment date or contractual repayment date, as applicable.

December 31, 2024 (In millions, except percentages)											
	2024	2023	2022	2021	2020	Prior	Total	Percent			
Merchant loans, advances, and interest and fees receivable:											
Current	\$ 1,274	\$ 28	\$ 13	\$ 1	\$ 8	\$ 4	\$ 1,328	90.4%			
30 - 59 Days	55	10	3	—	—	1	69	4.7%			
60 - 89 Days	23	6	2	—	—	—	31	2.1%			
90 - 179 Days	21	11	4	—	—	—	36	2.4%			
180+ Days	1	4	1	—	—	—	6	0.4%			
Total	<u>\$ 1,374</u>	<u>\$ 59</u>	<u>\$ 23</u>	<u>\$ 1</u>	<u>\$ 8</u>	<u>\$ 5</u>	<u>\$ 1,470</u>	<u>100%</u>			
Gross charge-offs for the year ended December 31, 2024	\$ 10	\$ 96	\$ 42	\$ —	\$ 8	\$ —	\$ 156				

December 31, 2023 (In millions, except percentages)											
	2023	2022	2021	2020	2019	Total	Percent				
Merchant loans, advances, and interest and fees receivable:											
Current	\$ 925	\$ 74	\$ 3	\$ 22	\$ 14	\$ 1,038	87.0%				
30 - 59 Days	37	16	2	2	1	58	4.9%				
60 - 89 Days	16	12	1	1	1	31	2.5%				
90 - 179 Days	27	28	1	1	1	58	4.9%				
180+ Days	2	4	1	—	1	8	0.7%				
Total	<u>\$ 1,007</u>	<u>\$ 134</u>	<u>\$ 8</u>	<u>\$ 26</u>	<u>\$ 18</u>	<u>\$ 1,193</u>	<u>100%</u>				
Gross charge-offs for the year ended December 31, 2023	\$ 38	\$ 228	\$ 14	\$ 16	\$ 4	\$ 300					

The following table summarizes the activity in the allowance for merchant loans, advances, and interest and fees receivable, for the years ended December 31, 2024 and 2023:

	December 31, 2024			December 31, 2023		
	Merchant Loans and Advances	Interest and Fees Receivable	Total Allowance	Merchant Loans and Advances	Interest and Fees Receivable	Total Allowance
	(In millions)					
Beginning balance	\$ 148	\$ 12	\$ 160	\$ 230	\$ 18	\$ 248
Provisions	79	2	81	162	23	185
Charge-offs	(148)	(8)	(156)	(271)	(29)	(300)
Recoveries	28	—	28	27	—	27
Ending balance	<u>\$ 107</u>	<u>\$ 6</u>	<u>\$ 113</u>	<u>\$ 148</u>	<u>\$ 12</u>	<u>\$ 160</u>

The allowance for credit losses at December 31, 2024 for our merchant receivable portfolio was \$113 million, a decrease from \$160 million at December 31, 2023. The decrease in allowance for credit losses was related to the improvement in credit quality of the PPBL portfolio.

NOTE 12—DEBT

FIXED RATE NOTES

In May 2024, we issued fixed rate notes with varying maturity dates for an aggregate principal amount of \$1.3 billion. Interest on these notes is payable on June 1 and December 1 of each year, beginning on December 1, 2024.

In June 2023, we issued fixed rate notes with varying maturity dates for an aggregate principal amount of ¥90 billion (approximately \$574 million as of December 31, 2024). Interest on these notes is payable on June 9 and December 9 of each year, beginning on December 9, 2023.

In May 2022, we issued fixed rate notes with varying maturity dates for an aggregate principal amount of \$3.0 billion. Interest on these notes is payable on June 1 and December 1 of each year, beginning on December 1, 2022.

In May 2020, we issued fixed rate notes with varying maturity dates for an aggregate principal amount of \$4.0 billion. Interest on these notes is payable on June 1 and December 1 of each year, beginning on December 1, 2020.

In September 2019, we issued fixed rate notes with varying maturity dates for an aggregate principal amount of \$5.0 billion. Interest on these notes is payable on April 1 and October 1.

The notes issued from the May 2024, June 2023, May 2022, May 2020, and September 2019 debt issuances are senior unsecured obligations and are collectively referred to as the “Notes.” Interest on the Notes is payable in arrears semiannually. We may redeem the Notes in whole, at any time, or in part (except for the June 2023 notes), from time to time, prior to maturity, at their redemption prices. Upon the occurrence of both a change of control of the Company and a downgrade of the Notes below an investment grade rating, we will be required to offer to repurchase each series of Notes at a price equal to 101% of the then outstanding principal amounts, plus accrued and unpaid interest. The Notes are subject to covenants, including limitations on our ability to create liens on our assets, enter into sale and leaseback transactions, and merge or consolidate with another entity, in each case subject to certain exceptions, limitations, and qualifications. Proceeds from the issuance of these Notes may be used for general corporate purposes, which may include funding the repayment or redemption of outstanding debt, share repurchases, ongoing operations, capital expenditures, and possible acquisitions of businesses, assets, or strategic investments.

PayPal Holdings, Inc.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

As of both December 31, 2024 and 2023, we had an outstanding aggregate principal amount of \$10.6 billion related to the Notes. The following table summarizes the Notes outstanding:

				As of December 31,	
	Maturities	Effective Interest Rate		2024	2023
				(in millions)	
September 2019 debt issuance:					
Fixed-rate 2.400% notes	10/1/2024	2.52%	\$	—	\$ 1,250
Fixed-rate 2.650% notes	10/1/2026	2.78%		1,250	1,250
Fixed-rate 2.850% notes	10/1/2029	2.96%		1,500	1,500
May 2020 debt issuance:					
Fixed-rate 1.650% notes	6/1/2025	1.78%		1,000	1,000
Fixed-rate 2.300% notes	6/1/2030	2.39%		1,000	1,000
Fixed-rate 3.250% notes	6/1/2050	3.33%		1,000	1,000
May 2022 debt issuance:					
Fixed-rate 3.900% notes	6/1/2027	4.06%		500	500
Fixed-rate 4.400% notes	6/1/2032	4.53%		1,000	1,000
Fixed-rate 5.050% notes	6/1/2052	5.14%		1,000	1,000
Fixed-rate 5.250% notes	6/1/2062	5.34%		500	500
June 2023 debt issuance⁽¹⁾:					
¥30 billion fixed-rate 0.813% notes	6/9/2025	0.89%		191	213
¥23 billion fixed-rate 0.972% notes	6/9/2026	1.06%		147	163
¥37 billion fixed-rate 1.240% notes	6/9/2028	1.31%		236	262
May 2024 debt issuance:					
Fixed-rate 5.150% notes	6/1/2034	5.35%		850	—
Fixed-rate 5.500% notes	6/1/2054	5.66%		400	—
Total term debt			\$ 10,574	\$ 10,638	
Unamortized premium (discount) and issuance costs, net			(78)	(68)	
Less: current portion of term debt ⁽²⁾			(1,191)	(1,249)	
Total carrying amount of term debt			\$ 9,305	\$ 9,321	

⁽¹⁾ Principal amounts represent the U.S. dollar equivalent as of December 31, 2024 and 2023, respectively.

⁽²⁾ The current portion of term debt is included within accrued expenses and other current liabilities on our consolidated balance sheets.

The effective interest rates for the Notes include interest on the Notes, amortization of debt issuance costs, and amortization of the debt discount. The interest expense recorded for the Notes, including amortization of the debt discount, debt issuance costs, and debt extinguishment net gains, was \$366 million, \$334 million, and \$290 million for the years ended December 31, 2024, 2023, and 2022, respectively.

CREDIT FACILITIES

Revolving credit facility

In June 2023, we entered into a credit agreement (the “Credit Agreement”) that provides for an unsecured \$5.0 billion, five-year revolving credit facility. The Credit Agreement includes a \$150 million letter of credit sub-facility and a \$600 million swingline sub-facility, with available borrowings under the revolving credit facility reduced by the amount of any letters of credit and swingline borrowings outstanding from time to time. Loans borrowed under the Credit Agreement are available in U.S. dollar, Euro, British pound, and Australian dollar, and in each case subject to the sub-limits and other limitations provided in the Credit Agreement. We may also, subject to the agreement of the applicable lenders and satisfaction of specified conditions, increase the commitments under the revolving credit facility by up to \$2.0 billion. Subject to specific conditions, we may designate one or more of our subsidiaries as additional borrowers under the Credit Agreement, provided PayPal Holdings, Inc. guarantees the portion of borrowings made available and other obligations of any such subsidiaries under the Credit Agreement. As of December 31, 2024, certain subsidiaries were designated as additional borrowers. Funds borrowed under the Credit Agreement may be used for working capital, capital expenditures, acquisitions, and other purposes not in contravention of the Credit Agreement.

We are obligated to pay interest on loans under the Credit Agreement and other customary fees for a credit facility of this size and type, including an upfront fee and an unused commitment fee based on our debt rating. Loans under the Credit Agreement will bear interest at either (i) the applicable term benchmark rate plus a margin (based on the Company’s public debt ratings) ranging from 0.750% to 1.250%, (ii) the applicable Risk-Free Rate (Sterling Overnight Index Average for loans denominated in pounds sterling and Euro Short-Term Rate for loans denominated in euros) rate plus a margin (based on the Company’s public debt ratings) ranging from 0.750% to 1.250%, (iii) the applicable overnight rate plus a margin (based on the Company’s public debt ratings) ranging from 0.750% to 1.250% or (iv) a formula based on the prime rate, the federal funds effective rate or the adjusted term Secured Overnight Financing Rate plus a margin (based on the Company’s public debt ratings) ranging from zero to 0.250%. Subject to certain conditions stated in the Credit Agreement, the Company and any subsidiaries designated as additional borrowers may borrow, prepay and reborrow amounts under the revolving credit facility at any time during the term of the Credit Agreement. The Credit Agreement will terminate and all amounts owing thereunder will be due and payable on June 7, 2028, unless (a) the commitments are terminated earlier, either at the request of the Company or, if an event of default occurs, by the lenders (or automatically in the case of certain bankruptcy-related events), or (b) the maturity date is extended upon the request of the Company, subject to the agreement of the lenders. The Credit Agreement contains customary representations, warranties, affirmative and negative covenants, including a financial covenant, events of default, and indemnification provisions in favor of the lenders. The negative covenants include restrictions regarding the incurrence of liens and the incurrence of subsidiary indebtedness, in each case subject to certain exceptions. The financial covenant requires the Company to meet a quarterly financial test with respect to a maximum consolidated leverage ratio.

As of December 31, 2024 and 2023, no borrowings or letters of credit were outstanding under the Credit Agreement. Accordingly, at December 31, 2024, \$5.0 billion of borrowing capacity was available for the purposes permitted by the Credit Agreement, subject to customary conditions to borrowing.

Paidy credit agreement

In February 2022, we entered into a credit agreement (the “Paidy Credit Agreement”) with Paidy as co-borrower, which provided for an unsecured revolving credit facility of ¥60.0 billion, which was modified in September 2022, to increase the borrowing capacity by ¥30.0 billion for a total borrowing capacity of ¥90.0 billion (approximately \$574 million as of December 31, 2024). Borrowings under the Paidy Credit Agreement are for use by Paidy for working capital, capital expenditures, and other permitted purposes. Loans under the Paidy Credit Agreement bear interest at the Tokyo Interbank Offered Rate plus a margin (based on our public debt rating) ranging from 0.40% to 0.60%. The Paidy Credit Agreement will terminate and all amounts owed thereunder will be due and payable in February 2027, unless the commitments are terminated earlier. The Paidy Credit Agreement contains customary representations, warranties, affirmative and negative covenants, including a financial covenant, events of default, and indemnification provisions in favor of the lenders. The negative covenants include restrictions regarding the incurrence of liens and subsidiary indebtedness, in each case subject to certain exceptions. The financial covenant requires us to meet a quarterly financial test with respect to a maximum consolidated leverage ratio.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

As of December 31, 2024 and 2023, ¥90.0 billion (approximately \$574 million) and ¥50.0 billion (approximately \$355 million) was drawn down under the Paidy Credit Agreement, respectively, which was recorded in long-term debt on our consolidated balance sheets. At December 31, 2024, no borrowing capacity was available for the purposes permitted by the Paidy Credit Agreement. During the years ended December 31, 2024, 2023, and 2022, the total interest expense and fees we recorded related to the Paidy Credit Agreement were de minimis.

Other available facilities

As of December 31, 2024 and 2023, we had short-term borrowings of nil and \$359 million, respectively, due to bank overdrafts, which were recorded in accrued expenses and other liabilities on our consolidated balance sheets. The weighted average interest rate on the borrowing was 7.92% as of December 31, 2023. We repaid \$400 million of borrowings due to bank overdrafts during the year ended December 31, 2024. The total interest expense and fees we recorded related to the borrowings were de minimis.

We also maintain uncommitted credit facilities in various regions throughout the world, which had a borrowing capacity of approximately \$80 million in the aggregate, as of December 31, 2024 and 2023. This available credit includes facilities where we can withdraw and utilize the funds at our discretion for general corporate purposes. Interest rate terms for these facilities vary by region and reflect prevailing market rates for companies with strong credit ratings. As of December 31, 2024, substantially all of the borrowing capacity under these credit facilities was available, subject to customary conditions to borrowing.

FUTURE PRINCIPAL PAYMENTS

As of December 31, 2024, the future principal payments associated with our term debt were as follows (in millions):

2025	\$ 1,191
2026	1,397
2027	500
2028	236
2029	1,500
Thereafter	5,750
Total	\$ 10,574

NOTE 13—COMMITMENTS AND CONTINGENCIES***LITIGATION AND REGULATORY MATTERS******Overview***

We are involved in legal and regulatory proceedings on an ongoing basis. Certain of these proceedings are in early stages and may seek an indeterminate amount of damages or penalties or may require us to change or adopt certain business practices. If we believe that a loss arising from such matters is probable and can be reasonably estimated, we accrue the estimated liability in our financial statements at that time. If only a range of estimated losses can be determined, we accrue an amount within the range that, in our judgment, reflects the most likely outcome; if none of the estimates within that range is a better estimate than any other amount, we accrue the low end of the range. For those proceedings in which an unfavorable outcome is reasonably possible but not probable, we have disclosed an estimate of the reasonably possible loss or range of losses or we have concluded that an estimate of the reasonably possible loss or range of losses arising directly from the proceeding (i.e., monetary damages or amounts paid in judgment or settlement) are not material. If we cannot estimate the probable or reasonably possible loss or range of losses arising from a legal proceeding, we have disclosed that fact. In assessing the materiality of a legal proceeding, we evaluate, among other factors, the amount of monetary damages claimed, as well as the potential impact of non-monetary remedies sought by plaintiffs (e.g., injunctive relief) that may require us to change our business practices in a manner that could have a material adverse impact on our business. With respect to the matters disclosed in this Note 13, we are unable to estimate the possible loss or range of losses that could potentially result from the application of such non-monetary remedies.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Amounts accrued for legal and regulatory proceedings for which we believe a loss is probable and reasonably estimable were not material for the year ended December 31, 2024. Except as otherwise noted for the proceedings described in this Note 13, we have concluded, based on currently available information, that reasonably possible losses arising directly from the proceedings (i.e., monetary damages or amounts paid in judgment or settlement) in excess of our recorded accruals are also not material. Determining legal reserves or possible losses from such matters involves judgment and may not reflect the full range of uncertainties and unpredictable outcomes. We may be exposed to losses in excess of the amount recorded, and such amounts could be material. If any of our estimates and assumptions change or prove to have been incorrect, it could have a material adverse effect on our business, financial position, results of operations, or cash flows.

Regulatory proceedings

PayPal Australia Pty Limited (“PPAU”) self-reported a potential violation to the Australian Transaction Reports and Analysis Centre (“AUSTRAC”) on May 22, 2019. This self-reported matter relates to PPAU incorrectly filing required international funds transfer instructions over a period of time under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (“AML/CTF Act”). On September 23, 2019, PPAU received a notice from AUSTRAC requiring that PPAU appoint an external auditor (a partner of a firm which is not our independent auditor) to review certain aspects of PPAU’s compliance with its obligations under the AML/CTF Act. The external auditor was appointed on November 1, 2019.

AUSTRAC had notified PPAU that its enforcement team was investigating the matters reported upon by the external auditor in its August 31, 2020 final report. As a resolution of this investigation, on March 17, 2023, AUSTRAC’s Chief Executive Officer accepted an enforceable undertaking from PPAU in relation to the self-reported issues.

The enforceable undertaking does not include a monetary penalty. The entry into and compliance with the enforceable undertaking will not require a change to our business practices in a manner that could result in a material loss, require significant management time, result in the diversion of significant operational resources, or otherwise adversely affect our business.

PPAU is required to deliver an Assurance Action Plan (“AAP”) under the enforceable undertaking to demonstrate that the governance and oversight arrangements following the remedial work completed by PPAU are sustainable and appropriate. The enforceable undertaking requires PPAU to appoint an external auditor. The external auditor was appointed on June 22, 2023 to assess and report on the appropriateness, sustainability and efficacy of the actions to be taken under the AAP. PPAU provided the external auditor’s final report to AUSTRAC on April 16, 2024. The successful completion of the enforceable undertaking is subject to AUSTRAC’s ultimate review and decision based on the external auditor’s final report. We cannot predict the outcome of AUSTRAC’s decision. Any failure to comply with the enforceable undertaking could result in penalties or require us to change our business practices.

In February 2022, we received a Civil Investigative Demand (“CID”) from the Federal Trade Commission (“FTC”) related to PayPal’s practices relating to commercial customers that submit charges on behalf of other merchants or sellers, and related activities. The CID requests the production of documents and answers to written questions. We are cooperating with the FTC in connection with this CID.

In January 2023, we received notice of an administrative proceeding and a related request for information from the German Federal Cartel Office (“FCO”) related to terms in PayPal (Europe) S.à.r.l. et Cie, S.C.A.’s contractual terms with merchants in Germany prohibiting surcharging and requiring parity presentation of PayPal relative to other payment methods. We are cooperating with the FCO in connection with this proceeding.

We have received CIDs from the Consumer Financial Protection Bureau (“CFPB”) related to investigation and error-resolution obligations under Regulation E, the presentment of transactions to linked bank accounts, and related matters. The CIDs request the production of documents and answers to written questions. We are cooperating with the CFPB in connection with these CIDs.

In November 2023, we received a subpoena from the U.S. SEC Division of Enforcement relating to PayPal USD stablecoin. The subpoena requests the production of documents. We are cooperating with the SEC in connection with this request.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

In August 2024, we received a CID from the CFPB related to PayPal Credit. The CID also relates to backup payment options in a digital wallet to pay for goods or services. The CID requests the production of documents and answers to written questions. We are cooperating with the CFPB in connection with this CID.

Legal proceedings

On October 4, 2022, a putative securities class action captioned *Defined Benefit Plan of the Mid-Jersey Trucking Industry and Teamsters Local 701 Pension and Annuity Fund v. PayPal Holdings, Inc., et al.*, Case No. 22-cv-5864, was filed in the U.S. District Court for the District of New Jersey. On January 11, 2023, the Court appointed Caisse de dépôt et placement du Québec as lead plaintiff and renamed the action *In re PayPal Holdings, Inc. Securities Litigation* (“PPH Securities Action”). On March 13, 2023, the lead plaintiff filed an amended and consolidated complaint. The PPH Securities Action asserts claims relating to our public statements with respect to net new active accounts (“NNA”) results and guidance, and the detection of illegitimately created accounts. The PPH Securities Action purports to be brought on behalf of purchasers of the Company’s stock between February 3, 2021 and February 1, 2022 (the “Class Period”), and asserts claims for alleged violations of Section 10(b) of the Exchange Act against the Company, as well as its former Chief Executive Officer, former Chief Strategy, Growth and Data Officer, and former Chief Financial Officer (collectively, the “Individual Defendants,” and together with the Company, “Defendants”), and for alleged violations of Sections 20(a) and 20A of the Exchange Act against the Individual Defendants. The complaint alleges that certain public statements made by Defendants during the Class Period were rendered materially false and misleading (which, allegedly, caused the Company’s stock to trade at artificially inflated prices) by the Defendants’ failure to disclose that, among other things, the Company’s incentive campaigns were susceptible to fraud and led to the creation of illegitimate accounts, which allegedly affected the Company’s NNA results and guidance. The PPH Securities Action seeks unspecified compensatory damages on behalf of the putative class members. Defendants have filed a motion to dismiss the PPH Securities Action. On January 29, 2025, the Court dismissed all of the claims without prejudice. The lead plaintiff has until March 17, 2025 to file an amended complaint.

On November 2, 2022, a putative shareholder derivative action captioned *Shah v. Daniel Schulman, et al.*, Case No. 22-cv-1445, was filed in the U.S. District Court for the District of Delaware (the “Shah Action”), purportedly on behalf of the Company. On April 4, 2023, a putative shareholder derivative action captioned *Nelson v. Daniel Schulman, et al.*, Case No. 23-cv-01913, was filed in the U.S. District Court for the District of New Jersey (the “Nelson Action”) purportedly on behalf of the Company. On January 31, 2025, a putative shareholder derivative action captioned *Spathias v. Daniel Schulman, et al.*, Case No. 25-cv-1007, was filed in the U.S. District Court for the Northern District of California (the “Spathias Action,” and collectively, the “Derivative Actions”). The Derivative Actions are based on the same alleged facts and circumstances as the PPH Securities Action, and name certain of our officers, including our former Chief Executive Officer and former Chief Financial Officer, and members of our Board of Directors, as defendants. The Derivative Actions allege claims for breach of fiduciary duty, aiding and abetting breach of fiduciary duty, unjust enrichment, waste of corporate assets, gross mismanagement and violations of the Exchange Act, and seek to recover damages on behalf of the Company. The Shah and Nelson Actions have been stayed pending further developments in the PPH Securities Action.

On December 20, 2022, a civil lawsuit captioned *State of Hawai‘i, by its Office of Consumer Protection, v. PayPal, Inc., and PayPal Holdings, Inc.*, Case No. 1CCV-22-0001610, was filed in the Circuit Court of the First Circuit of the State of Hawai‘i (the “Hawai‘i Action”). The Hawai‘i Action asserts claims for unfair and deceptive acts and practices under Hawai‘i Revised Statutes Sections 480-2(a) and 481A-3(a). Plaintiff seeks injunctive relief as well as unspecified penalties and other monetary relief. On July 14, 2023, the court denied Defendants’ motion to dismiss the complaint. Trial is scheduled to begin in October 2025.

General matters

Other third parties have from time to time claimed, and others may claim in the future, that we have infringed their intellectual property rights. We are subject to patent disputes and expect that we will increasingly be subject to additional patent infringement claims involving various aspects of our business as our products and services continue to expand in scope and complexity. Such claims may be brought directly or indirectly against our companies and/or against our customers (who may be entitled to contractual indemnification under their contracts with us), and we are subject to increased exposure to such claims as a result of our acquisitions, particularly in cases where we are introducing new products or services in connection with such acquisitions. We have in the past been forced to litigate such claims, and we believe that additional lawsuits alleging such claims will be filed against us. Intellectual property claims, whether meritorious or not, are time-consuming and costly to defend and resolve, could require expensive changes in our methods of doing business, or could require us to enter into costly royalty or licensing agreements on unfavorable terms or make substantial payments to settle claims or to satisfy damages awarded by courts.

From time to time, we are involved in other disputes or regulatory inquiries that arise in the ordinary course of business, including suits by our consumers (individually or as class actions), merchants or regulators alleging, among other things, improper disclosure of our prices, rules, or policies, that our practices, prices, rules, policies, or user, product, business or merchant agreements violate applicable law, or that we have acted unfairly or not acted in conformity with such prices, rules, policies, or agreements. In addition to these types of disputes and regulatory inquiries, our operations are also subject to regulatory and legal review and challenges that may reflect the increasing global regulatory focus to which the payments industry is subject and, when taken together with other regulatory and legislative action, such actions could result in the imposition of costly new compliance burdens on our business and customers and may lead to increased costs and decreased transaction volume and revenue. Further, the number and significance of these disputes and inquiries are increasing as our business has grown and expanded in scale and scope, including the number of active accounts and payments transactions on our platform, the range and increasing complexity of the products and services that we offer, and our geographical operations. Any claims or regulatory actions against us, whether meritorious or not, could be time consuming, result in costly litigation, settlement payments, damage awards (including statutory damages for certain causes of action in certain jurisdictions), fines, penalties, injunctive relief, or increased costs of doing business through adverse judgment or settlement, require us to change our products, services or business practices in expensive ways, require significant amounts of management time, result in the diversion of significant operational resources, or otherwise harm our business.

INDEMNIFICATION PROVISIONS

Our agreements with eBay governing our separation from eBay provide for specific indemnity and liability obligations for both eBay and us. Disputes between eBay and us have arisen and others may arise in the future, and an adverse outcome in such matters could materially and adversely impact our business, results of operations, and financial condition. In addition, the indemnity rights we have against eBay under the agreements may not be sufficient to protect us, and our indemnity obligations to eBay may be significant.

In the ordinary course of business, we include indemnification provisions in certain of our agreements with parties with whom we have commercial relationships. Under these contracts, we generally indemnify, hold harmless, and agree to reimburse the indemnified party for losses suffered or incurred by the indemnified party in connection with claims by any third party with respect to our domain names, trademarks, logos, and other branding elements to the extent that such marks are related to the subject agreement. These indemnification provisions generally include indemnity for other types of third-party claims, which may be related to intellectual property rights, confidentiality, willful misconduct, data privacy obligations, and certain breach of contract claims, among others. These indemnification provisions generally also include indemnity to our payments processors in the event of card association fines against the processor arising out of conduct by us or our customers. It is not possible to determine the maximum potential loss under these indemnification provisions due to our limited history of prior indemnification claims and the unique facts and circumstances involved in each particular situation.

PayPal has participated in the U.S. Government's Paycheck Protection Program administered by the U.S. Small Business Administration. Loans made under this program were funded by an independent chartered financial institution that we partnered with. We received a fee for providing services in connection with these loans and retained operational and audit risk related to those activities. We have agreed, under certain circumstances, to indemnify the chartered financial institution and its assignee of a portion of these loans in connection with the services provided for loans made under this program.

As part of the agreement to sell a portion of our consumer installment receivables portfolio, in certain circumstances such as breaches in loan warranties, we may be required to indemnify the global investment firm that purchased the loans or repurchase the loans. The estimate of the maximum potential amount of future payments we may be required to make is equal to the current outstanding balances of the loans sold; however, the maximum potential amount of the indemnification is not, in our view, representative of the expected future exposure. As of December 31, 2024 and 2023, the current outstanding balances of the loans sold was \$2.9 billion and \$2.2 billion, respectively. The terms of the indemnification align to the maturities of the loans sold.

To date, no significant costs have been incurred, either individually or collectively, in connection with our indemnification provisions.

OFF-BALANCE SHEET ARRANGEMENTS

As of December 31, 2024 and 2023, we had no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our consolidated financial condition, results of operations, liquidity, capital expenditures, or capital resources.

PROTECTION PROGRAMS

In addition to the protections afforded by applicable law, we provide consumers and merchants with protection programs for certain purchase transactions completed on our payments platform. Our protection programs help protect both consumers and merchants from financial loss resulting from, among other things, counterparty non-performance. These programs are designed to promote confidence on the part of both consumers, who will be reimbursed in certain circumstances, such as not receiving their purchased item in the condition significantly as described, as well as merchants, who will receive payment in certain circumstances, such as establishing proof of shipment or delivery of an item to the customer. These protection programs are considered assurance-type warranties under applicable accounting standards for which we estimate and record associated costs in transaction and credit losses during the period the payment transaction is completed.

At December 31, 2024 and 2023, the allowance for transaction losses was \$86 million and \$64 million, respectively. The allowance for negative customer balances was \$256 million and \$218 million at December 31, 2024 and 2023, respectively. The following table shows changes in the allowance for transaction losses and negative customer balances related to our protection programs for the years ended December 31, 2024 and 2023:

	As of December 31,	
	2024	2023
	(In millions)	
Beginning balance	\$ 282	\$ 278
Provision	1,114	1,192
Realized losses	(1,218)	(1,313)
Recoveries	164	125
Ending balance	\$ 342	\$ 282

NOTE 14—STOCK REPURCHASE PROGRAMS

In July 2018, our Board of Directors authorized a stock repurchase program that provided for the repurchase of up to \$10.0 billion of our common stock, with no expiration from the date of authorization. In June 2022, our Board of Directors authorized an additional stock repurchase program that provides for the repurchase of up to \$15.0 billion of our common stock, with no expiration from the date of authorization. This program became effective in the first quarter of 2023 upon completion of the July 2018 stock repurchase program. In February 2025, our Board of Directors authorized an additional stock repurchase program that provides for the repurchase of up to \$15.0 billion of our common stock, with no expiration from the date of authorization. Our stock repurchase programs are intended to offset the impact of dilution from our equity compensation programs and, subject to market conditions and other factors, may also be used to make opportunistic repurchases of our common stock to reduce outstanding share count. Any share repurchases under our stock repurchase programs may be made through open market transactions, block trades, privately negotiated transactions, including accelerated share repurchase agreements, or other means at times and in such amounts as management deems appropriate and will be funded from our working capital or other financing alternatives. Moreover, any stock repurchases are subject to market conditions and other uncertainties, and we cannot predict if or when any stock repurchases will be made. We may terminate our stock repurchase programs at any time without prior notice.

During the year ended December 31, 2024, we repurchased approximately 92 million shares of our common stock for approximately \$6.0 billion at an average cost of \$65.55, excluding excise tax. These shares were purchased in the open market under our stock repurchase program authorized in June 2022. As of December 31, 2024, a total of approximately \$4.9 billion remained available for future repurchases of our common stock under our June 2022 stock repurchase program.

The Inflation Reduction Act of 2022 imposed a nondeductible 1% excise tax on the net value of certain stock repurchases made after December 31, 2022. Beginning in the first quarter of 2023, we have reflected the applicable excise tax in treasury stock on our consolidated balance sheets. During the years ended December 31, 2024 and 2023, we recorded \$50 million and \$44 million in excise tax within treasury stock on our consolidated balance sheets, respectively. The payable associated with the excise tax is a non-cash financing activity which is not reflected on the consolidated statement of cash flows until settled.

During the year ended December 31, 2023, we repurchased approximately 74 million shares of our common stock for approximately \$5.0 billion at an average cost of \$67.72, excluding excise tax. These shares were purchased in the open market under our stock repurchase programs authorized in July 2018 and June 2022. As of December 31, 2023, a total of approximately \$10.9 billion remained available for future repurchases of our common stock under our June 2022 stock repurchase program.

During the year ended December 31, 2022, we repurchased approximately 41 million shares of our common stock for approximately \$4.2 billion at an average cost of \$103.47. These shares were purchased in the open market under our stock repurchase program authorized in July 2018. As of December 31, 2022, a total of approximately \$861 million and \$15.0 billion remained available for future repurchases of our common stock under our July 2018 and June 2022 stock repurchase programs, respectively.

Shares of common stock repurchased for the periods presented were recorded as treasury stock for the purposes of calculating net income (loss) per share and were accounted for under the cost method. No repurchased shares of common stock have been retired.

NOTE 15—STOCK-BASED AND EMPLOYEE SAVINGS PLANS***EQUITY INCENTIVE PLAN***

Under the terms of the Amended and Restated PayPal Holdings, Inc. 2015 Equity Incentive Award Plan (the “Plan”), equity awards, including restricted stock units (“RSUs”), restricted stock awards, performance based restricted stock units (“PBRSUs”), stock options, deferred stock units, and stock payments, may be granted to our directors, officers, and employees.

In May 2024, our stockholders approved the authorization of an additional 20 million shares to the Plan. At December 31, 2024, approximately 76 million shares were authorized under the Plan and approximately 46 million shares were available for future grant. Shares issued as a result of stock option exercises and the release of stock awards were funded primarily with the issuance of new shares of common stock.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

RSUs are granted to eligible employees under the Plan. RSUs issued prior to January 1, 2022 generally vest in equal annual installments over a period of three years. RSUs issued on or after January 1, 2022 generally vest over three years at a rate of 33% after one year, then in equal quarterly installments thereafter. RSUs are subject to an employee's continuing service to us, and do not have an expiration date. The cost of RSUs granted is determined using the fair market value of PayPal's common stock on the date of grant.

Certain of our executives and non-executives are eligible to receive PBRSUs, which are equity awards that may be earned based upon the Company's performance relative to pre-established market or performance targets over performance periods of one to three years. We estimate the fair value of market-based PBRSU awards at the date of grant using a Monte Carlo valuation methodology that incorporates into the valuation the possibility that the market condition might not be satisfied. The total estimated fair value is amortized over each award's performance period regardless of whether the condition is satisfied. The number of shares that vest at the end of each performance period will vary based on the performance against specified market conditions. PBRSUs that are subject to a performance condition may vest and settle depending on the Company's performance against pre-established performance metrics over a predefined performance period. PBRSUs with only a performance condition generally are cliff vested following the completion of the performance period, subject to the Compensation Committee's approval of the level of achievement against the pre-established performance targets. Over the performance period, the number of PBRSUs with only a performance condition that may be issued, and related stock-based compensation expense that is recognized, is adjusted upward or downward based upon the probability of achieving the approved performance targets. Depending on the probability of achieving the pre-established performance targets, the number of PBRSUs with only a performance condition issued could range from 0% to 200% of the target amount.

All stock options under the Plan were assumed in connection with acquisitions on the same terms and conditions (including vesting) applicable to such acquired companies' equity awards. The cost of stock options was determined using the Black-Scholes option pricing model.

EMPLOYEE STOCK PURCHASE PLAN

Under the terms of the Employee Stock Purchase Plan ("ESPP"), shares of our common stock may be purchased over an offering period with a maximum duration of two years at 85% of the lower of the fair market value on the first day of the applicable offering period or on the last business day of each six-month purchase period within the offering period. Employees may contribute between 2% and 10% of their gross compensation during an offering period to purchase shares, but not more than the statutory limitation of \$25,000 per year. All company stock purchased through the ESPP is considered outstanding and is included in the weighted-average outstanding shares for purposes of computing basic and diluted net income (loss) per share. For the years ended December 31, 2024, 2023, and 2022, our employees purchased 2.1 million, 2.3 million, and 1.9 million shares under the ESPP at an average per share price of \$44.16, \$55.34, and \$73.20, respectively. As of December 31, 2024, approximately 42 million shares were reserved for future issuance under the ESPP.

RSU, PBRSC, AND RESTRICTED STOCK ACTIVITY

The following table summarizes RSU, PBRSC, and restricted stock activity under the Plan as of December 31, 2024 and changes during the year ended December 31, 2024:

	Units	Weighted Average Grant- Date Fair Value (per share)
	(In thousands, except per share amounts)	
Outstanding at January 1, 2024	30,164	\$ 88.10
Awarded and assumed ⁽¹⁾	24,138	\$ 63.49
Vested ⁽¹⁾	(16,654)	\$ 92.40
Forfeited/cancelled	<u>(6,360)</u>	<u>85.96</u>
Outstanding at December 31, 2024	31,288	\$ 67.35
Expected to vest	26,244	

⁽¹⁾Includes approximately 1.1 million of additional PBRSCs issued during 2024 due to the achievement of company performance metrics on awards granted in previous years.

During the years ended December 31, 2024, 2023, and 2022, the aggregate intrinsic value of RSUs and PBRSCs vested under the Plan was \$1.1 billion, \$752 million, and \$935 million, respectively.

In the year ended December 31, 2024, the Company granted 1.9 million PBRSCs with a three-year performance period. In the year ended December 31, 2023, the Company granted 2.3 million PBRSCs with a one-year performance period (fiscal 2023), which became fully vested following the completion of the performance period in February 2024 (one year from the annual incentive award cycle grant date), and 1.8 million PBRSCs with a three-year performance period.

STOCK OPTION ACTIVITY

The following table summarizes stock option activity of our employees under the Plan for the year ended December 31, 2024:

	Shares ⁽¹⁾	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
	(In thousands, except per share amounts and years)			
Outstanding at January 1, 2024	72	\$ 15.18		
Exercised	(34)	\$ 16.50		
Forfeited/expired/cancelled	<u>(2)</u>	<u>\$ 11.19</u>		
Outstanding at December 31, 2024	36	\$ 14.08	2.92	\$ 2,660
Expected to vest	—	\$ 114.09	6.28	\$ 1
Options exercisable	36	\$ 13.90	2.92	\$ 2,659

⁽¹⁾“—” Denotes shares of less than a thousand.

No options were granted or assumed during the years ended December 31, 2024 and 2023. The weighted average grant date fair value of options assumed from acquisitions during the year ended December 31, 2022 was \$147.92. The aggregate intrinsic value was calculated as the difference between the exercise price of the underlying options and the quoted price of our common stock at December 31, 2024. During the years ended December 31, 2024, 2023, and 2022, the aggregate intrinsic value of options exercised under the Plan was \$2 million, \$4 million, and \$16 million, respectively, determined as of the date of option exercise. At December 31, 2024, substantially all outstanding options were in-the-money.

STOCK-BASED COMPENSATION EXPENSE

Stock-based compensation expense for the Plan is measured based on their estimated fair value at the time of grant, and recognized over the award's vesting period.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The impact on our results of operations of recording stock-based compensation expense under the Plan for the years ended December 31, 2024, 2023, and 2022 was as follows:

	Year Ended December 31,		
	2024	2023	2022
	(In millions)		
Customer support and operations	\$ 233	\$ 305	\$ 269
Sales and marketing	143	179	151
Technology and development	478	612	512
General and administrative	339	434	383
Restructuring and other	100	—	—
Total stock-based compensation expense	\$ 1,293	\$ 1,530	\$ 1,315
Capitalized as part of internal use software and website development costs	\$ 109	\$ 52	\$ 52
Income tax benefit on total stock-based compensation expense	\$ 238	\$ 260	\$ 209
Income tax benefit realized related to awards vested or exercised	\$ 205	\$ 136	\$ 182

As of December 31, 2024, there was approximately \$1.3 billion of unearned stock-based compensation that is expected to be recognized over a weighted average period of 1.83 years. If there are any modifications or cancellations of the underlying unvested awards, we may be required to accelerate, increase, or cancel all or a portion of the remaining unearned stock-based compensation expense. Future unearned stock-based compensation will increase to the extent we grant additional equity awards, change the mix of equity awards we grant, or assume unvested equity awards in connection with acquisitions.

EMPLOYEE SAVINGS PLANS

Under the terms of the PayPal Holdings, Inc. Deferred Compensation Plan, which also qualifies under Section 401(k) of the Code, participating U.S. employees may contribute up to 50% of their eligible compensation, but not more than statutory limits. Under the PayPal plan, eligible employees received one dollar for each dollar contributed, up to 4% of each employee's eligible salary, subject to a maximum employer contribution per employee of \$13,800 in 2024, \$13,200 in 2023, and \$12,200 in 2022. Our non-U.S. employees are covered by other savings plans. For the years ended December 31, 2024, 2023, and 2022, the matching contribution expense for our U.S. and international savings plans was approximately \$74 million, \$80 million, and \$83 million, respectively.

NOTE 16—INCOME TAXES

The components of income before income taxes were as follows:

	Year Ended December 31,		
	2024	2023	2022
	(In millions)		
United States	\$ 946	\$ 993	\$ (155)
International	4,383	4,418	3,521
Income before income taxes	\$ 5,329	\$ 5,411	\$ 3,366

The income tax expense was composed of the following:

	Year Ended December 31,		
	2024	2023	2022
	(In millions)		
Current:			
Federal	\$ 342	\$ 1,031	\$ 688
State and local	107	145	104
Foreign	502	657	966
Total current portion of income tax expense (benefit)	\$ 951	\$ 1,833	\$ 1,758
Deferred:			
Federal	\$ 278	\$ (490)	\$ (563)
State and local	(29)	(79)	(101)
Foreign	(18)	(99)	(147)
Total deferred portion of income tax expense (benefit)	231	(668)	(811)
Income tax expense	\$ 1,182	\$ 1,165	\$ 947

The following is a reconciliation of the difference between the effective income tax rate and the federal statutory rate:

	Year Ended December 31,		
	2024	2023	2022
Federal statutory rate	21.0 %	21.0 %	21.0 %
Domestic income taxed at different rates	0.1 %	(1.5)%	(0.6)%
State taxes, net of federal benefit	1.1 %	1.1 %	— %
Foreign income taxed at different rates	(4.3)%	(5.1)%	(12.2)%
Stock-based compensation expense	2.6 %	3.5 %	4.1 %
Tax credits	0.6 %	(0.7)%	(0.4)%
Change in valuation allowances	0.6 %	— %	2.2 %
Intra-group transfer of intellectual property	— %	— %	10.0 %
Other	0.5 %	3.2 %	4.0 %
Effective income tax rate	22.2 %	21.5 %	28.1 %

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Deferred tax assets and liabilities are recognized for the future tax consequences of differences between the carrying amounts of assets and liabilities and their respective tax basis using enacted tax rates in effect for the year in which the differences are expected to reverse. Significant deferred tax assets and liabilities consist of the following:

	As of December 31,	
	2024	2023
	(In millions)	
Deferred tax assets:		
Net operating loss and credit carryforwards	\$ 265	\$ 305
Accruals and allowances	546	761
Lease liabilities	194	138
Stock-based compensation	93	168
Net unrealized losses	1	36
Safeguarded crypto liabilities	743	319
Capitalized research and development	1,077	1,207
Other items	89	114
Total deferred tax assets	3,008	3,048
Valuation allowance	(240)	(276)
Net deferred tax assets	\$ 2,768	\$ 2,772
Deferred tax liabilities:		
ROU lease assets	\$ (153)	\$ (96)
Capitalized software development costs	(176)	(187)
Net unrealized gains	(97)	(170)
Safeguarded crypto assets	(743)	(319)
Other items	(101)	(161)
Total deferred tax liabilities	(1,270)	(933)
Net deferred tax assets	\$ 1,498	\$ 1,839

As of December 31, 2024, our foreign net operating loss carryforwards for income tax purposes were approximately \$733 million, and certain of these amounts are subject to an annual limitation. If not utilized, a portion of these losses will begin to expire in 2025. It is more likely than not that most of these net operating loss carryforwards will not be realized; therefore, we have recorded a valuation allowance against them. As of December 31, 2024, our California research and development tax credit carryforwards for income tax purposes were approximately \$270 million, which may be carried forward indefinitely.

Repatriation of our foreign earnings for use in the U.S. is generally not expected to result in a significant amount of income taxes; as a result, the corresponding deferred tax liability we have accrued is not material.

We benefit from agreements concluded in certain jurisdictions, most significantly Singapore. The Singapore agreement is effective through 2030, results in significantly lower rates of taxation on certain classes of income and requires various thresholds of investment and employment in that jurisdiction. We review our compliance on an annual basis to ensure we continue to meet our obligations under this agreement. This agreement resulted in tax savings of approximately \$473 million, \$441 million, and \$510 million in 2024, 2023, and 2022, respectively. Excluding the effect of U.S. and foreign tax legislation the benefit of this agreement on our net income (loss) per share (diluted) was approximately \$0.46, \$0.40, and \$0.44 in 2024, 2023, and 2022, respectively. These results may further vary based on our overall tax profile.

The Organization for Economic Co-operation and Development (“OECD”) has published model rules, which include the implementation of a global minimum tax rate of 15%, commonly referred to as Pillar Two. Certain countries in which we do business have enacted implementing legislation effective January 1, 2024. Based on the Company’s analysis of such enacted legislation for jurisdictions in which we operate, there was not a material impact to the Company’s 2024 income tax provision.

PayPal Holdings, Inc.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

The following table reflects changes in unrecognized tax benefits for the periods presented below:

	Year Ended December 31,		
	2024	2023	2022
	(In millions)		
Gross amounts of unrecognized tax benefits as of the beginning of the period	\$ 2,236	\$ 1,877	\$ 1,678
Increases related to prior period tax positions	44	178	52
Decreases related to prior period tax positions	(201)	(30)	(185)
Increases related to current period tax positions	280	235	337
Settlements	—	—	(2)
Statute of limitation expirations	(39)	(24)	(3)
Gross amounts of unrecognized tax benefits as of the end of the period	\$ 2,320	\$ 2,236	\$ 1,877

If the remaining balance of unrecognized tax benefits were realized in a future period, it would result in a tax benefit of \$1.5 billion.

For the years ended December 31, 2024, 2023, and 2022, we recognized net interest and penalties of \$50 million, \$151 million, and \$119 million, respectively, related to uncertain tax positions in income tax expense. This expense is reflected in the “Other” line of our effective income tax rate schedule. The amount of interest and penalties accrued as of December 31, 2024 and 2023 was approximately \$556 million and \$520 million, respectively.

We are subject to taxation in the U.S. and various state and foreign jurisdictions. We are currently under examination by certain tax authorities for the 2013 to 2023 tax years. The material jurisdictions in which we are subject to examination by tax authorities for tax years after 2012 primarily include the U.S. (Federal and California), India, Israel, and Singapore. We believe that adequate amounts have been reserved for any adjustments that may ultimately result from our open examinations.

Due to various factors, including uncertainties of the judicial, administrative, and regulatory processes in certain jurisdictions, the timing of the resolution of these unrecognized tax benefits is highly uncertain. It is reasonably possible that within the next twelve months, we may receive additional tax adjustments by various tax authorities or possibly reach resolution of audits in one or more jurisdictions. These adjustments or settlements could result in changes to our unrecognized tax benefits related to positions on prior year tax filings. Given the number of years remaining subject to examination and the number of matters being examined, we were unable to estimate the full range of possible adjustments to the balance of gross unrecognized tax benefits.

In connection with our separation from eBay in 2015, we entered into various agreements that govern the relationship between the parties going forward, including a tax matters agreement. Under the tax matters agreement, eBay is generally responsible for all additional taxes (and will be entitled to all related refunds of taxes) imposed on eBay and its subsidiaries (including subsidiaries that were transferred to PayPal pursuant to the separation) arising after the separation date with respect to the taxable periods (or portions thereof) ended on or prior to July 17, 2015, except for those taxes for which PayPal has reflected an unrecognized tax benefit in its financial statements on the separation date.

NOTE 17—RESTRUCTURING AND OTHER**RESTRUCTURING**

During the first quarter of 2024, management initiated a global workforce reduction intended to streamline operations, focus resources on core strategic priorities, and improve our cost structure. The associated restructuring charges during the year ended December 31, 2024 were \$307 million, and included employee severance and benefits costs and stock-based compensation expense, all of which were substantially completed by the fourth quarter of 2024.

The following table summarizes the restructuring reserve activity during the year ended December 31, 2024:

	Employee Severance and Benefits Costs (In millions)
Accrued liability as of January 1, 2024	\$ —
Charges ⁽¹⁾	207
Payments	(196)
Accrued liability as of December 31, 2024	\$ 11

⁽¹⁾ Excludes stock-based compensation expense of \$100 million.

⁽²⁾ Accrued restructuring liability is included in “accrued expenses and other current liabilities” on our consolidated balance sheets.

During the first quarter of 2023, management initiated a global workforce reduction intended to focus resources on core strategic priorities and improve our cost structure and operating efficiency. The associated restructuring charges in 2023 were \$122 million. We primarily incurred employee severance and benefits costs, which were substantially completed by the fourth quarter of 2023.

During the first quarter of 2022, management initiated a strategic reduction of the existing global workforce intended to streamline and optimize our global operations to enhance operating efficiency. This effort focused on reducing redundant operations and simplifying our organizational structure. The associated restructuring charges in 2022 were \$121 million. We primarily incurred employee severance and benefits costs, as well as associated consulting costs under this strategic reduction. The strategic actions associated with this plan were substantially completed by the fourth quarter of 2022.

We continue to review our real estate and facility capacity requirements due to our new and evolving work models. We incurred asset impairment charges of nil in 2024 and \$61 million and \$81 million in 2023 and 2022, respectively, due to exiting certain leased properties, which resulted in a reduction of ROU lease assets and related leasehold improvements. Additionally, we recognized a gain of \$17 million due to the sale of an owned property and incurred a loss of \$14 million related to another owned property held for sale in the year ended December 31, 2023.

OTHER

During the years ended December 31, 2024 and 2023, approximately \$129 million and \$74 million, respectively, of losses were recorded in restructuring and other, which included net loss on sale of loans and interest receivable previously held for sale (inclusive of transaction costs) and fair value adjustments to measure loans and interest receivable, held for sale, at the lower of cost or fair value.

In the fourth quarter of 2023, we completed the sale of Happy Returns and recorded a pre-tax gain of \$339 million, net of transaction costs, in restructuring and other. For additional information on the divestiture, see “Note 4—Business Combinations and Divestitures”.

PayPal Holdings, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

NOTE 18—SEGMENT INFORMATION

Our chief operating decision maker (“CODM”), our Chief Executive Officer, manages the business and evaluates operating performance based on consolidated net income. Our CODM uses consolidated net income to monitor budget versus actual results. We operate as one segment and have one reportable segment that constitutes consolidated results.

The following table sets forth our segment information for revenue, segment profit (loss), and significant expenses:

	Year Ended December 31,		
	2024	2023	2022
	(In millions, except for per share amounts)		
Net revenues	\$ 31,797	\$ 29,771	\$ 27,518
Less (add):			
Transaction expense	15,697	14,385	12,173
Transaction losses	1,114	1,192	1,170
Credit losses	328	490	402
Customer support and operations ⁽¹⁾	1,768	1,919	2,120
Sales and marketing ⁽¹⁾	2,001	1,809	2,257
Technology and development ⁽¹⁾	2,979	2,973	3,253
General and administrative ⁽¹⁾	2,147	2,059	2,099
Restructuring and other	438	(84)	207
Other income (expense), net	(4)	(383)	471
Income tax expense	1,182	1,165	947
Segment net income (loss)	<hr/> \$ 4,147	<hr/> \$ 4,246	<hr/> \$ 2,419

⁽¹⁾ Includes depreciation and amortization expense. Total depreciation and amortization expense was \$1.0 billion, \$1.1 billion, and \$1.3 billion for the years ended December 31, 2024, 2023, and 2022.

There are no reconciling items or adjustments between segment net revenues, net income, total assets and consolidated net revenues, net income, and total assets.

For disclosure of geographical information, please refer to “Note 2—Revenue” and “Note 7—Other Financial Statement Details”.

FINANCIAL STATEMENT SCHEDULE

The Financial Statement Schedule II—VALUATION AND QUALIFYING ACCOUNTS is filed as part of this Annual Report on Form 10-K.

	Balance at Beginning of Period	Charged/ (Credited) to Net Income	Charges Utilized/ (Write-offs)	Balance at End of Period
(In millions)				
Allowance for Transaction Losses and Negative Customer Balances				
Year Ended December 31, 2022	\$ 355	\$ 1,170	\$ (1,247)	\$ 278
Year Ended December 31, 2023	\$ 278	\$ 1,192	\$ (1,188)	\$ 282
Year Ended December 31, 2024	\$ 282	\$ 1,114	\$ (1,054)	\$ 342
Allowance for Loans and Interest Receivable				
Year Ended December 31, 2022	\$ 491	\$ 437	\$ (330)	\$ 598
Year Ended December 31, 2023	\$ 598	\$ 539	\$ (597)	\$ 540
Year Ended December 31, 2024	\$ 540	\$ 337	\$ (416)	\$ 461

PayPal

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ITEM 16. FORM 10-K SUMMARY

None.

INDEX OF EXHIBITS

Exhibit Number	Exhibit Description	Filed with this Form 10-K	Incorporated by Reference	
			Form	Date Filed
2.01	Separation and Distribution Agreement by and between eBay Inc. and PayPal Holdings, Inc.		10-12B/A	6/26/2015
3.01	PayPal Holdings, Inc. Restated Certificate of Incorporation		10-Q	7/27/2017
3.02	PayPal Holdings, Inc. Amended and Restated Bylaws effective September 27, 2023		8-K	10/2/2023
4.01	Description of Securities		10-K	2/6/2020
4.02	Indenture, dated as of September 26, 2019, by and between PayPal Holdings, Inc. and Wells Fargo Bank, National Association, as Trustee		8-K	9/26/2019
4.03	Officer's Certificate, dated as of September 26, 2019, pursuant to the Indenture, dated as of September 26, 2019, by and between PayPal Holdings, Inc. and Wells Fargo Bank, National Association, as Trustee, containing Forms of 2024 Note, 2026 Note, and 2029 Note		8-K	9/26/2019
4.04	Officer's Certificate, dated as of May 18, 2020, pursuant to the Indenture, dated as of September 26, 2019, by and between PayPal Holdings, Inc. and Wells Fargo Bank, National Association, as Trustee, containing Forms of 2025 Note, 2030 Note, and 2050 Note		8-K	5/18/2020
4.05	Officer's Certificate, dated as of May 23, 2022, pursuant to the Indenture, dated as of September 26, 2019, by and between PayPal Holdings, Inc. and Wells Fargo Bank, National Association, as Trustee, containing Forms of 2027 Note, 2032 Note, 2052 Note, and 2062 Note		8-K	5/23/2022
4.06	Officer's Certificate pursuant to the Indenture, dated as of June 9, 2023, containing Forms of Note for 0.813% Notes due 2025, 0.972% Notes due 2026, and 1.240% Notes due 2026		8-K	6/9/2023
4.07	Officer's Certificate pursuant to the Indenture, dated as of May 28, 2024, containing Forms of Note for 5.150% Notes due 2034 and 5.500% Notes due 2054		8-K	5/28/2024
10.01	Tax Matters Agreement by and between eBay Inc. and PayPal Holdings, Inc. dated July 17, 2015		8-K	7/20/2015
10.02+	PayPal Employee Incentive Plan, as amended and restated		DEF 14A	4/14/2016
10.03+	PayPal Holdings, Inc. 2015 Equity Incentive Award Plan, as Amended and Restated		8-K	5/28/2024
10.04+	PayPal Holdings, Inc. Amended and Restated Deferred Compensation Plan effective November 6, 2018		10-K	2/7/2019
10.05+	PayPal Holdings, Inc. Executive Change in Control and Severance Plan, as amended and restated, effective as of July 24, 2024		8-K	7/25/2024
10.06+	Form of Indemnity Agreement between PayPal Holdings, Inc. and individual directors and officers		10-12B/A	5/14/2015
10.07+	Form of Global Restricted Stock Unit Award Notice and Restricted Stock Unit Award Agreement under the PayPal Holdings, Inc. 2015 Equity Incentive Award Plan		10-12B/A	5/14/2015
10.08+	Form of Global Performance Based Restricted Stock Unit Award Grant Notice and Performance Based Restricted Stock Unit Award Agreement under the PayPal Holdings, Inc. 2015 Equity Incentive Award Plan, as amended and restated		10-Q	4/30/2024

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Exhibit Number	Exhibit Description	Filed with this Form 10-K	Incorporated by Reference	
			Form	Date Filed
10.09+	Form of Global Notice of Grant of Stock Option and Stock Option Agreement under the PayPal Holdings, Inc. 2015 Equity Incentive Award Plan		10-12B/A	5/14/2015
10.10+	Form of Director Annual Award Agreement under the PayPal Holdings, Inc. 2015 Equity Incentive Award Plan		10-12B/A	5/14/2015
10.11+	Form of Electing Director Quarterly Award Agreement under the PayPal Holdings, Inc. 2015 Equity Incentive Award Plan		10-12B/A	5/14/2015
10.12+	PayPal Holdings, Inc. Amended and Restated Employee Stock Purchase Plan		8-K	5/25/2018
10.13+	Amendment to PayPal Holdings, Inc. Amended and Restated Employee Stock Purchase Plan		10-Q	11/9/2021
10.14+	PayPal Holdings, Inc. 2022 Inducement Plan		10-Q	8/3/2022
10.15+	Letter Agreement by and between PayPal Holdings, Inc. and Alex Chriss, dated August 10, 2023		8-K	8/14/2023
10.16+	Offer Letter, dated October 29, 2023, by and between PayPal Holdings, Inc. and Jamie Miller		8-K	11/1/2023
10.17	Credit Agreement, dated as of June 7, 2023, among PayPal Holdings, Inc. the Designated Borrowers party thereto, the Lenders party thereto and JPMorgan Chase Bank, N.A. and J.P. Morgan Securities Australia Limited, as the Administrative Agents		8-K	6/13/2023
10.18†	Deed of Amendment in relation to Receivables Purchase Agreement dated as of December 12, 2024 and Amended and Restated Receivables Purchase Agreement dated as of June 16, 2023 (as amended and restated as of December 12, 2024), by and between PayPal (Europe) S.à r.l. et Cie, SCA (as Seller and Receivables Manager), PayPal UK Ltd (as Receivables Manager), Alps Partners S.à r.l. (as Purchaser), BNY Mellon Corporate Trustee Services Limited (as Security Agent), Avega S.à r.l. (as Back-Up Receivables Manager Facilitator) and Alps Partners (Holding) S.à r.l. (as Class C Lender)	X		
10.19†	Receivables Management Agreement, dated as of June 16, 2023 in the form as amended and restated as of October 13, 2023 by and between PayPal (Europe) S.à r.l. et Cie, SCA (as Seller and Receivables Manager), Alps Partners S.à r.l. (as Purchaser), Avega S.à r.l. (as Back-Up Receivables Manager Facilitator) and Alps Partners (Holding) S.à r.l. (as Class C Lender)		10-Q	11/2/2023
10.20†	Deed of Amendment in relation to Receivables Purchase Agreement and the Receivables Management Agreement dated as of December 12, 2023, by and between PayPal (Europe) S.à r.l. et Cie, SCA (as Receivables Manager and Seller), PayPal UK Ltd (as Receivables Manager), Alps Partners S.à r.l. (as Purchaser), BNY Mellon Corporate Trustee Services Limited (as Security Agent), Avega S.à r.l. (as Back-Up Receivables Manager Facilitator) and Alps Partners (Holding) S.à r.l. (as Class C Lender)	X		
10.21	Deed of Amendment in relation to Receivables Management Agreement dated as of July 8, 2024, by and between PayPal (Europe) S.à r.l. et Cie, SCA (as Receivables Manager and Seller), PayPal UK Ltd (as Receivables Manager), Alps Partners S.à r.l. (as Purchaser), BNY Mellon Corporate Trustee Services Limited (as Security Agent), Avega S.à r.l. (as Back-Up Receivables Manager Facilitator) and Alps Partners (Holding) S.à r.l. (as Class C Lender)	X		
10.22+	Offer Letter, dated October 23, 2023, by and between PayPal Holdings, Inc. and Michelle Gill		10-K	2/8/2024
10.23+	Offer Letter, dated October 23, 2023, by and between PayPal Holdings, Inc. and Diego Scotti		10-K	2/8/2024

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Exhibit Number	Exhibit Description	Filed with this Form 10-K	Incorporated by Reference	
			Form	Date Filed
10.24+	Offer Letter, dated December 4, 2023, by and between PayPal Holdings, Inc. and Suzan Kereere		10-K	2/8/2024
10.25+	Offer Letter, dated May 28, 2024, by and between PayPal Holdings, Inc. and Christopher Natali		8-K	6/3/2024
10.26+	Letter agreement by and between PayPal Holdings, Inc. and Aaron Webster, dated February 5, 2024		10-Q	4/30/2024
10.27+	Independent Director Compensation Policy	X		
19.01^	PayPal Holdings, Inc. Insider Trading Policy	X		
21.01	List of Subsidiaries	X		
23.01	PricewaterhouseCoopers LLP consent	X		
24.01	Power of Attorney (see signature page)	X		
31.01	Certification of PayPal Holdings, Inc.'s Chief Executive Officer, as required by Section 302 of the Sarbanes-Oxley Act of 2002	X		
31.02	Certification of PayPal Holdings, Inc.'s Chief Financial Officer, as required by Section 302 of the Sarbanes-Oxley Act of 2002	X		
32.01	Certification of PayPal Holdings, Inc.'s Chief Executive Officer, as required by Section 906 of the Sarbanes-Oxley Act of 2002	X		
32.02	Certification of PayPal Holdings, Inc.'s Chief Financial Officer, as required by Section 906 of the Sarbanes-Oxley Act of 2002	X		
97.01+	PayPal Holdings, Inc. Mandatory Recovery Policy for Executive Officers	X		
101	The following financial information related to the Company's Annual Report on Form 10-K for the year ended December 31, 2024, formatted in iXBRL (Inline Extensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Income (Loss), (iii) the Consolidated Statements of Comprehensive Income (Loss), (iv) the Consolidated Statements of Stockholders' Equity, (v) the Consolidated Statements of Cash Flows; and (vi) the related Notes to Consolidated Financial Statements	X		
104	Cover Page Interactive Data File, formatted in iXBRL and contained in Exhibit 101	X		

+ Indicates a management contract or compensatory plan or arrangement.

† Certain portions of this exhibit have been omitted pursuant to Item 601(b)(10)(iv) of Regulation S-K.

^ Schedules and exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Registrant agrees to furnish supplementally a copy of any omitted schedule or exhibit to the SEC upon request.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on February 4, 2025.

PayPal Holdings, Inc.

By: */s/ Alex Chriss*

Name: Alex Chriss
Title: President, Chief Executive Officer and Director

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Alex Chriss, Jamie Miller, Bimal Patel, Brian Y. Yamasaki and Christopher Natali, and each or any one of them, each with the power of substitution, his or her attorney-in-fact, to sign any amendments to this report, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his or her substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on February 4, 2025.

Principal Executive Officer:

By: /s/ Alex Chriss

Alex Chriss

President, Chief Executive Officer and Director

Principal Financial Officer:

By: /s/ Jamie Miller

Jamie Miller

Executive Vice President, Chief Financial Officer

Principal Accounting Officer:

By: /s/ Christopher Natali

Christopher Natali

Vice President, Chief Accounting Officer

Additional Directors

By: /s/ Rodney C. Adkins

Rodney C. Adkins

Director

By: /s/ Jonathan Christodoro

Jonathan Christodoro

Director

By: /s/ Carmine Di Sibio

Carmine Di Sibio

Director

By: /s/ David W. Dorman

David W. Dorman

Director

By: /s/ Enrique Lores

Enrique Lores

Director

By: /s/ Gail J. McGovern

Gail J. McGovern

Director

By: /s/ Deborah M. Messemer

Deborah M. Messemer

Director

By: /s/ David M. Moffett

David M. Moffett

Director

By: /s/ Ann M. Sarnoff

Ann M. Sarnoff

Director

By: /s/ Frank D. Yearly

Frank D. Yearly

Director

In this Exhibit 10.18, the notation "[* * *]" identifies certain information that has been excluded because it is both not material and is the type that the registrant treats as private or confidential.

Amended and Restated Deed (RPA)

12 December 2024

PAYPAL (EUROPE) S.À R.L. ET CIE, S.C.A.
as *Receivables Manager and Seller*

PAYPAL UK LTD
as *Receivables Manager*

ALPS PARTNERS S.À R.L.
as *Purchaser*

BNY MELLON CORPORATE TRUSTEE SERVICES LIMITED
as *Security Agent*

AVEGA S.À R.L.
as *Back-Up Receivables Manager Facilitator*

ALPS PARTNERS (HOLDING) S.À R.L.
as *Class C Lender*

DEED OF AMENDMENT AND RESTATEMENT

in relation to
the Receivables Purchase Agreement

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Schedule 1 Form of Amended and Restated Receivables Purchase Agreement	7

THIS DEED (this *Deed*) is dated 12 December 2024 and made between:

- (1) **PAYPAL (EUROPE) S.À R.L. ET CIE, S.C.A.**, a corporate partnership limited by shares (*société en commandite par actions*) incorporated under the laws of the Grand Duchy of Luxembourg (*Luxembourg*), having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B118.349, acting through and represented by its managing general partner PayPal (Europe) S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B127.485 (a *Receivables Manager* and the *Seller*);
- (2) **PAYPAL UK LTD**, a private limited company incorporated under the laws of England and Wales (registered number 14741686), having its registered office at Whittaker House, Whittaker Avenue, Richmond-Upon-Thames, Surrey, United Kingdom, TW9 1EH (a *Receivables Manager*);
- (3) **ALPS PARTNERS S.À R.L.**, a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, with its registered office at 2, rue Edward Steichen, L- 2540 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register (*Registre de commerce et des sociétés, Luxembourg*) under number B277050, and subject, as an unregulated securitisation undertaking (*organisme de titrisation*), to the Luxembourg act dated 22 March 2004 on securitisation, as amended (the *Securitisation Act 2004*) (the *Purchaser*);
- (4) **BNY MELLON CORPORATE TRUSTEE SERVICES LIMITED**, acting through its office at 160 Queen Victoria Street, London EC4V 4LA, United Kingdom (in its capacity as security agent for the Secured Creditors, the *Security Agent* which expression shall include such company and all other persons or companies for the time being acting as the security agent or security agents under the Security Documents);

- (5) **AVEGA S.À R.L.**, a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, Luxembourg having its registered office at 2, rue Edward Steichen, L-2540 Luxembourg and registered with the Luxembourg trade and companies register under number B123099 (the ***Back-Up Receivables Manager Facilitator***); and
- (6) **ALPS PARTNERS (HOLDING) S.À R.L.**, a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, with its registered office at 2, rue Edward Steichen, L- 2540 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register (*Registre de commerce et des sociétés, Luxembourg*) under number B276993 (the ***Class C Lender***), together, the ***Parties*** and each a ***Party***.

Recitals:

- (A) The Parties have entered into a receivables purchase agreement dated 16 June 2023 pursuant to which the Seller agrees to sell and the Purchaser agrees to purchase the Seller's whole right, title, interest and benefit in certain receivables and their related rights (the ***Original Receivables Purchase Agreement***).
- (B) Pursuant to a deed of amendment and restatement dated 13 October 2023, the Original Receivables Purchase Agreement was amended and restated as set out therein (the ***A&R Receivables Purchase Agreement***).
- (C) Pursuant to a deed of accession dated 31 October 2023, PayPal UK Ltd became a party to the A&R Receivables Purchase Agreement as an Additional Receivables Manager.
- (D) Pursuant to a deed of amendment dated 14 November 2023, the A&R Receivables Purchase Agreement was amended as set out therein.
- (E) Pursuant to a deed of amendment dated 12 December 2023, the A&R Receivables Purchase Agreement was further amended as set out therein.
- (F) Pursuant to a deed of amendment dated 17 September 2024, the A&R Receivables Purchase Agreement was further amended as set out therein.
- (G) The Parties now wish to further amend and restate the A&R Receivables Purchase Agreement in accordance with the terms of this Deed.

(H) The Security Agent is entering into this Deed on the instructions of (i) the Instructing Creditors (as defined in the Master Framework Agreement) pursuant to and in accordance with a deed of accession, amendment and restatement relating to, amongst others, the Master Framework Agreement dated on or about the date hereof (the ***MFA Deed of Amendment and Restatement***); and (ii) the Class C Lender pursuant to and in accordance with Clause 7 (*The Security Agent*) of this Deed.

IT IS AGREED as follows:

1. Definitions and interpretation

1.1 Definitions

In this Deed:

Amended and Restated Receivables Purchase Agreement means the Receivables Purchase Agreement, as amended and restated in the form set out in Schedule 1 (*Form of Amended and Restated Receivables Purchase Agreement*);

December 2024 Effective Date has the meaning given to such term in the MFA Deed of Amendment and Restatement; and

Receivables Purchase Agreement means the A&R Receivables Purchase Agreement, as further amended on 14 November 2023, 12 December 2023 and 17 September 2024.

1.2 Incorporation of defined terms

Capitalised terms in this Deed shall, except where the context otherwise requires or where otherwise defined in this Deed, have the meanings given to them in Schedule 22 (*Definitions*) of the Amended and Restated Receivables Purchase Agreement, and this Deed shall be construed in accordance with the principles of construction set out in Clause 1 (*Definitions and Interpretation*) of the Amended and Restated Receivables Purchase Agreement.

1.3 Designation as Transaction Document

Each of the Parties designates this Deed as a Transaction Document.

2. Amendment and restatement

2.1 With effect from the December 2024 Effective Date and in accordance with Clause 29 (*Amendments and Waivers*) of the Receivables Purchase Agreement, the Receivables Purchase Agreement shall be amended and restated in the form of the Amended and Restated Receivables Purchase Agreement.

3. Representations and Warranties

3.1 On the December 2024 Effective Date, the Seller represents to the Purchaser that it has had more than five (5) years of experience in originating and underwriting consumer credit receivables as of December 2024.

- 3.2 On the December 2024 Effective Date the Seller makes the representations and warranties in the form set out in Part B of Schedule 2 (*Seller Representations*) to the Amended and Restated Receivables Purchase Agreement to the Purchaser and the Security Agent.
- 3.3 On the December 2024 Effective Date the Purchaser makes the representations and warranties in the form set out in Part C of Schedule 2 (*Purchaser Representations*) to the Amended and Restated Receivables Purchase Agreement to the Seller and the Security Agent.
- 3.4 For the purposes of this Clause 3 (*Representations and Warranties*), references to the “Transaction Documents” in Part B of Schedule 2 (*Seller Representations*) to the Amended and Restated Receivables Purchase Agreement or Part C of Schedule 2 (*Purchaser Representations*) to the Amended and Restated Receivables Purchase Agreement shall be construed to include this Deed, the Receivables Purchase Agreement (immediately prior to its amendment and restatement pursuant to this Deed) and the Amended and Restated Receivables Purchase Agreement.

4. Continuing obligations

- 4.1 The provisions of the Receivables Purchase Agreement and the other Transaction Documents shall, save as amended and restated by this Deed, continue in full force and effect and nothing in this Deed shall constitute or be construed as an amendment, waiver or compromise of any other term or condition of the Transaction Documents or any of the Parties’ rights in relation to them which for the avoidance of doubt shall continue to apply in full force and effect.
- 4.2 References in the Receivables Purchase Agreement or in any other Transaction Document (other than in Clause 3.4 (*Representations and Warranties*) of this Deed) to “the Receivables Purchase Agreement”, “this Agreement”, “hereof”, “hereunder” and expressions of similar import shall, on and from the December 2024 Effective Date, be deemed to be references to the Amended and Restated Receivables Purchase Agreement.
- 4.3 Each of the Parties hereto acknowledges and agrees that the amendments effected pursuant to this Deed have been effected in accordance and compliance with the relevant provisions in the Receivables Purchase Agreement (and that they shall be estopped from asserting otherwise after the December 2024 Effective Date).

5. Incorporation of terms

The provisions of Clauses 26 (*Confidentiality*), 29 (*Amendments and Waivers*), 31 (*Notices*), 32 (*Bail-In*), 33 (*Third Party Rights*), 34 (*Severability*) and 36 (*Limited Recourse and Non-petition*) of the Receivables Purchase Agreement shall be incorporated into this Deed as if set out in full in this Deed and as if references in those clauses to “this Agreement” are references to this Deed.

6. Further assurance

The Parties hereto agree that they will co-operate fully to (and the Purchaser will use best efforts to provide relevant information and support to the Seller and each Receivables Manager such that the Seller and each Receivables Manager shall) do all such further acts and things and execute any further documents that may be necessary or desirable to give full effect to the transactions contemplated by this Deed (but subject always to the provisions of Clauses 8 (*Notification of Sales*) and 27 (*Data Protection*) of the Receivables Purchase Agreement).

7. The Security Agent

7.1 *Class C Lender direction to Security Agent*

The Class C Lender hereby authorises and directs the Security Agent to execute this Deed in order to effect the amendment and restatement of the Receivables Purchase Agreement in accordance with this Deed and to take any action as may be necessary in connection with, or in order to give effect to this Deed including, without limitation, consenting to the Purchaser entering into this Deed.

7.2 *Discharge and exoneration of the Security Agent's liability in relation to this Deed*

The Class C Lender discharges and exonerates the Security Agent from any and all liability for which it may or may have become responsible under the Transaction Documents in connection with this Deed (including but not limited to the execution by the Security Agent and the Purchaser of this Deed).

7.3 *Waiver of any claim against the Security Agent*

The Class C Lender irrevocably waives any claim that it may have against the Security Agent arising as a result of any loss or damage which it may suffer or incur as a result of the Security Agent acting upon the direction in Clause 7.1 (*Class C Lender direction to Security Agent*) of this Deed (including but not limited to circumstances where it is subsequently found that the direction in Clause 7.1 (*Class C Lender direction to Security Agent*) of this Deed is not valid or binding) and the Class C Lender further confirms that it will not seek to hold the Security Agent liable for any such loss or damage.

7.4 *Indemnity in favour of Security Agent*

The Class C Lender expressly agrees and undertakes to indemnify and hold harmless the Security Agent from and against all losses, liabilities, damages, costs, charges and expenses which may be suffered or incurred by it as a result of any claims (whether or not successful, compromised or settled), actions, demands or proceedings brought against the Security Agent and against all losses, costs, charges or expenses (including legal fees) which the Security

Agent may suffer or incur which in any case arise as a result of the Security Agent acting in accordance with the direction in Clause 7.1 (*Class C Lender direction to Security Agent*) of this Deed and the Transaction Documents.

7.5 Approval of every modification in respect of the rights of the Class C Lender necessary to give effect to this Deed

The Class C Lender approves every modification and amendment (and the implementation thereof) in respect of their rights relating to the Transaction Documents resulting from or to be effected by the modifications, authorisations and determinations referred to in the direction in Clause 7.1 (*Class C Lender direction to Security Agent*) of this Deed.

8. Counterparts

This Deed may be executed in any number of counterparts and by each Party on single counterparts. Each counterpart is an original, but all counterparts shall together constitute one and the same instrument. Delivery of a counterpart of this Deed by e-mail shall be an effective mode of delivery.

9. Law and jurisdiction

9.1 Governing law

This Deed and any non-contractual obligations arising out of or in connection with it shall be governed by, and interpreted in accordance with, English law.

9.2 The English courts shall have exclusive jurisdiction in relation to all disputes arising out of or in connection with this Deed (including claims for set-off and counterclaims), including disputes arising out of or in connection with: (i) the creation, validity, effect, interpretation, performance or non-performance of, or the legal relationships established by, this Deed; and (ii) any non-contractual obligations arising out of or in connection with this Deed. For such purposes, each Party irrevocably submits to the jurisdiction of the English courts and waives any objection to the exercise of such jurisdiction.

Schedule 1

Form of Amended and Restated Receivables Purchase Agreement

16 June 2023

(as amended and restated on 13 October 2023, as further amended on 14 November 2023, 12 December 2023, 17 September 2024, and as further amended and restated on 12 December 2024)

PAYPAL (EUROPE) S.À R.L. ET CIE, S.C.A.

as Seller

ALPS PARTNERS S.À R.L.

as Purchaser

BNY MELLON CORPORATE TRUSTEE SERVICES LIMITED

as Security Agent

PAYPAL (EUROPE) S.À R.L. ET CIE, S.C.A.

as Receivables Manager

PAYPAL UK LTD

as Receivables Manager

AVEGA S.À R.L.

as Back-Up Receivables Manager Facilitator

ALPS PARTNERS (HOLDING) S.À R.L.

as Class C Lender

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THIS RECEIVABLES PURCHASE AGREEMENT (this *Agreement*) was made on 16 June 2023 (and is amended and restated on 13 October 2023)

BETWEEN:

- (1) **PAYPAL (EUROPE) S.À R.L. ET CIE, S.C.A.**, a corporate partnership limited by shares (*société en commandite par actions*) incorporated under the laws of the Grand Duchy of Luxembourg (*Luxembourg*), having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B118.349, acting through and represented by its managing general partner PayPal (Europe) S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B127.485 (the *Seller*);
- (2) **ALPS PARTNERS S.À R.L.**, a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, with its registered office at 2, rue Edward Steichen, L- 2540 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register (*Registre de commerce et des sociétés, Luxembourg*) under number B277050, and subject, as an unregulated securitisation undertaking (*organisme de titrisation*), to the Luxembourg act dated 22 March 2004 on securitisation, as amended (the *Securitisation Act 2004*) (the *Purchaser*);
- (3) **BNY MELLON CORPORATE TRUSTEE SERVICES LIMITED**, acting through its office at 160 Queen Victoria Street, London EC4V 4LA, United Kingdom (in its capacity as security agent for the Secured Creditors, the *Security Agent* which expression shall include such company and all other persons or companies for the time being acting as the security agent or security agents under the Security Documents);
- (4) **PAYPAL (EUROPE) S.À R.L. ET CIE, S.C.A.**, a corporate partnership limited by shares (*société en commandite par actions*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B118.349, acting through and represented by its managing general partner PayPal (Europe) S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg and registered with the Luxembourg trade and companies register under number B127.485 (a *Receivables Manager*);
- (5) **PAYPAL UK LTD**, a private limited company incorporated under the laws of England and Wales (registered number 14741686), having its registered office at Whittaker House, Whittaker Avenue, Richmond-Upon-Thames, Surrey, United Kingdom, TW9 1EH (a *Receivables Manager*);
- (6) **AVEGA S.À R.L.**, a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, Luxembourg having its registered office at 2, rue Edward Steichen, L-2540 Luxembourg and registered with the Luxembourg trade and companies register under number B123099 (the *Back-Up Receivables Manager Facilitator*); and

(7) **ALPS PARTNERS (HOLDING) S.À R.L.**, a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, with its registered office at 2, rue Edward Steichen, L- 2540 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register (*Registre de commerce et des sociétés, Luxembourg*) under number B276993 (the *Class C Lender*),

each a **Party** and together the **Parties**.

WHEREAS: The Seller has agreed to offer to sell and the Purchaser has agreed to accept the Seller's offer in respect of the Seller's whole right, title, interest and benefit in and to the Receivables and any Related Rights (without notice of such sale and purchase being given to Borrowers prior to the occurrence of a Notification Event) for the consideration and upon the terms and subject to the conditions of this Agreement.

IT IS HEREBY AGREED as follows:

1. Definitions and Interpretation

- 1.1 Capitalised terms used but not otherwise defined in this Agreement shall have the meanings given in Schedule 22 (*Definitions*), except so far as the context requires otherwise.
- 1.2 In this Agreement unless the context otherwise requires:
 - (a) references to a person include any individual, firm, body corporate (wherever incorporated), government, state or agency of a state or any joint venture, association, partnership, works council or employee representative body (whether or not having separate legal personality);
 - (b) references to a paragraph, Clause or Schedule shall refer to those of this Agreement unless stated otherwise;
 - (c) headings do not affect the interpretation of this Agreement;
 - (d) the singular shall include the plural and vice versa; and references to one gender include all genders;
 - (e) any reference in this Agreement to a time and/or day shall be to the then applicable time and/or day in (i) Luxembourg in respect of the EU Receivables and (ii) London in respect of the UK Receivables;
 - (f) subject to Clause 1.3, references to any English law legal term or concept shall, in respect of any jurisdiction other than England and Wales, be construed as references to the term or concept which most nearly corresponds to it in that jurisdiction;
 - (g) any phrase introduced by the terms including, include, in particular or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms;
 - (h) [* * *]
 - (i) any indemnity or covenant to pay (for the purposes of this paragraph (i), a **Payment Obligation**) being given on an “after-Tax basis” means that the amount payable pursuant to such Payment Obligation (for the purposes of this paragraph (i), the **Payment**) shall be calculated in such a manner as will ensure that, after taking into account:
 - (i) any Tax required to be deducted or withheld from the Payment;

- (ii) the amount and timing of any additional Tax which becomes payable by the recipient of the Payment as a result of the Payment being subject to Tax in the hands of the recipient; and
- (iii) the amount and timing of any Tax benefit or Relief from Tax which is or will be obtained by the recipient of the Payment to the extent that such Tax benefit or Relief is attributable to the matter giving rise to the Payment Obligation or to any Tax taken into account in sub-paragraphs (i) and (ii) above,

the recipient of the Payment is in the same Tax position as that in which it would have been if the matter giving rise to the Payment Obligation had not occurred.

1.3 Except as otherwise expressly provided in this Agreement, any express reference to an enactment (which includes any legislation in any jurisdiction) includes references to (i) that enactment as amended, consolidated or re-enacted by or under any other enactment before or after the date of this Agreement; (ii) any enactment which that enactment re-enacts (with or without modification); and (iii) any subordinate legislation (including regulations) made (before or after the date of this Agreement) under that enactment, as amended, consolidated or re-enacted as described at (i) or (ii) above, except to the extent that any of the matters referred to in (i) to (iii) occurs after the date of this Agreement and increases or alters the liability of the Seller or the Purchaser under this Agreement.

1.4 The Schedules comprise schedules to this Agreement and form part of this Agreement.

1.5 Where there is any inconsistency between the definitions set out in Schedule 22 (*Definitions*) and the definitions set out in any Clause or any other Schedule, then, for the purposes of construing such Clause or Schedule, the definitions set out in such Clause or Schedule shall prevail.

1.6 Luxembourg terms

In this Agreement, where it relates to a person incorporated or having its “centre of main interests” (as that term issued in Article 3(1) of the Insolvency Regulation) in Luxembourg, a reference to:

- (a) a winding-up, liquidation, administration or dissolution includes, without limitation, bankruptcy (*faillite*), insolvency, court-ordered liquidation/dissolution (*liquidation/dissolution judiciaire*), administrative dissolution without liquidation (*dissolution administrative sans liquidation*), appointment of a provisional administrator (*administrateur provisoire*) or a recipient (*séquestre*), reprieve from payment (*sursis de paiement*), general settlement with creditors, reorganisation or similar laws affecting the rights of creditors generally (including without limitation any “insolvency proceedings” within the meaning of the Regulation (EU) No. 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings (recast), as amended);

- (b) constitutional documents includes the up to date articles of association (*statuts*) or the articles of incorporation of that person, as appropriate;
- (c) an agent includes, without limitation, a “*mandataire*”;
- (d) a liquidator, trustee in bankruptcy, judicial custodian, compulsory manager, receiver, administrator receiver, administrator or similar officer includes any:
 - (i) *juge-commissaire* or insolvency receiver (*curateur*) appointed under the Luxembourg Commercial Code;
 - (ii) *liquidateur* appointed under Articles 1100-1 to 1100-15 (inclusive) of the Luxembourg Companies Act;
 - (iii) *juge-commissaire* or *liquidateur* appointed under Article 1200-1 of the Luxembourg Companies Act; and
 - (iv) *conciliateur d'entreprise, mandataire de justice, juge délégué* or *administrateur provisoire* appointed under the Luxembourg act dated 7 August 2023 on business continuity and the modernisation of bankruptcy
- (e) a manager or director includes a *gérant* or an *administrateur*; and
- (f) a reorganisation includes, without limitation, judicial reorganisation (*réorganisation judiciaire*);
- (g) a person being unable to pay its debts or admitting to pay its debts includes that person being in a state of cessation of payments (*cessation de paiements*) and having lost its commercial creditworthiness (*ébranlement de crédit*).

2. Agreement for Sale and Purchase of the Receivables

- 2.1 On the terms and subject to the conditions of this Agreement and provided that the requirements of Clause 4.1 have been satisfied by each of the Seller and the Purchaser, the Seller may offer to sell and assign to the Purchaser all of the right, title and interest (present or future) in, and to, Receivables (and their Related Rights) owned by it from time to time by delivering a Sale Notice to the Purchaser from time to time, and the Purchaser shall be obliged to accept each such offer, and to purchase and accept the assignment of all such right, title and interest, provided that the Purchase Conditions are satisfied as at the applicable Sale Notice Date or waived by the Purchaser. No notice of any such sale and purchase shall be given to Borrowers save in the circumstances set out in Clause 8 (*Notification of Sales*).
- 2.1A. The Seller shall on each Sale Notice Date deliver to the Purchaser and the Class C Lender at or before the delivery of each Sale Notice (i) the daily report referred to in Clause 7.1A.(a) of the Receivables Management Agreement due on such date and (ii) the weekly report referred to in Clause 7.1A.(c) of

the Receivables Management Agreement setting out Portfolio data as at close of business as recorded in the System on the last Business Day of the prior calendar week.

2.2 Up to but excluding the date specified in the Switch Notice (which the Seller is entitled to deliver pursuant to Clause 2.5), the Parties agree that the SND Title Transfer Option will apply to all sales of Receivables, save for any Further Disbursements (in relation to which, Clause 2.14 shall apply). Pursuant to the SND Title Transfer Option,

- (a) delivery of each Sale Notice from the Seller to the Purchaser on the relevant Sale Notice Date constitutes confirmation by the Seller that each Purchase Condition (other than the Purchase Condition set out in Clause 2.6(f)) is satisfied on the relevant Sale Notice Date in respect of the Receivables set out in such Sale Notice as such Receivables may be updated and amended by the related Confirmation Notice;
- (b) on the terms and subject to the conditions of this Agreement, the Seller hereby agrees to sell and the Purchaser hereby agrees to purchase and accept the purchase of the Receivables specified in such Sale Notice upon delivery of each such Sale Notice, (it being agreed by the Parties that out of such Receivables set out in a Sale Notice, the Purchaser will acquire only those Receivables subsequently specified in the related Confirmation Notice determined in accordance with Clause 2.3);
- (c) all right, title and interest in and to each Receivable specified in such Sale Notice (as the same is updated and amended by the related Confirmation Notice) shall be transferred, together with all Related Rights in relation to such Receivable, from the Seller to the Purchaser at the relevant Sale Time for such Receivable;
- (d) the Seller shall deliver a Confirmation Notice to the Purchaser no later than two Business Days following the latest Sale Time for such Receivables specified in the relevant Sale Notice (save as otherwise set out in Clause 2.17A below); and
- (e) payment of the Purchase Price for those Receivables identified in the Confirmation Notice shall be made by the Purchaser to the Seller on the related Payment Date.

2.3 Pursuant to the SND Title Transfer Option, the Purchaser agrees that (i) the Seller will modify the list of Receivables specified in a Sale Notice so as to amend the balance of the Receivables specified to reflect the balance in the System as at the applicable Sale Time or to remove from a list those Receivables in relation to which one or more of the Purchase Conditions were no longer satisfied as at the Sale Time in respect of the relevant Receivables, and (ii) the final list of Receivables transferred to the Purchaser at the Sale Time shall be evidenced by the Confirmation Notice delivered by the Seller no later than [* * *] Business Days following the latest Sale Time for the Receivables specified in the

relevant Sale Notice. For the avoidance of doubt, the Seller shall not be permitted to add new Receivables to the Confirmation Notice which were not previously included in the related Sale Notice.

2.4 With effect from the date specified in the Switch Notice, the Parties agree and acknowledge that the Settlement Date Title Transfer Option will apply to all further sales of Receivables, save for any Further Disbursements (in relation to which, Clause 2.14 shall apply). Pursuant to the Settlement Date Title Transfer Option,

- (a) delivery of each Sale Notice from the Seller to the Purchaser constitutes confirmation by the Seller that each Purchase Condition (other than the Purchase Condition set out in Clause 2.6(f)) is satisfied on the relevant Sale Notice Date in respect of the Receivables set out in such Sale Notice;
- (b) on the terms and subject to the conditions of this Agreement, the Seller hereby agrees to sell and the Purchaser hereby agrees to purchase and accept the purchase of the Receivables specified in a Sale Notice on the applicable Payment Date; and
- (c) all right, title and interest in and to each Receivable, together with all Related Rights in relation to such Receivable, to be sold by the Seller to the Purchaser will be transferred to the Purchaser immediately upon receipt by the Seller of the applicable Purchase Price in full (provided that it is agreed that such transfer will only be required to be reflected in the System as soon as is reasonably practicable after the receipt by the Seller of the applicable Purchase Price).

2.5 The Seller shall deliver the Switch Notice to the Purchaser at least [* * *] days prior to the Sale Notice Date on which the Seller wishes the Settlement Date Title Transfer Option to apply to all future sales of Receivables (save for any Further Disbursements (in relation to which, Clause 2.14 shall apply)) to the Purchaser.

2.6 At the Sale Time in respect of a Receivable set out in a Sale Notice (save for any Further Disbursements (in relation to which, Clause 2.14 shall apply)), the Purchaser's acceptance to purchase such Receivable is conditional on all of the following conditions (the **Purchase Conditions**) being satisfied or waived by the Purchaser in relation to such Receivable:

- (a) the relevant Sale Notice Date is within the Commitment Period;
- (b) the Repeating Representations are true in all respects as at the Sale Notice Date and will be true in all respects as at the Title Transfer Date (in respect of the Settlement Date Title Transfer Option);
- (c) the Seller is not in material breach of its obligations under this Agreement as at the Sale Notice Date and (in respect of the Settlement Date Title Transfer Option) will not be in

material breach of its obligations under this Agreement as at the Title Transfer Date, in each case which (in the case only of a material breach caused by an error or omission of an administrative, personnel, system, technical or operational nature) has not been remedied within ten Business Days;

- (d) in relation to Receivables to be added to the Portfolio (i) which are specified in a Sale Notice other than in respect of Receivables which are specified in a [* * *], the Concentration Limits in respect of the portfolio of those Receivables set out in such Sale Notice (each a *Sale Notice Portfolio*) and the Portfolio (taking into account the addition of the Sale Notice Portfolio) are satisfied as at the relevant Sale Notice Date applicable to such Receivables and (ii) which are specified in a [* * *], the concentration limits set out in Part A of Schedule 16 (*Concentration Limits*) and in paragraphs 7 and 8 of Part C of Schedule 16 (*Concentration Limits*) in respect of the Sale Notice Portfolio are satisfied [* * *];
- (e) in relation to Receivables to be added to the Portfolio which are specified in a Sale Notice, the aggregate of:
 - (i) in respect of Receivables arising from Loan Agreements which are fully disbursed as at the relevant Sale Notice Date, the aggregate of the Euro Equivalent Principal Balance of such Receivables (calculated using the spot rate of exchange for the purchase of Euro in the London foreign exchange market as determined by the Seller as at 11:00am on the Spot Rate Determination Date) on the date of the Sale Notice setting out such Receivables; and
 - (ii) in respect of Receivables arising from Loan Agreements which are not fully disbursed as at the relevant Sale Notice Date, the aggregate of the Euro Equivalent Original Commitment Amount (less the amount of any repayments which the Borrower has made in accordance with the Loan Agreement) of such Receivables (calculated using the spot rate of exchange for the purchase of Euro in the London foreign exchange market as determined by the Seller as at 11:00am on the Spot Rate Determination Date) on the date of the Sale Notice setting out such Receivables,
- (f) the Purchaser having funds available to it for the payment of the Purchase Price in accordance with the Transaction Documents on the Payment Date when payment of such Purchase Price is due;
- (g) the Receivable does not have a zero balance or an arrears balance immediately prior to its proposed Sale Time; and

(h) the Receivable is not flagged as involving confirmed fraudulent activity immediately prior to its proposed Sale Time.

2.7 At all times subject to the rights of the Seller to terminate the Commitment Period under Clause 12 (*Termination Events*) of this Agreement, prior to the date specified in the Switch Notice, if the Purchase Price payable by the Purchaser on a Payment Date is not paid in full by it within [* * *] Business Days of the relevant Confirmation Notice Date, the Seller shall be entitled, which the Purchaser expressly accepts, to unwind the transfer of the right, title and interest in and to the Receivables (save for any Further Disbursements, in relation to which, Clause 2.15 shall apply) in respect of which the Purchase Price has not been paid from the Purchaser to the Seller and the Purchaser acknowledges that no amount is payable by the Seller in connection with such transfer back to it of such right, title and interest in and to such Receivables (such retransfer to be effected by the Seller by delivering a notice to the Purchaser, with such retransfer to take effect and becoming effective between the Parties and, to the extent applicable under the law of the Relevant Jurisdiction, against third parties on the fifth Business Day after the relevant Confirmation Notice Date). If any Collections relating to the Receivables for which the Purchase Price has not been paid in full have been transferred by the Seller to the Purchaser between the Sale Time in respect of a Receivable and such Business Day, the Purchaser shall be obliged to return such Collections to the Seller, and to satisfy the amount so owed by the Purchaser to the Seller, the Seller shall be entitled to set-off the amount of such Collections against the following (with the Seller's obligation to account to the Purchaser for the following being reduced by a corresponding amount):

- (a) any Collections otherwise due to be transferred to the Purchaser by the Seller; and/or
- (b) any further Collections received by the Seller on any subsequent Business Day thereafter until the amount owed to the Seller is settled in full.

If the Purchase Price has been paid in part and the Seller unwinds the transfer, the Seller shall return such Purchase Price paid to the Purchaser, and to satisfy the amount so owed by the Seller to the Purchaser, the Purchaser shall be entitled to set-off the amount of such Purchase Price paid against any Collections due to be returned by the Purchaser to the Seller. For the avoidance of doubt, payment of the Purchase Price must not be paid in kind.

2.8 Subject to Clauses 2.7 and 9.18, the Purchaser will obtain the right to receive all Collections in connection with the Receivables set out in the applicable Sale Notice and transferred to the Purchaser pursuant to Clause 2.2(c) or Clause 2.4(c) (as applicable) from the applicable Cut-Off Time save to the extent and until such Receivable has been repurchased by the Seller or has been the subject of an indemnity payment by the Seller in each case in accordance with Clause 9. The Purchaser shall pay on the relevant Payment Date the Purchase Price for any Receivables (i) specified by the Seller in a Confirmation Notice pursuant to the SND Title Transfer Option or (ii) offered by the Seller through a

delivery of a Sale Notice pursuant to the Settlement Date Title Transfer Option, in accordance with Clause 5.2.

2.9 The Seller agrees that, from and after the first Sale Notice Date during the Commitment Period save with respect to [* * *]:

- (a) at any time when the Available Commitment is greater than Euro Equivalent [* * *], it will on each Sale Notice Date offer to sell all Eligible Receivables originated during the Commitment Period (and not previously sold to the Purchaser) to the Purchaser, in the amount necessary to enable the Available Commitment to be reduced to zero after giving effect to their purchase, or until all such offered Eligible Receivables are purchased by the Purchaser, whichever is the limiting condition provided that (i) the Seller shall not be required to make any offers to sell Receivables in the weeks commencing [* * *] and [* * *], (ii) the Seller shall not be required to make an offer to sell a Receivable if the Purchase Price for such Receivable is calculated as zero or a negative amount and (iii) the Seller shall not be required to make any offers to sell [* * *]; and
- (b) at any time during the Commitment Period, it will not, and it will procure that none of its Affiliates shall, offer or agree to sell any Eligible Receivables to any party other than the Purchaser,

provided that at any time, the Seller and/or any of its Affiliates shall be entitled to sell any Receivable to any other party where either: (i) such Receivable cannot be sold to the Purchaser at the relevant time under this Clause 2 because at that time such Receivable did not satisfy the Eligibility Criteria and any applicable Eligibility Criteria have not been agreed to be waived by both the Purchaser and the Seller (except that the Seller and the Purchaser agree that paragraphs (9) and (10) of the Eligibility Criteria cannot be waived or otherwise amended); (ii) the Seller is not permitted to sell such Receivable at such time to the Purchaser as a result of the Purchase Condition set out in Clause 2.6(d) and the Seller has requested a waiver of the applicable Concentration Limit(s) and such Concentration Limit(s) have not been waived within 15 Business Days of such request; or (iii) subject to Clause 2.10, the relevant Receivable cannot be sold to the Purchaser at such time as a result of the Purchase Condition set out in Clause 2.6(e) not being satisfied.

2.10 [* * *]

2.11 [* * *]

2.12 It shall be a term of the sale of each of the Receivables and any Related Rights referred to in Clause 2.1 that the Seller shall sell and assign to the Purchaser all right, title, interest and benefit of the Seller (both present and future) in, to and under the relevant Receivables and any Related Rights (but without notice

of such sale and purchase being given to Borrowers prior to the occurrence of a Notification Event), including for the avoidance of doubt:

- (a) all sums of principal, interest or any other sum payable under such Receivables on or after or in respect of any period on or after the relevant Cut-Off Time and the right to demand, sue for, recover, receive and give receipts for all such sums;
- (b) the benefit of and the right to sue on all covenants and undertakings in favour of the Seller in each such Receivable and any Related Rights and the right to exercise all powers of the Seller in relation to each such Receivable and any Related Rights;
- (c) all arrears payable under or in connection with the relevant Receivable; and
- (d) all net proceeds (after any applicable costs and expenses that are agreed may be deducted in accordance with the terms of the Receivables Management Agreement) from the enforcement of the relevant Receivables and any Related Rights,

provided that (i) at no time prior to the provision of a Borrower Notice will identifiable Personal Data be transferred or otherwise made available to the Purchaser in respect of any Receivables or Borrowers thereunder; (ii) the benefit and/or the right to receive any interest accrued prior to the relevant Cut-Off Time shall not be transferred to the Purchaser in respect of any Receivables; and (iii) the benefit and/or the right to receive any NSF Fee applicable in respect of any Receivable shall not be transferred to the Purchaser.

2.13 The Parties confirm that each sale of Receivables and any Related Rights in accordance with this Agreement is:

- (a) intended to constitute a true sale of those Receivables and Related Rights and not a loan or a security arrangement for any obligation of the Seller; and
- (b) to the knowledge of the Seller, not a transaction at an undervalue, a gratuitous alienation, a fraudulent conveyance, a voidable or unfair preference or the equivalent thereof under the insolvency laws of any jurisdiction.

The Purchaser shall be free to further dispose of any Purchased Receivables and Related Rights subject to (i) the Security Interests created by, and any restrictions to which it is subject under, the Security Documents; (ii) Clause 24.3 of this Agreement; and (iii) any other Transaction Document, provided always that the Purchaser and any subsequent purchaser or transferee of the Purchased Receivables undertakes and agrees that notice of any sale and purchase will not be given to Borrowers prior to the occurrence of a Notification Event.

2.14 In respect of any Further Disbursement which is contemplated to be made in connection with any Loan Agreement in respect of which any Receivable is included in a Sale Notice before the end of the Commitment Period, details of such Further Disbursement shall be included in the Sale Notice of the related Receivable. Upon any such Further Disbursement being advanced by the Seller, that Further Disbursement will be immediately sold and transferred to the Purchaser in accordance with the completion provisions set out in Clause 7.2 on the date on which such Further Disbursement is advanced by the Seller. Subject to Clause 2.16 and provided that the title to the Receivable to which such Further Disbursement relates has been transferred to the Purchaser, title to such Further Disbursement shall be transferred by the Seller to the Purchaser immediately upon such Further Disbursement being advanced by the Seller. The Seller shall deliver a Further Disbursement Confirmation Notice to the Purchaser no later than three Business Days after the applicable Sale Time evidencing the final amount of the Further Disbursement transferred to the Purchaser at such Sale Time.

2.15 If:

- (a) pursuant to the SND Title Transfer Option, (x) the Purchase Price payable by the Purchaser on a Payment Date in respect of any Receivables specified in a Sale Notice is not paid in full by it within [* * *] Business Days of the relevant Confirmation Notice Date, and (y) the Seller has elected to effect an unwind of the transfer of the right, title and interest in and to the Receivables in respect of which the Purchase Price has not been paid pursuant to Clause 2.7; and
- (b) in the period between the relevant Sale Notice Date and the [* * *] Business Day after the relevant Confirmation Notice Date, Further Disbursements in connection with such Receivables specified in the relevant Sale Notice have arisen, payment for which has been made by way of netting in accordance with Clause 7.2,

the Seller shall retransfer to the Purchaser an amount equal to any Purchase Price received in respect of such Further Disbursements. Title to such Further Disbursements shall be retransferred to the Seller (effected by the Seller delivering a notice to the Purchaser) on the date of delivery of such retransfer notice. To the extent any Collections relating to such Further Disbursements have been transferred by the Seller to the Purchaser during this period between the relevant Sale Notice Date and the date of delivery of the relevant retransfer notice, the Purchaser shall be obliged to return such Collections to the Seller, and to satisfy the amount so owed by the Purchaser to the Seller, the Seller shall be entitled to set-off the amount of such Collections against the following (with the Seller's obligation to account to the Purchaser for the following being reduced by a corresponding amount):

- (w) any Purchase Price received in respect of such Further Disbursements due to be retransferred to the Purchaser by the Seller;

(x) any Collections otherwise due to be transferred to the Purchaser by the Seller; and/or

(y) any further Collections received by the Seller on any subsequent Business Day thereafter until the amount owed to the Seller is settled in full.

2.16 If, pursuant to the Settlement Date Title Transfer Option, in the period between the date of delivery of a Sale Notice and the [* * *] Business Day after the relevant Sale Notice Date during which title for the relevant Receivables specified in such Sale Notice has not been transferred, Further Disbursements related to such Receivables specified in the relevant Sale Notice have arisen, title to such Further Disbursements shall only transfer on the Settlement Date of the related Receivable included in such relevant Sale Notice.

2.17 Each Receivable (and its Related Rights) shall be sold subject to and in accordance with the terms and subject to the conditions of this Agreement and the Relevant Local Schedule for such Receivable. In the event of any conflict between the terms of this Agreement and the Relevant Local Schedule, the terms of the Relevant Local Schedule shall prevail.

2.17A. For the avoidance of doubt other than Clause 2.9 the provisions of this Clause 2 (and not the provisions of Schedule 3 (*Sale and Settlement of Back-Book Receivables*) shall apply to any offer to sell [* * *] provided that in respect of any calendar week in which there is [* * *] and unless agreed otherwise between the Seller and the Class C Lender and notified to the Purchaser and the Security Agent (i) (if a Switch Notice has not been delivered by the Seller) there will only be a single Confirmation Notice delivered in respect of all of the Receivables sold to the Purchaser during such week, such Confirmation Notice being delivered no later than [* * *] Business Days following the latest Sale Time for the Receivables specified in both Sale Notices delivered in such calendar week; (ii) there will be a single Payment Date in respect of the Receivables sold to the Purchaser in that calendar week, which Payment Date will be determined in accordance with Clause 5.2 from the date of the Confirmation Notice (under the SND Title Transfer Option) or the date of the latest Sale Notice delivered in such calendar week (under the Settlement Date Title Transfer Option); and (iii) if a second Sale Notice is delivered in the same week as [* * *] and if [* * *] is not on the same day as the other Sale Notice Date in such calendar week, the provisions of Clause 2.1A shall not apply on [* * *]. No later than [* * *] Business Days (or such shorter period as the Seller and the Class C Lender may agree) prior to the first [* * *], the Seller shall deliver to the Class C Lender an estimate of the aggregate size of the total portfolio of [* * *] to be offered for sale on [* * *] in EUR and GBP.

2.17B. In addition, on or before the first Monthly Reporting Date following the latest Sale Time of [* * *] offered for sale on [* * *] and specified in the related Confirmation Notices (the [* * *]), the Class C Lender will calculate the difference between:

(i) the aggregate Purchase Price applicable to [* * *] offered for sale on [* * *] and specified in the related Confirmation Notices [* * *]; and

(ii) the aggregate of the Principal Balances of [* * *] offered for sale on [* * *] and specified in the related Confirmation Notices [* * *], such amount being [* * *].

If the amount calculated in Clause 2.17B(i) above is greater than the amount calculated in Clause 2.17B(ii) above the Seller shall pay to the Purchaser an amount equal to [* * *] on the first Settlement Date falling not earlier than [* * *] Business Days after [* * *] provided that the Purchaser may satisfy the amount so owed by the Seller to the Purchaser by way of set-off of the [* * *] against any Purchase Price then payable by the Purchaser under this Agreement.

If the amount calculated in Clause 2.17B(i) above is less than the amount calculated in Clause 2.17B(ii) above the Purchaser shall pay to the Seller an amount equal to [* * *] provided that the Seller may satisfy the amount so owed by the Purchaser to the Seller by way of set-off of [* * *] against:

- (a) any Collections due to be transferred to the Purchaser by the Seller in respect of any Receivables then owned by the Purchaser; and/or
- (b) any further Collections received by the Seller on any subsequent Business Day thereafter until the amount owed to the Seller is settled in full.

2.18 Funding Availability

- (a) The Purchaser undertakes to deliver Utilisation Requests under the Class A Facility Agreement, the Class B Facility Agreement and the Class C Facility Agreement, and to take reasonable steps to satisfy any conditions precedent to utilisation set out therein which are within its control during the Commitment Period and to provide to the Seller such information as the Seller may reasonably request in relation to its exercise of such rights.
- (b) [* * *]
- (c) [* * *]

3. Agreement for Sale and Purchase of the Back-Book Receivables

3.1 The Seller agrees to sell and the Purchaser agrees to purchase all of the right, title and interest (present or future) in, and to, the Back-Book Receivables (and all Related Rights) that are set out in a Back-Book Sale Notice in accordance with the terms and conditions of Schedule 3 (*Sale and Settlement of Back-Book Receivables*).

3.2 For the avoidance of doubt, the terms and conditions of this Agreement shall apply in respect of the Back-Book Receivables that are set out in a Back-Book Sale Notice other than the provisions in Clauses 2 (*Agreement for Sale and Purchase of the Receivables*), 5 (*Consideration*), 7 (*Completion*), 9.1 and 9.2 each of which shall not apply in respect of any sale of Back-Book Receivables that are set out in a Back-Book Sale Notice, to which the terms of Schedule 3 (*Sale and Settlement of Back-Book Receivables*) shall apply.

4. Conditions Precedent

4.1 On or before the first Back-Book Sale Date:

- (a) unless waived by the Purchaser in writing, the Seller shall deliver the items set out in Part A of Schedule 1 (*Seller Initial Conditions Precedent*) to the Purchaser in form and substance satisfactory to the Purchaser; and
- (b) unless waived by the Seller in writing, the Purchaser shall deliver the items set out in Part B of Schedule 1 (*Purchaser Initial Conditions Precedent*) to the Seller in form and substance satisfactory to the Seller.

4.2 Each of the Seller and the Purchaser agree that they shall use reasonable endeavours to deliver the items to be delivered by them set out in Schedule 1 (*Initial Conditions Precedent*) prior to the Long-Stop Date and to the extent that any item set out in Schedule 1 to be delivered to a Party is required to be to the satisfaction of that Party, confirmation of such satisfaction by such Party shall not be unreasonably withheld or delayed.

4.3 The Seller shall notify the Purchaser as soon as is reasonably practicable after it has either received to its satisfaction or waived each of the items set out in Part B of Schedule 1 (*Purchaser Initial Conditions Precedent*).

4.4 The Purchaser shall notify the Seller as soon as is reasonably practicable after it has either received to its satisfaction or waived each of the items set out in Part A of Schedule 1 (*Seller Initial Conditions Precedent*).

5. Consideration

5.1 The consideration to be provided by the Purchaser to the Seller for the sale and assignment of each Receivable together with its Related Rights will consist of the Purchase Price payable in respect of such Receivables set out in the relevant (i) Confirmation Notice pursuant to the SND Title Transfer Option or (ii) Sale Notice pursuant to the Settlement Date Title Transfer Option. In addition, the Purchaser shall pay Deferred Purchase Price to the Seller in accordance with Clause 5.3.

5.2 The Purchase Price in respect of:

- (a) Receivables which are included in a Confirmation Notice pursuant to the SND Title Transfer Option, is due and payable [* * *] Business Day after the date of delivery of such Confirmation Notice if the related Sale Notice is delivered prior to [* * *] (or such later time as may be agreed between the Seller and the Class C Lender) [* * *];
- (b) Receivables which are included in a Confirmation Notice pursuant to the SND Title Transfer Option, is due and payable [* * *] Business Days after the date of delivery of such

Confirmation Notice if the related Sale Notice is delivered after [* * *] (or such later time as may be agreed between the Seller and the Class C Lender) [* * *];

- (c) Receivables which are included in a Sale Notice pursuant to the Settlement Date Title Transfer Option, is due and payable [* * *] Business Days after the date of delivery of such Sale Notice if such Sale Notice is delivered prior to [* * *] (or such later time as may be agreed between the Seller and the Class C Lender) [* * *];
- (d) Receivables which are included in a Sale Notice pursuant to the Settlement Date Title Transfer Option, is due and payable [* * *] Business Days after the date of delivery of such Sale Notice if such Sale Notice is delivered after [* * *] (or such later time as may be agreed between the Seller and the Class C Lender) [* * *];
- (e) Receivables which are included in a Further Disbursement Confirmation Notice (save for any such Receivable specified in sub-clause (f) below), is due and payable on the date of such Further Disbursement Confirmation Notice; and
- (f) Receivables which are included in a Further Disbursement Confirmation Notice and arise in connection with a Receivable included in a Sale Notice for which title has not yet transferred to the Purchaser, is due and payable on the Settlement Date of the related Receivable included in such relevant Sale Notice

(each such date as applicable, the ***Payment Date***).

5.3 The Purchaser shall on each Monthly Settlement Date pay to the Seller the Deferred Purchase Price calculated in respect of the Reporting Period ending on the second Monthly Reporting Date prior to such Monthly Settlement Date. Notification of the amount payable in respect of Deferred Purchase Price for a particular Reporting Period shall be made to the Purchaser on the Monthly Reporting Date relating to such Reporting Period. Payment of amounts of Deferred Purchase Price then payable shall be satisfied by way of set-off against the Collections Sweep Payments which otherwise are required to be made to the Purchaser at that time or if any Collection Sweep Payments to be made on such day are insufficient to be applied and set-off so as to satisfy such payment in full, any non-payment in full of Deferred Purchase Price shall not constitute a failure to pay for the purposes of Clause 12.1(b) and the Seller may satisfy any unpaid Deferred Purchase Price by applying the Collections Sweep payment on the next following Business Day and thereafter until the relevant amount of Deferred Purchase Price is settled in full. The ***Deferred Purchase Price*** for a Reporting Period shall be an amount equal to [* * *] of the Post-Charge Off Receipts received by the Receivables Manager during such Reporting Period.

6. Asset Model

6.1 [* * *]

6.2 [* * *]

6.3 [* * *] in respect of any changes to the Asset Model, the Seller agrees to:

- (a) consult with the Purchaser in advance of making any such changes;
- (b) provide the Purchaser with details of any proposed changes to the inputs of the Asset Model at least 10 Business Days prior to implementation of such changes;
- (c) provide the Purchaser with details of any other proposed changes to the Asset Model at least 30 days prior to implementation of such changes; and
- (d) consider comments from the Purchaser in good faith and inform the Purchaser where any such comments will not be taken into account,

and the Parties agree to cooperate in good faith to agree such changes to the Asset Model as the Parties may agree.

6.4 [* * *]

6.5 In the case of any discrepancy to the Asset Model, the Parties agree to consult with each other and negotiate in good faith to reconcile and resolve such discrepancy.

7. Completion

7.1 In respect of Receivables which are included in a Sale Notice (and confirmed in the related Confirmation Notice pursuant to the SND Title Transfer Option), the Purchaser shall pay the Purchase Price for all Receivables on the Payment Date specified in the Sale Notice corresponding to such Receivables in accordance with Clause 5 (*Consideration*).

7.2 In respect of Further Disbursements which are included in a Further Disbursement Confirmation Notice, the relevant Purchase Price shall be due and payable by the Purchaser to the Seller on the relevant Payment Date, and to satisfy the amount so owed by the Purchaser to the Seller, the Seller shall be entitled to set-off the amount of such Purchase Price against any Collections Sweep Payment (whether before or after the end of the Commitment Period) due to be made by the Receivables Manager under the Receivables Management Agreement in the same currency on such day (with the Receivables Manager's obligation to account to the Purchaser for such Collections Sweep Payment being reduced by a corresponding amount). To the extent the amount of any Collections Sweep Payment due to be made on such day is insufficient to be applied and set-off so as to settle the relevant Purchase Price in full, any non-payment in full of the Purchase Price for such Further Disbursements shall not constitute a failure to pay for the purposes of Clause 12.1(b) and the Seller may satisfy any unpaid Purchase Price by applying the Collections Sweep Payment on the next following Business Day and thereafter until the Purchase Price is settled in full.

7.3 Completion of the transfer of the title to each Receivable and any Related Rights shall take place at the Sale Time for such Receivable.

7.4 With effect from the Sale Time for each Receivable:

- (a) the Seller will account to the Purchaser for all sums received by the Seller after the relevant Cut-Off Time applicable to such Receivable which belong to the Purchaser (including, without limitation, any sums received from any Borrower) under or in respect of the Receivables which were sold and transferred to the Purchaser at any Sale Time and the Seller will hold the same on trust for the Purchaser as trustee pending such amounts being paid to the Purchaser or being applied in satisfaction of any amounts of the Purchase Price due from the Purchaser; and
- (b) the Purchaser shall hold all Third Party Amounts received by it on trust for the Seller or such other third party beneficial owner of such sums, as the case may be.

7.5 With effect from each Sale Time, the Seller shall continue to observe and perform, or procure the observance and performance of, any obligation to the Borrowers in respect of any Receivable and any Related Rights transferred at such Sale Time in accordance with their terms.

7.6 In respect of Purchased Receivables which are included in any Sale Notice, the Class C Lender (acting on behalf of the Purchaser) may arrange for the Purchaser to enter into a Forward Rate Agreement Transaction at or around [* * *] on the related Sale Notice Date (or in the case of Purchased Receivables included in a Back-Book Sale Notice on the Business Day following the applicable Back-Book Sale Notice Date) in order to hedge the interest rate risk in respect of such Purchased Receivables.

7.7 In respect of Purchased Receivables which are included in a Sale Notice and transferred to the Purchaser pursuant to the SND Title Transfer Option or which are included in a Back-Book Sale Notice, the Class C Lender (or such other entity as it may appoint from time to time, in each case acting on behalf of the Purchaser) may arrange for the Purchaser to partially unwind any Forward Rate Agreement Transaction or enter into an offsetting Forward Rate Agreement Transaction (a ***Hedge Adjustment***) at or around [* * *] on the related Confirmation Notice Date (or if the Confirmation Notice is received later than [* * *] on a Confirmation Notice Date or if a Confirmation Notice Date is not a Business Day, at or around [* * *] on the Business Day immediately following the Confirmation Notice Date), or in the case of Purchased Receivables which are included in a Back-Book Sale Notice on the date on which the related Back-Book Confirmation Notice is delivered (or if the related Back-Book Confirmation Notice is received later than [* * *] on its date of delivery or if its date of delivery is not a Business Day, at or around [* * *] on the Business Day immediately following the date of delivery of such Back-Book Confirmation Notice), in each case in order to adjust the interest rate hedging arrangements to allow for any difference between (i) the loan balances of the Receivables

proposed to be transferred to the Purchaser which are listed in such Sale Notice or Back-Book Sale Notice, and (ii) the loan balances of the Receivables actually transferred to the Purchaser which are listed in the related Confirmation Notice.

7.8 [* * *]

8. Notification of Sales

8.1 In this Agreement, ***Notification Event*** means any of the following:

- (a) the Seller being required by a court of competent jurisdiction, or by a change in law occurring after the Closing Date, or by a regulatory authority or organisation whose members include consumer or other unsecured lenders of which the Seller is a member or with whom it is customary for the Seller to comply, to notify the relevant Borrower of the transfer of any Receivables and Related Rights in favour of the Purchaser;
- (b) the Receivables comprising the Portfolio or any material part thereof being in danger of being seized or sold under any form of distress, diligence, attachment, execution or other legal process or otherwise in jeopardy and it being necessary to notify the relevant Borrower of the transfer of the Receivables and Related Rights in favour of the Purchaser in order to materially reduce such danger or jeopardy;
- (c) notice in writing from the Seller to the Purchaser (with a copy to the Security Agent) requesting notification to a Borrower of the transfer of any of the Receivables and Related Rights;
- (d) the occurrence of an Insolvency Event in relation to the Seller or 3PL or PPHI (including without limitation the taking of any action for the appointment of any receiver, administrator or liquidator of the Seller or 3PL or PPHI);
- (e) default is made by the Seller in the performance or observance of any of its material covenants and obligations under this Agreement or any other Transaction Document to which it is a party, which is in the reasonable opinion of the Purchaser (prior to the delivery of an Enforcement Notice) or in the reasonable opinion of the Security Agent (after the delivery of an Enforcement Notice), material, and such default continues unremedied for a period of 15 Business Days after the earlier of the Seller becoming aware of such default and receipt by the Seller of written notice from the Purchaser or (following delivery of an Enforcement Notice) the Security Agent, as appropriate, requiring the same to be remedied;
- (f) the occurrence of a Receivables Manager Termination Event;
- (g) the occurrence of a Receivables Manager Resignation Event; or

(h) it becoming required by mandatory provisions of law to do any or all of the other acts referred to in this Clause 8,

provided that where the circumstances listed in any of Clause 8.1(a), (c) or (h) occur only in respect of a particular Receivable or where the circumstances listed in any of Clause 8.1(a), (b), (c), (f), (g) or (h) in respect of Receivables in a particular Relevant Jurisdiction, a Notification Event will only occur for the purposes of the Transaction Documents in respect of that Receivable or Receivables owned by Borrowers in that Relevant Jurisdiction and accordingly, for the avoidance of doubt, no notice of assignment, or of its interest in, any Receivable or Related Rights owed by another Borrower or by Borrowers in another Relevant Jurisdiction (as the case may be) shall be required or permitted to be given under the terms of this Clause 8 unless a Notification Event has occurred in that other Relevant Jurisdiction.

8.2 Each of the Purchaser, the Security Agent, the Seller and the Receivables Manager agrees that:

- (a) subject to Clause 8.2(b), the Seller (whether in its capacity as Seller or as Receivables Manager) is not required to give any formal notice of the assignment of, or of its interest in, any Receivable or any Related Rights whether to any Borrower or to any other person at any time prior to the occurrence of a Notification Event, and following a Notification Event unless instructed to do so by the Purchaser or the Security Agent (as applicable);
- (b) if the Seller is required by a court of competent jurisdiction, or by a change in law occurring after the Closing Date, or by a regulatory authority or by an organisation whose members include consumer or other unsecured lenders of which the Seller is a member or with whom it is customary for the Seller to comply, to give notice of the assignment of, or of its interest in, any Receivable or any Related Rights, the Seller must notify the Borrower of that Receivable, court, regulatory authority and/or organisation of the transfer of that Receivable and Related Rights to the Purchaser;
- (c) neither the Purchaser nor the Security Agent is permitted to give any notice of the assignment of, or of its interest in, any Receivable or any Related Rights whether to the Borrower of that Receivable or to any other person prior to the occurrence of a Notification Event; and
- (d) at no time prior to a Borrower Notice will Personal Data in respect of any Borrowers be requested to be shared by the Seller or the Receivables Manager (or any outsourced service providers thereof) with the Purchaser or the Security Agent.

8.3 At any time whilst a Notification Event has occurred and is continuing, the Purchaser (prior to service of an Enforcement Notice) or the Purchaser acting on the instructions of the Security Agent (following service of an Enforcement Notice) may (but shall not be under any obligation to) provide, or may procure the Receivables Manager or any other receivables managing party it has engaged to provide,

formal notice to (i) all of the Borrowers in the case of a Notification Event as listed in Clauses 8.1(b), 8.1(d), 8.1(e) or 8.1(f); or (ii) the Borrowers in any Relevant Jurisdiction affected by a Notification Event as listed in Clauses 8.1(a), 8.1(c) or 8.1(h) of the sale of the outstanding Receivables to the Purchaser. The fees and expenses of such notification shall be borne by the Seller.

8.4 The Seller undertakes to the Purchaser and the Security Agent that, for so long as a Borrower Notice has not been given, the Seller will lend its name to, and take such other steps as may reasonably be required by the Purchaser or (as applicable) the Purchaser acting on the instructions of the Security Agent in relation to, any legal proceedings in respect of the Receivables and their Related Rights in accordance with any applicable law or regulation.

8.5 Subject to Clause 8.6 (*Undertakings of the Seller*), upon being required to do so by the Security Agent (following the service of an Enforcement Notice) pursuant to and at all times in accordance with this Clause 8, the Purchaser shall do all or any of the acts, matters or things referred to in this Clause 8, and undertakes not to take any action that would result in the notification to any Borrower of the transfer of the Receivables and their Related Rights to the Purchaser except as provided in this Agreement and pursuant to and in accordance with this Clause 8 and Clause 27 (*Data Protection*).

8.6 Undertakings of the Seller

(a) Following a Notification Event, the Seller undertakes in respect of each Receivable then forming part of the Portfolio and in respect of which a Notification Event applies, that it will, at its own expense upon receipt of a request from the Purchaser or the Security Agent thereof in writing, do and complete all such acts and execute any necessary agreements and documents as may reasonably be requested by the Purchaser or the Security Agent to give notice to the relevant Borrower of the transfer of such Receivables to the Purchaser. To the extent any of the Receivables then forming part of the Portfolio are Spanish Receivables, following the Security Agent's request, a reference to the creation of Security Document consisting of pledge over Spanish Receivables will be included in the Borrower Notice, as provided for in Part A of Schedule 9 (*Provisions relating to Sale of Spanish Receivables*).

(b) The Seller undertakes to the Purchaser and the Security Agent:

(i) if after the relevant Settlement Date it receives written notice of any litigation or claim calling into question in any material respect the Seller's or the Purchaser's title to any Receivable or the right to payment thereunder or the validity, collectability or enforceability of any Receivable, or if it receives after the relevant Settlement Date written notice of any judgment which would have a material adverse effect on the Seller's or the Purchaser's title to any Receivable or the right to payment thereunder, or if it becomes aware of any material breach of any of its undertakings and other

obligations under this Agreement to notify the Purchaser and the Security Agent of such notice on or before the next Monthly Reporting Date (or the following Monthly Reporting Date if such notice is received within 15 Business Days of the next Monthly Reporting Date); and

- (ii) if reasonably required so to do by the Purchaser or the Security Agent, and at the Purchaser's expense, to participate or join in any legal proceedings to the extent necessary in defending or contesting any litigation calling into question in any way the Purchaser's title to any Receivable.

- (c) The Seller agrees that it will not act or omit to act in any way which:

- (i) would adversely affect in any material respect the position of the Purchaser or its creditors in relation to the Receivables forming part of the Portfolio from time to time after their respective Sale Time; or

- (ii) would constitute a breach in any material respect of the Seller's obligations under the related Loan Agreements,

unless in each case such act, omission or amendment is necessary in order for the Seller to comply with applicable law, regulation, decree or other ordinance issued by any governmental, state or other authority having jurisdiction over it.

- (d) The Seller shall ensure that all Loan Agreements and documents in respect of the origination of the Loan Agreements relating to Receivables comply with all applicable laws, regulation, decree, other ordinance and Authorisations required in the Relevant Jurisdiction and in Luxembourg to the extent that any non-compliance would have a material adverse effect on the validity, enforceability or collectability of Receivables forming part of the Portfolio.

9. Representations, Loan Warranties, Repurchase and Anti-dilution Obligations

9.1 Seller Representations and Loan Warranties

The Seller:

- (a) on each Sale Notice Date, in relation to each Receivable and any Related Rights purchased by the Purchaser at the related Sale Time, gives representations and warranties in the form set out in Part A of Schedule 2 (*Loan Warranties*) (such warranties, the ***Loan Warranties***) to the Purchaser and the Security Agent as at the Sale Notice Date;
- (b) on the date of this Agreement, makes representations and warranties in the form set out in Part B of Schedule 2 (*Seller Representations*) to the Purchaser and the Security Agent;

- (c) on each Title Transfer Date, makes representations and warranties in the form set out in Part B of Schedule 2 (*Seller Representations*) to the Purchaser and the Security Agent as at each such date; and
- (d) on each Monthly Reporting Date, makes representations and warranties in the form set out in Part B of Schedule 2 (*Seller Representations*) to the Purchaser and the Security Agent.

9.2 Purchaser Representations

The Purchaser:

- (a) on each Title Transfer Date, makes representations and warranties in the form set out in Part C of Schedule 2 (*Purchaser Representations*) to the Seller and the Security Agent as at each such date;
- (b) on the date of this Agreement, makes representations and warranties in the form set out in Part C of Schedule 2 (*Purchaser Representations*) to the Seller and the Security Agent;
- (c) on each Repurchase Date, makes representations and warranties in the form set out in Part C of Schedule 2 (*Purchaser Representations*) to the Seller and the Security Agent as at such date; and
- (d) on each Monthly Reporting Date, makes representations and warranties in the form set out in Part C of Schedule 2 (*Purchaser Representations*) to the Seller and the Security Agent.

9.3 Each of the Seller and the Purchaser acknowledges that the representations and warranties specified in Clauses 9.1 (*Seller Representations and Loan Warranties*) and 9.2 (*Purchaser Representations*) are made with a view to inducing the Seller, the Purchaser and the Security Agent to enter into this Agreement and that the Seller, the Purchaser and the Security Agent have entered into this Agreement, *inter alia*, in reliance thereon and have relied upon the representations and warranties, save to the extent Disclosed against in the Disclosure Letter. The Seller, the Purchaser and the Security Agent acknowledge that they have not entered into this Agreement in reliance upon any representation, warranty or undertaking other than those set out in this Agreement or upon any other enquiry, investigation or search whatsoever.

9.4 The Purchaser acknowledges to the Seller that it is a sophisticated purchaser with respect to the transaction contemplated by this Agreement and has such information as it deems appropriate under the circumstances (however obtained) to make an informed decision regarding such transaction. The Purchaser hereby agrees that it has independently made its own analysis and decision to enter into such transaction, based on such information as it has deemed appropriate under the circumstances, and without reliance on any other party (except for reliance, in the case of the Purchaser, on any express representation or warranty made by the Seller in this Agreement).

9.5 Breach of Loan Warranties

Subject to Clause 9.7, in respect of any breach of any Loan Warranty as at the date specified in Clause 9.1 (*Seller Representations and Loan Warranties*) (save for any breach of a Loan Warranty arising as a result of confirmed Borrower fraud which is separately provided for in Clause 9.15) where the sum of the (i) aggregate Purchase Price of any affected Receivables (including the aggregate Purchase Price of Receivables affected by a breach of Loan Warranty which may have already been repurchased in previous years), and (ii) any Indemnified Amounts (as defined in the Receivables Management Agreement) owing by the Receivables Manager to the Purchaser under clause 17 of the Receivables Management Agreement (or which have previously been paid by the Receivables Manager under such clause), is less than or equal to the then applicable Threshold Amount (determined as at the time of each relevant breach), the Seller shall notify the Purchaser and the Security Agent of any actual breach of a Loan Warranty (i) if the breach is not capable of remedy, on or before the next Monthly Reporting Date after the Seller becomes aware of such breach; or (ii) if the breach is capable of remedy and such breach has not been remedied within 90 calendar days of the Seller becoming aware of such breach, on or before the next Monthly Reporting Date following the date falling 90 calendar days after date on which the Seller becomes aware of such breach.

9.6 For so long as the aggregate Purchase Price of Receivables affected by a breach of any Loan Warranty (other than a breach of a Loan Warranty arising as a result of any confirmed Borrower fraud) when aggregated with any Indemnified Amounts (as defined in the Receivables Management Agreement) owing by the Receivables Manager to the Purchaser under Clause 17 of the Receivables Management Agreement does not exceed the then applicable Threshold Amount (determined as at the time of each relevant breach), the Seller shall not be required to indemnify the Purchaser in respect of such breaches or repurchase any affected Receivables.

9.7 The Seller shall only be obliged to indemnify the Purchaser in respect of, or repurchase, any Receivable affected by a breach of Loan Warranty if such breach of Loan Warranty is identified prior to the date falling 12 months after the latest scheduled Payment Date of any Purchased Receivable.

9.8 In respect of each of the Loan Warranties at paragraphs 3, 6(a), 7, and 16 of Part A of Schedule 2 (*Loan Warranties*) given in respect of a Receivable, no breach of such Loan Warranty shall occur (and, for the avoidance of doubt, the Seller shall not be obliged to notify of any such breach or indemnify for, or repurchase, any affected Receivable) unless (i) the relevant Loan Warranty was not correct as at the date on which such Loan Warranty was made and (ii) such incorrectness has, or is reasonably likely to have, an adverse effect on the value of such Receivable, taking into account the likelihood of recoverability of that Receivable.

9.9 In respect of the Loan Warranty at paragraph 19 of Part A of Schedule 2 (*Loan Warranties*), a breach of such Loan Warranty shall be considered to have been remedied for the purposes of Clause 9.5

(Breach of Loan Warranties) (and, for the avoidance of doubt, the Seller shall not be obliged to notify of any such breach or indemnify for, or repurchase, any affected Receivable) if the Seller has paid, or reimbursed to the Purchaser (as applicable), the full amount of the relevant registration, stamp, or other similar Tax or duty and any associated interest and/or penalties within 90 calendar days of the Seller becoming aware of such registration, stamp, or other similar Tax or duty (or such longer period as the Parties may agree).

9.10 Repurchase for breach of Loan Warranties

(a) Subject to Clause 9.7 and Clause 9.17, if the aggregate Purchase Price of Receivables affected by a breach of any Loan Warranty exceeds the Threshold Amount (determined as at the time of each relevant breach), the Seller shall be obliged, during the period during which the sum of (i) the aggregate Purchase Price of Receivables affected by a breach of any Loan Warranty (including the aggregate Purchase Price of Receivables affected by a breach of Loan Warranty which may have already been repurchased in previous years), and (ii) any Indemnified Amounts (as defined in the Receivables Management Agreement) owing by the Receivables Manager to the Purchaser under clause 17 of the Receivables Management Agreement (or which have previously been paid by the Receivables Manager under such clause) exceeds the then applicable Threshold Amount, at its discretion either to effect a repurchase of the Receivables subject to the breach of Loan Warranties pursuant to this Clause 9.10 (*Repurchase for breach of Loan Warranties*) or compensate the Purchaser by making an indemnity payment to the Purchaser pursuant to Clause 9.17. For the avoidance of doubt if the aggregate Purchase Price of Receivables then affected by a breach of a Loan Warranty exceeds the Threshold Amount, the Seller shall be required to either repurchase from, or indemnify, the Purchaser for all Purchased Receivables then affected by a breach of Loan Warranty and not just those in excess of the Threshold Amount. If the Seller has elected to repurchase such affected Receivables, the Seller shall deliver a written notice to the Purchaser specifying its election, following which the Purchaser (or the Receivables Manager on behalf of the Purchaser) shall by delivery of a Repurchase Notice to the Seller (copied to the Purchaser, the Receivables Manager and the Security Agent) reassign and retransfer to the Seller its Assigned Rights in relation to such Receivable identified in the relevant Repurchase Notice on the next following Settlement Date (if during the Commitment Period) or Monthly Reporting Date (if after the end of the Commitment Period) after the date on which the breach of Loan Warranty is required to be notified in accordance with Clause 9.5, and the Seller shall accept a reassignment and retransfer of such Assigned Rights. Such reassignment and retransfer shall be in accordance with, and for the consideration set out in, Clause 9.13.

(b) The Seller may (in its absolute discretion) elect to indemnify the Purchaser as an alternative to the reassignment and retransfer to the Seller of the Purchaser's Assigned Rights in relation to a Receivable pursuant to Clause 9.17.

9.11 The Security Agent shall be entitled to assume that no such breach has occurred until it has been so notified in writing by the Seller or the Receivables Manager. For the avoidance of doubt, save as provided in Clause 9.10 and Clause 9.17 there shall be no other consequence for any breach of Loan Warranty relating to such Receivables and no action shall be taken by any Party in respect of such breach.

Completion and Consideration

9.12 Each reassignment and retransfer under this Clause 9 shall be free from any right or interest that the Security Agent may have in the Assigned Rights under or pursuant to the Security Documents (which the Security Agent shall release, discharge or reassign in respect of the Assigned Rights so reassigned and retransferred).

9.13 Completion of such reassignment and retransfer under Clause 9.10 and Clause 9.12 (inclusive) shall take place on the Repurchase Date applicable to the relevant Repurchase Notice upon payment by the Seller to the Purchaser into the Purchaser Bank Account in the relevant currency of the Repurchase Price. Any such payment by the Seller of the Repurchase Price shall, in relation to that Receivable only, constitute a discharge and release of the Seller from any claims which the Purchaser or the Security Agent may have against it arising from or in relation to such breach of warranty, but shall not affect any rights arising from a breach of any express provision of this Agreement in relation to any other Receivable. The Purchaser and the Security Agent shall, to the extent that each has title and at the cost of the Seller, execute and deliver an agreement in respect of the reassignment, retrocession and release of any such Receivable specified in the relevant Repurchase Notice, in such form as the Seller may reasonably require against payment therefor by the Seller of the Repurchase Price. Each repurchase, reassignment and retransfer of Receivables shall be made subject to and in accordance with the terms and subject to the conditions of this Agreement and the provisions of the Relevant Local Schedule for such Receivable (to the extent applicable and applying mutatis mutandis as required in order to transfer legal and beneficial title to such Receivable back to the Seller).

9.14 If the Seller makes any payment (not involving a reassignment or retransfer under this Clause 9) to the Purchaser or the Security Agent in full satisfaction of any claim made by the Purchaser or the Security Agent in relation to any warranty set out in Clause 9.1 (*Seller Representations and Loan Warranties*), the Purchaser or the Security Agent, as the case may be, shall assign to the Seller such rights as they have against any third party which relate to such claim and undertakes to reassign or retransfer any Assigned Rights upon request by the Seller.

9.15 Repurchase for Failure of Bank-Funded Payment and Fraud

Notwithstanding any other provisions of this Clause 9, if, after a Receivable has been transferred from the Seller to the Purchaser, the Seller receives notice that:

- (a) any payment made by the Borrower has failed or is subject to a reversal or chargeback (each a *Payment Unwind*) where such Payment Unwind is in respect of any payment on the Loan Agreement prior to the transfer of such Receivable to the Purchaser and where, if such Payment Unwind had occurred prior to the transfer of such Receivable to the Purchaser, such Receivable would not have been an Eligible Receivable; or
- (b) a confirmed Borrower fraud has occurred in respect of such Receivable prior to the Sale Time of such Receivable,

the Seller shall repurchase such affected Receivable for an amount equal to the Purchase Price paid by the Purchaser for such Receivable less the aggregate amount of any Collections transferred to the Purchaser in respect of such affected Receivable plus Cost of Capital [***]. The Receivables Manager on behalf of the Purchaser shall by delivery of a Repurchase Notice to the Seller (copied to the Purchaser, the Receivables Manager and the Security Agent) reassign and retransfer to the Seller its Assigned Rights in relation to such Receivable identified in the relevant Repurchase Notice as soon as is reasonably practicable after the date on which the Seller receives notice of the Payment Unwind or the confirmed Borrower fraud (as applicable) but in any event by no later than the Monthly Reporting Date applicable to the Monthly Reporting Period in which the Seller receives notice of the Payment Unwind or the confirmed Borrower fraud (as applicable), and the Seller shall accept a reassignment and retransfer of such Assigned Rights. Completion of such re-assignment and re-transfer shall take place on the Repurchase Date applicable to the relevant Repurchase Notice upon payment by the Seller to the Purchaser into the Purchaser Bank Account in the relevant currency of the original Purchase Price. The Purchaser and the Security Agent shall, to the extent that each has title and at the cost of the Seller, execute and deliver an agreement in respect of the reassignment and retransfer of any such Receivable specified in the relevant Repurchase Notice, in such form as the Seller may reasonably require against payment therefor by the Seller of the original Purchase Price less the aggregate amount of any Collections transferred to the Purchaser in respect of such Receivable plus Cost of Capital. Each repurchase, reassignment and retransfer of such Receivable shall be made subject to and in accordance with the terms and subject to the conditions of this Agreement and the provisions of the Relevant Local Schedule for such Receivable (to the extent applicable and applying mutatis mutandis as required in order to transfer legal and beneficial title to such Receivable back to the Seller).

9.16 Repurchase for DE Pi30 Loan

[***]

Indemnity

9.17 If:

- (a) the Seller elects to indemnify the Purchaser as an alternative to the reassignment and retransfer to the Seller of the Purchaser's Assigned Rights in relation to a Receivable under Clause 9.10 (*Repurchase for breach of Loan Warranties*);
- (b) a Receivable has never existed, or has ceased to exist, such that it is not outstanding on the date on which it is due to be reassigned or retransferred pursuant to this Clause 9;
- (c) a Loss has been suffered in respect of such Receivable due to a fraud on behalf of the Seller; or
- (d) the Seller is not obliged to repurchase a Purchased Receivable that it would otherwise have been obliged to repurchase pursuant to Clause 9.10 (*Repurchase for breach of Loan Warranties*) due solely to a matter being Disclosed in the Disclosure Letter,

the Seller shall not be obliged to repurchase the Receivable or the other Assigned Rights but shall instead deliver a written notice on the date on which the next Sale Notice is delivered (or, if sales are no longer occurring, within five Business Days) after becoming aware that any of the circumstances referred to under Clauses 9.17(a), (b), (c) or (d) has occurred specifying its intention to indemnify the Purchaser in relation to such Receivable or other Assigned Rights in an amount equal to the Repurchase Price that would be payable under Clause 9.13 had the Seller elected to repurchase that Receivable (the **Indemnification Amount**). After delivery of such written notice, the Seller shall, within five Business Days of delivery of such written notice, indemnify the Purchaser in an amount equal to the Indemnification Amount for the relevant Receivable and pay such Indemnification Amount to the Purchaser, provided that the Seller shall be entitled to settle the payment of any such Indemnification Amount by way of set-off and deduction from the Purchase Price specified in the next Confirmation Notice or Sale Notice (as applicable) following delivery of such written notice (where applicable).

9.18 Following the payment or settlement of an Indemnification Amount pursuant to Clause 9.17, any Collections received in respect of the Indemnification Amount of the affected Receivable(s) shall be retained by the Seller for its own account.

9.19 Any payments to be made by the Seller pursuant to Clause 9.17 shall be made:

- (a) in respect of that part of the Repurchase Price amount calculated by reference to the relevant Purchase Price Ratio multiplied by the outstanding Current Balance of the relevant Receivable, within five Business Days of the date on which the balance of the Receivable is written down or reduced; and

(b) in respect of that part of the Repurchase Price calculated by reference to Cost of Capital, on the next Monthly Settlement Date.

9.20 Anti-dilution

(a) If the balance of a Receivable (in whole or in part, including in respect of any amounts representing interest or fees) is written down by the Seller or the Receivables Manager or any interest, fees or other amounts due are waived as a result of the Seller or the Receivables Manager determining that there has been an error in the origination, management or administration of a particular loan or making a goodwill credit to a particular Borrower, the Seller shall not be obliged to repurchase the Receivable or the other Assigned Rights but shall instead make an anti-dilution payment to the Purchaser Bank Account in the relevant currency equal to the Repurchase Price in respect of the amount of the Receivable balance so written down or waived. Such anti-dilution payment shall be settled on a monthly basis in arrears on the Monthly Settlement Date by way of a cash payment from the Seller to the Purchaser, payment of which shall be satisfied, during the Commitment Period only and provided that the Receivables Manager as at the date of this Agreement (or any of its Affiliates) remains a Receivables Manager under the Receivables Management Agreement, by way of set-off against the Receivables Management Fee or any other fees at that time then due pursuant to the Receivables Management Agreement, or if such fees are insufficient for any reason, by payment by the Seller within five Business Days of demand from the Purchaser.

(b) If the balance of a Receivable (in whole or in part, including in respect of any amounts representing interest or fees) is written down by the Seller as a form of provisional credit granted to a Borrower pursuant to an unresolved dispute between the relevant Borrower and the relevant merchant, the Seller shall not be obliged to repurchase the Receivable or the other Assigned Rights but shall instead make an anti-dilution payment to the Purchaser by a transfer to the Purchaser Bank Account in the relevant currency of an amount equal to the Repurchase Price in respect of the amount of the Receivable balance so written down (excluding any amounts of interest or fees cancelled in connection with the grant of the provisional credit). If following the conclusion of the dispute between such Borrower and such merchant, the dispute is resolved against the Borrower and the write-down of the applicable Receivable balance is reversed, the Purchaser shall make a payment of an amount equal to such Repurchase Price transferred to the Purchaser, payment of which shall be satisfied by way of set-off against the Collections Sweep Payments which otherwise are required to be made to the Purchaser at that time or if such Collection Sweep Payments are insufficient to satisfy such payment in full, by payment by the Purchaser within five Business Days of demand by the Seller.

- (c) If the balance of a Receivable (in whole or in part, including in respect of any amounts representing interest or fees) is written down by the Seller upon a refund being received by the Seller from the relevant merchant in respect of the underlying merchant purchase transaction, the Seller shall not be obliged to repurchase the Receivable or the other Assigned Rights but shall instead make an anti-dilution payment to the Purchaser by a transfer of the amount to the Purchaser Bank Account in the relevant currency equal to the Repurchase Price in respect of the amount of the Receivable balance so written down (excluding any amounts of interest or fees cancelled in connection with the grant of the refund). If the Seller notifies the Purchaser that the Borrower has previously made a payment in whole or in part (and the Purchaser has received such payment), where the issuance of the refund has resulted in a credit to such Borrower's e-money account such that the Borrower has no right of set-off or counterclaim against the Receivable in respect of the amount so credited (such amount, an ***E-money Refund Balance Amount***), an amount equal to the E-money Refund Balance Amount shall be netted against the Collections Sweep Payment which otherwise are required to be made to the Purchaser at that time such that the Seller can restore the original balance of the Borrower's e-money account.
- (d) If the balance of a Receivable (in whole or in part, including in respect of any amounts representing interest or fees) is reduced as a result of a Borrower exercising a right of set-off, recission or right of counterclaim against such Receivable, the Seller shall not be obliged to repurchase the Receivable or the other Assigned Rights but shall instead make an anti-dilution payment to the Purchaser by a transfer to the Purchaser Bank Account in the relevant currency of an amount equal to the Repurchase Price in respect of the amount of the Receivable balance so reduced.
- (e) Any payments to be made by the Seller pursuant to Clauses 9.20(b), (c) and (d) shall be made:
 - (i) in respect of that part of the Repurchase Price amount calculated by reference to the relevant Purchase Price Ratio multiplied by the written down or reduced amount of the balance of the relevant Receivable, within five Business Days of the date on which the balance of the Receivable is written down or reduced; and
 - (ii) in respect of that part of the Repurchase Price calculated by reference to Cost of Capital, on the next Monthly Settlement Date during the Commitment Period or after the end of the Commitment Period on a Monthly Reporting Date.

9.21 Balance Adjustments

- (a) If the balance of a Receivable increases (after the Receivable has been transferred to the Purchaser) as a result of a Payment Unwind of any due payment requested by the Borrower

(other than as described in Clause 9.15(a)) and where a Collection has been paid to the Purchaser in respect of such payment, the Purchaser shall pay to the Seller an amount equal to such increase in the balance of the Receivable, payment of which shall be satisfied by way of set-off against the Collections Sweep Payments which otherwise are required to be made to the Purchaser at that time.

(b) If any NSF Fee has been passed on to the Purchaser in the System, the Purchaser shall pay to the Seller an amount equal to such NSF Fee. Such payment shall be settled on a monthly basis in arrears on each Monthly Settlement Date by way of set-off against the Collections Sweep Payments which otherwise are required to be made to the Purchaser at that time, or if such Collection Sweep Payments are insufficient, by payment by the Purchaser within five Business Days of demand from the Seller. In relation to any amounts received from a Borrower, these will be allocated first to the satisfaction of any payment due in respect of a NSF Fee (which amount shall be retained by the Seller for its own account), and thereafter in accordance with the terms of the Loan Agreement and any applicable law or regulation.

9.22 It is hereby expressly understood between the Parties that, since the Receivables are sold to the Purchaser without recourse (but for the avoidance of doubt without prejudice to any recourse as expressly provided for in this Agreement), the Seller shall have no obligation to indemnify the Purchaser from any direct and/or indirect damages, Losses, Taxes, claims, liabilities, costs and expenses arising as a consequence of the failure by any Borrower to pay in whole or in part any relevant Receivables after the relevant Cut-Off Time (including, without limitation, as a result of the insolvency of such Borrower). Without prejudice to the other provisions of this Clause 9, each of the Purchaser and the Security Agent further acknowledges to and agrees with the Seller, that the Seller shall have no liability or responsibility (whether, in either case, contractual or tortious, express or implied) for any Loss or damage for or in respect of any breach of or any act or omission in respect of, any of its obligations hereunder other than Loss or damage directly (and not indirectly or consequentially) suffered by the Purchaser and/or the Security Agent or the assets comprised in the Transaction Security by reason of such breach, act or omission.

9.23 Each of the Seller and the Purchaser shall notify in writing the applicable Party within seven Business Days of becoming aware of the breach of any of its obligations under this Clause 9 (including whilst any relevant cure period is in effect) and each of the Seller, the Purchaser and the Security Agent shall, in the absence of receipt of any such written notice, be entitled to assume that each Party is complying with such obligations.

10. Information Undertakings

10.1 The undertakings in this Clause 10 (*Information Undertakings*) shall remain in force from the date of this Agreement during the Commitment Period and thereafter for so long as any obligations remain outstanding hereunder.

10.2 The Purchaser will supply to the Seller:

- (a) promptly upon becoming aware of them, the details of any litigation, arbitration or administrative proceedings or regulatory impositions which are current, threatened or pending against the Purchaser, and which, if adversely determined, could reasonably be expected to have a Material Adverse Effect; and
- (b) promptly, further information as the Seller may reasonably request for the purposes of the Seller and its Affiliates' Tax compliance and reporting obligations, except to the extent that disclosure of the information would breach any law, regulation, stock exchange requirement or duty of confidentiality.

10.3 The Seller will supply to the Purchaser such information as the Purchaser may reasonably request to satisfy its reporting or due diligence obligations under the EU Securitisation Regulation and UK Securitisation Regulation, provided that the Seller shall not be required to supply any such information to the extent it does not collect or track such information as at the date of this Agreement.

10.4 Each of the Purchaser and the Seller shall promptly notify the other Parties and the Security Agent in writing of any breach of representation and warranty or undertaking under this Agreement (other than in respect of any breach of a Loan Warranty as to which Clause 9.5 (*Breach of Loan Warranties*) will apply) and in any event within seven Business Days of becoming aware of its occurrence. Without prejudice to the other rights and remedies of the Parties to this Agreement set out herein, following such notification, to the extent that such breach is capable of remedy, the Purchaser and the Seller agree to consult with each other and negotiate in good faith to agree a means to remedy and resolve such breach. Promptly upon a request by any party to this Agreement to the Purchaser or the Seller, the Purchaser or the Seller (as applicable) shall supply to it a certificate signed by an authorised signatory on its behalf certifying that no breach of representation and warranty or undertaking is continuing.

10.5 Delivery of financial statements

The Seller shall deliver to the Purchaser by no later than 30 June of each calendar year, starting from 30 June 2023 for its financial year ending 31 December 2022, a copy of its audited consolidated annual financial statements prepared in accordance with IFRS, provided that such financial statements shall be deemed delivered if they are publicly available.

10.6 Nothing in this Agreement or any of the Transaction Documents shall require the Seller or any of its Affiliates to disclose any information where such disclosure would otherwise be required under this Agreement or the relevant Transaction Document to the extent that such disclosure would result in a breach of any applicable law or regulation or regulatory guidelines or order of any court or requirement (whether or not having the force of law) of any central bank or any governmental or other regulatory or Tax Authority or applicable stock exchange rules and guidelines.

11. General Undertakings

The undertakings in this Clause 11 (*General Undertakings*) shall remain in force from the date of this Agreement during the Commitment Period and thereafter for so long as any obligations remain outstanding hereunder.

11.1 Merger and Change of Control

Without prejudice to the exercise of any right of enforcement of the Security Agent in respect of any Security Interest granted over the shares of the Purchaser (which, for the avoidance of doubt, shall not require the consent of the Seller or the Receivables Manager), the Purchaser shall not enter into any amalgamation, demerger, merger, corporate reconstruction or Change of Control without the prior written consent of the Seller.

11.2 Audit

Subject to all applicable law and regulation, the Seller shall cause an AUP Audit to be conducted:

- (a) once in each twelve month period during the Commitment Period (a copy of which report the Seller shall or shall cause to be delivered to the Purchaser and each Facility Agent (as defined in the Master Framework Agreement) on or before the Monthly Reporting Date falling in June in each year starting from June 2024); and
- (b) following the occurrence of a Turbo Amortisation Event or an Event of Default (in each case as defined in the Master Framework Agreement), if so requested by the Majority Class A Lenders, the Majority Class B Lenders or the Class C Lender within 90 calendar days' of receipt by those persons or that person (as applicable) of notice of the occurrence of such Turbo Amortisation Event or Event of Default, provided that no more than one such additional AUP Reports may be requested in any twelve month period,

and in each case shall cause to be conducted one further AUP Audit if either such AUP Audit has identified breaches by the Seller or the Receivables Manager of the terms of their respective obligations under this Agreement or the Receivables Management Agreement.

11.3 U.S. Investment Company and Covered Fund Status

The Purchaser undertakes that, for so long as any Receivable is outstanding, it will not take any action that would (i) require it to register as an “investment company” (as that term is defined under the U.S. Investment Company Act of 1940, as amended), or (ii) result in it becoming a “covered fund” as defined under the Volcker Rule.

11.4 **Securitisation**

Save as otherwise agreed in writing between the Seller and the Purchaser, the Purchaser will not undertake any refinancing or any public securitisation or similar financing transaction in respect of the Receivables without the prior written consent of the Seller.

11.5 **Collections Policies, Underwriting Policies and Standard Documentation**

- (a) The Seller is permitted to make changes to the Collections Policies or Underwriting Policies at any time at its own discretion provided that if any such changes have in the good faith determination of the Seller a quantitative impact on any required input to, or assumption contained in, the Asset Model, the relevant input or assumption shall be updated to take into account the change to the Collections Policies or Underwriting Policies as the case may be.
- (b) The Seller shall as soon as reasonably practicable after approval and adoption by the Seller of any changes to the Collection Policies, Underwriting Policies or Standard Documentation, (i) notify the Purchaser of any material changes or variations to any of the Collections Policies, Underwriting Policies or Standard Documentation and (ii) provide a copy of such updated Collections Policies, Underwriting Policies or Standard Documentation to the Purchaser and each Facility Agent (as defined in the Master Framework Agreement). For the avoidance of doubt, neither the Seller nor the Receivables Manager shall be required to provide any other documents relating to underwriting or collections procedures or policies including any such policies, procedures or other documents referenced in the Underwriting Policies or Collections Policies.
- (c) The Seller shall not make any changes to the calculation methodology in respect of the information contained in the Receivables Management Report without the prior written consent of the Purchaser not to be unreasonably withheld.

11.6 **Origination and administration**

The Seller and Receivables Manager shall, as applicable:

- (a) originate and manage Purchased Receivables;
- (b) assess and monitor the credit performance of the Purchased Receivables;
- (c) [* * *] operate and maintain the Asset Model; and

(d) assess and implement any appropriate changes to its Asset Model, the Collections Policies, the Underwriting Policies, Standard Documentation or its credit-decisioning process,

in each case, with the level of skill, care and diligence which would be expected at that time from a reasonably prudent consumer lender or manager of consumer loans within the consumer financial services industry and in any event to no lesser standard that it has applied prior to the Closing Date or that it would apply to Receivables originated and held for its own account.

11.7 Change in law or regulation

In connection with the introduction and implementation into national law of additional regulatory requirements applicable to the Receivables under (i) proposals announced by the UK government in February 2021 to bring interest-free buy-now-pay-later agreements into regulation by the Financial Conduct Authority and (ii) the European Commission's proposal for a Directive repealing and replacing Directive 2008/48/EC on credit agreements for consumers (together with (i), the ***Additional Regulatory Requirements***), prior to such Additional Regulatory Requirements becoming binding on the Seller and the Receivables Manager in the applicable jurisdiction, the Seller shall:

- (a) where a relevant regulatory body indicates formally in writing, or the Seller otherwise believes that it may be reasonably likely, that any application for a regulatory licence or permission newly required pursuant to the Additional Regulatory Requirements in relation to the origination or administration of the Receivables may be refused, the Seller will notify the Purchaser as soon as reasonably practicable in writing, and in any event not more than five Business Days after becoming aware of the same;
- (b) consult with the Purchaser in advance of making any such updates or taking any such measures;
- (c) provide the Purchaser with details of any proposed updates to the Standard Documentation and any proposed measures to comply with the Additional Regulatory Requirements at least 30 days prior to implementation of such Standard Documentation and measures;
- (d) consider comments from the Purchaser in good faith and inform the Purchaser where any such comments will not be taken into account in the updated Standard Documentation or in the other measures to be taken by the Seller to comply with the Additional Regulatory Requirements;
- (e) as soon as reasonably practicable after finalisation, provide the Purchaser with copies of any updated Standard Documentation;
- (f) provide the Purchaser with legal opinions addressed to the Purchaser, the Security Agent, the Class A Lenders and the Class B Lenders, as to the enforceability of any updated Standard

Documentation in England, France, Germany, Italy and Spain to a level of comfort in all material respects equivalent to the legal opinions listed in paragraphs 23 to 27 of Part A of Schedule 1 (*Seller Initial Conditions Precedent*) and provided to the Purchaser on or before the Closing Date but having regard to the regulated nature of the relevant Eligible Products and any uncertainty in the implementation or interpretation of the Additional Regulatory Requirements relating to the Eligible Products;

- (g) where requested by the Purchaser, a legal opinion or memorandum of advice addressed to the Purchaser, the Security Agent, the Class A Lenders and the Class B Lenders, from an appropriately qualified legal counsel confirming that where the Additional Regulatory Requirements require customer documentation, including, but not limited to, pre-contractual information, loan agreement, account statements, notices of default and notices of arrears, to be in a required format and/or contain specific information and disclosures, these requirements are complied with in material respects or otherwise in a manner that would not materially affect the recoverability of amounts owed in respect of the relevant Receivables; and
- (h) provide such other information as the Purchaser may reasonably request in relation to compliance by the Seller or the Receivables Manager, as applicable, with Additional Regulatory Requirements applicable to the origination and administration of such Receivables, including but not limited to (i) template pre-contractual borrower communications and documentation; (ii) compliance with form and content requirements relating to customer documentation including, but not limited to, the loan agreement, account statements, notices of default and notices of arrears; and (iii) evidence that all relevant regulatory permissions or registrations have been obtained.

11.8 Sales, Liens, etc.

The Seller shall not sell (or, if applicable, hold on trust), assign (by operation of law or otherwise) or otherwise dispose of, or create or suffer to exist any Security Interest upon or with respect to, the Purchased Receivables except as otherwise expressly required or provided for in this Agreement or any other Transaction Document, provided that nothing in this Clause 11.8 shall prohibit or restrict any transfer or disposal of the legal title to any Purchased Receivable and Related Rights to the UK Sub at any time following its accession as an Additional Receivables Manager.

12. Termination Events

- 12.1 If at any time any of the following events (each a *Seller Termination Event*) has occurred and is continuing, the Seller may (subject to Clause 12.5) terminate the Commitment Period with immediate effect by giving notice to the Purchaser:

- (a) the sale of the Purchased Receivables by the Seller to the Purchaser ceases to be accounted for as a sale under either US GAAP or PPHI or under IFRS for the Seller as determined in good faith by the Seller's accountants in accordance with generally accepted accounting standards and guidance;
- (b) the Purchaser does not pay on the due date any amount payable pursuant to this Agreement at the place and in the currency in which it is expressed to be payable in an aggregate amount of not less than Euro Equivalent [* * *] unless its failure to pay is caused by an administrative or technical error or a Disruption Event, and payment is made within five Business Days of its due date;
- (c) the Purchaser does not comply with any material provision of this Agreement (other than any provision where the result of such non-compliance is the occurrence of the event specified in Clause 12.1(a) above) and any such non-compliance is unremedied and unwaived for 15 Business Days of the Purchaser being notified or becoming aware of such non-compliance;
- (d) any representation made by the Purchaser in the form set out in Part C of Schedule 2 (*Purchaser Representations*) is or proves to have been incorrect or misleading in any material respect when required to be made and any such misrepresentation is unremedied and unwaived for 15 Business Days of the Purchaser being notified or becoming aware of such misrepresentation;
- (e) an Insolvency Event has occurred in relation to the Purchaser;
- (f) it is or becomes unlawful for the Purchaser to perform any of its obligations under this Agreement, provided that if it is or becomes unlawful for the Purchaser to purchase Receivables originated in a particular jurisdiction from the Seller, such event shall not constitute a termination event under this Clause 12.1 and instead this Agreement will continue save that the Purchaser shall no longer purchase any Receivables originated in such jurisdiction;
- (g) the Purchaser repudiates or rescinds this Agreement or evidences an intention to repudiate or rescind this Agreement;
- (h) the Purchaser has delivered a Receivables Manager Termination Notice to the Receivables Manager;
- (i) it is or becomes unlawful for the Seller or the Receivables Manager to perform any of its obligations under this Agreement or the Receivables Management Agreement, or such performance becomes in the opinion of the Seller, acting reasonably, materially more burdensome as a result of a change in applicable law and regulation (other than a law or

regulation relating to Tax, as to which Clause 12.1(m) shall apply) and the Seller has provided a certificate signed by a director stating that there is no reasonable prospect of avoiding the circumstances giving rise to the Seller's performance becoming materially more burdensome and including reasonable detail as to such circumstances;

- (j) [* * *]
- (k) the Purchase Condition set out in Clause 2.6(f) is not satisfied on three or more consecutive Sale Notice Dates as a result of the Purchaser not having entered into hedging arrangements in respect of the sale of Receivables set out in a Sale Notice;
- (l) [* * *]
- (m) subject to Clause 12.5, a Tax Event has occurred for which either the Seller or the Receivables Manager is an Affected Party, provided that such Tax Event has or will have a material adverse effect on that Affected Party;
- (n) a Change of Control occurs in respect of the Purchaser; or
- (o) [* * *]

12.2 If at any time any of the following events (each a **Purchaser Termination Event**) has occurred and is continuing, the Purchaser may (subject to Clause 12.5) terminate the Commitment Period with immediate effect by giving notice to the Seller:

- (a) the Seller is in breach of any of its material obligations under this Agreement, provided that if such breach is caused by an error or omission of an administrative, personnel, system, technical, or operational nature and such breach is remedied within 15 Business Days, such event shall not constitute a Purchaser Termination Event under this Clause 12.2;
- (b) the Seller does not pay on the due date any amount payable pursuant to this Agreement at the place and in the currency in which it is expressed to be payable in an aggregate amount of not less than Euro Equivalent [* * *] unless its failure to pay is caused by an administrative or technical error or a Disruption Event, and payment is made within five Business Days of its due date;
- (c) any representation made by the Seller in the form set out in Part B of Schedule 2 (*Seller Representations*) is or proves to have been incorrect or misleading in any material respect when required to be made and any such misrepresentation remains unremedied or unwaived on the 15th Business Day after the date the Seller was notified or became aware of such misrepresentation;
- (d) an Insolvency Event has occurred in relation to the Seller or PPHI;

- (e) it is or becomes unlawful for the Seller to perform any of its obligations under this Agreement or the Receivables Management Agreement, provided that if it is or becomes unlawful for the Seller to sell Receivables originated in a particular jurisdiction to the Purchaser, such event shall not constitute a Purchaser Termination Event under this Clause 12.2 and instead this Agreement will continue save that the Seller shall no longer offer to sell to the Purchaser any Receivables originated in such jurisdiction;
- (f) the Seller repudiates or rescinds this Agreement or evidences an intention to repudiate or rescind this Agreement;
- (g) it is or becomes unlawful for the Purchaser to perform any of its obligations under this Agreement, provided that if it is or becomes unlawful for the Purchaser to purchase Receivables originated in a particular jurisdiction from the Seller, such event shall not constitute a Purchaser Termination Event under this Clause 12.2 and instead this Agreement will continue save that the Purchaser shall no longer purchase any Receivables originated in such jurisdiction;
- (h) subject to Clause 12.5, a Tax Event has occurred for which the Purchaser is an Affected Party, provided that such Tax Event has or will have a material adverse effect on the Purchaser;
- (i) the Purchaser has delivered a Receivables Manager Termination Notice to the Receivables Manager or the Receivables Manager has given notice of its resignation pursuant to the Receivables Management Agreement; or
- (j) [***]

- 12.3 The Seller and the Purchaser each agree to take reasonable steps to mitigate the occurrence of any Termination Event.
- 12.4 Following termination of the Commitment Period, either pursuant to Clause 12.1 or Clause 12.2, or because the Commitment Period has otherwise ended, the provisions of this Agreement will nevertheless continue to apply in the case where the Purchaser still holds Receivables sold to it by the Seller prior to the Commitment Period ending.
- 12.5 In the event that a Tax Event has occurred, the Affected Party shall notify the other Parties and for a period of 30 days after the date of such notification, the Parties shall consult with each other and cooperate in good faith to agree such changes to the Transaction Documents as the Parties may agree (including changes to the Parties) in order to mitigate the effect of or reduce the additional Tax incurred by any Party as a result of the applicable Tax Event. If the Parties are unable to agree any such changes within that 30 day period (or such longer period as the Parties may in writing agree) (the **Consultation Period**), the relevant Affected Party may exercise its termination right pursuant to Clause 12.1 or

Clause 12.2, as applicable. Notwithstanding any contrary provision in the Transaction Documents, the Seller shall not offer any Receivables (and their Related Rights) for sale and assignment to the Purchaser during the Consultation Period.

13. Testing Phase

- 13.1 The Seller and the Purchaser agree that at any time on or following the Testing Period Commencement Date and prior to the delivery by the Seller of the first Back-Book Sale Notice, the Seller may at its discretion conduct a series of test sales of Receivables that satisfy the Eligibility Criteria (and, for the avoidance of doubt, paragraphs (9) and (10) of the Eligibility Criteria cannot be waived or otherwise amended) up to an aggregate Purchase Price of Euro Equivalent [* * *] (each such Receivable, a *Test Receivable*) subject to and in accordance with this Clause 13. If a Test Receivable does not satisfy any of the Loan Warranties (other than the Loan Warranty at paragraph 15 of Part A of Schedule 2 (*Loan Warranties*) relating to no adverse selection), the Seller shall within one month of the Seller becoming aware of the Test Receivable not satisfying any such Loan Warranty repurchase such Test Receivable for a repurchase price equal to the Current Balance of such Test Receivable as at the date of the repurchase.
- 13.2 The provisions of Clauses 2.1 (disregarding the requirement that the Purchase Conditions are satisfied or waived), 2.2, 2.3, 2.10, 2.11, 2.14, 9.16 and Schedule 7 (*Provisions relating to Sale of German Receivables*), Schedule 8 (*Provisions relating to Sale of French Receivables*), Schedule 9 (*Provisions relating to Spanish Law*), Schedule 10 (*Provisions relating to Sale of Italian Receivables*) and Schedule 11 (*Form of Notices*) shall each apply in respect of each sale of a Test Receivable. No other provision of this Agreement shall apply in respect of any Test Receivables, and, for the avoidance of doubt, the Seller shall have no obligation to repurchase from the Purchaser (save for pursuant to Clause 13.1 above or Clause 9.16 (*Repurchase for DE Pi30 Loan*)) or indemnify the Purchaser in respect of any Test Receivable pursuant to Clause 9 (*Representations, Loan Warranties, Repurchase and Anti-dilution Obligations*) nor shall any breach of any provision of this Agreement in respect of any Test Receivable or its sale constitute a Purchaser Termination Event.
- 13.3 The Purchase Price payable for any Test Receivable shall be paid in accordance with Clause 7.1.
- 13.4 Any Collections received in respect of a Test Receivable which has been purchased by the Purchaser and which are received after the applicable Cut-Off Time for such Test Receivable shall be for the account of the Purchaser.
- 13.5 If there are any issues that arise during the testing phase, the Parties agree to consult with each other in good faith with a view to resolving any such issues in a timely manner.
- 13.6 Notwithstanding anything to the contrary in this Agreement or any other Transaction Document, each of the Parties hereby agrees and confirms that the Purchase Price payable by the Borrower in respect of

any Test Receivables shall not be payable on the Payment Date in accordance with Clause 5.2, but shall instead be paid on the earlier to occur of (i) the date on which the Purchase Price is paid in respect of Back-Book Receivables sold to the Purchaser on the first Back-Book Sale Date, and (ii) the date falling one month after the date of the delivery of the applicable Sale Notice in respect of those Test Receivables provided that the Seller and the Receivables Manager shall be under no obligation under this Agreement or the Receivables Management Agreement to make any Cash Sweep Payment of any Collections received in respect of any Test Receivables sold to the Purchaser until the Purchaser has paid in full the Purchase Price for all Test Receivables, and if the Purchase Price payable in respect of the Test Receivables is not paid when due in accordance with this Clause 13.6, the Seller shall be entitled to satisfy payment of Purchase Price for the Test Receivables by way of set-off against the Collections Sweep Payments that would otherwise be required to be made to the Purchaser.

14. VDR Representation

14.1 On the date of this Agreement, the Seller makes the following representations to the Purchaser:

- (a) the following documents were as at the earlier of the date as at which that document is expressed to speak and the date such document is uploaded into the applicable VDR (if such document is undated) true and accurate and not misleading in all material respects:
 - (i) [* * *]
 - (ii) [* * *]
 - (iii) [* * *]
 - (iv) [* * *]
 - (v) [* * *]
 - (vi) [* * *]
 - (vii) [* * *]
 - (viii) [* * *]
- (b) the following data, estimates and forecasts were, at the time they were prepared, prepared in good faith and based on the Seller's expectations as at the date thereof or the date such document is uploaded into the VDR (if such document is undated):
 - (i) [* * *]
 - (ii) [* * *]
 - (iii) [* * *]

(iv) [* * *]

(v) [* * *]

(vi) [* * *]

(vii) [* * *]

15. Brexit Options

15.1 Additional Receivables Manager

The Purchaser agrees that the UK Sub shall be entitled to become an Additional Receivables Manager in respect of the UK Receivables provided that the following conditions have been satisfied (or waived by the Purchaser) on or before the UK RM Accession Date:

- (a) the Purchaser has received all of the documents and other evidence listed in Part A of Schedule 19 (*Additional Receivables Manager Conditions Precedent*) in relation to that Additional Receivables Manager in form and substance satisfactory to the Purchaser acting reasonably; and
- (b) the Seller delivers to the Purchaser (with a copy to the Security Agent) a duly completed and executed Receivables Manager Deed of Accession.

Upon satisfaction of the conditions set out in this Clause 15.1, the Additional Receivables Manager shall accede to this Agreement and the Receivables Management Agreement on the date specified in the Receivables Manager Deed of Accession. The provisions of Part B of Schedule 5 (*From UK RM Accession Date*) in connection with the UK Receivables shall apply to this Agreement with effect from the UK RM Accession Date.

15.2 Additional Seller

- (a) The Purchaser agrees that the UK Sub shall be entitled to become an Additional Seller under this Agreement in respect of the UK Receivables by the Seller delivering a Brexit Option Notice to the Purchaser (with a copy to the Security Agent) not less than 30 days prior to the date on which the Seller wishes the UK Sub to become an Additional Seller. The UK Sub shall become an Additional Seller with effect from the date specified in the Brexit Option Notice if:

- (i) the Purchaser has received all of the documents and other evidence listed in Part A of Schedule 20 (*Additional Seller Conditions Precedent*) in relation to the UK Sub in form and substance satisfactory to the Purchaser acting reasonably. If the Seller is simultaneously requesting that the UK Sub becomes an Additional Receivables

Manager pursuant to this Clause 15 (*Brexit Options*), then the Seller is obliged only to deliver the Additional Receivables Manager Conditions Precedent as set out in Part A of Schedule 19 (*Additional Receivables Manager Conditions Precedent*); and

- (ii) the Seller delivers to the Purchaser (with a copy to the Security Agent) a duly completed and executed Additional Seller Deed of Accession.
- (b) If the UK Sub becomes an Additional Seller pursuant to Clause 15.2(a), this Agreement shall be amended and restated in such form as may be required to allow the UK Sub to replace the Seller as seller of UK Receivables on terms equivalent to this Agreement with effect from the UK Seller Accession Date as specified in such Brexit Option Notice. The Seller and the Purchaser each agree to enter into such additional documents and to take such actions as may be reasonably required to give effect to this Clause 15.2. Any amendment and restatement of this Agreement shall not affect sales of Receivables or the rights of Parties arising or accruing under the terms of this Agreement prior to the UK Seller Accession Date.
- (c) If the Seller does not elect to deliver a Brexit Option Notice as envisaged by Clause 15.2(a) but nevertheless wishes to make changes to this Agreement in light of the need to cater for Brexit, the Parties agree to negotiate in good faith any changes requested by the Seller to this Agreement, the Receivables Management Agreement and any Transaction Document, and/or to enter into any new documentation which the Seller considers to be necessary or desirable (acting reasonably) to reflect the post-Brexit structure that the Seller and the Seller Group elects to implement in light of applicable law, regulation or official or judicial order of any government, governmental body or court, domestic or foreign, having jurisdiction over it.
- (d) Nothing in this Clause 15.2 shall require the Purchaser to enter into any documentation to amend this Agreement that would result in the Purchaser having obligations that are more onerous than those it would have under this Agreement were it not amended or that would result in the Purchaser not having rights under this Agreement equivalent to those it would have were this Agreement not so amended (recognising however that there would be two separate sellers of Receivables).

16. Deposit, Costs and Expenses

16.1 [* * *]

16.2 [* * *]

16.3 [* * *]

16.4 [* * *]

16.5 [* * *]

16.6 [* * *]

16.7 [* * *]

17. Reimbursements

Where any Party is required by the terms of this Agreement to reimburse or indemnify any Party for any cost or expense, such Party shall reimburse or indemnify such other Party on an after-Tax basis for the full amount of such cost or expense, including such part thereof as represents Irrecoverable VAT.

18. Merger

Any term of this Agreement to which effect is not given on the relevant Title Transfer Date, (including in particular the liability of the Seller under the warranties set out in Clause 9 (*Representations, Loan Warranties, Repurchase and Anti-dilution Obligations*)) shall not merge but shall remain in full force and effect notwithstanding the relevant Title Transfer Date.

19. No Agency or Partnership

It is hereby acknowledged and agreed by the Parties that nothing in this Agreement shall be construed as giving rise to any relationship of agency, save as expressly provided herein, or partnership between the Parties and that in fulfilling its obligations hereunder, each Party shall be acting entirely for its own account.

20. Payments

20.1 All payments to be made pursuant to this Agreement shall be made in sterling or euro (as applicable) in immediately available funds by electronic transfer on the due date for payment without exercising or seeking to exercise any right of set-off as may otherwise exist (save as provided in Clause 23 (*Withholdings and Set-off*)) and shall be deemed to be made when they are received by the payee and shall be accounted for accordingly unless failure to receive any payment is due to an error by the payee's bank.

20.2 Any cash payment to be made pursuant to this Agreement by the Purchaser to the Seller shall be made to the Seller Bank Accounts.

20.3 Any cash payment to be made pursuant to this Agreement by the Seller to the Purchaser shall be made to the Purchaser Bank Accounts.

20.4 If any sum due for payment in accordance with this Agreement is not paid on the due date for payment, the person in default shall pay Default Interest on that sum from but excluding the due date to and including the date of actual payment calculated on a daily basis.

21. VAT

21.1 All sums or other consideration payable or otherwise provided by any Party pursuant to this Agreement are exclusive of any VAT which is properly chargeable on the supply or supplies made by such Party for which such sums or other consideration (or any part thereof) are the whole or part of the consideration for VAT purposes (irrespective of the recipient of such supply or supplies).

21.2 If any supply is treated as made for VAT purposes by a Party under or pursuant to this Agreement or any other Transaction Document, and that Party or its Affiliate is required to account for VAT in respect of that supply, the Party which is the recipient of that supply shall, subject to the receipt of a valid VAT invoice, pay to the first-mentioned Party (in addition to any other consideration for that supply) an amount equal to such VAT. Such payment shall be made within five (5) Business Days following receipt of a valid VAT invoice or, if later, the date on which any such consideration is payable.

22. Taxes

22.1 The Purchaser and the Seller shall each make all payments required to be made by it under this Agreement without any Tax Deduction, unless a Tax Deduction is required by law.

22.2 Each of the Purchaser and Seller shall promptly upon becoming aware that it must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the other Parties accordingly.

22.3 If a Tax Deduction is required by law to be made from a payment made by the Purchaser or the Seller (the *Payor*) under this Agreement, the amount of the payment shall be increased to an amount which (after making any Tax Deduction) leaves the recipient of such payment (the *Recipient*) with an amount equal to the payment which would have been due if no Tax Deduction had been required. If the Payor pays an additional amount under this Clause 22.3 and the Recipient subsequently obtains a Relief or other refund of Tax or credit against Tax by reason of the Tax Deduction which gave rise to that additional amount, the Recipient shall reimburse the Payor with an amount such as the Recipient shall reasonably determine to be such proportion of the said Relief, refund or credit as shall leave it (on an affiliated-group basis) after such reimbursement in no better or worse position than it would have been in had no Tax Deduction been required.

22.4 If the Purchaser or the Seller is required to make a Tax Deduction, it shall make that Tax Deduction and any payment to any Tax Authority required in connection with that Tax Deduction within the time

allowed and in the minimum amount required by law. Each Party shall take such reasonable procedural steps as the other Party may request to enable a payment made under this Agreement without, or with a reduced, Tax Deduction.

22.5 The Purchaser shall pay and bear the cost of all stamp duty, registration and other similar transfer Taxes (*Transfer Taxes*) payable by either Party in connection with the execution and delivery of this Agreement and the Receivables Management Agreement, except in each case any such Taxes arising in connection with (a) a voluntary registration of this Agreement or the Receivables Management Agreement by the Seller or the Receivables Manager with the *Administration de l'Enregistrement, des Domaines et de la TVA* or any other Tax Authority, (b) registration by the Seller or the Receivables Manager of any Transaction Document in Luxembourg or any Relevant Jurisdiction when such registration is not required to enforce the rights of the Seller or the Receivables Manager under that Transaction Document, or (c) a “*caso d'uso*” or “*enunciazione*” for Italian Tax purposes, insofar as they result from an act of the Seller.

22.6 The Purchaser shall indemnify the Seller on demand against any Taxes suffered by or incurred by the Seller in connection with any Purchased Receivables (including, for the avoidance of doubt, any Taxes payable by the Seller in respect of amounts received or receivable (or deemed to be received or receivable) by the Seller on account of the Purchased Receivables), excluding in all cases (a) any Transfer Taxes, (b) any Taxes calculated by reference to the net income, profits or gains received or receivable (or deemed to be received or receivable) by the Seller in respect of any amount payable to it by the Purchaser under this Agreement, and (c) any Taxes relating to Collections to which the Seller is entitled (i) pursuant to Clause 9.18 or (ii) in respect of a Receivable repurchased under Clause 9.10.

22.7 Notwithstanding anything to contrary, the provisions of this Clause 22 shall survive any termination of this Agreement.

23. Withholdings and Set-off

23.1 All sums payable under this Agreement or for breach of any of the provisions of this Agreement shall be paid free and clear of all deductions or withholdings (including any Tax Deductions) whatsoever, save only as provided in Clauses 2.7, 2.15, 7.2, 5.3, 9.17, 9.20, 9.21, 16.1, 16.2, 16.4, 22 (*Taxes*), Part C of Schedule 3 and Paragraph 2 of Schedule 7 of this Agreement, [* * *], or as required by applicable law.

23.2 Save only as provided expressly in Clauses 2.7, 2.15, 5.3, 7.2, 9.17, 9.20, 9.21, 16.1, 16.2, 16.4, 22 (*Taxes*), Part C of Schedule 3 and Paragraph 2 of Schedule 7 of this Agreement and [* * *], each Party waives and relinquishes any right of set-off or counterclaim, deduction or retention which it might otherwise have out of any payments which it may be obliged to make (or procure to be made) to any other Party pursuant to this Agreement or otherwise.

24. Assignment and Secondary Sale of Receivables

24.1 Subject to Clauses 24.2 and 24.3 in respect of which circumstances no consent is required, no Party hereto shall be entitled to assign all or any part of its right or obligations hereunder to any other party without the prior written consent of each of the other Parties hereto (which shall not, if requested, be unreasonably withheld), save that the Security Agent may assign if necessary its rights under this Agreement to a successor or additional trustee appointed under the Security Documents.

24.2 The Purchaser shall be entitled to assign by way of security all or any of its rights under this Agreement without such consent to the Security Agent pursuant to the Security Documents.

24.3 [* * *]

25. Security Agent Provisions

25.1 If there is any change in the identity of the Security Agent in accordance with the Security Documents, the Seller and the Purchaser shall execute such documents and take such action as the new trustee and the outgoing trustee may require for the purpose of vesting in the new trustee the rights, powers and obligations of the outgoing trustee, and releasing the outgoing trustee from its future obligations, under this Agreement.

25.2 Nothing in this Agreement shall impose any obligation or liability on the Security Agent to assume or perform any of the obligations or liabilities of the Purchaser, the Seller or the Receivables Manager hereunder or render it liable for any breach thereof.

25.3 The exercise or performance by the Security Agent of its rights, remedies or functions under this Agreement are subject in all respects to the terms of the Master Framework Agreement and the Security Documents. The Security Agent has agreed to become a party to this Agreement only for the purpose of taking the benefit of contractual provisions expressed to be given in its favour, enabling better preservation and enforcement of its rights under this Agreement and the Security Documents and for administrative ease associated with matters where its consent is required. The Security Agent shall not assume any liabilities or obligations under this Agreement unless such obligation or liability is expressly assumed by the Security Agent in this Agreement. All the provisions of the Master Framework Agreement and the Security Documents relating to the exercise by the Security Agent of its powers, trusts, authorities, duties, rights and discretions shall apply, *mutatis mutandis*, to the discharge by the Security Agent of its powers, trusts, authorities, duties, rights and discretions under this Agreement. In the event of any inconsistency between the terms of the Master Framework Agreement, the Security Documents and this Agreement in respect of the exercise by the Security Agent of the powers, trusts, authorities, duties, rights and discretions only, the terms of the Master Framework Agreement shall prevail.

26. Confidentiality

26.1 Subject to Clause 26.2, each party to this Agreement agrees at all times that it shall keep confidential and will not disclose to any person, firm or company whatsoever any information (including, without limitation, any technology, know-how, patent application, test result, research study, business plan, budget, model, algorithm, policy, data set, management information, commercial information, product information, forecast or projection) relating directly or indirectly to the business, finances or other matters of a confidential nature of any party to the Transaction Documents (or any predecessor entity), which it may have obtained as a result of the execution or performance of any Transaction Document, provided however that the provisions of this Clause 26 shall not apply:

- (a) to the disclosure of any information to the Security Agent or to any other person who is a party to any of the Transaction Documents as expressly permitted by the Transaction Documents;
- (b) to the disclosure of any information by such party to the Class C Lender or [* * *] or any of their respective Affiliates, or Affiliates' officers, directors, employees, partners, investment partners, existing and prospective funding sources (which may include the limited partners or clients of the participating funds), advisors, auditors and insurers (each a Representative) on a need to know basis, provided that such Representative is bound by an obligation of confidentiality in respect thereto;
- (c) to the disclosure of any information by such party to any of its Affiliates; provided that before any such disclosure, the party shall make the relevant employees of the Affiliate aware of their obligations of confidentiality under the relevant Transaction Document and shall at all times procure compliance with such obligations by such employees;
- (d) to the disclosure of any information which is or becomes public knowledge otherwise than as a result of the wrongful conduct of the recipient (such wrongful conduct includes a breach of this Clause 26.1);
- (e) to the extent that such disclosure or use is required pursuant to any law (including to any authorised person as referred to in article 27.2 of the EU Securitisation Regulation) or order of any court, any arbitral or judicial proceedings arising out of this Agreement or any other agreement entered into under or pursuant to this Agreement or to enable a determination to be made by the accountants of any parties under this Agreement, or pursuant to any direction or requirement (whether or not having the force of law) of any central bank or any governmental or other regulatory or Tax Authority (including in connection with the Tax affairs of the disclosing party or any Affiliate) or is necessary or desirable having regard to applicable stock exchange rules (including those stock exchanges on which the shares of any party or its

Affiliates are listed) and guidelines or any industry guidelines or industry best practice adopted by owners of consumer unsecured loans;

- (f) to the disclosure of any information to professional advisers (including, without prejudice to the generality of the foregoing, consultants, accountants, auditors, financial advisors or lawyers) who receive the same under a duty of confidentiality;
- (g) to the disclosure of any information by the Seller to a credit check agency or credit bureau engaged in the ordinary course of business of the Seller;
- (h) to the disclosure of any information to a potential source of finance provided that before any such disclosure, such potential source of finance shall enter into a direct confidentiality undertaking with the Seller and its Affiliates in form and substance satisfactory to the Seller;
- (i) to the disclosure of any information with the prior written consent of the relevant Party;
- (j) to any disclosure for the purposes of collecting in or enforcing any Receivable;
- (k) to any disclosure or use which is required to vest the full benefit of the relevant Transaction Document in any party;
- (l) to any disclosure made by or on behalf of any of the Parties hereto, the Class C Lender or [* * *] to any Rating Agency;
- (m) in the case of the Security Agent, in connection with transferring or purporting to transfer its rights and obligations to a successor Security Agent;
- (n) in the case of the Purchaser, the information was already in the possession of the Purchaser from a source that, to the Purchaser's best knowledge and belief does not owe a duty of confidentiality to the Seller or its Affiliates with respect to such information;
- (o) the information is independently developed without use or reference to this Agreement or the other Transaction Documents or without use or reference to any information supplied to it pursuant to or in connection with this Agreement or the other Transaction Documents;
- (p) to the extent that the Security Agent needs to disclose the same for the protection or enforcement of any of its rights under any of the Transaction Documents or in connection herewith or therewith, to such persons as require to be informed of such information for such purposes;
- (q) for the purpose of discharging, in such manner as the Security Agent thinks fit, its duties under or in connection with the Transaction Documents;

- (r) in the case of the Seller, to publish any press release in connection with this Agreement on or around the date of this Agreement for the purposes of disclosing the arrangement to the markets in a form agreed by the Purchaser (such agreement not to be unreasonably withheld or delayed);
- (s) to the extent that the recipient needs to disclose the same to any of the employees of the Seller provided that before any such disclosure the Seller shall make the employees of the Seller aware of its obligations of confidentiality under the relevant Transaction Document and shall at all times procure compliance with such obligations by such employees; and
- (t) to the extent the information is independently developed without use or reference to any information relating to the business, finances or other matters of a confidential nature or any other Party of which it may have come into possession in the course of its duties hereunder or otherwise.

26.2 Notwithstanding the rights conferred pursuant to Clause 26.1, neither Party may disclose information to any other party where such disclosure would breach any terms relating to data protection in this Agreement, or in the Receivables Management Agreement, or any applicable law or regulation, including the Data Protection Legislation.

27. Data Protection

27.1 Each Party shall:

- (a) to the extent applicable to them, comply with the Data Protection Legislation to the extent that such Party processes any Personal Data in respect of the Receivables, and
- (b) not use any Personal Data other than in accordance with the privacy information given to the Borrower at the time their Personal Data was collected.

27.2 Prior to the provision of a Borrower Notice:

- (a) the Seller shall remain controller (as that term is defined in the GDPR, or in the case of the UK, the UK GDPR) in respect of Personal Data relating to the Receivables and related Borrowers;
- (b) the Seller and the Receivables Manager shall not transfer any Personal Data to, or take instructions relating to Personal Data from, any other Party, or Parties in connection with this Agreement;
- (c) any information provided by the Seller or the Receivables Manager to any other Party shall be fully anonymised; and

(d) the Purchaser and Security Agent agree that they shall not carry out, or attempt, any activity on any information received under this Agreement (whether directly, or indirectly) that is aimed at, or results in, the attributing of information to an identified or identifiable natural person, including by combining the information received with any other information available to that Party.

27.3 Upon the provision of a Borrower Notice:

(a) the Seller shall:

- (i) in respect of the Personal Data in connection with the Purchased Receivables subject to such Borrower Notice, immediately cease acting as controller as regards any processing of such Personal Data, and shall only process such Personal Data in accordance with the terms of the Receivables Management Agreement; and
- (ii) if instructed by Purchaser, or the Security Agent, transfer the Records, including all Personal Data held in connection with the Records, to such person as the Purchaser, or the Security Agent, shall direct;

(b) the Purchaser shall:

- (i) in respect of any Personal Data processed in connection with the Receivables and any Related Rights in relation to which, and to the extent that, it will take on the role of independent controller, comply with the Data Protection Legislation requirements applicable to it as a controller, including, with respect to obligations in relation to lawfulness, fairness and transparency (including ensuring that on-time, compliant disclosures on data processing are provided to Borrowers), integrity and confidentiality, and Borrowers' exercise of their data subjects' rights; and
- (ii) enter into appropriate data protection arrangements in accordance with Data Protection Legislation with any person engaged as to process the Borrowers' Personal Data, including with any receivables management provider engaged to manage the receivables.

28. Entire Agreement

28.1 This Agreement and the schedules together constitute the entire agreement and understanding between the Parties in relation to the subject matter of this Agreement and cancel and replace any other previous draft, agreement or understanding in relation to such subject matter.

28.2 Each Party agrees that:

- (a) it has not entered into this Agreement in reliance upon any statement, representation, warranty or undertaking of any other Party which is not expressly set out or referred to in this Agreement or any other Transaction Document;
- (b) except in respect of an express representation or warranty under this Agreement or any other Transaction Document, it shall not have any claim or remedy (whether in equity, contract, delict or tort, under the Misrepresentation Act 1967 or in any other way) in respect of any misrepresentation or breach of warranty by any other Party or in respect of any untrue statement by any other Party, regardless of whether such misrepresentation, breach or untrue statement was made, occurred or was given prior to the execution of this Agreement or any of the Transaction Documents;
- (c) any terms or conditions implied by law in any jurisdiction in relation to the transaction contemplated by this Agreement and/or the Transaction Documents are excluded to the fullest extent permitted by law or, if incapable of exclusion, any right or remedies in relation to them are irrevocably waived;
- (d) the only right or remedy of any Party in relation to any provision of this Agreement or any other Transaction Document shall be for breach of this Agreement or the relevant Transaction Document; and
- (e) except for any liability in respect of a breach of this Agreement or any other Transaction Document, no Party shall owe any duty of care or have any liability in tort or otherwise to any other Party in relation to the transaction contemplated by this Agreement and/or the Transaction Documents.

28.3 Nothing in this Clause 28 shall have the effect of excluding, limiting or restricting any liability for fraudulent misrepresentation or any liability of any person arising as a result of any wilful default, fraud, illegal dealing, negligence or material breach of this Agreement or any Transaction Document or breach of trust by such person.

29. Amendments and Waivers

29.1 No amendment or waiver of any provision of this Agreement shall be effective unless it is in writing and signed by each of the Parties hereto.

29.2 Except as expressly provided in this Agreement, no failure or delay by any Party in exercising any right or remedy relating to this Agreement or any of the other Transaction Documents shall affect or operate as a waiver or variation of that right or remedy or preclude its exercise at any subsequent time. No single or partial exercise of any such right or remedy shall preclude any further exercise of it or the

exercise of any other remedy. The remedies in this Agreement are cumulative and not exclusive of any remedies provided by law.

30. Further assurance

The Parties hereto agree that they will co-operate fully to (and the Purchaser will use best efforts to provide relevant information and support to the Seller such that the Seller shall) do all such further acts and things and execute any further documents that may be necessary or desirable to give full effect to the transactions contemplated by this Agreement (but subject always to the provisions of Clauses 8 (*Notification of Sales*) and 27 (*Data Protection*)).

31. Notices

31.1 Any notice or communication to be given under or in connection with this Agreement shall be made in writing and, unless otherwise stated, may be made by letter or electronic communication (including email).

31.2 The address and email address (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any notice, communication or document to be made or delivered under or in connection with this Agreement is:

(a) in the case of the Seller or the Receivables Manager, to it at:

Address: 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg

Email: [* * *]

Attention: [* * *]

(b) in the case of the Purchaser, to it at:

Address: 2, rue Edward Steichen, L-2540 Luxembourg-City, Luxembourg

Email: [* * *]

Attention: [* * *]

(c) in the case of the Security Agent, to it at:

Address: 160 Queen Victoria Street, London EC4V 4LA, United Kingdom

Email: [* * *]

Attention: [* * *]

or any substitute address or email address or for the attention as the relevant Party may notify to all of the other Parties by not less than seven days' notice.

- 31.3 Any notice, communication or document made or delivered by one person to another under or in connection with this Agreement will only be effective if by way of letter, when it has been left at the relevant address or five Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address, and, if a particular department or officer is specified as part of its address details provided under Clause 31.2, if addressed to that department or officer.
- 31.4 Any notice, communication or document which becomes effective, in accordance with Clause 31.3, after 5.00 p.m. Luxembourg time in the place of receipt shall be deemed only to become effective on the following day.
- 31.5 Any notice or communication under or in connection with this Agreement may be made by electronic mail or other electronic means. Any such electronic communication will be effective only when actually received in readable form.
- 31.6 Any electronic communication which becomes effective, in accordance with Clause 31.5, after 5.00 p.m. Luxembourg time in the place of receipt shall be deemed only to become effective on the following day.
- 31.7 Notwithstanding Clauses 31.3 to 31.6, the Parties agree that any Sale Notice delivered by the Seller to the Purchaser under or in connection with this Agreement will be effective at the point in time at which such Sale Notice has been uploaded to an electronic platform that is accessible by the Purchaser and a notification has been made by email or other means to notify the Purchaser that such Sale Notice has been uploaded.
- 31.8 Any notice given under or in connection with this Agreement must be in English.

32. Bail-In

32.1 Contractual recognition of bail-in

Notwithstanding any other term of any Transaction Document or any other agreement, arrangement or understanding between the Parties, each Party acknowledges and accepts that any liability of the Seller and/or the Receivables Manager to any other Party under or in connection with the Transaction Documents may be subject to Bail-In Action by the relevant Resolution Authority and acknowledges and accepts to be bound by the effect of:

(a) any Bail-In Action in relation to any such liability, including (without limitation):

(i) a reduction, in full or in part, in the principal amount, or outstanding amount due (including any accrued but unpaid interest) in respect of any such liability;

- (ii) a conversion of all, or part of, any such liability into shares or other instruments of ownership that may be issued to, or conferred on, it; and
- (iii) a cancellation of any such liability; and

(b) a variation of any term of any Transaction Document to the extent necessary to give effect to any Bail-In Action in relation to any such liability.

32.2 Bail-in definitions

In this Clause 32:

Bail-In Action means the exercise of any Write-down and Conversion Powers.

Bail-In Legislation means Article 55 of Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms, the Luxembourg law of 5 April 1993 on the financial sector and the Luxembourg law of 18 December 2015 on the default of credit institutions and certain investment firms and any other law or regulation, or circulars applicable in Luxembourg relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (otherwise than through liquidation, administration or other insolvency proceedings);

Resolution Authority means any body which has authority to exercise any Write-down and Conversion Powers.

Write-down and Conversion Powers means:

- (i) any write-down, conversion, transfer, modification or suspension power existing from time to time under, and exercised in compliance with, any law or regulation in effect in Luxembourg, relating to the transposition of Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms, including but not limited to the Bail-In Legislation and Regulation (EU) No 806/2014 and the instruments, rules and standards created thereunder, pursuant to which: (a) any obligation of a bank or investment firm or affiliate of a bank or investment firm can be reduced, cancelled, modified or converted into shares, other securities or other obligations of such entity or any other person (or suspended for a temporary period); and (b) any right in a contract governing an obligation of a bank or investment firm or affiliate of a bank or investment firm may be deemed to have been exercised; and
- (ii) any similar or analogous powers under that Bail-In Legislation.

33. Third Party Rights

A person who is not a party to this Agreement may not enforce any of its terms under the Contracts (Rights of Third Parties) Act 1999.

34. Severability

Where any provision in or obligation under this Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations under this Agreement, or of such provision or obligation in any other jurisdiction, shall not be affected or impaired thereby.

35. Counterparts and Spanish notarisation

35.1 This Agreement may be executed in any number of counterparts and by each Party on single counterparts. Each counterpart is an original but all counterparts shall together constitute one and the same instrument. Delivery of a counterpart of this Agreement by e-mail shall be an effective mode of delivery.

35.2 The Seller and the Purchaser shall raise this Agreement into the status of the Spanish public document through an *escritura pública* before a Spanish notary on or before the first Back-Book Sale Date. Any notary's fees and expenses derived from such notarisation shall be borne by the Seller.

36. Limited Recourse and Non-petition

36.1 Limited recourse: Purchaser

Notwithstanding any of the provisions of this Agreement or any other Transaction Document, each of the parties to the Transaction Documents (other than the Purchaser) hereby acknowledges and agrees that all obligations of the Purchaser (in any capacity) under or in connection with the Transaction Documents to which the Purchaser is expressed to be a party are limited recourse and sums payable to it in respect of any of the Purchaser's obligations shall be limited to the Purchaser's assets that are available to the Purchaser, subject to and in accordance with the Security Documents and the Priorities of Payment, and if the net proceeds of realisation of the security constituted by the Security Documents are less than the aggregate amount payable by the Purchaser to the Facility Providers and any other Secured Creditors in respect of its obligations under or in connection with the Transaction Documents (such negative amount being referred to herein as a "shortfall"), the amount payable by the Purchaser to the Receivables Manager, the Facility Providers and each other Secured Creditor in respect of the Purchaser's obligations under or in connection with such Transaction Document shall be reduced to such amount of the net proceeds as shall be applied in accordance with the Security Documents and the Priorities of Payment, and such parties shall not (directly or indirectly) be entitled to take any further

steps against the Purchaser to recover such shortfall, which shall be deemed to be automatically extinguished.

36.2 Non-petition: Purchaser

The parties to this Agreement and the Transaction Documents (other than the Purchaser) acknowledge and agree that they (or any other party acting on their behalf) shall not be entitled at any time to institute against the Purchaser, or join in any institution against the Purchaser of, any bankruptcy, reorganisation, arrangement, insolvency, examinership or liquidation proceedings, or other analogous proceedings, or appoint any liquidator, administrator, receiver, examiner, trustee, sequestrator or any similar officer under any applicable bankruptcy or similar law in connection with any obligations of the Purchaser under or in connection with this Agreement and the Transaction Documents. For the avoidance of doubt, nothing in this Clause 36.2 shall prevent the Security Agent enforcing the security constituted by the Security Documents in accordance with its terms, provided that in connection with any such enforcement neither the Security Agent nor any receiver appointed thereunder shall take any steps or proceedings to procure the winding up, examinership or liquidation of the Purchaser, save for lodging a claim in the liquidation, administration, or such similar proceedings, of the Purchaser which is initiated by another party or taking proceedings to obtain a declaration or judgment as to the obligations of the Purchaser in relation thereto.

36.3 Corporate obligations: Purchaser

Each of the parties to this Agreement and the Transaction Documents (other than the Purchaser) hereby acknowledges and agrees that no recourse under any obligation, covenant, or agreement of the Purchaser contained in any Transaction Document or implied therefrom may be sought by it against any shareholder, officer, agent, employee or manager of the Purchaser, by the enforcement of any assessment or by any proceeding, by virtue of any statute or otherwise, it being expressly agreed and understood that this Agreement and the Transaction Documents are corporate obligations of the Purchaser only. Each of the parties hereto (other than the Purchaser) hereby acknowledges and agrees that no personal liability shall attach to or be incurred by the shareholders, officers, agents, employees or managers of the Purchaser, or any of them, under or by reason of any of the obligations, covenants or agreements of the Purchaser contained in any Transaction Document (including this Agreement), or implied therefrom, and any and all personal liability of every such shareholder, officer, agent, employee or manager for breaches by the Purchaser of any such obligations, covenants or agreements, either at law or by statute or constitution, of every such shareholder, officer, agent, employee or manager is hereby deemed expressly waived by the parties hereto.

36.4

The provisions of this Clause 36 (*Limited Recourse and Non-petition*) shall survive the termination of this Agreement and the other Transaction Documents.

37. Luxembourg Securitisation Act

Each of the Seller and the Security Agent expressly acknowledges and accepts, and will be deemed to have accepted and acknowledged, that the Purchaser is subject to the Securitisation Act 2004. Each of the Seller and the Security Agent expressly acknowledges and accepts that once all the assets of the Purchaser have been realised, it is not entitled to take any further steps against the Purchaser to recover any further sums due and the right to receive any such sum shall be extinguished. Each of the Seller and the Security Agent accepts not to attach or otherwise seize the assets of the Purchaser. In particular, neither the Seller nor the Security Agent shall be entitled to petition or take any other step for the winding-up, the liquidation or the bankruptcy of the Purchaser or any similar insolvency related proceedings. In case of a conflict between the provisions of this Clause 37 and the other provisions of this Agreement, the provisions of this Clause 37 shall prevail.

38. Governing Law and Jurisdiction

- 38.1 This Agreement and any non-contractual obligations arising out of or in connection with this Agreement shall be governed by, and interpreted in accordance with, English law (other than any terms of this Agreement specific to the law of any other Relevant Jurisdiction, which shall be construed in accordance with such Relevant Jurisdiction).
- 38.2 The English courts shall have exclusive jurisdiction in relation to all disputes arising out of or in connection with this Agreement (including claims for set-off and counterclaims), including disputes arising out of or in connection with: (i) the creation, validity, effect, interpretation, performance or non-performance of, or the legal relationships established by, this Agreement; and (ii) any non-contractual obligations arising out of or in connection with this Agreement. For such purposes, each Party irrevocably submits to the jurisdiction of the English courts and waives any objection to the exercise of such jurisdiction.
- 38.3 The Seller and Receivables Manager shall at all times maintain an agent for service of process and any other documents in proceedings in England or any other proceedings in connection with this Agreement. Such agent shall be [* * *] and any claim form, judgment or other notice of legal process shall be sufficiently served on the Seller and Receivables Manager if delivered to such agent at its address for the time being. The Seller and Receivables Manager irrevocably undertakes not to revoke the authority of this agent and if, for any reason, any Party requests the Seller and Receivables Manager to do so, it shall promptly appoint another such agent with an address in England and advise the other Parties. If, following such a request, the Seller and Receivables Manager fails to appoint another agent, any other Party shall be entitled to appoint one on behalf of the Seller and Receivables Manager at the Seller and Receivables Manager's expense.

38.4 The Purchaser shall at all times maintain an agent for service of process and any other documents in proceedings in England or any other proceedings in connection with this Agreement. Such agent shall be Maples Fiduciary Services (UK) Limited of 11th Floor, 200 Aldersgate Street, London EC1A 4HD and any claim form, judgment or other notice of legal process shall be sufficiently served on the Purchaser if delivered to such agent at its address for the time being. The Purchaser irrevocably undertakes not to revoke the authority of this agent and if, for any reason, the Seller requests the Purchaser to do so, it shall promptly appoint another such agent with an address in England and advise the Seller. If, following such a request, the Purchaser fails to appoint another agent, the Seller shall be entitled to appoint one on behalf of the Purchaser at the Purchaser's expense.

38.5 The Class C Lender shall at all times maintain an agent for service of process and any other documents in proceedings in England or any other proceedings in connection with this Agreement. Such agent shall be Maples Fiduciary Services (UK) Limited of 11th Floor, 200 Aldersgate Street, London EC1A 4HD and any claim form, judgment or other notice of legal process shall be sufficiently served on the Class C Lender if delivered to such agent at its address for the time being. The Class C Lender irrevocably undertakes not to revoke the authority of this agent and if, for any reason, the Seller requests the Class C Lender to do so, it shall promptly appoint another such agent with an address in England and advise the Seller. If, following such a request, the Class C Lender fails to appoint another agent, the Seller shall be entitled to appoint one on behalf of the Class C Lender at the Class C Lender's expense.

Schedule 1

Initial Conditions Precedent

Part A Seller Initial Conditions Precedent

1. A duly executed copy of this Agreement, the Receivables Management Agreement, [* * *] and the [* * *].
2. A copy of its constitutional documents.
3. An up-to-date excerpt of the Luxembourg trade and companies register (*Registre de commerce et des sociétés, Luxembourg*) dated no earlier than one Business Day prior to the date of this Agreement.
4. A copy of the Seller's managing general partner's (PayPal (Europe) S.à r.l.) constitutional documents.
5. An up-to-date excerpt of the Luxembourg trade and companies register (*Registre de commerce et des sociétés, Luxembourg*) in respect of the Seller's managing general partner (PayPal (Europe) S.à r.l.) dated no earlier than one Business Day prior to the date of this Agreement.
6. An up-to-date certificate of non-inscription of a judicial decision ("certificat de non-inscription d'une décision judiciaire ou de dissolution administrative sans liquidation") issued by REGINSOL, the Register of insolvency (*Registre de l'insolvenabilité*) of Luxembourg dated no earlier than one Business Day prior to the date of this Agreement.
7. A copy of a resolution of a duly appointed committee of the board of managers of the general partner of the Seller:
 - (a) approving the terms of, and the transactions contemplated by, the Transaction Documents to which it is a party and resolving that it execute, deliver and perform the Transaction Documents to which it is a party;
 - (b) authorising a specified person or persons to execute the Transaction Documents to which it is a party on its behalf; and
 - (c) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices (including, if relevant, any utilisation request and selection notice) to be signed and/or despatched by it under or in connection with the Transaction Documents to which it is a party.
8. A copy of a resolution of the supervisory board of the Seller approving the entry by the Seller into the Transaction Documents to which it is a party.
9. Evidence of the authority of the Seller's signatories to enter into this Agreement, the relevant transactions hereunder and the related documents to which it is a party.
10. A certificate of solvency in relation to the Seller substantially in the form set out at Schedule 12 (*Form of Seller Solvency Certificate*).
11. [* * *]
12. [* * *]

13. A transaction legal opinion of [***], legal advisers to the Seller in Luxembourg, substantially in the form distributed to the Purchaser prior to signing this Agreement.
14. A transaction legal opinion of [***], legal advisers to the Seller in England, substantially in the form distributed to the Purchaser prior to signing this Agreement.
15. A transaction legal opinion of [***], legal advisers to the Seller in France, substantially in the form distributed to the Purchaser prior to signing this Agreement.
16. A transaction legal opinion of [***], legal advisers to the Seller in Germany, substantially in the form distributed to the Purchaser prior to signing this Agreement.
17. A transaction legal opinion of [***], legal advisers to the Seller in Italy, substantially in the form distributed to the Purchaser prior to signing this Agreement.
18. A transaction legal opinion of [***], legal advisers to the Seller in Spain, substantially in the form distributed to the Purchaser prior to signing this Agreement.
19. [***]
20. [***]
21. A legal opinion of [***], legal advisers to the Seller as to New York law in relation to the [***] substantially in the form distributed to the Purchaser prior to signing this Agreement.
22. Copies of the English Standard Documentation, German Standard Documentation, French Standard Documentation, Spanish Standard Documentation and Italian Standard Documentation.
23. A legal opinion of [***], legal advisers to the Seller in England, as to certain matters relating to the English Standard Documentation, substantially in the form distributed to the Purchaser prior to signing this Agreement.
24. A legal opinion of [***], legal advisers to the Seller in Germany, as to certain matters relating to the German Standard Documentation, substantially in the form distributed to the Purchaser prior to signing this Agreement.
25. A legal opinion of [***], legal advisers to the Seller in France, as to certain matters relating to the French Standard Documentation, substantially in the form distributed to the Purchaser prior to signing this Agreement.
26. A legal opinion of [***], legal advisers to the Seller in Spain, as to certain matters relating to the Spanish Standard Documentation, substantially in the form distributed to the Purchaser prior to signing this Agreement.
27. A legal opinion of [***], legal advisers to the Seller in Italy, as to certain matters relating to the Italian Standard Documentation, substantially in the form distributed to the Purchaser prior to signing this Agreement.
28. A reliance letter delivered by [***] in respect of a Luxembourg memorandum dated 27 October 2022 in relation to advanced electronic signatures under Luxembourg law.

29. A copy of this Agreement raised to the status of a Spanish public document through an *escritura pública* before a Spanish notary by the Seller, such *escritura pública* being entered into by the Seller, the Purchaser, the Security Agent and the Class C Lender only (and no other party to this Agreement).
30. The Asset Model in form and substance satisfactory to the Purchaser.
31. The form and substance of the Receivables Management Report satisfactory to the Purchaser.
32. [* * *]
33. [* * *]

Part B Purchaser Initial Conditions Precedent

1. A duly executed copy of each of the Transaction Documents, other than this Agreement and the Receivables Management Agreement.
2. Evidence that all documents relating to any financing required by the Purchaser to satisfy the Purchase Condition set out in Clause 2.6(f) of this Agreement have been executed and that all conditions precedent to such documents (other than any documents to be provided by the Seller as set out in Part A of this Schedule 1) have been satisfied or waived by the Class A Lenders, the Class B Lenders and the Class C Lender (as applicable).
3. A certificate of solvency in relation to the Purchaser in substantially the form set out at Schedule 13 (*Form of Purchaser Solvency Certificate*).
4. A copy extract of the board approval pursuant to which it authorises the execution of this Agreement and the other Transaction Documents to which it is a party.
5. Evidence of the authority of the Purchaser's signatories to enter into this Agreement, the relevant transactions hereunder and the related documents to which it is a party.
6. An authority and capacity opinion of [* * *], legal advisers to the Purchaser in Luxembourg, substantially in the form distributed to the Seller prior to signing this Agreement.
7. A copy of this Agreement raised to the status of a Spanish public document through an *escritura pública* before a Spanish notary by the Purchaser, such *escritura pública* being entered into by the Seller and the Purchaser only (and no other party to this Agreement).
8. The Asset Model in form and substance satisfactory to the Seller.
9. The form and substance of the Receivables Management Report satisfactory to the Seller.
10. [* * *]

Schedule 2

Representations and Warranties

Part A Loan Warranties

1. Each Receivable is an Eligible Receivable.
2. The Underwriting Policies were adhered to at the time of origination of each Receivable.
3. The Loan Agreement for each Receivable constitute a legal, valid and binding obligation of the Borrower that is enforceable in accordance with its terms subject to the limitation of enforcement by (i) laws relating to insolvency, reorganisation and other laws generally affecting the rights of creditors, (ii) the time barring of claims under any applicable legislation and (iii) defences of set-off or counterclaim.
4. Each Receivable has been originated by the Seller in the normal course of business and has been substantially made on the terms of the Standard Documentation applicable thereto at the time of origination.
5. Immediately prior to the relevant Title Transfer Date, the Seller was the absolute owner of the Receivable and the Seller has not assigned (whether by way of absolute assignment, assignation or by way of security only), transferred, charged, disposed of or dealt with the benefit of the Receivable, any of the other rights relating thereto or any of the property, rights, titles, interests or benefits to be sold or assigned pursuant to this Agreement other than pursuant to this Agreement.
6. As at the date of origination:
 - (a) the terms of, and the origination steps taken in respect of, the Receivable including as to promotions, pre-contractual disclosures (where applicable) and entry into of the loan, complied with all applicable laws and regulations to the extent necessary to ensure that the relevant Receivable was enforceable under its governing law and the relevant Borrower was obliged to pay interest (if applicable) and repay principal on the dates specified in accordance with the Loan Agreement in respect of such Receivable; and
 - (b) the Seller had all necessary consents, authorisations, approvals, licences and orders to originate the Receivable (if any).
7. Each Receivable has been administered by the Seller in accordance with applicable laws and regulations and terms of the Loan Agreement, save where a failure of such administration would not adversely affect the enforceability, transferability or collectability of such Receivable.
8. To the extent interest is charged on a Receivable, interest on such Receivable (if applicable) is charged on such Receivable in accordance with the provisions of that Receivable and/or in accordance with statutory interest provisions.
9. Each Receivable is assignable and transferable without the Borrower's consent.
10. As far as the Seller is aware, at its Sale Notice Date, no rescission, lien or right of counterclaim has been created or arisen between the Seller and any Borrower which would entitle such Borrower to reduce the amount of any payment otherwise due under the relevant Receivable and no right of set-off

has been exercised by the Borrower which has not been reflected in the Receivables balance as set out in the applicable Sale Notice provided to the Purchaser pursuant to Clause 7 (*Completion*) of this Agreement.

11. Each Receivable was originated by the Seller in sterling or euro, is denominated in sterling or euro and is repayable in sterling or euro.
12. Each Receivable is governed by either the laws of England and Wales, Germany, France, Spain or Italy.
13. Save as described in the Conditions Legal Opinions, all formal approvals, consents and other steps (other than notification to the relevant Borrower) necessary to permit a transfer of each Receivable and the Related Rights to be sold under this Agreement have been obtained or taken and each Receivable and the Related Rights are freely assignable and no formal approvals, consents or other steps (other than notification to the relevant Borrower) are necessary as at the Title Transfer Date to permit a transfer of each Receivable and the Related Rights, and the Receivable and the Related Rights are not subject to any contractual confidentiality restrictions which may restrict the ability of the Purchaser to acquire the same.
14. The particulars of each Receivable in the Sale Notice provided to the Purchaser pursuant to Clause 7 (*Completion*) of this Agreement are complete, true and accurate as at the applicable Sale Notice Date.
15. In selecting each Receivable for sale to the Purchaser, the Seller has not knowingly selected such Receivable on the basis that it is of a lower credit quality or otherwise less likely to perform than Receivables retained by the Seller and the Receivable has not been selected in a way that is intended to adversely affect, or has the effect of adversely affecting, the Purchaser or the Portfolio.
16. In respect of each Receivable, the Seller's obligations under the related Loan Agreement have been fully performed (save in respect of any Further Disbursements) and the Seller has not breached the related Loan Agreement in any way that would adversely affect the validity, enforceability or collectability of such Receivable.
17. Each Receivable is a contractually unsubordinated obligation of the Borrower.
18. The Borrower is not required by law to make any Tax Deduction under the law of any Relevant Jurisdiction from any payment the Borrower owes and is obliged to pay in respect of each Receivable.
19. No registration, stamp, or other similar Taxes or duties are payable in any Relevant Jurisdiction or Luxembourg as a result of the assignment, transfer and/or re-transfer of the Receivables and the perfection of the transfer of the legal title to the Receivables, in each case pursuant to the Transaction Documents, except in case of any such Taxes or duties arising as a result of (a) the voluntary registration of this Agreement or the Receivables Management Agreement by the Purchaser with (i) the *Administration de l'Enregistrement, des Domaines et de la TVA* or (ii) any other Tax Authority, or (b) a "caso d'uso" or "enunciazione" for Italian Tax purposes, insofar as they result from an act of the Purchaser.

Part B Seller Representations

1. Status

It is a corporate partnership limited by shares duly incorporated, validly existing and registered under the laws of Luxembourg, capable of being sued in its own right and not subject to any immunity from any proceedings, and it has the power to own its property and assets and to carry on its business as it is being conducted.

2. Powers and Authority

It has the power to enter into, perform and deliver, and has taken all necessary corporate and other action to authorise the execution, delivery and performance by it of each of the Transaction Documents to which it is or will be a party, and each such Transaction Document has been duly executed and delivered by it.

3. Legal Validity

The obligations expressed to be assumed by it in each Transaction Document to which it is a party are legal, valid, binding and enforceable, subject to:

- (a) the Legal Reservations; and
- (b) in the case of any Security Document, the Perfection Requirements.

4. Non-conflict

The execution by it of each of the Transaction Documents to which it is a party and the exercise by it of its rights and the performance of its obligations under such Transaction Documents will not, to its knowledge:

- (a) conflict with any document which is binding upon it or any of its assets;
- (b) conflict with its constitutional documents; or
- (c) conflict with any law, regulation or official or judicial order of any government, governmental body or court, domestic or foreign, having jurisdiction over it.

5. Consents and Licences

All consents, licences and other approvals and authorisations required by it in connection with:

- (a) the entry into, performance, validity and enforceability of, and the transactions contemplated by, the Transaction Documents; and
- (b) the origination and administration of the Receivables,

have been obtained or effected (as appropriate) and are in full force and effect, save where a failure to hold or obtain any such consent, licence or other approvals and authorisations would not adversely affect in any material respect the performance, validity and enforceability of the Transaction

Documents or the transactions contemplated by them and/or the validity, enforceability or collectability or transferability of the Receivables.

6. Solvency

No Insolvency Event has occurred with respect to it.

7. Residence for Tax Purposes

It is a corporate partnership limited by shares which is and has, since incorporation, been resident for Tax purposes solely in Luxembourg and it is not liable to be taxed on its profits in any jurisdiction other than Luxembourg.

8. Corporate income tax and VAT

It is a corporate partnership limited by shares (a) established and registered in Luxembourg for VAT purposes; and (b) within the charge to corporate income tax in Luxembourg in respect of amounts payable to it by the Purchaser pursuant to the terms of this Agreement.

9. Validity and admissibility in evidence

All Authorisations required:

- (a) to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Transaction Documents to which it is a party; and
- (b) to make the Transaction Documents to which it is a party admissible in evidence in its jurisdiction of incorporation,
have been obtained or effected and are in full force and effect (or will be when required).

10. Governing law and enforcement

- (a) Subject to the Legal Reservations, the choice of English law (and the law of any other Relevant Jurisdiction, as applicable) as the governing law of the Transaction Documents will be recognised and enforced in its jurisdiction of incorporation.
- (b) Subject to the Legal Reservations, any judgment obtained in England & Wales (and the law of any other Relevant Jurisdiction, as applicable) in relation to a Transaction Document will be recognised and enforced in its jurisdiction of incorporation.

11. Centre of Main Interests

- (a) The place of the central administration (*siège de l'administration centrale*) of the Seller, the principal place of business (*principal établissement*) of the Seller, the place where the Seller conducts the administration of its interests on a regular basis and which is ascertainable by third parties and the Seller's registered office (*siège statutaire*) are all in Luxembourg.
- (b) It has no place of operations where it carries out a non-transitory economic activity with human means and assets in any jurisdiction other than Luxembourg.

12. Anti Bribery

The Seller has conducted its business in compliance with the United States Foreign Corrupt Practices Act of 1977; the UK Bribery Act 2010; Italian Legislative Decree No. 231 of 8 June 2001; all national and international laws enacted to implement the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, 1997; and other similar Anti-Corruption Law or regulation, each as further amended and supplemented from time to time, in other jurisdictions, and has instituted and maintained policies and procedures designed to promote and achieve compliance with such laws.

13. Money Laundering

The Seller and each person controlling or controlled by it are, and have been at all times over the last three years, in material compliance with all applicable Anti-Money Laundering Laws. During the last three years, neither the Seller nor any person controlling or controlled by it has been cited, cautioned or fined in connection with, or otherwise received written notice of any asserted past or present material failure to comply with Anti-Money Laundering Laws and no governmental investigation or proceeding with respect to any alleged material non-compliance with Anti-Money Laundering Laws is, so far as the Seller is aware, pending or threatened.

14. Sanctions

Neither the Seller, nor (to the knowledge of the Seller) any of its managers, officers or, its agents, employees or persons acting on its behalf:

- (a) has been found in violation of any applicable Sanctions in the last three years; or
- (b) is a Restricted Person.

Any provision of this Paragraph 14 shall not apply to the extent that it would result in a breach of any applicable blocking or anti-boycott law.

15. Restricted Countries

It is the policy of the Purchaser as at the Signing Date not to conduct business in or with North Korea, Syria, Sudan, the Crimea, Cuba, Iran, and Donetsk People's Republic, the disputed territories of Kherson and Zaporizhzhia and Luhansk People's Republic regions of Ukraine (each a **Restricted Country**), in view of the significant corruption, financial crime, terrorist financing, sanctions, political, and business risks that these jurisdictions present. The Seller, in relation to any of the Receivables, has not engaged in any prohibited dealings or transactions with or for the benefit of any person located, organized, or ordinarily resident in any Restricted Country, in each case directly or knowingly indirectly, including through any of its distributors, agents or other persons acting on its behalf, save for the disputed territories of Kherson and Zaporizhzhia regions of Ukraine in relation to Purchased Receivables only.

Part C Purchaser Representations

1. Status

It is a company duly incorporated, validly existing and registered under the laws of Luxembourg, capable of being sued in its own right and not subject to any immunity from any proceedings, and it has the power to own its property and assets and to carry on its business as it is being conducted.

2. Powers and Authority

It has the power to enter into, perform and deliver, and has taken all necessary corporate and other action to authorise the execution, delivery and performance by it of each of the Transaction Documents to which it is or will be a party, and each such Transaction Document has been duly executed and delivered by it.

3. Legal Validity

The obligations expressed to be assumed by it in each Transaction Document to which it is a party are legal, valid, binding and enforceable, subject to:

- (a) the Legal Reservations; and
- (b) in the case of any Security Document, the Perfection Requirements.

4. Non-conflict

The execution by it of each of the Transaction Documents to which it is a party and the exercise by it of its rights and the performance of its obligations under such Transaction Documents will not:

- (a) conflict with any document which is binding upon it or any of its assets;
- (b) conflict with its constitutional documents; or
- (c) conflict with any law, regulation or official or judicial order of any government, governmental body or court, domestic or foreign, having jurisdiction over it.

5. Consents and Licences

All consents, licences and other approvals and authorisations required by it in connection with:

- (a) the entry into, performance, validity and enforceability of, and the transactions contemplated by, the Transaction Documents; and
- (b) the administration of the Receivables,

have been obtained or effected (as appropriate) and are in full force and effect.

6. Solvency

No Insolvency Event has occurred with respect to it.

7. Residence for Tax Purposes

It is a company which is and has, since incorporation, been resident for Tax purposes solely in Luxembourg and it is not liable to be taxed on its profits in any jurisdiction other than Luxembourg.

8. Corporate income tax and VAT

It is a company (a) established and registered (or which will prior to the Closing Date be registered) in Luxembourg for VAT purposes and (b) within the charge to corporate income tax in Luxembourg in respect of amounts payable to it pursuant to the terms of this Agreement.

9. Validity and admissibility in evidence

All Authorisations required:

- (a) to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Transaction Documents to which it is a party; and
- (b) to make the Transaction Documents to which it is a party admissible in evidence in its jurisdiction of incorporation,
have been obtained or effected and are in full force and effect (or will be when required).

10. Governing law and enforcement

- (a) Subject to the Legal Reservations, the choice of English law (and the law of any other Relevant Jurisdiction, as applicable) as the governing law of the Transaction Documents will be recognised and enforced in its jurisdiction of incorporation.
- (b) Subject to the Legal Reservations, any judgment obtained in England & Wales (and the law of any other Relevant Jurisdiction, as applicable) in relation to a Transaction Document will be recognised and enforced in its jurisdiction of incorporation.

11. Centre of Main Interests

- (a) It has its “centre of main interests” (as that term is used in Article 3(1) of the Insolvency Regulation) in Luxembourg.
- (b) It has no “establishment” (as that term is used in Article 2(10) of the Insolvency Regulation) in any jurisdiction other than Luxembourg.

12. Anti Bribery

The Purchaser has conducted its business in compliance with the United States Foreign Corrupt Practices Act of 1977; the UK Bribery Act 2010; Italian Legislative Decree No. 231 of 8 June 2001; all national and international laws enacted to implement the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, 1997; and other similar Anti-Corruption Law or regulation, each as further amended and supplemented from time to time, in other jurisdictions, and has instituted and maintained policies and procedures designed to promote and achieve compliance with such laws.

13. Money Laundering

The Purchaser is, and has been since its incorporation, in material compliance with all applicable Anti-Money Laundering Laws. Since its incorporation, the Purchaser has not been cited, cautioned or fined

in connection with, or otherwise received written notice of any asserted past or present material failure to comply with Anti-Money Laundering Laws and no governmental investigation or proceeding with respect to any alleged material non-compliance with Anti-Money Laundering Laws is, so far as the Purchaser is aware, pending or threatened.

14. Sanctions

Neither the Purchaser nor (to the knowledge of the Purchaser) any of its managers, officers or, its agents, employees or persons acting on its behalf:

- (a) has been found in violation of any applicable Sanctions since the Purchaser's incorporation; or
- (b) is a Restricted Person.

Any provision of this Paragraph 12 shall not apply to the extent that it would result in a breach of any applicable blocking or anti-boycott law.

15. Restricted Countries

It is the policy of Purchaser as at the Signing Date not to conduct business in or with any Restricted Country, in view of the significant corruption, financial crime, terrorist financing, sanctions, political, and business risks that these jurisdictions present. The Purchaser, in relation to any of the Receivables, has not engaged in any prohibited dealings or transactions with or for the benefit of any person located, organized, or ordinarily resident in any Restricted Country, in each case directly or knowingly indirectly, including through any of its distributors, agents or other persons acting on its behalf.

Schedule 3

Sale and Settlement of Back-Book Receivables

Part A Agreement for Sale and Purchase of the Back-Book Receivables

1. [* * *]
2. [* * *]
3. Subject to the requirements of Clause 4.1 of this Agreement having been satisfied by each of the Seller and the Purchaser, the Seller agrees to sell and assign to the Purchaser all of the right, title and interest (present or future) in, and to, the Back-Book Receivables (and their respective Related Rights) identified in a Back-Book Sale Notice by delivering one or more Back-Book Sale Notices to the Purchaser. Each Back-Book Sale Notice shall be delivered not less than [* * *] Business Days before the Back-Book Sale Date on which the Back-Book Receivables set out in that Back-Book Sale Notice are proposed to be sold to the Purchaser (such date, a **Back-Book Sale Notice Date**). The Purchaser hereby agrees to purchase and accepts the purchase of such Back-Book Receivables on each Back-Book Sale Date subject to the Back-Book Purchase Conditions being satisfied or waived by agreement in writing between the Seller and the Purchaser on such Back-Book Sale Notice Date.
4. The Purchaser shall pay the Estimated Back-Book Purchase Price in respect of the Back-Book Receivables specified in a Back-Book Sale Notice to the Seller on the Back-Book Sale Date specified in such Back-Book Sale Notice.
5. The transfer of all right, title and interest in and to the Back-Book Receivables specified in a Back-Book Sale Notice (and all Related Rights) to be sold by the Seller to the Purchaser will take effect immediately upon receipt by the Seller of the applicable Estimated Back-Book Purchase Price in full (provided that it is agreed that such transfer will only be required to be reflected in the System as soon as is reasonably practicable after the receipt by the Seller of the applicable Estimated Back-Book Purchase Price).
6. The purchase conditions for the Back-Book Receivables identified in a Back-Book Sale Notice (the **Back-Book Purchase Conditions**) are the following:
 - (a) the Back-Book Sale Date is within the Commitment Period;
 - (b) the Back-Book Representations are true in all material respects on a Back-Book Sale Notice Date;
 - (c) the Back-Book Repeating Representations are true in all respects as at the applicable Back-Book Sale Notice Date and will be true in all respects as at the transfer of all right, title and interest in and to the Back-Book Receivables pursuant to Paragraph 5 of Part A of this Schedule 3 (*Sale and Settlement of Back-Book Receivables*);
 - (d) the Seller is not in material breach of its obligations under this Agreement as at the Back-Book Sale Notice Date and will not be in material breach of its obligations under this Agreement as at the transfer of all right, title and interest in and to the Back-Book Receivables pursuant to Paragraph 5 of Part A of this Schedule 3 (*Sale and Settlement of Back-Book Receivables*), in

each case which (in the case only of a material breach caused by an error or omission of an administrative, personnel, system, technical or operational nature) has not been remedied within ten Business Days;

- (e) the Concentration Limits in respect of the Back-Book Portfolio are satisfied as at the first Back-Book Sale Notice Date;
- (f) in relation to Back-Book Receivables, the aggregate of:
 - (i) in respect of Back-Book Receivables arising from Loan Agreements which are fully disbursed as at the relevant Back-Book Sale Notice Date, the aggregate of the Euro Equivalent Principal Balance of such Back-Book Receivables (calculated using the spot rate of exchange for the purchase of Euro in the London foreign exchange market as determined by the Seller as at 11:00am on the Spot Rate Determination Date) on the date of the Back-Book Sale Notice setting out such Back-Book Receivables; and
 - (ii) in respect of Back-Book Receivables arising from Loan Agreements which are not fully disbursed as at the relevant Back-Book Sale Notice Date, the aggregate of the Euro Equivalent Original Commitment Amount (less the amount of any repayments which the Borrower has made in accordance with the Loan Agreement) of such Receivables (calculated using the spot rate of exchange for the purchase of Euro in the London foreign exchange market as determined by the Seller as at 11:00am on the Spot Rate Determination Date) on the date of the Back-Book Sale Notice setting out such Receivables,
is less than or equal to the Available Commitment as at the Sale Notice Date; and
- (g) the Purchaser having funds available to it for the payment of the Estimated Back-Book Purchase Price in accordance with the Transaction Documents on the date when payment of such Estimated Back-Book Purchase Price is due.

7. It shall be a term of the sale of each of the Back-Book Receivables (and any Related Rights) that the Seller shall sell and assign to the Purchaser all right, title, interest and benefit of the Seller (both present and future) in, to and under the Back-Book Receivables and any Related Rights (but without notice of such sale and purchase being given to Borrowers prior to the occurrence of a Notification Event), including for the avoidance of doubt:

- (a) all sums of principal, interest or any other sum payable under the Back-Book Receivables on or after or in respect of any period on or after the applicable Sale Time of such Back-Book Receivables including all sums of interest and other sums payable and the right to demand, sue for, recover, receive and give receipts for all such sums;

- (b) the benefit of and the right to sue on all covenants and undertakings in favour of the Seller in each Back-Book Receivable and any Related Rights and the right to exercise all powers of the Seller in relation to each Back-Book Receivable and any Related Rights;
- (c) all arrears payable under or in connection with the Back-Book Receivables; and
- (d) all net proceeds (after any applicable costs and expenses that are agreed may be deducted in accordance with the terms of the Receivables Management Agreement) from the enforcement of the Back-Book Receivables and any Related Rights,

provided that (i) at no time prior to the provision of a Borrower Notice will identifiable Personal Data be transferred or otherwise made available to the Purchaser in respect of any Back-Book Receivables or Borrowers thereunder; (ii) the benefit and/or the right to receive any interest due and payable prior to applicable Sale Time shall not be transferred to the Purchaser in respect of any Back-Book Receivables; and (iii) the benefit and/or the right to receive any NSF Fee applicable in respect of any Back-Book Receivable shall not be transferred to the Purchaser.

8. The Parties confirm that the sale of the Back-Book Receivables and any Related Rights in accordance with this Agreement is intended to constitute a true sale of those Back-Book Receivables and Related Rights and not a loan or a security arrangement for any obligation of the Seller. Notwithstanding any other provision of the Transaction Documents, the Purchaser shall have full title and interest in and to the Back-Book Receivables and any Related Rights purchased by the Purchaser in accordance with this Agreement and the Purchaser shall be free to further dispose of those Back-Book Receivables and Related Rights subject to the Security Interests created by, and any restrictions to which it is subject under, the Security Documents and any other Transaction Document, provided always that notice of such sale and purchase will not be given to Borrowers prior to the occurrence of a Notification Event.
9. Each Back-Book Receivable identified in a Back-Book Sale Notice shall be sold subject to and in accordance with the terms and subject to the conditions of this Agreement and the Relevant Local Schedule for such Back-Book Receivable, save for the provisions in Clauses 2 (*Agreement for Sale and Purchase of the Receivables*), 4 (*Conditions Precedent*), 5 (*Consideration*), 7 (*Completion*), 9.1 and 9.2 of this Agreement which shall not apply in respect of the sale of such Back-Book Receivables. In the event of any conflict between the terms of this Agreement and the Relevant Local Schedule, the terms of the Relevant Local Schedule shall prevail.
10. The Seller shall, following a sale of Back-Book Receivables set out in a Back-Book Sale Notice, deliver a notice to the Purchaser setting out the confirmed loan balances of such Back-Book Receivables as sold to the Purchaser (a **Back-Book Confirmation Notice**) no later than [* * *] Business Days following the latest Sale Time for such Back-Receiveables specified in the relevant Back-Book Sale Notice.

Part B Consideration

1. The aggregate consideration to be provided by the Purchaser to the Seller for the sale and assignment of all Back-Book Receivables identified in Back-Book Sale Notices together with all Related Rights is the aggregate Actual Back-Book Purchase Price payable in respect of all of such Back-Book Receivables,

consisting of the aggregated Estimated Back-Book Purchase Price as adjusted by the aggregated True-Up Adjustment and any amount calculated as payable in accordance with Paragraph 4A below.

Part C Completion

1. The Purchaser shall pay the Estimated Back-Book Purchase Price for the Back-Book Receivables specified in a Back-Book Sale Notice on the relevant Back-Book Sale Date specified in that Back-Book Sale Notice.
2. Within five Business Days after the latest Sale Time for such Back-Book Receivables specified in the relevant Back-Book Sale Notice, the Seller shall deliver to the Purchaser a notice (the ***True-Up Adjustment Notice***), stating the amount of the True-Up Adjustment, which shall be calculated by the Seller as the difference between (i) the Estimated Back-Book Purchase Price for the Back-Book Receivables specified in the relevant Back Book Sale Notice and (ii) the aggregate the Principal Balance of each Back-Book Receivable set out in the Back-Book Sale Notice as at the Sale Time for that Back-Book Receivable multiplied by the Purchase Price Ratio for that Back-Book Receivable (the ***Actual Back-Book Purchase Price***). Each such True-Up Adjustment may require a payment from either the Purchaser (if the relevant Actual Back-Book Purchase Price is greater than the relevant Estimated Back-Book Purchase Price for such Back-Book Receivables) or the Seller (if the relevant Actual Back-Book Purchase Price is less than the Estimated Back-Book Purchase Price for such Back-Book Receivables) to the other Party.
3. If:
 - (a) the True-Up Adjustment Notice requires a payment to be made by the Seller to the Purchaser, the Seller shall cause an amount equal to the True-Up Adjustment to be transferred to the Purchaser within five Business Days of delivery of the True-Up Adjustment Notice; and
 - (b) the True-Up Adjustment Notice requires a payment to be made by the Purchaser to the Seller, the Purchaser shall cause an amount equal to the True-Up Adjustment to be transferred to the Seller on the next Payment Date relating to a Sale Notice, or failing which within five Business Days of receipt of the True-Up Adjustment Notice.
4. Notwithstanding any other rights the Seller may have under this Agreement, if the Purchaser fails to pay the True-Up Adjustment by the later of: (i) five Business Days of receipt of the True-Up Adjustment Notice; and (ii) the Payment Date following delivery of such True-Up Adjustment Notice, to satisfy the amount so owed by the Purchaser to the Seller, the Seller shall be entitled to set-off the amount of such True-Up Adjustment against the following (with the Seller's obligation to account to the Purchaser for the following being reduced by a corresponding amount):
 - (a) any Collections due to be transferred to the Purchaser by the Seller in respect of the Back-Book Receivables or any other Receivables then owned by the Purchaser; and/or
 - (b) any further Collections received by the Seller on any subsequent Business Day thereafter until the amount owed to the Seller is settled in full.

4A. In addition, on or before the first Monthly Reporting Date following the latest Sale Time of any Back Book Receivable sold on a Back-Book Sale Date (the [* * *]), the Class C Lender will calculate the difference between:

- (i) the Actual Back-Book Purchase Price applicable to all Back-Book Receivables sold on that Back-Book Sale Date that are DE PayPal Ratenzahlung ([* * *]); and
- (ii) the aggregate of the Principal Balances of each Back-Book Receivable identified in the applicable Back-Book Sale Notice that are DE PayPal Ratenzahlung as at the Sale Time [* * *],

such amount being the ***DE PayPal Ratenzahlung Reconciliation Amount***.

If the amount calculated in paragraph 4A.(i) above is greater than the amount calculated in Paragraph 4A(ii) above the Seller shall pay to the Purchaser an amount equal to the DE PayPal Ratenzahlung Reconciliation Amount on the first Settlement Date falling not earlier than [* * *] Business Days after the relevant DE PayPal Ratenzahlung Reconciliation Date (the [* * *]) provided that the Purchaser may satisfy the amount so owed by the Seller to the Purchaser by way of set-off of the DE PayPal Ratenzahlung Reconciliation Amount against any Purchase Price then payable by the Purchaser under this Agreement.

If the amount calculated in Paragraph 4A(i) above is less than the amount calculated in Paragraph 4A(ii) above the Purchaser shall pay to the Seller an amount equal to the DE PayPal Ratenzahlung Reconciliation Amount on the DE PayPal Ratenzahlung Payment Date provided that the Seller may satisfy the amount so owed by the Purchaser to the Seller by way of set-off of the DE PayPal Ratenzahlung Reconciliation Amount against:

- (a) any Collections due to be transferred to the Purchaser by the Seller in respect of the Back-Book Receivables or any other Receivables then owned by the Purchaser; and/or
- (b) any further Collections received by the Seller on any subsequent Business Day thereafter until the amount owed to the Seller is settled in full.

5. Following the applicable Sale Time for a Back-Book Receivable:

- (a) the Seller will account to the Purchaser for all sums received by the Seller after the applicable Sale Time which belong to the Purchaser (including, without limitation, any sums received from any Borrower) under or in respect of the Back-Book Receivables which were sold and transferred to the Purchaser at the applicable Sale Time and the Seller will hold the same on trust for the Purchaser as trustee pending such amounts being paid to the Purchaser; and
- (b) the Purchaser shall hold all Third Party Amounts received by it on trust for the Seller or such other third party beneficial owner of such sums, as the case may be.

6. With effect from the applicable Sale Time, the Seller shall continue to observe and perform, or procure the observance and performance of, any obligation to the Borrowers in respect of a Back-Book Receivable and any Related Rights transferred at the applicable Sale Time in accordance with their terms.

Part D Representations and Loan Warranties

1. Save to the extent Disclosed against in the Disclosure Letter, the Seller, in relation to each Back-Book Receivable identified in a Back-Book Sale Notice and any Related Rights purchased by the Purchaser, gives the Loan Warranties to the Purchaser and the Security Agent on a Back-Book Sale Notice Date.
2. The Seller makes representations in the form set out in Part B of Schedule 2 (*Seller Representations*) to the Purchaser and the Security Agent on a Back-Book Sale Date.
3. The Purchaser makes representations in the form set out in Part C of Schedule 2 (*Purchaser Representations*) to the Seller and the Security Agent on a Back-Book Sale Date.

Schedule 4

Standard Documentation

[* * *]

Schedule 5
Underwriting Policies

[* * *]

Schedule 6

Provisions relating to Sale of UK Receivables

This Schedule 6 and any non-contractual obligations arising out of or in connection with this Schedule 6 shall be governed by English law.

Part A Prior to UK RM Accession Date

1. The Seller as legal title holder with full title guarantee undertakes to the Purchaser and the Security Agent that, pending perfection of the transfer to the Purchaser (or as it shall direct) of legal title to any UK Receivables in accordance with Clause 8 (*Notification of Sales*), it:
 - (a) shall observe and perform (or procure the performance of) the obligations of the lender arising under each such Receivable;
 - (b) shall, where any discretion is reserved to it at law in relation to such Receivables (including, without limitation, agreeing amendments to the receivables management specification varying the basis on which consents or approvals are given to Borrowers, varying the enforcement procedures and instructing the Receivables Manager in relation to discretionary elements of these, directing the Receivables Manager in relation to the release of any Borrower, determining whether any change to interest rates should be made and determining whether the repayment type can be changed), exercise such discretion in accordance with the policies applicable to the UK Receivables and this Agreement or, where the applicable policies do not cover the relevant circumstance, in consultation with the Receivables Manager (and shall consider in good faith any proposal made by the Receivables Manager) and comply with all applicable laws in the exercise of such discretions;
 - (c) at any time when the Seller and the Receivables Manager are separate entities, shall provide such assistance as the Receivables Manager may require to enable it to perform its obligations under this Agreement.
2. For the avoidance of doubt, prior to the perfection of the assignment or transfer (as appropriate) of any UK Receivable and any Related Rights to the Purchaser, legal title to each such Receivable and its Related Rights purchased by the Purchaser pursuant to this Agreement shall be vested in the Seller and after its purchase by the Purchaser, sole beneficial title and interest shall be vested in the Purchaser.
3. Prior to perfection of the transfer of the legal title to any UK Receivable and its Related Rights, the Seller undertakes (to the extent that any of the following is vested in it) to hold all right, title, interest and benefit (both present and future) in and under (a) such Receivable and its Related Rights, following the acquisition of such Receivable and its Related Rights by the Purchaser and (b) any sums that are or may become due in respect thereof, on trust for the Purchaser.
4. In connection with any transfer of any legal title to any UK Receivable and its Related Rights in accordance with Clause 8 (*Notification of Sales*), the Seller shall:
 - (a) arrange for any claim form relating to any litigation in respect of such Receivable to be amended so that the legal title transferee is identified as the claimant or pursuer;

- (b) issue, or instruct the Receivables Manager to issue on its behalf, a notification to each Borrower; and
- (c) co-operate with the Purchaser and (where applicable) the Security Agent to effect the transfer of such Receivables in respect of any migration of the Receivables and transfer of legal title to a new legal title holder.

Part B From UK RM Accession Date

With effect from the UK RM Accession Date,

1. references to “Receivables” in this Agreement shall refer to the EU Receivables and the UK Receivables unless otherwise specified;
2. references to the “Receivables Manager” in this Agreement shall refer to the EU Receivables Manager in connection with the EU Receivables and the UK Receivables Manager in connection with the UK Receivables;
3. if the Switch Notice has not been delivered prior to the UK RM Accession Date, the Seller (on behalf of itself and the UK Sub following agreement with the UK Sub) shall deliver the Switch Notice to the Purchaser at least 30 days prior to the Sale Notice Date on which the Seller wishes the Settlement Date Title Transfer Option to apply to all future sales of Receivables (save for any Further Disbursements (in relation to which, Clause 2.14 shall apply)) to the Purchaser;
4. the Purchaser agrees that upon the UK RM Accession Date, the Seller shall have a right to transfer legal title to the UK Receivables which have been purchased by the Purchaser to the UK Sub, subject to the Purchaser’s beneficial interests in such UK Receivables;
5. in connection with the UK Receivables only, the following Clauses shall be amended and replaced as follows (for the avoidance of doubt, the following Clauses shall continue to apply in their unamended form in connection with the EU Receivables):

(a) *Clause 7.2*

“In respect of UK Further Disbursements which are included in a Further Disbursement Confirmation Notice, the relevant Purchase Price shall be due and payable by the Purchaser to the Seller on the relevant Payment Date, and to satisfy the amount so owed by the Purchaser to the Seller, the Seller shall be entitled to set-off the amount of such Purchase Price against any Collections Sweep Payment (whether before or after the end of the Commitment Period) in respect of the UK Further Disbursements due to be made by the UK Receivables Manager under the Receivables Management Agreement in the same currency on such day (with the UK Receivables Manager’s obligation to account to the Purchaser for such Collections Sweep Payment being reduced by a corresponding amount). To the extent the amount of any Collections Sweep Payment due to be made on such day in respect of the UK Further Disbursements is insufficient to be applied and set-off so as to settle the relevant Purchase Price in full, any non-payment in full of the Purchase Price for such UK Further Disbursements shall not constitute a failure to pay for the purposes of Clause 12.1(b) and the

Seller may satisfy any unpaid Purchase Price by applying the Collections Sweep Payment in respect of the UK Further Disbursements on the next following Business Day and thereafter until the Purchase Price is settled in full.”;

(b) *Clause 8.1(a)*

“the UK Sub being required by a court of competent jurisdiction, or by a change in law occurring after the Closing Date, or by a regulatory authority or organisation whose members include consumer or other unsecured lenders of which the UK Sub is a member or with whom it is customary for the UK Sub to comply, to notify the relevant Borrower of the transfer of any UK Receivables and Related Rights in favour of the Purchaser;”;

(c) *Clause 8.2(a)*

“subject to Clause 8.2(b), the UK Sub is not required to give any formal notice of the assignment of, or of its interest in, any UK Receivable or any Related Rights whether to any Borrower or to any other person at any time prior to the occurrence of a Notification Event, and following a Notification Event unless instructed to do so by the Purchaser or the Security Agent (as applicable);”;

(d) *Clause 8.2(d)*

“at no time prior to a Borrower Notice will Personal Data in respect of any Borrowers be requested to be shared by the Seller or the UK Sub (or any outsourced service providers thereof) with the Purchaser or the Security Agent.”;

(e) *Clause 12.1(h)*

“the Purchaser has delivered a Receivables Manager Termination Notice to the Receivables Manager or the UK Receivables Manager has given notice of its resignation pursuant to the Receivables Management Agreement;”;

(f) *Clause 12.1(i)*

“it is or becomes unlawful for the UK Receivables Manager to perform any of its obligations under this Agreement or the Receivables Management Agreement, or such performance becomes in the opinion of the UK Receivables Manager, acting reasonably, materially more burdensome as a result of a change in applicable law and regulation (other than a law or regulation relating to Tax, as to which Clause 12.1(m) shall apply) and the UK Receivables Manager has provided a certificate signed by a director stating that there is no reasonable prospect of avoiding the circumstances giving rise to the UK Receivables Manager’s performance becoming materially more burdensome and including reasonable detail as to such circumstances;”;

(g) *Clause 27.2(b)*

“the UK Receivables Manager shall not transfer any Personal Data to, or take instructions relating to Personal Data from, any other party, or parties in connection with this Agreement;” and

(h) *Clause 27.2(c)*

“any information provided by the UK Receivables Manager to any other party shall be fully anonymised; and”.

6. in connection with the UK Receivables only, the following paragraphs in Part A of Schedule 2 (*Loan Warranties*) shall be amended and replaced as follows (for the avoidance of doubt, the following paragraphs shall continue to apply in their unamended form in connection with the EU Receivables):

(a) *Paragraph 4*

“Each UK Receivable has been originated by the UK Sub in the normal course of business and has been substantially made on the terms of the Standard Documentation applicable thereto at the time of origination.”;

(b) *Paragraph 5*

“Immediately prior to the relevant Title Transfer Date, the Seller was the absolute beneficial owner of the UK Receivable (with the UK Sub being the legal title holder) and neither the Seller nor the UK Sub has assigned (whether by way of absolute assignment, assignation or by way of security only), transferred, charged, disposed of or dealt with the benefit of the UK Receivable, any of the other rights relating thereto or any of the property, rights, titles, interests or benefits to be sold or assigned pursuant to this Agreement other than pursuant to this Agreement.”;

(c) *Paragraph 6*

“As at the date of origination:

- (i) the terms of, and the origination steps taken in respect of, the UK Receivable including as to promotions, pre-contractual disclosures (where applicable) and entry into of the loan, complied with all applicable laws and regulations to the extent necessary to *ensure* that the relevant UK Receivable was enforceable under its governing law and the relevant Borrower was obliged to pay interest (if applicable) and repay principal on the dates specified in accordance with the Loan Agreement in respect of such UK Receivable; and
- (ii) the UK Sub *had* all necessary consents, authorisations, approvals, licences and orders to originate the UK Receivable (if any).”;

(d) *Paragraph 7*

“Each UK Receivable has been administered by the UK Sub in accordance with applicable laws and regulations and terms of the Loan Agreement, save where a failure of such

administration would not adversely affect the enforceability, transferability or collectability of such UK Receivable.”; and

(e) *Paragraph 11*

“Each UK Receivable was originated by the UK Sub in sterling, is denominated in sterling and is repayable in sterling.”; and

7. in connection with the UK Receivables only, paragraph 22 in Schedule 14 (*Eligibility Criteria*) shall be amended and replaced as follows (for the avoidance of doubt, the following paragraph shall continue to apply in its unamended form in connection with the EU Receivables):

“As at the date of origination of the UK Receivable, the aggregate of:

(a) the total outstanding Principal Balance of all Eligible Products owed to the UK Sub by the Borrower, and

(b) the Original Commitment Amount for such UK Receivable less the amount of any expected initial instalment payment for such UK Receivable, is less than or equal to the Shadow Limit applicable in respect of such UK Receivable.”.

Schedule 7

Provisions relating to Sale of German Receivables

[* * *]

Schedule 8

Provisions relating to Sale of French Receivables

1. The Seller gives, on the date hereof, the following Loan Warranty in relation to each French Receivable and any Related Rights purchased by the Purchaser, by reference to the facts and circumstances existing at the date of this Agreement and based on its actual knowledge: no French Receivable constitutes "*crédits à la consommation*" within the meaning of articles L.312-1 *et seq.* of the French *Code de la consommation*.
2. For the purpose of the application of the Eligibility Criteria set out in paragraph 14 of Schedule 14 (*Eligibility Criteria*), the bankruptcy or insolvency in relation to a Borrower under any French Receivable shall refer to over-indebtedness (*situation de surendettement*) as defined in article L. 711-1 of the French *Code de la consommation*.
3. The Parties agree that the Sale Notice and the Back-Book Sale Notice each constitutes a sale agreement in writing evidencing the sale of the French Receivables ("*écrit constatant la cession de créances*") in accordance with article 1322 of the French *Code civil*.
4. The French Receivables and any Related Rights will be assigned (*cédées*) pursuant to this Agreement in accordance with articles 1321 *et seq.* of the French *Code civil* (the **Assignment**), and the Assignment will be enforceable (*opposable*) against third parties (*tiers*) in accordance with article 1323 of the French *Code civil*:
 - (a) with respect to any Receivables (and Related Rights) transferred under a SND Title Transfer Option or with respect to any Further Disbursement, from the applicable Sale Notice Date for the relevant Receivable or the relevant Further Disbursement;
 - (b) with respect to any Receivables (and Related Rights) transferred under a Settlement Date Title Transfer Option, from the applicable Payment Date for the relevant Receivable; and
 - (c) with respect to any Back-Book Receivables offered to be sold in a Back-Book Sale Notice (and Related Rights), from the applicable Back-Book Sale Notice Date for the relevant Back-Book Receivable.
5. The Seller undertakes to the Purchaser and the Security Agent that, subject to the provisions of Clause 8.2, it:
 - (a) shall observe and perform (or procure the performance of) the obligations of the lender arising under each such Receivable;
 - (b) shall, where any discretion is reserved to it at law in relation to such Receivables (including, without limitation, agreeing amendments to the receivables management specification varying the basis on which consents or approvals are given to Borrowers, varying the enforcement procedures and instructing the Receivables Manager in relation to discretionary elements of these, directing the Receivables Manager in relation to the release of any Borrower, determining whether any change to interest rates should be made and determining whether the repayment type can be changed) exercise such discretion in accordance with the Seller's policies and this Agreement or, where the Seller's policies do not cover the relevant circumstance, in consultation with the Receivables Manager (and shall consider in good faith

any proposal made by the Receivables Manager) and comply with all applicable laws in the exercise of such discretions;

- (c) at any time when the Seller and the Receivables Manager are separate entities, provide such assistance as the Receivables Manager may require to enable it to perform its obligations under this Agreement.

6. Following delivery of a Borrower Notice, the Seller shall:

- (a) arrange for any claim form relating to any litigation in respect of such Receivable to be amended so that the Purchaser is identified as the claimant or pursuer;
- (b) issue, or instruct the Receivables Manager to issue on its behalf, a notification to each Borrower;
- (c) co-operate with the Purchaser and (where applicable) the Security Agent to effect the transfer of such Receivables in respect of any migration of the Receivables and transfer of legal title to a new legal title holder.

7. Any reassignment and retransfer of any French Receivables and any Related Rights pursuant to Clause 9.10 (*Repurchase for breach of Loan Warranties*) or Clause 9.15 (*Repurchase for Failure of Bank-Funded Payment and Fraud*) will be made in accordance with articles 1321 et seq. of the French *Code civil*. In accordance with article 1323 of the French *Code civil*, any such reassignment and retransfer will be enforceable (*opposable*) against third parties (*tiers*) from the relevant Repurchase Date applicable to the relevant Repurchase Notice.

8. Each of the Parties agree that the provisions of article 1195 of the French Code Civil shall not apply to it with respect to its obligations under this Agreement (and in particular this Schedule 8) and it shall not be entitled to make any claim under such article 1195 in this respect.

9. This Schedule 8 and any non-contractual obligations arising out of or in connection with this Schedule 8 shall be governed by French law.

Schedule 9

Provisions relating to Spanish Law

Part A Provisions relating to Sale of Spanish Receivables

With respect to Spanish Receivables only, the following provisions shall supplement or modify (as the case may be) the relevant provisions of this Agreement:

1. The Spanish Receivables and the Related Rights will be assigned and the legal title thereto transferred pursuant to this Agreement:
 - (a) with respect to (i) any Receivables (and Related Rights) transferred under a SND Title Transfer Option at the applicable Sale Time for the relevant Receivable;
 - (b) with respect to any Receivables (and Related Rights) transferred under a Settlement Date Title Transfer Option, immediately upon receipt by the Seller of the applicable Purchase Price in full;
 - (c) with respect to any Back-Book Receivables offered to be sold in a Back-Book Sale Notice (and Related Rights), immediately upon receipt by the Seller of the Estimated Back-Book Purchase Price for such Back-Book Receivables in full; and
 - (d) subject to Clause 2.16 and provided that the title to the Receivable to which such Further Disbursement relates has been transferred to the Purchaser, with respect to any Further Disbursement immediately on the date on which such Further Disbursement is advanced by the Seller, each in accordance with the provisions of articles 1,526 to 1,536 of the Spanish Civil Code (*Código Civil*) and articles 347 and 348 of the Spanish Commercial Code (*Código de Comercio*), to the extent applicable.
2. The Seller and the Purchaser agree for all legal purposes that the transfer of the Spanish Receivables and any Related Rights, to the extent perfected pursuant to the terms of this Agreement, shall be deemed documented by the Seller and the Purchaser as follows:
 - (a) SND Title Transfer Option: through the relevant Sale Notice, as it may be amended and complemented by the relevant Confirmation Notice;
 - (b) Settlement Date Title Transfer Option: through the relevant Sale Notice;
 - (c) in respect of any Further Disbursements, through the relevant Further Disbursement Confirmation Notice; and
 - (d) in respect of any Back-Book Receivables offered to be sold in a Back-Book Sale Notice, through the Back-Book Sale Notice.
3. As soon as reasonably practicable following the occurrence of a Notification Event, and, in any event, no later than fifteen (15) Business Days thereafter, the Parties will appear before a Spanish notary in order to raise the relevant Sales Notices and Confirmation Notices relating to the outstanding Spanish

Receivables (documented as provided for in paragraph 2 above) to the status of a Spanish public document. Any notary's fees and expenses derived from such notarisation shall be borne by the Seller.

4. With respect to any Spanish Receivable, the Seller has not sub-contracted to any third party the execution of its obligations under the relevant contract.
5. The Seller undertakes to the Purchaser and the Security Agent that, subject to the provisions of Clause 8.2, it:
 - (a) shall observe and perform the obligations of the lender arising under each such Receivable;
 - (b) shall, where any discretion is reserved to it at law in relation to such Receivables, exercise such discretion in accordance with the Seller's policies and this Agreement or, where the Seller's policies do not cover the relevant circumstance, in consultation with the Receivables Manager (and shall consider in good faith any proposal made by the Receivables Manager) and comply with all applicable laws in the exercise of such discretions; and
 - (c) at any time when the Seller and the Receivables Manager are separate entities, provide such assistance as the Receivables Manager may require to enable it to perform its obligations under this Agreement.
6. Following the Security Agent's request directed to the Seller pursuant to Clause 8.6, the Seller shall include a mention to the Security Document consisting of the pledge over Spanish Receivables in the Borrower Notice substantially on the following terms (and an equivalent Spanish translation):

"The Receivable so assigned is also subject to a pledge created in favour of certain secured creditors pursuant to the pledge agreement entered into between, amongst others, Alps Partners, S.à r.l., as pledgor and BNY Mellon Corporate Trustee Services Limited, as security agent, before the Spanish notary originally dated on [●] (as extended and supplemented from time to time)."
7. Following delivery of a Borrower Notice, the Seller shall:
 - (a) arrange for any claim form relating to any litigation in respect of a relevant Receivable to be amended so that the Purchaser is identified as the claimant or pursuer;
 - (b) issue, or instruct the Receivables Manager to issue on its behalf, a notification to each Borrower;
 - (c) co-operate with the Purchaser and (where applicable) the Security Agent in respect of any migration of the relevant Receivables.
8. As an additional Eligibility Criteria, Spanish Receivables are not (i) contentious claims ("créditos litigiosos") for the purposes of article 1,535 of the Spanish Civil Code (*Código Civil*), or (ii) Draft Instruments.
9. For purposes of interpreting the Loan Warranties, and, in particular and to the extent applicable, for the purposes of Section 1,532 of the Spanish Civil Code (*Código Civil*), the Seller agrees and acknowledges that the Loan Warranties are given by the Seller in relation to each of the Spanish Receivables individually, and not in relation to the Portfolio as a whole.

10. On or before the first Back-Book Sale Date, the Seller will grant a power of attorney to the Purchaser substantially in the form set out in Part B of Schedule 9 (*Form of Purchaser Power of Attorney in respect of security (Spanish Law)*).
11. Notwithstanding Clause 38 (*Governing Law and Jurisdiction*) of this Agreement, the *in rem* aspects of any transfer of Spanish Receivables shall be governed by Spanish law (“*derecho común español*”).
12. This Schedule 9 and any non-contractual obligations arising out of or in connection with this Schedule 9 shall be governed by generally applicable Spanish law (“*derecho común español*”).

Part B Form of Purchaser Power of Attorney in respect of security (Spanish Law)

**PODER NOTARIAL IRREVOCABLE A FAVOR DE
ALPS PARTNERS S.À R.L.**

NUMERO:

En la ciudad de Madrid, a [●] de [●] de 2023.

Ante mí, [●], Notario del Ilustre Colegio de Madrid, debidamente autorizado y en ejercicio de mis funciones notariales,

COMPARECE

[El Sr./La Sra.] [●], mayor de edad, de nacionalidad [●], domiciliado en [●].

INTERVIENE

En nombre y representación de **PAYPAL (EUROPE) S.À R.L. ET CIE, S.C.A.** con domicilio social en 22-24 Boulevard Royal, L-2449, Luxemburgo (Luxemburgo) e inscrita en el Registro Mercantil de Luxemburgo (*Registre de commerce et des sociétés*) con el número B118349 (en lo sucesivo, la “*Sociedad*”).

[Datos relativos a la capacidad y representación del otorgante]

Identifico al otorgante por sus datos personales y su firma y yo, el Notario, doy fe de que los mismos coinciden con los datos personales y la firma que aparecen en este documento.

EXPONE

(A) Que, de conformidad con un contrato-marco de cesión de créditos, suscrito con el nombre de *Receivables Purchase Agreement* en fecha [*] de [junio] de 2023 por, entre otros, la Sociedad como Cedente (*Seller*) y Administrador de Créditos (*Receivables Manager*), ALPS PARTNERS S.À R.L. como Cesionario (*Purchaser*) y Prestamista de Clase C (*Class C Lender*), BNY MELLON CORPORATE TRUSTEE SERVICES LIMITED como Agente de Garantías (*Security Agent*) y AVEGA S.À R.L. como Administrador de Créditos de Apoyo (*Back-Up Receivables Manager Facilitator*), la Sociedad cederá

periódicamente al Cesionario ciertos derechos de crédito (en lo sucesivo, los “**Créditos Cedidos**” (*Receivables*)).

(B) Que, en relación con el *Receivables Purchase Agreement*, la Sociedad ha acordado otorgar un poder irrevocable a favor del Cesionario para que éste pueda ejercitar las facultades relacionadas a continuación.

(C) Los términos en castellano cuya traducción al inglés se acompaña entre paréntesis tendrán el mismo significado que en el *Receivables Purchase Agreement*.

OTORGA

PRIMERO.- En nombre y representación de la Sociedad, confiere poder tan amplio en derecho como fuera necesario a **ALPS PARTNERS S.À R.L.**, sociedad válidamente constituida y existente de acuerdo con las leyes de Luxemburgo, con domicilio social en 2, rue Edward Steichen, L- 2540 Luxemburgo (Luxemburgo) e inscrita en el Registro Mercantil de Luxemburgo (*Registre de commerce et des sociétés*) con el número B277050 (el “**Apoderado**”) para que en nombre y representación de dicha Sociedad, y con posterioridad a que tenga lugar un Evento de Notificación (*Notification Event*, tal y como se define en el *Receivables Purchase Agreement*) pueda:

- (i) Ejercitar cuantos derechos, facultades y acciones correspondan a la Sociedad en relación con los Créditos Cedidos (*Receivables*), así como los Derechos Accesorios (*Related Rights*) relativos a los mismos.
- (ii) Otorgar y llevar a cabo cuantos documentos, públicos o privados, y actuaciones fueren necesarias para la defensa de cuantos derechos e intereses correspondan a ALPS PARTNERS S.À R.L. en virtud del *Receivables Purchase Agreement* (incluyendo los relativos a los Créditos Cedidos, así como con los Derechos Accesorios de los mismos).
- (iii) Otorgar y llevar a cabo cuantos documentos públicos o privados, y actuaciones fueren necesarias para la plena eficacia, aun frente a terceros, y efectividad de la cesión de los Créditos Cedidos y de los Derechos Accesorios relativas a los mismos en virtud y de conformidad con el *Receivables Purchase Agreement* en favor de ALPS PARTNERS S.À R.L. o de cualquier sucesor o cesionario de éste en la titularidad de los Créditos Cedidos.
- (iv) Notificar a los correspondientes Deudores (*Borrowers*) todas y cada una de las cesiones de Créditos Cedidos que hayan tenido lugar entre el Cesionario y la Sociedad al amparo del *Receivables Purchase Agreement*, así como otorgar cuantos documentos públicos y privados sean necesarios para la constancia en documento público de cada una de dichas cesiones.
- (v) Reclamar judicial y extrajudicialmente y cobrar cualesquiera cantidades vencidas y exigibles por razón de los Créditos Cedidos y/o de los Derechos Accesorios relativos a los mismos, así como pagar dichas cantidades, una vez cobradas, a las partes con derecho a ello en virtud del *Receivables Purchase Agreement*.
- (vi) Una vez cobradas las cantidades a que se refiere el apartado (v) anterior, dar a sus pagadores eficaz carta de pago por dichas cantidades.

- (vii) Cumplir cualquier obligación o compromiso asumido por la Sociedad en virtud de, o en relación con, el *Receivables Purchase Agreement* y ejercer cuantos derechos, facultades y acciones correspondan a la Sociedad en virtud del mismo.
- (viii) Sustituir y/o delegar en el ejercicio de las facultades conferidas en virtud del presente poder (incluida asimismo la facultad de delegación y sustitución)
 - (a) en cualquier persona jurídica que forme parte de su grupo de empresas o (b) en cualquier persona física que sea empleado o directivo de cualquiera de las empresas que formen en cada momento parte de su grupo o (c) en cualquier cesionario en la titularidad de los Créditos Cedidos, en el entendido de que el Apoderado responderá de la actuación de dichos sustitutos o delegados como si tal delegación o sustitución no hubiere tenido lugar.
- (ix) Llevar a cabo cuantas actuaciones y suscribir cuantos documentos públicos y privados estime necesarios o convenientes para el ejercicio de las facultades conferidas en los apartados (i) a (viii) anteriores.

Las facultades antedichas se conceden incluso para los supuestos de autocontratación, aun a favor de terceros.

SEGUNDO.- Las facultades conferidas al apoderado en virtud del presente poder podrán ser ejercitadas por cualquier persona física con poder bastante para el ejercicio de dichas facultades en nombre y representación del Apoderado.

TERCERO.- La Sociedad se obliga a ratificar expresamente, y siempre que sea requerido para ello, cuantas actuaciones y/o documentos hubiere llevado a cabo u otorgado el Apoderado (o sus sustitutos o delegados) en ejercicio y dentro de los límites del presente apoderamiento, así como a colaborar con el Apoderado (o sus sustitutos o delegados) en dicho ejercicio.

CUARTO.- La Sociedad indemnizará al Apoderado (o sus sustitutos o delegados) de cualesquiera gastos incurridos y de cualesquiera daños y perjuicios sufridos por el mismo en el ejercicio de las facultades conferidas en virtud del presente apoderamiento sin culpa, dolo o negligencia del apoderado (o sus sustitutos o delegados).

QUINTO.- El presente apoderamiento tiene el carácter de mandato irrevocable por exigirlo así el cumplimiento del *Receivables Purchase Agreement* en el que está interesado no sólo la Sociedad sino también el Apoderado y otras terceras personas, exigiendo la ejecución y el cumplimiento de dicho contrato la irrevocabilidad del presente apoderamiento con la finalidad de evitar la frustración del fin perseguido por el mismo.

SEXTO.- La ley española aplicará al presente apoderamiento.

(English Translation for information purposes)

**IRREVOCABLE NOTARIAL POWER OF ATTORNEY
ALPS PARTNERS S.À R.L.**

NUMBER:

In the town of Madrid, on this [●] [●] 2023.

Before me, [●], Notary public of Madrid, duly commissioned and in exercise of my notarial duties.

APPEARS

[Mr./Ms.] [●], of legal age of [●] nationality, domiciled at [●].

HE ACTS

In the name and on behalf of **PAYPAL (EUROPE) S.À R.L. ET CIE, S.C.A.** with its registered office at 22-24 Boulevard Royal, L-2449 (Luxembourg) and registered with the Luxembourg Trade and Companies Register (*Registre de commerce et des sociétés*) under number B118349 (hereinafter, the “**Company**”).

[Details regarding the authority of the grantor]

The grantor exhibits his personal details and signature, and, I the Notary, certify that the personal details and signature which appear in this document coincide with them.

WHEREAS

- (A) Pursuant to an agreement of assignment of loans entered into under the name of the Receivables Purchase Agreement on [*] [June] 2023 between the Company as Seller and Receivables Manager, ALPS PARTNERS S.À R.L. as Purchaser and Class C Lender, BNY MELLON CORPORATE TRUSTEE SERVICES LIMITED as Security Agent and AVEGA S.À R.L. as Back-Up Receivables Manager Facilitator, the Company shall sell from time to time to the Purchaser certain loan receivables (hereinafter, the “**Receivables**”).
- (B) In connection with the Receivables Purchase Agreement, the Company has undertaken to execute before a Spanish notary public an irrevocable power of attorney in favour of the Purchaser, in order to enable the latter to exercise the powers granted hereunder.
- (C) Spanish terms which are translated into English shall have the meaning ascribed to such terms in the Receivables Purchase Agreement.

HE GRANTS

FIRST: In the name and on behalf of the Company, he grants a power of attorney, as wide as in law might be necessary, to **ALPS PARTNERS S.À R.L.**, a company validly incorporated and existing under the laws of Luxembourg and having its registered office at 2, rue Edward Steichen, L- 2540 Luxembourg-City, Luxembourg and registered with the Luxembourg Trade and Companies register (*Registre de commerce et des sociétés, Luxembourg*) under number B277050 (the “**Attorney**”) so that it may act in the name and on behalf of the Company at any time after the occurrence of a Notification Event:

- (i) Exercise its rights, powers and discretions in respect of the Receivables and in respect of any Related Rights.
- (ii) Execute and deliver as many deeds or documents, and do any other act which may be deemed necessary in order to protect the rights and interests of ALPS PARTNERS S.À R.L. pursuant to the Receivables Purchase Agreement (including those related to the Receivables and the Related Rights).
- (iii) Execute and deliver as many deeds or documents, and do any other act which may be deemed necessary for the full and effective transfer, even against third parties, of the Receivables and the Related Rights pursuant to the Receivables Purchase Agreement in or to ALPS PARTNERS S.À R.L. or their successors in title of the Receivables.
- (iv) Give notice to the relevant Borrowers of the assignment of the relevant Receivables between the Purchaser and the Company made under the Receivables Purchase Agreement, as well as execute and deliver as many deeds or documents as may be deemed necessary for all those assignments to be raised to a public status.
- (v) Demand even before Courts and receive all moneys, due or payable, under or in respect of Receivables and the Related Rights and pay such moneys to the persons to whom such moneys are required to be paid under the Receivables Purchase Agreement.
- (vi) Upon receipt of such moneys as referred to in paragraph (v) above to give to the payer thereof good receipts and discharges for the same.
- (vii) Perform any agreement or obligation of the Company under or in connection with the Receivables Purchase Agreement and to exercise all the Company’s rights, powers and acts under the Receivables Purchase Agreement.
- (viii) Substitute or delegate the powers granted by this power of attorney (including this power of delegation and substitution) to (a) any legal person belonging at any time to its group of companies or (b) to any employee or manager of any company of its group from time to time or (c) to any successors in the title to the Receivables, provided that the Attorney shall remain liable for the performance of such substitute(s) or delegate(s) as if those powers had not been delegated.
- (ix) Take as many actions and execute and deliver as many documents public or private, as may be required or convenient in its sole discretion for the exercise of the powers in sections (i) to (viii) above.

The aforementioned powers are granted even for the cases of self-contracting, even in favour of third parties.

SECOND: The powers granted to the Attorney by virtue of this power of attorney may be exercised by any individual duly authorised to exercise similar powers in the name and on behalf of the Attorney.

THIRD: The Company hereby is obliged to expressly ratify and confirm, if required to do so, any act, matter or documents whatsoever carried out by the Attorney or any of its substitutes or delegates, pursuant to and on the limits of this Power of Attorney; and to collaborate with the Attorney (or any of its substitutes or delegates) in carrying out its activity.

FOURTH: The Company shall hold the Attorney (or its substitutes or delegates) harmless in respect of any expenses it may incur and any damages suffered as consequence of exercising the powers conferred by virtue of this power of attorney without negligence or fraud.

FIFTH: This power of attorney is granted as an irrevocable mandate because of the performance of the Receivables Purchase Agreement in which are interested not only the Company but also the Attorney and third parties, requiring it to be irrevocable in order to avoid the frustration of the objectives pursued by the parties under such Agreement.

SIXTH: This Power of Attorney shall be governed by and construed in accordance with Spanish law.

Schedule 10

Provisions relating to Sale of Italian Receivables

1. The Italian Receivables and any Related Rights will be assigned (*ceduti*) pursuant to this Agreement in accordance with the provisions of Articles 1260 *et seq.* and, with respect to Italian Receivables arising from Further Disbursements, to the extent applicable, also Articles 1348 and 1472 of the Italian Civil Code (each, an **Italian Assignment**).
2. Any Italian Receivables and Related Rights sold pursuant to this Agreement are sold without recourse (*pro soluto*) (but for the avoidance of doubt without prejudice to any recourse as expressly provided for in this Agreement).
3. The Parties acknowledge and agree that each Italian Assignment shall be deemed effective towards the Purchaser:
 - (a) with respect to any Receivables (and Related Rights) transferred under a SND Title Transfer Option and existing at the time of delivery of the relevant Sale Notice, at each applicable Sale Time upon the upload of the relevant Sale Notice to a secure website accessible by the Purchaser;
 - (b) with respect to any Receivables (and Related Rights) transferred under a Settlement Date Title Transfer Option, immediately following receipt by the Seller of the applicable Purchase Price in full;
 - (c) with respect to any Back-Book Receivables offered to be sold in a Back-Book Sale Notice (and Related Rights), following receipt by the Seller of the Estimated Back-Book Purchase Price for such Back-Book Receivables in full on the applicable Back-Book Sale Date;
 - (d) without prejudice to paragraph (e) below, with respect to any Receivables (and Related Rights) arising from Further Disbursements (and, therefore, not existing at the time of delivery of the relevant Sale Notice), on the date on which such Receivables arise as a consequence of the Further Disbursements having been advanced to the relevant Borrower; and
 - (e) with respect to any Receivables (and Related Rights) arising from Further Disbursements which:
 - (i) are transferred pursuant to the Settlement Date Title Transfer Option; and
 - (ii) have arisen during the period between the date of delivery of the relevant Sale Notice and the fifth Business Day after the relevant Sale Notice Date,to the extent the related Receivables (existing at the time of delivery of the relevant Sale Notice) have not been transferred during such period, on the relevant Settlement Date of such related Receivables.
4. The Italian Assignment of any Receivables and Related Rights (including Receivables arising from Further Disbursements and in each case matching the Purchase Conditions) pursuant to this Agreement shall be construed, to the extent applicable, also for the purposes of Article 1331 of the Italian Civil

Code, as an option of the Seller to sell and assign to the Purchaser such Receivables (and their Related Rights) and an irrevocable undertaking by the Purchaser to purchase the same on each applicable Title Transfer Date.

5. The Italian Assignment of any Receivables (and Related Rights) arising from Further Disbursements shall be construed, to the extent applicable, also for the purposes of Articles 1348 and 1472 of the Italian Civil Code, as a sale of future receivables, whereby (i) from the date of receipt by the Purchaser of the relevant Sale Notice, the Seller and the Purchaser shall be deemed bound to, respectively, sell and purchase such Receivables once they have come into existence; and (ii) save as provided under Clause 2.16 of this Agreement, such Receivables shall be deemed transferred from the Seller to the Purchaser as soon as they come into existence without any act of the Seller nor the Purchaser being necessary to this end.
6. Without prejudice to paragraph 3 of this Schedule 10, the Parties hereby acknowledge and agree that, should the SND Title Transfer Option apply, the provisions under Clause 2.7 of this Agreement on the failure by the Purchaser to pay the relevant Purchase Price on the applicable Payment Date shall be read and construed, also for the purposes of Article 1353 of the Italian Civil Code, as a condition subsequent (*condizione risolutiva*) to the relevant Italian Assignment.
7. The Parties agree that, insofar as the Receivables Manager is an entity which is a member of the Seller Group, the Seller is exempted from the obligation to deliver to the Purchaser the documentation in its possession evidencing the Receivables (*documenti probatori del credito*) pursuant to article 1262 of the Italian Civil Code, provided that the Purchaser has the right to reasonably request the Sellers to deliver such documentation evidencing the Receivables (*documenti probatori del credito*) as soon as reasonably practicable after its request.
8. In accordance with articles 1264 and 1265 of the Italian Civil Code, each Italian Assignment will be enforceable (*opponibile*) against the relevant Borrower(s) and third parties from the date it is notified to – or accepted by – such Borrower(s) by means of a notification bearing a date certain at law (*data certa*) as to both the notification itself and its content, pursuant to article 2704 of the Italian Civil Code.
9. For the purposes of Clause 2 (*Agreement for Sale and Purchase of the Receivables*), the Related Rights shall include any right, title, benefit, guarantee, Security Interests (if any) and other ancillary rights (*accessori del credito*) in to, pertaining to and/or under the Receivables pursuant to Article 1263 of the Italian Civil Code.
10. This Schedule 10 and any non-contractual obligations arising out of or in connection with this Schedule 10 shall be governed by Italian law.

Schedule 11

Form of Notices

Part A Form of Sale Notice

To: **ALPS PARTNERS S.À R.L.**, a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg and acting as an unregulated securitisation company (*organisme de titrisation*) within the meaning of, and governed by, the Securitisation Law, whose registered office is located at 2 Rue Edward Steichen, L-2540 Luxembourg, and registered with the RCS under number B277050, acting in its capacity as Purchaser under the Receivables Purchase Agreement (as defined below)

Copy: **PAYPAL (EUROPE) S.À R.L. ET CIE, S.C.A.**, a corporate partnership limited by shares (*société en commandite par actions*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B118.349 as Receivables Manager

From: **PAYPAL (EUROPE) S.À R.L. ET CIE, S.C.A.**, a corporate partnership limited by shares (*société en commandite par actions*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B118.349, acting through and represented by its managing general partner PayPal (Europe) S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B127.485 acting in its capacity as Seller under the Receivables Purchase Agreement (as defined below)

Dear Sirs

1. We refer to the Receivables Purchase Agreement between, *inter alios*, us dated 16 June 2023 (the ***Receivables Purchase Agreement***) as may be or may have been amended, varied, supplemented and/or restated from time to time with the consent of the parties thereto. Terms defined in the Receivables Purchase Agreement shall have the same meaning herein, including by incorporation.
2. In accordance with and subject to Clause 2 (*Agreement for Sale and Purchase of the Receivables*) of the Receivables Purchase Agreement, upon receipt by the Purchaser of this notice signed by the Seller, there shall exist between the Purchaser and the Seller an agreement (the ***Agreement for Sale***) for the sale by the Seller to the Purchaser of the new Receivables more particularly described in the Appendix hereto.
3. For the purposes of the Receivables Purchase Agreement, this notice constitutes a Sale Notice in respect of each Receivable referred to in the Appendix hereto.
4. The transfer of any Receivable to the Purchaser will be effective in accordance with the Receivables Purchase Agreement.

5. Appended hereto is a complete and accurate list of the Receivables to be sold, and any related Further Disbursements which may arise.
6. Delivery of this Sale Notice constitutes confirmation that each Purchase Condition (other than the Purchase Condition set out in Clause 2.6(f)) in relation to each Receivable referred to in the Appendix hereto have been satisfied on the date of this Sale Notice.
7. The Agreement for Sale shall supplement and form part of the Receivables Purchase Agreement and the provisions of that agreement shall apply to the Agreement for Sale.
8. Details of accounts for payment are as follows:

Account Name:

Account Sort Code:

Account Number:

Reference:

Appendix 1

Information in respect of new Receivables to be added to the Portfolio

Report Date	Loan ID	Sale Notice Date	Sale ID	Borrower ID	Loan Type
Sale Type	Outstanding Principal Balance	Outstanding Fee Balance	Outstanding Interest Balance	Outstanding Current Balance	Total Commitment Amount
Product Name	Currency	Interest Rate	Status	Origination Date	Maturity Date
Next Scheduled Payment	Next Scheduled Payment Date	Original Term	Remaining Term (in days)	Purchase Price Ratio	Purchase Price
Merchant ID	Merchant Category Code	Risk Class	Model Used	Model Score	Global Customer Segment
Initial VLR	Disbursement Amount				

Part B Form of Confirmation Notice

To: **ALPS PARTNERS S.À R.L.**, a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg and acting as an unregulated securitisation company (*organisme de titrisation*) within the meaning of, and governed by, the Securitisation Law, whose registered office is located at 2 Rue Edward Steichen, L-2540 Luxembourg, Luxembourg and registered with the RCS under number B277050, acting in its capacity as Purchaser under the Receivables Purchase Agreement (as defined below)

Copy: **PAYPAL (EUROPE) S.À R.L. ET CIE, S.C.A.**, a corporate partnership limited by shares (*société en commandite par actions*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B118.349 as Receivables Manager

From: **PAYPAL (EUROPE) S.À R.L. ET CIE, S.C.A.**, a corporate partnership limited by shares (*société en commandite par actions*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B118.349, acting through and represented by its managing general partner PayPal (Europe) S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B127.485 acting in its capacity as Seller under the Receivables Purchase Agreement (as defined below)

Dear Sirs

1. We refer to the Receivables Purchase Agreement between, *inter alios*, us dated 16 June 2023 (the ***Receivables Purchase Agreement***) as may be or may have been amended, varied, supplemented and/or restated from time to time with the consent of the parties thereto. Terms defined in the Receivables Purchase Agreement shall have the same meaning herein, including by incorporation.
2. In accordance with and subject to Clause 2.2(c) of the Receivables Purchase Agreement, appended hereto is a complete and accurate list of the Receivables sold at the Sale Time.
3. For the purposes of the Receivables Purchase Agreement, this notice constitutes a Confirmation Notice in respect of each Receivable referred to in the Appendix hereto.
4. Details of accounts for payment are as follows:

Account Name:

Account Sort Code:

Account Number:

Reference:

Appendix 1

Information in respect of Receivables added to the Portfolio

Report Date	Loan ID	Sale Notice Date	Sale ID	Borrower ID	Loan Type
Sale Type	Principal Balance Transferred	Fee Balance Transferred	Interest Balance Transferred	Current Balance Transferred	Total Commitment Amount
Product Name	Currency	Interest Rate	Status	Origination Date	Maturity Date
Next Scheduled Payment	Next Scheduled Payment Date	Original Term	Remaining Term (in days)	Purchase Price Ratio	Purchase Price
Merchant ID	Merchant Category Code	Risk Class	Model Used	Model Score	Global Customer Segment
Initial VLR	Disbursement Amount				

Part C Form of Further Disbursement Confirmation Notice

To: **ALPS PARTNERS S.À R.L.**, a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg and acting as an unregulated securitisation company (*organisme de titrisation*) within the meaning of, and governed by, the Securitisation Law, whose registered office is located at 2 Rue Edward Steichen, L-2540 Luxembourg, Luxembourg and registered with the RCS under number B277050, acting in its capacity as Purchaser under the Receivables Purchase Agreement (as defined below)

Copy: **PAYPAL (EUROPE) S.À R.L. ET CIE, S.C.A.**, a corporate partnership limited by shares (*société en commandite par actions*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B118.349 as Receivables Manager

From: **PAYPAL (EUROPE) S.À R.L. ET CIE, S.C.A.**, a corporate partnership limited by shares (*société en commandite par actions*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B118.349, acting through and represented by its managing general partner PayPal (Europe) S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B127.485 acting in its capacity as Seller under the Receivables Purchase Agreement (as defined below)

Dear Sirs

1. We refer to the Receivables Purchase Agreement between, *inter alios*, us dated 16 June 2023 (the **Receivables Purchase Agreement**) as may be or may have been amended, varied, supplemented and/or restated from time to time with the consent of the parties thereto. Terms defined in the Receivables Purchase Agreement shall have the same meaning herein, including by incorporation.
2. In accordance with and subject to Clause 2.2(c) of the Receivables Purchase Agreement, appended hereto is a complete and accurate list of the Further Disbursements sold at the Sale Time.
3. For the purposes of the Receivables Purchase Agreement, this notice constitutes a Further Disbursement Confirmation Notice in respect of each Further Disbursement referred to in the Appendix hereto.
4. Details of accounts for payment are as follows:

Account Name:

Account Sort Code:

Account Number:

Reference:

Appendix 1

Information in respect of Receivables added to the Portfolio

Loan ID	Date of Purchase	Currency	Disbursement Amount	Pro-forma Outstanding Principal Balance	Pro-forma Fee balance
Pro-forma Current Balance	Total Commitment Amount	Next Scheduled Payment	Next Scheduled Payment Date	Purchase Price Ratio	Purchase Amount
Product	Purchase Amount				

Schedule 12

Form of Seller Solvency Certificate

PAYPAL (EUROPE) S.À R.L. ET CIE, S.C.A.

(R.C.S. Luxembourg registration number: B118.349)

with its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg (the **Company**)

SOLVENCY CERTIFICATE

The undersigned, in the capacities set out in the below signature block, duly authorised to sign this certificate, hereby certify on behalf of the Company (without incurring any personal liability), that, as of the date of this certificate, the Company is not subject to (but only to the extent that the substantive obligations under this Agreement, including payment and delivery obligations [and (to the extent applicable) the provision of collateral], cease to be performed) bankruptcy (*faillite*), reprieve from payment (*sursis de paiement*), controlled management (*gestion contrôlée*), composition with creditors (*concordat préventif de la faillite*), voluntary or judicial liquidation (*liquidation judiciaire ou volontaire*), judicial appointment of a temporary administrator or any similar Luxembourg or foreign law proceedings or regimes affecting the rights of creditors generally and, to the best of its knowledge, no petition for the opening of such proceedings has been presented or to one or more resolution measures (as organised by the Luxembourg law dated 18 December 2015 on resolution, recovery and liquidation measures of credit institutions and certain investment firms, as amended) or recovery, intragroup financial support and early intervention measures (as organised by the Luxembourg act dated 5 April 1993 relating to the financial sector, as amended).

I give this certificate on behalf of the Company.

Dated: [] 2023

Signed for and on behalf of

PAYPAL (EUROPE) S.À R.L. ET CIE, S.C.A.

acting through and represented by its managing general partner PayPal (Europe) S.à r.l.

By:

.....
Authorised Signatory

Schedule 13

Form of Purchaser Solvency Certificate

ALPS PARTNERS S.À R.L.

a société à responsabilité limitée incorporated under the laws of Luxembourg subject, as an unregulated securitisation undertaking (*organisme de titrisation non réglementé*), to the Luxembourg act dated 22 March 2004 on securitisation, as amended (the **Securitisation Act**)

Registered office: 2 Rue Edward Steichen
L-2540 Luxembourg
Grand Duchy of Luxembourg
R.C.S. Luxembourg: B277050
(the **Company**)

SOLVENCY CERTIFICATE

The undersigned, in the capacity set out in the below signature block, duly authorised to sign this certificate, hereby certify on behalf of the Company (without personal liability), that, as of the date of this certificate, the Company is not subject to bankruptcy (*faillite*), reprieve from payment (*sursis de paiement*), controlled management (*gestion contrôlée*), composition with creditors (*concordat préventif de la faillite*), court-ordered liquidation/dissolution (*liquidation/dissolution judiciaire*), administrative dissolution without liquidation (*dissolution administrative sans liquidation*), appointment of a provisional administrator (*administrateur provisoire*) or a recipient (*séquestre*), judicial appointment of a temporary administrator or any similar Luxembourg or foreign law proceedings or regimes affecting the rights of creditors generally (including without limitation any “insolvency proceedings” within the meaning of the Regulation (EU) No. 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings (recast), as amended) and, to the best of its knowledge, no petition for the opening of such proceedings has been presented.

I give this certificate on behalf of the Company.

Dated: [] 2023

Signed for and on behalf of

ALPS PARTNERS S.À R.L.

.....
Manager / Authorised Signatory

Schedule 14

Eligibility Criteria

1. The Receivable is an Eligible Product.
2. The Receivable is governed by the law of a Relevant Jurisdiction (which in the case of a Spanish Receivable shall be Spanish common law ("derecho común español").).
3. At its Sale Notice Date, the Receivable has no outstanding arrears balance.
4. In respect of any Receivable that is not a Back-Book Receivable which is offered to be sold in a Back-Book Sale Notice, as at its Sale Notice Date, the relevant Receivable has no payments due on such Sale Notice Date or the day immediately following such Sale Notice Date and in respect of a Back-Book Receivable which is offered to be sold in a Back-Book Sale Notice, such Receivable has no payments due as at its Sale Time.
5. The maturity date of the Receivable is not prior to its Sale Notice Date and in respect of a Back-Book Receivable which is offered to be sold in a Back-Book Sale Notice the maturity date is more than [* * *] days after its Sale Notice Date.
6. The Receivable (other than a Receivable in respect of a DE Pi30 Loan) was originated on or after 1 February 2023.
7. Each Receivable in respect of a DE Pi30 Loan was originated on or after 1 June 2023.
8. The Receivable is denominated in EUR or GBP.
9. The Receivable is not flagged as involving any fraudulent activity (either pending or confirmed).
10. The Borrower is not a Restricted Person, and the Receivable is not linked to a merchant industry which is sanctioned or is an Excluded Industry.
11. The Borrower has provided the Seller with a resident address in the Relevant Jurisdiction of the governing law of the Receivable owed by that Borrower.
12. The Borrower's provided resident address is not located in the autonomous regions (*Comunidades Autonomas*) of Valencia or Castilla-La-Mancha in Spain.
13. The Borrower has provided confirmation that they are 18 years old or older.
14. At its Sale Notice Date, as far as the Seller was aware, the Borrower under each Receivable is not bankrupt, insolvent or deceased.
15. Either (i) the Receivable was originated at least two days prior to its Sale Notice Date, or (ii) at least 90 per cent. of the Original Commitment Amount under the related Loan Agreement has been disbursed to the Borrower.
16. The Receivable was originated:
 - (a) in respect of a Receivable [* * *], not more than [* * *] days prior to its Sale Notice Date;

(b) in respect of a Receivable [***], not more than [***] days prior to its Sale Notice Date; and

(c) in respect of a Receivable [***], not more than [***] days prior to its Sale Notice Date and during any Relevant Period, not more than [***] days prior to its Sale Notice Date,

provided that this Eligibility Criterion shall not apply to (i) any Back-Book Receivable offered to be sold in a Back-Book Sale Notice or (ii) [***].

17. In respect of any Receivable representing a Further Disbursement in connection with any Loan Agreement in respect of which any Receivable was previously included in a Sale Notice, such Further Disbursement is being made no later than 30 days after the first disbursement was advanced under the related Loan Agreement.

18. The Receivable has not been repurchased by the Seller, other than a repurchase pursuant to Clause 9.16 (*Repurchase for DE Pi30 Loan*) of this Agreement.

19. In respect of any Receivable representing a Further Disbursement, the Receivable is not a Further Disbursement in connection with a Receivable that has been repurchased by the Seller other than a repurchase pursuant to Clause 9.15 (*Repurchase for DE Pi30 Loan*) of this Agreement.

20. The Receivable is not the subject of an ongoing dispute with the Borrower.

21. [***]

22. As at the date of origination of the Receivable, the aggregate of:

(a) the total outstanding Principal Balance of all Eligible Products owed to the Seller by the Borrower, and

(b) the Original Commitment Amount for such Receivable less the amount of any expected initial instalment payment for such Receivable, is less than or equal to the Shadow Limit applicable in respect of such Receivable.

23. [***]

24. [***]

25. [***]

26. [***]

27. As at its Sale Notice Date, the Receivable does not have a zero balance and as at its Sale Time, the Receivable will not have a zero balance.

28. [* * *]

29. As at its Sale Notice Date, the Receivable is not a Defaulted Exposure.

30. To the best of the Seller's knowledge, the Borrower in respect of each Receivable is not a Credit-Impaired Debtor. For the purposes of this eligibility criterion, the "best knowledge" standard shall be considered to be fulfilled on the basis of information obtained only from any of the following combinations of sources and circumstances: (a) the Borrower on origination of the Receivable; (b) the Seller and/or the Receivables Manager in the course of its servicing of the Receivables or in the course of its risk management procedures; (c) notifications to the Seller by a third party.

31. [* * *]

Schedule 15

List of Eligible Products

1. FR Pi4 – A PayPal “Buy Now, Pay Later” product that allows Borrowers in France to split qualifying purchases into 4 payments over 89 days with the first payment due at the time of purchase.
2. UK Pi3 – A PayPal “Buy Now, Pay Later” product that allows Borrowers in the UK to split qualifying purchases into 3 payments, with the first payment due at the time of purchase and 2 subsequent payments made every month thereafter.
3. IT Pi3 – A PayPal “Buy Now, Pay Later” product that allows Borrowers in Italy to split qualifying purchases into 3 payments, with the first payment due at the time of purchase and 2 subsequent payments made every month thereafter.
4. ES Pi3 – A PayPal “Buy Now, Pay Later” product that allows Borrowers in Spain to split qualifying purchases into 3 payments, with the first payment due at the time of purchase and 2 subsequent payments made every month thereafter.
5. DE PayPal Ratenzahlung – A PayPal “Buy Now, Pay Later” product that allows Borrowers in Germany to split qualifying purchases in either 3, 6, 12 or 24 monthly instalments, as below:
 - (a) DE PayPal Ratenzahlung (3 months) 0% APR;
 - (b) DE PayPal Ratenzahlung (6 months) 0% APR;
 - (c) DE PayPal Ratenzahlung (12 months) 0% APR;
 - (d) DE PayPal Ratenzahlung (24 months) 0% APR;
 - (e) DE PayPal Ratenzahlung (3 months) Positive APR;
 - (f) DE PayPal Ratenzahlung (6 months) Positive APR;
 - (g) DE PayPal Ratenzahlung (12 months) Positive APR; and
 - (h) DE PayPal Ratenzahlung (24 months) Positive APR.
6. DE Pi30 – A PayPal “Buy Now, Pay Later” product that allows Borrowers in Germany to pay for qualifying purchases after 30 days of purchase (or extend such time for payment by an additional 30 days or 54 days for a fee).

Schedule 16
Concentration Limits

[* * *]

Schedule 17

Ineligible Transferees

[* * *]

Schedule 18

Form of Repurchase Notice

To: **PAYPAL (EUROPE) S.À R.L. ET CIE, S.C.A.**, a corporate partnership limited by shares (*société en commandite par actions*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B118.349 acting in its capacity as Seller under the Receivables Purchase Agreement (as defined below)

Copy: **PAYPAL (EUROPE) S.À R.L. ET CIE, S.C.A.**, a corporate partnership limited by shares (*société en commandite par actions*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B118.349 acting in its capacity as Receivables Manager

[SECURITY AGENT] as Security Agent

From: **ALPS PARTNERS S.À R.L.** a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg and acting as an unregulated securitisation company (*organisme de titrisation*) within the meaning of, and governed by, the Securitisation Law, whose registered office is located at 2 Rue Edward Steichen, L-2540 Luxembourg, Luxembourg and registered with the RCS under number B277050, acting in its capacity as Purchaser

Dear Sirs

1. We refer to the receivables purchase agreement between, *inter alios*, us dated 16 June 2023 (the **Receivables Purchase Agreement**) as may be amended, varied, supplemented and/or restated from time to time with the consent of the parties thereto. Terms defined in the Receivables Purchase Agreement shall have the same meaning herein, including by incorporation.
2. For the purposes of the Receivables Purchase Agreement, this notice constitutes a Repurchase Notice.
3. In accordance with the terms of the Receivables Purchase Agreement, by delivery of this Repurchase Notice, the Seller and the Purchaser hereby agree to reassign and/or retransfer the Receivables referred to in the Appendix hereto on the applicable Repurchase Date applicable to such Receivables.
4. Appended hereto is a complete and accurate list of the Receivables to be sold on such Repurchase Date.
5. The Repurchase Notice shall supplement and form part of the Receivables Purchase Agreement and the provisions of that agreement shall apply to the Repurchase Notice.
6. Details of accounts for payment are as follows:

Account Name:

Account Sort Code:

Account Number:

Reference:

Appendix

Schedule 19**Additional Receivables Manager****Part A Additional Receivables Manager Conditions Precedent**

1. A copy of its constitutional documents.
2. A copy of a resolution of the board of or a committee of directors (or relevant governing body) of the Additional Receivables Manager:
 - (a) approving the terms of, and the transactions contemplated by the Receivables Manager Deed of Accession and the Transactions Documents and resolving that it execute the Receivables Manager Deed of Accession;
 - (b) authorising a specified person or persons to execute the Receivables Manager Deed of Accession on its behalf; and
 - (c) authorising a specified person or persons, on its behalf, to sign and/or despatch all other documents and notices to be signed and/or despatched by it under or in connection with the Transaction Documents.
3. A specimen of the signature of each person authorised by the resolution referred to in paragraph 2 above.
4. A legal opinion of [* * *], legal advisers to the Additional Receivables Manager, on the capacity and authority of the Additional Receivables Manager to enter into the Receivables Manager Deed of Accession.
5. A tax memorandum delivered to the Purchaser to its satisfaction by a tax advisor appointed by the Purchaser.
6. [* * *]
7. [* * *]
8. [* * *]

Part B Additional Receivables Manager Representations

1. Status

It is a company duly incorporated, validly existing and registered under the laws of England and Wales, capable of being sued in its own right and not subject to any immunity from any proceedings, and it has the power to own its property and assets and to carry on its business as it is being conducted.

2. Powers and Authority

It has the power to enter into, perform and deliver, and has taken all necessary corporate and other action to authorise the execution, delivery and performance by it of each of the Transaction Documents to which it is or will be a party, and each such Transaction Document has been duly executed and delivered by it.

3. Legal Validity

The obligations expressed to be assumed by it in each Transaction Document to which it is a party are legal, valid, binding and enforceable, subject to:

- (a) the Legal Reservations; and
- (b) in the case of any Security Document, the Perfection Requirements.

4. Non-conflict

The execution by it of each of the Transaction Documents to which it is a party and the exercise by it of its rights and the performance of its obligations under such Transaction Documents will, to its knowledge, not:

- (a) conflict with any document which is binding upon it or any of its assets;
- (b) conflict with its constitutional documents; or
- (c) conflict with any law, regulation or official or judicial order of any government, governmental body or court, domestic or foreign, having jurisdiction over it.

5. Consents and Licences

All consents, licences and other approvals and authorisations required by it in connection with (i) the entry into, performance, validity and enforceability of, and the transactions contemplated by, the Transaction Documents have been obtained or effected (as appropriate) and are in full force and effect; and (ii) the administration of the Receivables, have in each case been obtained or effected (as appropriate) and are in full force and effect, save where a failure to hold or obtain any such consents, licences or other approvals and authorisations would not adversely affect in any material respect the performance, validity and enforceability of the Transaction Documents or the transactions contemplated by them.

6. Solvency

No Insolvency Event has occurred with respect to it.

7. Residence for Tax Purposes

It is a company which is and has, since incorporation, been resident for Tax purposes solely in the United Kingdom and it is not liable to be taxed on its profits in any jurisdiction other than the United Kingdom.

8. Corporate income tax and VAT

It is a company (a) established and registered in the United Kingdom for VAT purposes; and (b) within the charge to corporate income tax in the United Kingdom in respect of amounts payable to it pursuant to the terms of this Agreement and the Receivables Management Agreement.

9. Validity and admissibility in evidence

All Authorisations required:

- (a) to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Transaction Documents to which it is a party; and
- (b) to make the Transaction Documents to which it is a party admissible in evidence in its jurisdiction of incorporation,
- (c) have been obtained or effected and are in full force and effect (or will be when required).

10. Governing law and enforcement

- (a) Subject to the Legal Reservations, the choice of English law (and the law of any other Relevant Jurisdiction, as applicable) as the governing law of the Transaction Documents will be recognised and enforced in its jurisdiction of incorporation.
- (b) Subject to the Legal Reservations, any judgment obtained in England & Wales (and the law of any other Relevant Jurisdiction, as applicable) in relation to a Transaction Document will be recognised and enforced in its jurisdiction of incorporation.

11. Anti-Bribery

The Additional Receivables Manager has conducted its business in compliance with the United States Foreign Corrupt Practices Act of 1977; the UK Bribery Act 2010; Italian Legislative Decree No. 231 of 8 June 2001; all national and international laws enacted to implement the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, 1997; and other similar Anti-Corruption Law or regulation, each as further amended and supplemented from time to time, in other jurisdictions, and has instituted and maintained policies and procedures designed to promote and achieve compliance with such laws.

12. Money Laundering

The Additional Receivables Manager and each person controlling or controlled by it are, and have been at all times over the last three years, in material compliance with all applicable Anti-Money Laundering Laws. During the last three years, neither the Additional Receivables Manager nor any person controlling or controlled by it has been cited, cautioned or fined in connection with, or otherwise

received written notice of any asserted past or present material failure to comply with Anti-Money Laundering Laws and no governmental investigation or proceeding with respect to any alleged material non-compliance with Anti-Money Laundering Laws is, so far as the Additional Receivables Manager is aware, pending or threatened.

13. Sanctions

Neither the Additional Receivables Manager, to the knowledge of the Additional Receivables Manager, nor any of its directors, officers or, its agents, employees or persons acting on its behalf:

- (a) has been found in violation of any applicable Sanctions in the last three years; or
- (b) is a Restricted Person.

Any provision of this paragraph 13 shall not apply to the extent that it would result in a breach of any applicable blocking or anti-boycott law.

14. Restricted Countries

It is the policy of the Purchaser as at the Signing Date not to conduct business in or with a Restricted Country, in view of the significant corruption, financial crime, terrorist financing, sanctions, political, and business risks that these jurisdictions present. The Additional Receivables Manager, in relation to any of the Receivables, has not engaged in any prohibited dealings or transactions with or for the benefit of any person located, organized, or ordinarily resident in any Restricted Country, in each case directly or knowingly indirectly, including through any of its distributors, agents or other persons acting on its behalf, save for the disputed territories of Kherson and Zaporizhzhia regions of Ukraine in relation to Purchased Receivables only.

15. Information in Receivable Management Report

The information contained in the Receivables Management Report is true and accurate and not misleading in all material respects.

Part C Form of Receivables Manager Deed of Accession

To: **ALPS PARTNERS S.À R.L.**, a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg and acting as an unregulated securitisation company (*organisme de titrisation*) within the meaning of, and governed by, the Securitisation Law, whose registered office is located at 2 Rue Edward Steichen, L-2540 Luxembourg, Luxembourg and registered with the RCS under number B277050, acting in its capacity as Purchaser under the Receivables Purchase Agreement (as defined below) and in its capacity as Purchaser under the Receivables Management Agreement (as defined below)

Copy: **BNY MELLON CORPORATE TRUSTEE SERVICES LIMITED** as Security Agent

From: **PAYPAL (EUROPE) S.À R.L. ET CIE, S.C.A.**, a corporate partnership limited by shares (*société en commandite par actions*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B118.349, acting through and represented by its managing general partner PayPal (Europe) S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B127.485 acting in its capacity as Seller under the Receivables Purchase Agreement and in its capacity as Receivables Manager under the Receivables Management Agreement

[UK SUB]

Dated:

Dear Sirs

1. We refer to the Receivables Purchase Agreement between, *inter alios*, us and you dated [] (the ***Receivables Purchase Agreement***) as may be or may have been amended, varied, supplemented and/or restated from time to time with the consent of the parties thereto, and the Receivables Management Agreement between, *inter alios*, us dated [] (the ***Receivables Management Agreement***), as may be or may have been amended, varied, supplemented and/or restated from time to time with the consent of the parties thereto. Terms defined in the Receivables Purchase Agreement shall have the same meaning herein, including by incorporation.
2. [UK Sub] agrees to become an Additional Receivables Manager and to be bound by the terms of the Receivables Purchase Agreement and the Receivables Management Agreement as an Additional Receivables Manager pursuant to Clause 15.1 of the Receivables Purchase Agreement.
3. Pursuant to this Deed of Accession, the accession of the [UK Sub] as a Receivables Manager to the Receivables Purchase Agreement and the Receivables Management Agreement shall take effect from [] (the ***UK RM Accession Date***).
4. The [UK Sub]:

- (a) on the date of this Deed of Accession, makes representations in the form set out in Part B of Schedule 19 (*Additional Receivables Manager Representations*) to the Purchaser and the Security Agent; and
- (b) on the UK RM Accession Date, makes representations in the form set out in Part B of Schedule 19 (*Additional Receivables Manager Representations*) to the Purchaser and the Security Agent.

5. On the date of this Deed of Accession, the [UK Sub] gives the following undertakings:

- (a) The UK Sub undertakes to the Purchaser and the Security Agent that, for so long as a Borrower Notice has not been given, the UK Sub lend its name to, and take such other steps as may reasonably be required by the Purchaser or (as applicable) the Purchaser acting on the instructions of the Security Agent in relation to, any legal proceedings in respect of the UK Receivables and their Related Rights in accordance with any applicable law or regulation.
- (b) Following a Notification Event, the UK Sub undertakes in respect of each UK Receivable then forming part of the Portfolio and in respect of which a Notification Event applies, that it will, at its own expense upon receipt of a request from the Purchaser or the Security Agent thereof in writing, do and complete all such acts and execute any necessary agreements and documents as may reasonably be requested by the Purchaser or the Security Agent to give notice to the relevant Borrower of the transfer of such UK Receivables to the Purchaser and to effectually vest in the Purchaser the full benefit of this Agreement.
- (c) The UK Sub undertakes to the Purchaser and the Security Agent:
 - (i) if after the relevant Settlement Date it receives written notice of any litigation or claim calling into question in any material respect the UK Sub's or the Purchaser's title to any UK Receivable or the right to payment thereunder or the validity, collectability or enforceability of any UK Receivable, or if it receives after the relevant Settlement Date written notice of any judgment which would have a material adverse effect on the UK Sub's or the Purchaser's title to any UK Receivable or the right to payment thereunder, or if it becomes aware of any material breach of any of its undertakings and other obligations under this Agreement, to notify the Purchaser and the Security Agent of such notice on or before the next Monthly Reporting Date (or the following Monthly Reporting Date if such notice is received within 15 Business Days of the next Monthly Reporting Date); and
 - (ii) if reasonably required so to do by the Purchaser or the Security Agent, and at the Purchaser's expense, to participate or join in any legal proceedings to the extent necessary in defending or contesting any litigation calling into question in any way the Purchaser's title to any UK Receivable.
- (d) The UK Sub agrees that it will not act or omit to act in any way which:
 - (i) would adversely affect in any material respect the position of the Purchaser or its creditors in relation to the UK Receivables forming part of the Portfolio from time to time after their respective Sale Time; or

(ii) would constitute a breach in any material respect of the UK Sub's obligations under the related Loan Agreements, unless in each case such act, omission or amendment is necessary in order for the UK Sub to comply with applicable law, regulation, decree or other ordinance issued by any governmental, state or other authority having jurisdiction over it.

(e) The UK Sub shall ensure that all Loan Agreements and documents in respect of the origination of the Loan Agreements relating to UK Receivables comply with all applicable laws, regulation, decree, other ordinance and Authorisations required in England and Wales, to the extent that any non-compliance would have a material adverse effect on the validity, enforceability or collectability of UK Receivables forming part of the Portfolio.

6. [UK Sub] is a company duly incorporated under the laws of England and Wales.

7. [UK Sub's] administrative details are as follows:

Address:

Email address:

Attention:

8. This Deed of Accession and any non-contractual obligations arising out of or in connection with it are governed by English law.

This Deed of Accession is entered into by deed.

Executed as a **DEED**)
for and on behalf of)
PAYPAL (EUROPE) S.À R.L. ET CIE, S.C.A.)
acting through and represented by its managing)
general partner **PayPal (Europe) S.à r.l.**)

By:)

.....

Authorised Signatory

Executed as a **DEED**)
for and on behalf of)
[UK SUB])
By:)

.....
Director

Name:

By:

.....
Director

Name:

Schedule 20**Additional Seller****Part A Additional Seller Conditions Precedent**

1. A copy of its constitutional documents.
2. A copy of a resolution of the board of or a committee of directors (or relevant governing body) of the Additional Seller:
 - (a) approving the terms of, and the transactions contemplated by the Seller Deed of Accession and the Transactions Documents and resolving that it execute the Seller Deed of Accession;
 - (b) authorising a specified person or persons to execute the Seller Deed of Accession on its behalf; and
 - (c) authorising a specified person or persons, on its behalf, to sign and/or despatch all other documents and notices to be signed and/or despatched by it under or in connection with the Transaction Documents.
3. A specimen of the signature of each person authorised by the resolution referred to in paragraph 2 above.
4. A legal opinion of [* * *], legal advisers to the Additional Seller, on the capacity and authority of the Additional Seller to enter into the Seller Deed of Accession.
5. A tax memorandum delivered to the Purchaser to its satisfaction by a tax advisor appointed by the Purchaser.
6. [* * *]
7. [* * *]

Part B Additional Seller Representations

1. Status

It is a company duly incorporated, validly existing and registered under the laws of England and Wales, capable of being sued in its own right and not subject to any immunity from any proceedings, and it has the power to own its property and assets and to carry on its business as it is being conducted.

2. Powers and Authority

It has the power to enter into, perform and deliver, and has taken all necessary corporate and other action to authorise the execution, delivery and performance by it of each of the Transaction Documents to which it is or will be a party, and each such Transaction Document has been duly executed and delivered by it.

3. Legal Validity

The obligations expressed to be assumed by it in each Transaction Document to which it is a party are legal, valid, binding and enforceable, subject to:

- (a) the Legal Reservations; and
- (b) in the case of any Security Document, the Perfection Requirements.

4. Non-conflict

The execution by it of each of the Transaction Documents to which it is a party and the exercise by it of its rights and the performance of its obligations under such Transaction Documents will, to its knowledge, not:

- (a) conflict with any document which is binding upon it or any of its assets;
- (b) conflict with its constitutional documents; or
- (c) conflict with any law, regulation or official or judicial order of any government, governmental body or court, domestic or foreign, having jurisdiction over it.

5. Consents and Licences

All consents, licences and other approvals and authorisations required by it in connection with:

- (a) the entry into, performance, validity and enforceability of, and the transactions contemplated by, the Transaction Documents; and
- (b) the origination and administration of the Receivables,

have been obtained or effected (as appropriate) and are in full force and effect, save where a failure to hold or obtain any such consent, licence or other approvals and authorisations would not adversely affect in any material respect the performance, validity and enforceability of the Transaction Documents or the transactions contemplated by them and/or the validity, enforceability or collectability or transferability of the Receivables.

6. Solvency

No Insolvency Event has occurred with respect to it.

7. Residence for Tax Purposes

8. It is a company which is and has, since incorporation, been resident for Tax purposes solely in the United Kingdom and it is not liable to be taxed on its profits in any jurisdiction other than the United Kingdom.

9. Corporate income tax and VAT

It is a company (a) established and registered in the United Kingdom for VAT purposes; and (b) within the charge to corporate income tax in the United Kingdom in respect of amounts payable to it pursuant to the terms of this Agreement and the Receivables Management Agreement.

10. Validity and admissibility in evidence

All Authorisations required:

- (a) to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Transaction Documents to which it is a party; and
- (b) to make the Transaction Documents to which it is a party admissible in evidence in its jurisdiction of incorporation,
have been obtained or effected and are in full force and effect (or will be when required).

11. Governing law and enforcement

- (a) Subject to the Legal Reservations, the choice of English law (and the law of any other Relevant Jurisdiction, as applicable) as the governing law of the Transaction Documents will be recognised and enforced in its jurisdiction of incorporation.
- (b) Subject to the Legal Reservations, any judgment obtained in England & Wales (and the law of any other Relevant Jurisdiction, as applicable) in relation to a Transaction Document will be recognised and enforced in its jurisdiction of incorporation.

12. Anti-Bribery

The Additional Seller has conducted its business in compliance with the United States Foreign Corrupt Practices Act of 1977; the UK Bribery Act 2010; Italian Legislative Decree No. 231 of 8 June 2001; all national and international laws enacted to implement the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, 1997; and other similar Anti-Corruption Law or regulation, each as further amended and supplemented from time to time, in other jurisdictions, and has instituted and maintained policies and procedures designed to promote and achieve compliance with such laws.

13. Money Laundering

The Additional Seller and each person controlling or controlled by it are, and have been at all times over the last three years, in material compliance with all applicable Anti-Money Laundering Laws. During the last three years, neither the Additional Seller nor any person controlling or controlled by it has been cited, cautioned or fined in connection with, or otherwise received written notice of any asserted past or present material failure to comply with Anti-Money Laundering Laws and no governmental investigation or proceeding with respect to any alleged material non-compliance with Anti-Money Laundering Laws is, so far as the Additional Receivables Manager is aware, pending or threatened.

14. Sanctions

Neither the Additional Seller, nor to the knowledge of the Additional Seller, any of its directors, officers or, its agents, employees or persons acting on its behalf:

- (a) has been found in violation of any applicable Sanctions in the last three years; or
- (b) is a Restricted Person.

Any provision of this Paragraph 14 shall not apply to the extent that it would result in a breach of any applicable blocking or anti-boycott law.

15. Restricted Countries

It is the policy of the Purchaser at as the Signing Date not to conduct business in or with a Restricted Country, in view of the significant corruption, financial crime, terrorist financing, sanctions, political, and business risks that these jurisdictions present. The Additional Seller, in relation to any of the Receivables, has not engaged in any prohibited dealings or transactions with or for the benefit of any person located, organized, or ordinarily resident in any Restricted Country, in each case directly or knowingly indirectly, including through any of its distributors, agents or other persons acting on its behalf, save for the disputed territories of Kherson and Zaporizhzhia regions of Ukraine in relation to Purchased Receivables only.

Part C Form of Seller Deed of Accession

To: **ALPS PARTNERS S.À R.L.**, a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg and acting as an unregulated securitisation company (*organisme de titrisation*) within the meaning of, and governed by, the Securitisation Law, whose registered office is located at 2 Rue Edward Steichen, L-2540 Luxembourg, Luxembourg and registered with the RCS under number B277050, acting in its capacity as Purchaser under the Receivables Purchase Agreement (as defined below) and in its capacity as Purchaser under the Receivables Management Agreement (as defined below)

Copy: **[SECURITY AGENT]** as Security Agent

From: **PAYPAL (EUROPE) S.À R.L. ET CIE, S.C.A.**, a corporate partnership limited by shares (*société en commandite par actions*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B118.349, acting through and represented by its managing general partner PayPal (Europe) S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B127.485 acting in its capacity as Seller under the Receivables Purchase Agreement and in its capacity as Receivables Manager under the Receivables Management Agreement

[UK SUB]

Dated:

Dear Sirs

1. We refer to the Receivables Purchase Agreement between, *inter alios*, us and you dated [] (the ***Receivables Purchase Agreement***), as may be or may have been amended, varied, supplemented and/or restated from time to time with the consent of the parties thereto, and the Receivables Management Agreement between, *inter alios*, us dated [] (the ***Receivables Management Agreement***), as may be or may have been amended, varied, supplemented and/or restated from time to time with the consent of the parties thereto. Terms defined in the Receivables Purchase Agreement shall have the same meaning herein, including by incorporation.
2. [UK Sub] agrees to become an Additional Seller and to be bound by the terms of the Receivables Purchase Agreement and the Receivables Management Agreement as an Additional Seller pursuant to Clause 15.2 of the Receivables Purchase Agreement.
3. Pursuant to this Deed of Accession, the accession of the [UK Sub] as a Seller to the Receivables Purchase Agreement and the Receivables Management Agreement shall take effect from [] (the ***UK Seller Accession Date***).
4. The [UK Sub]:

- (a) on the date of this Deed of Accession, makes representations in the form set out in Part B of Schedule 20(*Additional Seller Representations*) to the Purchaser and the Security Agent; and
- (b) on the UK Seller Accession Date, makes representations in the form set out in Part B of Schedule 20(*Additional Seller Representations*) to the Purchaser and the Security Agent.

5. On the date of this Deed of Accession, the [UK Sub] gives the following undertakings:

- (a) The UK Sub undertakes to the Purchaser and the Security Agent that, for so long as a Borrower Notice has not been given, the UK Sub lend its name to, and take such other steps as may reasonably be required by the Purchaser or (as applicable) the Purchaser acting on the instructions of the Security Agent in relation to, any legal proceedings in respect of the UK Receivables and their Related Rights in accordance with any applicable law or regulation.
- (b) Following a Notification Event, the UK Sub undertakes in respect of each UK Receivable then forming part of the Portfolio and in respect of which a Notification Event applies, that it will, at its own expense upon receipt of a request from the Purchaser or the Security Agent thereof in writing, do and complete all such acts and execute any necessary agreements and documents as may reasonably be requested by the Purchaser or the Security Agent to give notice to the relevant Borrower of the transfer of such UK Receivables to the Purchaser and to effectually vest in the Purchaser the full benefit of this Agreement.
- (c) The UK Sub undertakes to the Purchaser and the Security Agent:
 - (i) if after the relevant Settlement Date it receives written notice of any litigation or claim calling into question in any material respect the UK Sub's or the Purchaser's title to any UK Receivable or the right to payment thereunder or the validity, collectability or enforceability of any UK Receivable, or if it receives after the relevant Settlement Date written notice of any judgment which would have a material adverse effect on the UK Sub's or the Purchaser's title to any UK Receivable or the right to payment thereunder, or if it becomes aware of any material breach of any of its undertakings and other obligations under this Agreement, to notify the Purchaser and the Security Agent of such notice on or before the next Monthly Reporting Date (or the following Monthly Reporting Date if such notice is received within 15 Business Days of the next Monthly Reporting Date); and
 - (ii) if reasonably required so to do by the Purchaser or the Security Agent, and at the Purchaser's expense, to participate or join in any legal proceedings to the extent necessary in defending or contesting any litigation calling into question in any way the Purchaser's title to any UK Receivable.
- (d) The UK Sub agrees that it will not act or omit to act in any way which:
 - (i) would adversely affect in any material respect the position of the Purchaser or its creditors in relation to the UK Receivables forming part of the Portfolio from time to time after their respective Sale Time; or

(ii) would constitute a breach in any material respect of the UK Sub's obligations under the related Loan Agreements, unless in each case such act, omission or amendment is necessary in order for the UK Sub to comply with applicable law, regulation, decree or other ordinance issued by any governmental, state or other authority having jurisdiction over it.

- (e) The UK Sub shall ensure that all Loan Agreements and documents in respect of the origination of the Loan Agreements relating to UK Receivables comply with all applicable laws, regulation, decree, other ordinance and Authorisations required in England and Wales, to the extent that any non-compliance would have a material adverse effect on the validity, enforceability or collectability of UK Receivables forming part of the Portfolio.
- (f) The UK Sub as legal title holder of the UK Receivables with full title guarantee undertakes to the Purchaser and the Security Agent that, pending perfection of the transfer to the Purchaser (or as it shall direct) of legal title to any UK Receivables in accordance with Clause 8 (*Notification of Sales*) of the Receivables Purchase Agreement, it:
 - (i) shall observe and perform (or procure the performance of) the obligations of the lender arising under each such Receivable;
 - (ii) shall, where any discretion is reserved to it at law in relation to such Receivables (including, without limitation, agreeing amendments to the receivables management specification varying the basis on which consents or approvals are given to Borrowers, varying the enforcement procedures and instructing the Receivables Manager in relation to discretionary elements of these, directing the Receivables Manager in relation to the release of any Borrower, determining whether any change to interest rates should be made and determining whether the repayment type can be changed), exercise such discretion in accordance with the policies applicable to the UK Receivables and this Agreement or, where the applicable policies do not cover the relevant circumstance, in consultation with the Receivables Manager (and shall consider in good faith any proposal made by the Receivables Manager) and comply with all applicable laws in the exercise of such discretions;
 - (iii) at any time when the Seller and the Receivables Manager are separate entities, shall provide such assistance as the Receivables Manager may require to enable it to perform its obligations under this Agreement.
- (g) For the avoidance of doubt, prior to the perfection of the assignment or transfer (as appropriate) of any UK Receivable and any Related Rights to the Purchaser, legal title to each such Receivable and its Related Rights purchased by the Purchaser pursuant to this Agreement shall be vested in the UK Sub and after its purchase by the Purchaser, sole beneficial title and interest shall be vested in the Purchaser.
- (h) Prior to perfection of the transfer of the legal title to any UK Receivable and its Related Rights, the UK Sub undertakes (to the extent that any of the following is vested in it) to hold all right, title, interest and benefit (both present and future) in and under (a) such Receivable

and its Related Rights, following the acquisition of such Receivable and its Related Rights by the Purchaser and (b) any sums that are or may become due in respect thereof, on trust for the Purchaser.

(i) In connection with any transfer of any legal title to any UK Receivable and its Related Rights in accordance with Clause 8 (*Notification of Sales*), the UK Sub shall:

(i) arrange for any claim form relating to any litigation in respect of such Receivable to be amended so that the legal title transferee is identified as the claimant or pursuer;

(ii) issue, or instruct the Receivables Manager to issue on its behalf, a notification to each Borrower; and

(iii) co-operate with the Purchaser and (where applicable) the Security Agent to effect the transfer of such Receivables in respect of any migration of the Receivables and transfer of legal title to a new legal title holder.

6. [UK Sub] is a company duly incorporated under the laws of England and Wales.

7. [UK Sub's] administrative details are as follows:

Address:

Email address:

Attention:

8. This Deed of Accession and any non-contractual obligations arising out of or in connection with it are governed by English law.

This Deed of Accession is entered into by deed.

Executed as a **DEED**)
for and on behalf of)
PAYPAL (EUROPE) S.À R.L. ET CIE, S.C.A.)
acting through and represented by its managing)
general partner **PayPal (Europe) S.à r.l.**)

By:)

.....

Authorised Signatory

Executed as a **DEED**)
for and on behalf of)
[UK SUB])
By:)

.....
Director

Name:

By:

.....
Director

Name:

Schedule 21

Form of Borrower Notice

FORM OF NOTICE OF ASSIGNMENT AND PRIVACY NOTICE¹

[Note: Notice to be provided translated into applicable Borrower language]

To:

[Borrower]

[Borrower address]

From:

[PayPal (Europe) S.à r.l. et Cie, S.C.A.] / [Alps Partners S.à r.l.]

[Address]

[By email or by letter with acknowledgement of receipt]²

[Date]

NOTICE OF ASSIGNMENT

Dear Sir / Madam,

This letter is to notify you, [for the purposes of Article 347 of the Spanish Commercial Code (*Código de Comercio*) and Articles 1526 *et seq.* of the Spanish Civil Code (*Código Civil*)]³ that under a receivables purchase agreement dated [•] 2023 the receivables owed by you, details of which are set out in Schedule A (*Assigned Receivables*) to this letter, have been sold and assigned by PayPal (Europe) S.à r.l. et Cie, S.C.A. (**PayPal (Europe)**) to Alps Partners S.à r.l. (**ALPS**) (the *Assigned Receivables*) [in accordance with articles 1321 *et seq.* of the French Code civil]⁴ [in accordance with Articles 1260 *et seq.* of the Italian Civil Code (*Codice Civile Italiano*)]⁵. [Please note, that the Assigned Receivables may be retransferred for a very short amount of time to PayPal (Europe) and then back to ALPS if you intend to use the “More Time to Pay” function].⁶

¹ Note: Regarding Spanish Borrowers, this notice needs to be drafted and sent in Spanish.

² Bearing a date certain at law (*data certa*) in so far as Italian Receivables are concerned.

³ Include for Spanish Receivables only.

⁴ Include for French Receivables.

⁵ Include for Italian Receivables only.

⁶ Include for German Receivables that concern the PI30 Product only.



As a consequence of and with effect from the date of this notice, we inform you that all payments due to be paid by you in respect of the Assigned Receivables must now be paid on their due date by you to ALPS and not to PayPal (Europe), in accordance with the payment instructions below.

All payments in respect of the Assigned Receivables must now be made on their due date by wire transfer to the following bank account in order to be considered a full discharge of your debt:

Beneficiary:	[•]
Account number:	[•]
Bank:	[•]
SWIFT:	[•]
IBAN:	[•]

A payment made to any other payee or account other than as specified above [may][will]⁷ not discharge your debt due. In such case, you may be liable to pay the amount a second time.

This instruction may not be revoked or varied without the prior written consent of ALPS.

[Furthermore, ALPS pledged, amongst others, the Assigned Receivables in favour of certain secured parties under a pledge agreement originally executed on [•] by, amongst others, ALPS, as pledgor, and BNY Mellon Corporate Trustee Services Limited, as security agent, and attested by the Notary Public of Madrid, Mr./Ms [•] under number [•] of his public records (as subsequently extended).]⁸

[Furthermore, ALPS has assigned by way of security, amongst others, the Assigned Receivables to BNY Mellon Corporate Trustee Services Limited, as security agent under an English security agreement dated [•] between, amongst others, ALPS, as borrower, and BNY Mellon Corporate Trustee Services Limited, as security agent.]⁹

The incorporation, registration and address details of PayPal (Europe) and ALPS are set out in Schedule B to this letter. Any communication in relation to the Assigned Receivables should now be directed to ALPS and not to PayPal (Europe).

[This notice shall be governed by French law]¹⁰.

⁷ 'will' for Italian Receivables.

⁸ Include for Spanish Receivables only.

⁹ Include for UK Receivables only.

¹⁰ Include for French Receivables.

Yours sincerely,

[[PayPal (Europe) S.à r.l. et Cie, S.C.A.] / [Alps Partners S.à r.l.]]

Schedule A

Assigned Receivables

Receivables ID	Outstanding Receivables Amount	Upcoming Payment Date(s) and Amount(s)	Receivables Date	Currency

Schedule B

Corporate details of PayPal (Europe) and ALPS

1. PayPal (Europe) S.à r.l. et Cie, S.C.A. is a corporate partnership limited by shares (*société en commandite par actions*) incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg and registered with the Luxembourg trade and companies register under number B118.349, acting through and represented by its managing general partner PayPal (Europe) S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg and registered with the Luxembourg trade and companies register under number B127.485.
2. Alps Partners S.à r.l. is a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of the Grand Duchy of Luxembourg, with its registered office and address for service at 2, rue Edward Steichen, L- 2540 Luxembourg-City, Luxembourg and registered with the Luxembourg trade and companies register (*Registre de commerce et des sociétés, Luxembourg*) under number B277050, and subject, as an unregulated securitisation undertaking (*organisme de titrisation*), to the Luxembourg act dated 22 March 2004 on securitisation, as amended, and represented by its managers: [insert names of managers].

Schedule C

Privacy Notice

For the Assigned Receivables, PayPal (Europe) is no longer the controller under data protection laws. As part of the sale and assignment of the Assigned Receivables we have shared your details (as described below in section 2 “What data do we process?”) with the new controller. We shared your details because it was necessary for the purposes of our legitimate interest in complying with our contractual obligations towards the new controller and ensuring the smooth transfer of the Assigned Receivables, so that the new controller can manage them. Below you can find further information about the new controller and how they will handle your personal data.

PayPal (Europe) may still be handling some of your personal data going forwards as processor on behalf of the new controller.

Other products you have with PayPal remain subject to the PayPal Privacy Statement (available at www.paypal.com). It explains, among others, for how long PayPal (Europe) stores your personal data and how you can exercise your rights as a data subject.

PRIVACY NOTICE

[•] (“we”, “us”, “our”) values the protection of your personal data. Therefore, we inform you in the following paragraphs how we use your personal data that we have received or may in future receive from PayPal (Europe) in relation to the Assigned Receivables.

1. Who is responsible for the processing of your personal data and contact details?

The controller responsible for your personal data is [•].

If you have any questions about this privacy notice or our data protection practices, please contact our [DPO][data privacy manager]:

Phone: +[•]

E-Mail: [•]

Address: [•]

2. What personal data do we process?

We process the following categories of your personal data:

- Contact details (name, address); and
- Contract information (e.g., contract number, content of the contract, current and original receivable amount, due date, repayments made, agreed repayment schedule).
- *[Insert further details, if applicable]*

3. Why do we process your personal data (purpose) and on which legal basis?

We process your personal data to collect when due and administer the Assigned Receivables. *[Insert further details on purposes, if applicable]*

Our processing of your personal data is necessary to fulfil our contractual obligations to you in relation to the Assigned Receivables, as well as our legitimate interest in collecting the Assigned Receivables when due. We also process your personal data where it is necessary to comply with applicable laws. *[Insert further lawful bases as applicable]*

[Insert details of any automated decision-making, if applicable]

4. Who will receive my personal data?

Those who need your personal data to collect and administer your Assigned Receivables will be given access to it within [*].

We share your personal data with third parties for the purpose(s) mentioned in section 3 including:

- PayPal (Europe) to the extent it still holds your personal data in relation to the Assigned Receivables on behalf of us;
- *[Insert details of any third-party processors, if applicable]*

5. International transfers

[Insert further details, including about the transfer mechanism relied upon, if applicable]

6. For how long will my personal data be stored?

We will only retain your personal data for as long as reasonably necessary to fulfil the purposes for which the personal data was collected (i.e., collection and administration of the Assigned Receivables) including for the purposes of satisfying any legal, regulatory, tax, accounting or reporting requirements. *[Insert criteria for retention periods]*

7. What are my data protection rights?

Under certain circumstances, you have rights under data protection laws in relation to your personal data including rights to:

- Request access to your personal data;
- Request correction of your personal data;
- Request erasure of your personal data;
- Request restriction of processing your personal data;
- Request transfer of your personal data (data portability); and
- Give instructions concerning the fate of your personal data after your death.

Further information about your data protection rights are available on our website at [•].

At the moment, we do not process your personal data based on your consent [or for our legitimate interests or those of a third party]. We will inform you separately if that changes.

If the processing is based on your consent, you have the right at any time to withdraw your consent for the future without giving reasons. This does not affect the lawfulness of processing based on your consent before your withdrawal.

To the extent we process your personal data for our legitimate interests or those of a third party, you will also have the right to object to the processing of your personal data on the basis of legitimate interests, unless we or the third party can demonstrate compelling legitimate grounds for the processing which override your interests, rights and freedoms or if we need your personal data to deal with legal claims.

To assert these rights, please contact us directly using the above contact details.

If you have a complaint that you wish to raise you can contact us using the contact details above. You also have the right to lodge a complaint with the relevant supervisory authority at any time:

- In France, the French Data Protection Authority (www.cnil.fr);
- In Germany, the Berlin Commissioner for Data Protection and Freedom of Information (<https://www.datenschutz-berlin.de/>);
- In Italy, the Italian Data Protection Authority (www.garanteprivacy.it);
- In Luxembourg, the National Commission for Data Protection (www.cnpd.public.lu);
- In Spain, the Spanish Data Protection Agency (www.aepd.es); or
- In the United Kingdom, the Information Commissioner's Office (www.ico.org.uk).

Schedule 22 **Definitions**

Capitalised terms used but not otherwise defined in this Agreement shall have the following meanings, except so far as the context requires otherwise:

1m EURIBOR means the euro interbank offered rate administered by the European Money Markets Institute (or any other person which takes over the administration of that rate) for the period of 1 month displayed on page EURIBOR01 of the Thomson Reuters screen;

3PL means PayPal Pte. Ltd;

[* * *]

ACH Payment means any down payment, ad hoc payment or scheduled payment in respect of a Receivable made by a pull payment based on a SEPA mandate or equivalent from the Borrower's bank account;

Actual Back-Book Purchase Price means the actual purchase price for the Back-Book Receivables offered to be sold in a Back-Book Sale Notice, which consists of the Estimated Back-Book Purchase Price as adjusted by the True-Up Adjustment;

Additional Receivables Manager means a company which becomes an additional receivables manager in accordance with Clause 15.1 (*Additional Receivables Manager*);

Additional Regulatory Requirements has the meaning given in Clause 11.7 (*Change in law or regulation*);

Additional Seller means a company which becomes an additional seller in accordance with Clause 15.2 (*Additional Seller*);

[* * *]

Affected Party means, in relation to a Tax Event, any Party that incurs or could reasonably be expected to incur some or all of the economic cost of that Tax Event (taking account of the primary liability for the relevant Tax, any indemnities, covenants or undertakings to pay or reimburse another Party in respect of that Tax pursuant to the Transaction Documents, and the probability and timing of the satisfaction in full of any obligation under such indemnity, covenant or undertaking to pay or reimburse (including having regard to (i) the limited recourse nature of the Purchaser's obligations under the Transaction Documents pursuant to Clause 36.1 and (ii) the applicable Priority of Payments);

Affiliate means, in relation to any company:

- (a) a subsidiary of that company, a holding company of that person or any other subsidiary of that holding company directly or indirectly controlling or controlled by, or who is directly or indirectly under common control with, such person (and for the purposes of this definition, the term "control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the

management and policies of a person, whether through the ownership of voting securities, by contract or agency or otherwise); and

(b) any account, fund, vehicle, client or investment portfolio established and controlled by such company or an Affiliate thereof or for which such company or an Affiliate thereof acts as the sponsor, manager or investment adviser or investment manager or with respect to which such company or an Affiliate thereof exercises discretionary control thereover;

Agreed Form means the form of document exchanged for identification purposes only by email between the Seller and the Purchaser (or their lawyers) with the email subject line [* * *] on or before the Signing Date (or such other form as may be agreed between the Seller and the Purchaser);

Anti-Corruption Laws means the applicable laws, judgments, orders, executive orders, decrees, ordinances, rules, regulations, statutes, case law or treaties related to corruption or bribery, including the Foreign Corrupt Practices Act of 1977, as amended, the Bribery Act 2010 of the United Kingdom and any applicable law or regulation implementing the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and any other law, rule, regulation or other legally binding measure of any jurisdiction that relates to bribery or corruption;

Anti-Money Laundering Laws means the applicable laws and regulations relating to anti money laundering including, without limitation, the U.S. Bank Secrecy Act, the U.S. Money Laundering Control Act of 1986, the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, the UK Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, the UK Proceeds of Crime Act 2002; and the Luxembourg AML Act 2004;

Applicable Fees means, in respect of a Receivable, all Receivables Management Fees (including any VAT or Taxes payable thereon) expected to be payable in connection therewith until its repayment and discharge in full (as determined in good faith by the Receivables Manager);

Asset Model means the financial model agreed between the Seller and the Class C Lender on or prior to the Closing Date, as may be updated, amended and/or replaced from time to time by agreement between the Class C Lender and the Seller;

[* * *]

[* * *]

Assigned Rights means in relation to any Receivable, all estates, rights, title, interest and benefit of the Purchaser in and to the relevant Receivable, which has been assigned and/or transferred to the Purchaser under or pursuant to this Agreement;

AUP Audit means an agreed-upon procedure (AUP) audit of the Purchased Receivables comprising the Portfolio in accordance with a scope to be agreed between the Seller and [* * *];

AUP Report means an audit report prepared in respect of any AUP Audit;

Authorisation means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration;

Available Commitment means an amount in EUR equal to the Maximum Commitment less the Euro Equivalent Pro Forma Principal Amount of all Receivables held by the Purchaser on the relevant Sale Notice Date;

Back-Book Confirmation Notice has the meaning given to it in paragraph 10 of Part A of Schedule 3 (*Sale and Settlement of Back-Book Receivables*);

Back-Book Portfolio means the total portfolio of all Back-Book Receivables to be sold by the Seller to the Purchaser as set out in the Back-Book Sale Notices;

Back-Book Purchase Conditions has the meaning given to it in Schedule 3 (*Sale and Settlement of Back-Book Receivables*).

Back-Book Receivables means the Receivables which have been originated by the Seller from 1 February 2023 to the date falling one day before the second Back-Book Sale Notice Date which are outstanding as at the Back-Book Sale Notice Date on which they are offered to be sold but excluding any [* * *];

Back-Book Repeating Representations means each of the representations set out in Part B of Schedule 2 (*Seller Representations*) of this Agreement;

Back-Book Representations means each of the representations set out in Part B of Schedule 2 (*Seller Representations*) of this Agreement;

[* * *]

Back-Book Sale Notice means a sale notice delivered by the Seller to the Purchaser in accordance with the terms of Schedule 3 (*Sale and Settlement of Back-Book Receivables*) in respect of the Back-Book Receivables to be sold by the Seller to the Purchaser only;

Back-Book Sale Notice Date means the date of delivery of a Back-Book Sale Notice;

Borrower means any person who has entered into a Loan Agreement;

Borrower Credit Balance Refund means an amount to be credited to a Borrower's e-money balance representing the portion of a merchant refund in respect of which the original merchant transaction was originally financed (in part) by debiting the Borrower's e-money balance;

Borrower Notice means a notice provided in accordance with (i) Clauses 8.3 (*Notification of Sales*) of the RPA substantially in the form set out in Schedule 21 (*Form of Borrower Notice*) or in such other form as may from

time to time be agreed between the Seller and the Purchaser or (ii) Clause 10.8(iv) of the RMA, in a form containing such information as is then required by any applicable Data Protection Legislation;

Brexit means the withdrawal of the United Kingdom from the European Union;

Brexit Option Notice means a notice from the Seller to the Purchaser indicating that the Seller wishes to add the UK Sub as a party to this Agreement as an Additional Seller and setting out the proposed date on which the Seller wishes the UK Sub to become an Additional Seller;

Business Day means a calendar day (other than a Saturday or Sunday) on which banks are generally open for business in Dublin, London, Luxembourg, Frankfurt, Paris and New York and which is a TARGET Day;

Change of Control means, with respect to an entity, any change in the person who (together with its Affiliates):

- (a) has the power (directly or indirectly) to appoint majority of the members of the board of directors (or equivalent body), or direct management of and policies of such entity, whether through the ownership of voting capital, by contract or otherwise; or
- (b) holds, directly or indirectly, more than 50 per cent. of the legal and beneficial interest in the issued share capital of such entity;

Charged-off Receivable means a Receivable in respect of which:

- (a) any amount due in respect of the Personal Loan to which that Receivable Relates has been overdue for payment for more than [* * *] days; and/or
- (b) the Seller has received [* * *] days' notification of the confirmed bankruptcy of the relevant Customer; and/or
- (c) the Seller has received [* * *] day's notification of the confirmed death of the relevant Customer,

together with such other Receivable as may be deemed to be charged-off in accordance with the then applicable Collections Policies;

Class A Facility Agreement has the meaning given to such term in the Master Framework Agreement;

Class A Lender means the provider of a Class A facility to the Purchaser pursuant to the Class A Facility Agreement;

Class B Facility Agreement has the meaning given to such term in the Master Framework Agreement;

Class B Lender means the provider of a Class B facility to the Purchaser pursuant to the Class B Facility Agreement;

Class C Facility Agreement has the meaning given to such term in the Master Framework Agreement;

Class C Lender means the provider of a Class C facility to the Purchaser pursuant to the Class C Facility Agreement;

Closing Date means the first date on which both the Seller and the Purchaser have confirmed that the initial conditions precedent set out in Schedule 1 are satisfied;

Collections means any amount received by the Receivables Manager directly or indirectly from a Borrower by way of payment (including payment by way of sweep of the relevant Borrower's e-money wallet in accordance with the relevant Loan Agreement) of an amount due in respect of a Receivable forming part of the Portfolio but excluding, for the avoidance of doubt any Excluded Amounts;

Collections Policies mean the Collections Policies set forth in schedule 1 (*Collections Policies*) of the Receivables Management Agreement, or any update, amendment or replacement of such policies as the Seller may effect from time to time and notified to the Purchaser and the Security Agent;

Collections Sweep Payment has the meaning given in clause 8.2 of the Receivables Management Agreement;

Commitment Period means:

- (a) in the case of the Back-Book Receivables, the period from (and including) the Closing Date to (but excluding) the earlier of (i) the Scheduled Commitment Period End Date; or (ii) any date on which this Agreement is terminated by either the Seller or the Purchaser in accordance with Clause 12 (*Termination Events*); and
- (b) in the case of Receivables other than the Back-Book Receivables offered to be sold in a Back-Book Sale Notice, the period from (but excluding) the last Back-Book Sale Date to (but excluding) the earlier of (i) the Scheduled Commitment Period End Date; or (ii) any date on which this Agreement is terminated by either the Seller or the Purchaser in accordance with Clause 12 (*Termination Events*);

Concentration Limits means (a) in respect of any Receivables to be added to the Portfolio which are specified in a Sale Notice (other than [* * *]), the concentration limits set out in Part A and Part B of Schedule 16 (*Concentration Limits*) and (b) in respect of the Back-Book Receivables which are specified in a Back-Book Sale Notice or [* * *], the concentration limits set out in Part C of Schedule 16 (*Back-Book Portfolio Concentration Limits*) of this Agreement;

Conditions Legal Opinions means the legal opinions in respect of certain matters relating to the Standard Documentation, as set out in paragraphs 23 to 27 (inclusive) of Part A (*Seller Initial Conditions Precedent*) of Schedule 1 (*Initial Conditions Precedent*) of this Agreement;

Confirmation Notice means the notice substantially in the form set out in Part B of Schedule 11 (*Form of Confirmation Notice*) to this Agreement evidencing the Receivables transferred from the Seller to the Purchaser at the Sale Time, provided by the Seller to the Purchaser in accordance with Clause 2.2 of this Agreement;

Confirmation Notice Date means the date on which each Confirmation Notice is delivered by the Seller to the Purchaser;

Consultation Period has the meaning given in Clause 12.5;

Corporation Tax means in relation to any entity treated as a company or corporation or any partnership limited by shares, any tax charged on or calculated by reference to net income, profits or gains in Luxembourg, the UK or any Relevant Jurisdiction;

[* * *]

Current Balance means, in relation to a Receivable on a particular date, the Principal Balance as at such date plus (without double counting) all amounts of due but unpaid interest (where applicable), fees, charges or premium due to be paid by or on behalf of the underlying Borrower (including any extension or “More Time to Pay” fee) in accordance with the relevant Loan Agreement together with any amounts in arrears which have not been capitalised and added to the Principal Balance, but excluding, for the avoidance of doubt, any Excluded Amounts;

Cut-Off Time means, in relation to a Receivable (that is not Back-Book Receivable offered for sale in a Back-Book Sale Notice or a Further Disbursement included in a Further Disbursement Confirmation Notice), (i) pursuant to the SND Title Transfer Option, the Sale Time for that Receivable , or (ii) pursuant to the Settlement Date Title Transfer Option, the point in time at which such Receivable is reflected in the System as “Pending Sale”;

Data Protection Legislation means all applicable data protection and privacy legislation to the extent applicable from time to time including: (a) the Directive on Privacy and Electronic Communications (2002/58/EC); (b) the General Data Protection Regulation (**GDPR**) (EU) 2016/679; (c) national laws implementing the Directive on Privacy and Electronic Communications (2002/58/EC); (d) the UK GDPR; (e) the Privacy and Electronic Communications Regulations 2003; and (f) any relevant law, statute, declaration, decree, directive, legislative enactment, order, ordinance, regulation, rule or other binding instrument which implements any of the above or which otherwise relates to data protection, privacy or the use of Personal Data, in each case as applicable and in force from time to time, and as amended, consolidated, re-enacted or replaced from time to time;

DBRS means DBRS Morningstar;

DE PayPal Ratenzahlung or DE PayPal Ratenzahlung Products means the DE Ratenzahlung 3M 0% APR, the DE Ratenzahlung 3M Positive APR, the DE Ratenzahlung 6M 0% APR; the DE Ratenzahlung 6M Positive APR; the DE Ratenzahlung 12M 0% APR; the DE Ratenzahlung 12M Positive APR; the DE Ratenzahlung 24M 0% APR; and the DE Ratenzahlung 24M Positive APR loan products;

DE Pi30 Loan means the “Germany Pay in 30” buy-now, pay-later Eligible Product originated by the Seller;

DE Ratenzahlung 3M 0% APR means the “Germany PayPal Ratenzahlung” buy-now, pay-later Eligible Product with a term of three months originated by the Seller, where under the terms of such Receivable no interest is charged to the Borrower.

DE Ratenzahlung 3M Positive APR means the “Germany PayPal Ratenzahlung” buy-now, pay-later Eligible Product with a term of three months originated by the Seller, where under the terms of such Receivable one or more interest payments (at any interest rate) are charged to the Borrower.

DE Ratenzahlung 6M 0% APR means the “Germany PayPal Ratenzahlung” buy-now, pay-later Eligible Product with a term of six months originated by the Seller, where under the terms of such Receivable no interest is charged to the Borrower.

DE Ratenzahlung 6M Positive APR means the “Germany PayPal Ratenzahlung” buy-now, pay-later Eligible Product with a term of six months originated by the Seller, where under the terms of such Receivable one or more interest payments (at any interest rate) are charged to the Borrower.

DE Ratenzahlung 12M 0% APR means the “Germany PayPal Ratenzahlung” buy-now, pay-later Eligible Product with a term of twelve months originated by the Seller, where under the terms of such Receivable no interest is charged to the Borrower.

DE Ratenzahlung 12M Positive APR means the “Germany PayPal Ratenzahlung” buy-now, pay-later Eligible Product with a term of twelve months originated by the Seller, where under the terms of such Receivable one or more interest payments (at any interest rate) are charged to the Borrower.

DE Ratenzahlung 24M 0% APR means the “Germany PayPal Ratenzahlung” buy-now, pay-later Eligible Product with a term of twenty-four months originated by the Seller, where under the terms of such Receivable no interest is charged to the Borrower.

[* * *]

DE Ratenzahlung 24M Positive APR means the “Germany PayPal Ratenzahlung” buy-now, pay-later Eligible Product with a term of twenty-four months originated by the Seller, where under the terms of such Receivable one or more interest payments (at any interest rate) are charged to the Borrower;

[* * *]

Default Interest means in respect of EUR amounts, 1m EURIBOR at the due date of the relevant payment plus 1%, and, in respect of GBP amounts, SONIA plus 1%;

Defaulted Exposure means any Receivable in respect of which (i) the Borrower is past due more than [* * *] days on such Receivable; or (ii) the Seller considers the Borrower as unlikely to pay its credit obligations to the Seller in accordance with the Underwriting Policies;

Deferred Purchase Price has the meaning given to it in Clause 5.3 (*Consideration*);

Delinquency Curve means for a Receivable, the forecast delinquency ordered by seasoning point which will be equal to the expected principal balance of Receivables which are the same Product and Credit Cohort as such Receivable that are past due at each seasoning point divided by the expected principal balance of all Receivables which are the same Product and Credit Cohort as such Receivable at each such seasoning point;

[* * *]

Disclosed means accurately and fairly disclosed with sufficient details so as to enable the Purchaser to make a reasonably informed assessment of the nature and scope of the fact, matter or circumstance disclosed by the Disclosure Letter;

Disclosure Letter means the letter from the Seller to the Purchaser executed and delivered on the date of this Agreement;

[* * *]

Disruption Event means either or both of:

- (a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with the Portfolio (or otherwise in order for the transactions contemplated by the Transaction Documents to be carried out) which disruption is not caused by, and is beyond the control of, any of the Parties; or
- (b) the occurrence of any other event which results in a disruption (of a technical or systems-related nature) to the treasury or payments operations of a Party preventing that, or any other Party:
 - (i) from performing its payment obligations under the Transaction Documents; or
 - (ii) from communicating with other Parties in accordance with the terms of the Transaction Documents,
 - (iii) and which (in either such case) is not caused by, and is beyond the control of, the Party whose operations are disrupted;

Draft Instruments means any negotiable instrument in the form of a bill of exchange (*letra de cambio*), a promissory note (*pagaré*) or a cheque (*cheque*), issued pursuant to Spanish Act 19/1985 dated 16 July (“*Ley 19/1985 de 16 de julio, Cambiaria y del Cheque*”) as amended or superseded from time to time;

Eligibility Criteria means the eligibility criteria set out in Schedule 14 (*Eligibility Criteria*) to this Agreement;

Eligible Products means each of the PayPal Personal Loan products listed in Schedule 15 (*List of Eligible Products*);

Eligible Receivables means the Receivables that satisfy the Eligibility Criteria;

Enforcement Notice has the meaning given to such term in the Master Framework Agreement;

English Standard Documentation means, in respect of Receivables, the English standard documentation referred to in Schedule 4 (*Standard Documentation*) to this Agreement (including any terms of the User Agreement incorporated by reference) or any update, amendment or replacement of such standard documentation as the Seller may effect from time to time and notified to the Purchaser and the Security Agent;

ES Pi3 means the “Spain Pay in 3” buy-now, pay-later Eligible Product originated by the Seller;

Estimated Back-Book Purchase Price means the estimated purchase price of the Back-Book Receivables set out in a Back-Book Sale Notice;

EU Receivables means French Receivables, German Receivables, Italian Receivables and Spanish Receivables;

EU Receivables Manager means the Seller;

EU Securitisation Regulation means Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012, including any implementing regulation, technical standards and official guidance related thereto;

[* * *]

EUR Receivable means a Receivable denominated in EUR;

Euro Equivalent means (i) in respect of amounts denominated in EUR, that amount, and (ii) in respect of amounts denominated in GBP or in US Dollars, such amount converted to EUR at the then applicable spot rate of exchange for the purchase of Euro in the London foreign exchange market as determined by the Seller as at 11:00am on the Spot Rate Determination Date;

EUWA means the European Union (Withdrawal Act) 2018 (as amended by the EU (Withdrawal) Agreement) Act 2020);

Event of Default means an event of default pursuant to any Facility Agreement;

Excluded Amounts means:

- (a) any recalled payments and amounts required to be returned or refunded to the Borrower under the terms of a Loan Agreement or under any applicable law or regulation;
- (b) any amount held by the Seller or the Receivables Manager on behalf of the Borrower in respect of e-money balances in the Borrower’s e-money wallet;
- (c) all Third Party Amounts;
- (d) any amount of statutory interest collected by a third party collection agent;

- (e) any amount of VAT or amount in respect of VAT for which the Seller is liable to account to any Tax Authority with respect to any supplies made by or treated as made by the Seller to any Borrower;
- (f) any amount in respect of fees received from merchants, including the “standard merchant fee” in respect of all credit products in each Relevant Jurisdiction; and
- (g) [* * *];

[* * *]

Facility Agreements means each facility agreement entered into by the Purchaser as borrower on or about the date of this Agreement in order to finance the acquisition of Receivables pursuant to this Agreement;

Facility Provider means each Class A Lender, Class B Lender and Class C Lender;

[* * *]

Forward Rate Agreement means for each Sale Notice Date, a forward rate agreement transaction to be entered into under a Hedging Agreement (as defined in the Master Framework Agreement) between the Purchaser and a Hedge Counterparty on such Sale Notice Date for the purposes of hedging the interest rate risk in respect of all Receivables transferred to the Purchaser pursuant to the Sale Notice delivered on such Sale Notice Date with terms as follows: (i) monthly payment dates, (ii) the Purchaser will pay a fixed rate to the Hedge Counterparty, (iii) the Hedge Counterparty will pay a floating rate to the Purchaser either equal to Compounded SONIA for Receivables denominated in GBP or EURIBOR for Receivables denominated in EUR, and (iv) with a notional amount profile as agreed between the Hedge Counterparty and the Class C Lender.

FR Pi4 means the “France Pay in 4” buy-now, pay-later Eligible Product originated by the Seller;

FR Products or **French Products** means the FR Pi4 loan product;

French Receivables means Receivables governed by the law of France;

French Standard Documentation means, in respect of Receivables, the French standard documentation referred to in Schedule 4 (*Standard Documentation*) to this Agreement (including any terms of the User Agreement incorporated by reference) or any update, amendment or replacement of such standard documentation as the Seller may effect from time to time and notified to the Purchaser and the Security Agent;

[* * *]

Further Disbursement means in respect of any Personal Loan, any loan amount advanced or deemed to be advanced to the relevant Borrower after the first advance made under that Personal Loan;

Further Disbursement Confirmation Notice means a notice substantially in the form set out in Part C of Schedule 11 (*Form of Confirmation Notice*) to this Agreement in respect of Receivables which are Further Disbursements and sent by the Seller to the Purchaser under Clause 2.14 of this Agreement;

[* * *]

German Products means the DE Pi30 Loans and the DE PayPal Ratenzahlung loan products;

German Receivables means Receivables governed by the law of Germany;

German Standard Documentation means, in respect of Receivables, the German standard documentation referred to in Schedule 4 (*Standard Documentation*) to this Agreement (including any terms of the User Agreement incorporated by reference) or any update, amendment or replacement of such standard documentation as the Seller may effect from time to time and notified to the Purchaser and the Security Agent;

Hedging Agreement has the meaning given in the Master Framework Agreement;

Hedge Counterparty has the meaning given in the Master Framework Agreement;

IFRS means the International Financial Reporting Standards issued by the International Accounting Standards Board, as amended, supplemented or replaced from time to time;

Indemnification Amount has the meaning given in Clause 9.17;

Ineligible Transferee means any of the entities specified in Schedule 17 (*Ineligible Transferees*) and any Affiliates of such entities directly controlling more than 50 per cent. of the ownership interests in such entities as of the date of this Agreement, but excluding any such entity that is an Approved Class A Transferee (as defined in the Master Framework Agreement);

[* * *]

Insolvency Event means, with respect to any person, any of the following:

- (a) it is unable or admits inability to pay its debts as they fall due or, by reason of actual or anticipated financial difficulties, commences negotiations with any class of its creditors with a view to rescheduling any of its indebtedness;
- (b) it is in a state of cessation of payments (*cessation de paiements*) or otherwise suspends making payments on its debts generally;
- (c) a moratorium has been declared or takes effect in respect of its indebtedness;
- (d) a final court order is made or a corporate resolution is passed for its winding-up, voluntary or judicial liquidation or dissolution, bankruptcy, insolvency, administration, reorganisation, composition with creditors, controlled management, reprieve from payment, general settlement with creditors or any analogous procedure under the laws of the jurisdiction in which such person is incorporated (by way of

voluntary arrangement, scheme of arrangement or otherwise but excluding any solvent reorganisation, rearrangement or similar arrangement);

- (e) a receiver, liquidator, receiver, administrator receiver, administrator, compulsory manager, interim manager, custodian, manager or other similar officer is appointed in respect of it or all of its assets;
- (f) an application for its winding-up or liquidation (or any analogous action under the laws of the jurisdiction in which such person is incorporated) could otherwise be made against that person due to it being insolvent in accordance with the applicable insolvency laws of the jurisdiction in which such person is incorporated; or
- (g) solely in respect of the Seller, the taking of one or more resolution measures (as organised by the Luxembourg law dated 18 December 2015 on resolution, recovery and liquidation measures of credit institutions and certain investment firms, as amended) or recovery, intragroup financial support and early intervention measures (as organised by the Luxembourg act dated 5 April 1993 relating to the financial sector, as amended);

Insolvency Regulation means each of:

- (a) Regulation (EU) 2015/848 of the European Parliament and of the European Council of 20 May 2015 on insolvency proceedings (recast) as amended; and
- (b) Regulation (EU) 2015/848 of the European Parliament and of the European Council of 20 May 2015 on insolvency proceedings (recast) as it forms part of the domestic laws of the United Kingdom by virtue of the EUWA 2018 and as that Regulation has been amended by the Insolvency (Amendment) (EU Exit) Regulations 2019,

as the context requires;

Interest Product means each of the following Eligible Products:

- (a) DE Ratenzahlung 3M Positive APR;
- (b) DE Ratenzahlung 6M Positive APR;
- (c) DE Ratenzahlung 12M Positive APR; and
- (d) DE Ratenzahlung 24M Positive APR;

Irrecoverable VAT means any amount in respect of VAT which a person (or the representative member of the VAT group of which such person is a member) has incurred and which that person (or the representative member of such's person's VAT group) is not able to recover (by way of credit, refund or otherwise) from any relevant Tax Authority pursuant to and determined in accordance with any applicable law (including articles 48,

49.2, 55bis and 55ter of the Luxembourg law on VAT dated 12 February 1979, as amended or similar provisions in any other member state of the European Union or the United Kingdom);

IT Pi3 means the “Italy Pay in 3” buy-now, pay-later Eligible Product originated by the Seller;

Italian Products means the IT Pi3 loan product;

Italian Civil Code means Royal Decree No. 262 dated 16 March 1942;

Italian Receivables means Receivables governed by the law of Italy;

Italian Standard Documentation means, in respect of Receivables, the Italian standard documentation referred to in Schedule 4 (*Standard Documentation*) to this Agreement (including any terms of the User Agreement incorporated by reference) or any update, amendment or replacement of such standard documentation as the Seller may effect from time to time and notified to the Purchaser and the Security Agent;

[* * *]

Legal Reservations means:

- (a) the principle that equitable or discretionary remedies may be granted or refused at the discretion of a court;
- (b) the limitation of enforcement by laws relating to insolvency, reorganisation and other laws generally affecting the rights of creditors;
- (c) the time barring of claims under the Limitation Acts;
- (d) the possibility that an undertaking to assume liability for or to indemnify a person against non payment of United Kingdom stamp duty may be void;
- (e) defences of set-off or counterclaim;
- (f) similar principle, rights and defences under the laws of any Relevant Jurisdiction;
- (g) any other matters which are set out as qualifications or reservations in the legal opinions delivered under or in connection with the Transaction Documents;

Loan Agreement means, in respect of any Receivable and the Personal Loan to which it relates, the agreement between the Seller and the related Borrower, substantially in the form of the Standard Documentation, the terms of which govern, amongst other things, the provision and administration of that Personal Loan and the payment of Receivables thereunder;

Loan Warranties has the meaning given in Clause 9.1(a);

[* * *]

Loss means in respect of any person, any losses, damages, costs, charges, claims, demands, expenses, judgments, action, proceedings or other liability whatsoever (including, without limitation, in respect of Tax) and includes any Irrecoverable VAT charged or chargeable in respect thereof and legal fees and expenses on a full indemnity basis;

Master Framework Agreement means the master framework agreement dated on or about this Deed and entered into between, amongst others, the Purchaser, the Seller, the Security Agent and the Class C Lender;

Material Adverse Effect means, a material adverse effect on or material adverse change in:

- (a) the assets, business or financial condition of the Purchaser;
- (b) the ability of the Purchaser to perform and comply with its obligations under this Agreement or any Transaction Document; or
- (c) the validity or enforceability of any Transaction Document;

[* * *]

Mid-Market Rate has the meaning given in the definition of Swap Rate;

Monthly Payment Date has the meaning given to the term “Payment Date” in the Master Framework Agreement;

Monthly Reporting Date means the date falling 15 Business Days after the end of each Reporting Period;

Monthly Settlement Date means the second Settlement Date after the Monthly Reporting Date of that calendar month;

[* * *]

Net Repurchase Price has the meaning given in the definition of Repurchase Price;

[* * *]

New VDR means the virtual data room with identification number [* * *] and named [* * *] hosted by Intralinks, Inc. in connection with the bid process;

Non-Interest Product means each of the following Eligible Products:

- (a) FR Pi4;
- (b) IT Pi3;
- (c) ES Pi3;
- (d) UK Pi3;

- (e) DE Ratenzahlung 3M 0% APR;
- (f) DE Ratenzahlung 6M 0% APR;
- (g) DE Ratenzahlung 12M 0% APR;
- (h) DE Ratenzahlung 24M 0% APR; and
- (i) DE Pi30;

[* * *]

Notification Event has the meaning given in Clause 8.1;

NSF Fee means the fee applicable on an ACH Payment failure in respect of any ACH Payment in Germany;

OECD Model Tax Convention means the tenth edition model tax convention produced by the Organisation for Economic Co-operation and Development in 2017, which is available at: <https://www.oecd.org/ctp/treaties/model-tax-convention-on-income-and-on-capital-condensed-version-20745419.html>;

Original Commitment Amount means in respect of a Receivable the aggregate original principal amount (including any potential Further Disbursements) agreed to be advanced by the Seller to a Borrower at the time of origination under the terms of the Loan Agreement relating to that Receivable;

[* * *]

Original Term means, in respect of an Eligible Receivable, the time from (and including) the date of its first disbursement to (and including) the date on which its final scheduled principal payment is scheduled to be made;

Original VDR means the virtual data room with identification number [* * *] and named [* * *] hosted by Intralinks, Inc. in connection with the bid process;

Party means a party to this Agreement from time to time;

Payment Date has the meaning given in Clause 5.2;

Payor has the meaning given in Clause 22.3;

PayPal Buyer Protection Payments means an amount to be credited to a Borrower's e-money balance in accordance with the terms of the "PayPal Buyer Protection" product feature pending resolution of a merchant dispute relating to that Borrower;

Perfection Requirements means the making or the procuring of the appropriate registrations, filings, endorsements, notarisations, stampings and/or notification of the Security Documents and/or the Transaction Security created thereunder;

Personal Data shall have the meaning given to it in the GDPR or, in the case of the UK, the UK GDPR;

Personal Loan means an unsecured personal loan made by the Seller to a Borrower in the ordinary course of the Seller's business;

Portfolio means all Receivables which the Purchaser has acquired in accordance with this Agreement from time to time and which have not been redeemed, transferred or repurchased or in respect of which no indemnification payment has been made in accordance with Clause 9 (*Representations, Loan Warranties, Repurchase and Anti-dilution Obligations*);

Post-Charge Off Receipts means any Collections received in respect of Purchased Receivables where such Collections are received:

- (a) more than 180 days after the due date for the relevant payment amount;
- (b) more than 30 days after receipt by the Seller of notification of the death of the relevant Customer; or
- (c) more than 60 days after receipt by the Seller of confirmation of the bankruptcy of the relevant Customer,

and where such Purchased Receivable has been identified as a Charged-Off Receivable in a Receivables Manager Monthly Report;

[* * *]

PPHI means PayPal Holdings, Inc.;

[* * *]

Principal Balance means, in relation to a Receivable on a particular date, the original principal amount(s) agreed to be repaid by the Borrower under the terms of such Receivable, as adjusted on that date to reflect (a) any reduction in the outstanding principal amount as a result of repayments or overpayments, the exercise of a right of set-off or any amount which has been written off or waived, and (b) any increase in the outstanding principal amount as a result of capitalisation of any fees (including any extension or "More Time to Pay" fee), costs, premiums or interest in accordance with the relevant Loan Agreement;

Priority of Payments has the meaning given to such term in the Master Framework Agreement;

Pro Forma Principal Amount means:

- (i) in respect of Receivables arising from Loan Agreements which are fully disbursed as at the relevant Sale Notice Date, the aggregate of the Euro Equivalent Principal Balance of such (calculated using the

spot rate of exchange for the purchase of Euro in the London foreign exchange market as determined by the Seller as at 11:00am on the Spot Rate Determination Date) on the date of the Sale Notice setting out such Receivables; and

- (ii) in respect of Receivables arising from Loan Agreements which are not fully disbursed as at the relevant Sale Notice Date, the aggregate of the Euro Equivalent Original Commitment Amount (less the amount of any repayments which the Borrower has made in accordance with the Loan Agreement) of such Receivables (calculated using the spot rate of exchange for the purchase of Euro in the London foreign exchange market as determined by the Seller as at 11:00am on the Spot Rate Determination Date) on the date of the Sale Notice setting out such Receivables.

Purchase Conditions has the meaning given in Clause 2.6;

Purchase Price means, in respect of each Receivable, the amount denominated in EUR or GBP (as applicable) calculated by the Asset Model by discounting the Net Adjusted Payment Profile for such Receivable at the applicable Discount Rate at each seasoning date in respect of the period from its Sale Time until the expected time of receipt of each of the payments forecasted under its Net Adjusted Payment Profile;

Purchase Price Ratio means, in respect of a Purchased Receivable, the ratio, expressed as a percentage, of the Purchase Price for such Receivable to be applied to the Principal Balance of such Receivable as at the Sale Notice Date for such Receivable;

Purchased Receivables means all Receivables which the Purchaser has acquired and continues to own in accordance with this Agreement from time to time;

Purchaser Bank Accounts means each of the Purchaser EUR Bank Account and the Purchaser GBP Bank Account;

Purchaser EUR Bank Account means the Purchaser's EUR denominated bank account as notified in writing to the Seller on or prior to the Closing Date (and/or such other EUR denominated account(s) as the Purchaser may notify to the Seller in writing);

Purchaser GBP Bank Account means the Purchaser's GBP denominated bank account as notified in writing to the Seller on or prior to the Closing Date (and/or such other GBP denominated account(s) as the Purchaser may notify to the Seller in writing);

Purchaser Termination Event has the meaning given in Clause 12.2;

Quotation Rate has the meaning given in the definition of Swap Rate;

Rating Agency means any of S&P, Moody's, Fitch or DBRS;

Receivable means, in relation to a Personal Loan and the related Loan Agreement, the amounts the Borrower owes and is obliged to pay to the Seller from time to time in accordance with the terms of that Personal Loan and Loan Agreement and all other rights to payment owing by that Borrower to the Seller in relation to the Loan Agreement (including, without limitation, all rights (actual or contingent) relating to the repayment of principal and the payment of interest and any Back-Book Receivables which have been purchased by and transferred to the Purchaser), and any Further Disbursements under a Personal Loan and the related Loan Agreement;

Receivables Management Agreement means the receivables management and administration agreement dated on or about the date of this Agreement and as may be amended and restated or supplemented from time to time, between the Receivables Manager, the Seller, the Purchaser and the Security Agent;

Receivables Management Fee has the meaning given in clause 13.1 of the Receivables Management Agreement;

Receivables Management Report means any report provided by the Receivables Manager in the form set out in Schedule 10 to the Receivables Management Agreement or in such other form as may be agreed from time to time between the Seller and the Class C Lender;

Receivables Manager Deed of Accession means a document substantially in the form set out in Part B of Schedule 19 (*Additional Receivables Manager Representations*);

Receivables Manager Resignation Event has the meaning given to it in clause 10.1(b) of the Receivables Management Agreement;

Receivables Manager Termination Notice has the meaning given to it in clause 10.5 of the Receivables Management Agreement;

Recipient has the meaning given in Clause 22.3;

Records means, at any time and with respect to any Receivable, all Loan Agreements and other documents, records and other information (including, without limitation, computer programs, tapes, disks, data processing software and related property and rights) relating to such Receivable, any Related Right or the related Borrower, which are necessary, in light of the circumstances then subsisting, to exercise ownership and other interest in the Receivables and to manage, collect or enforce such Receivable and Related Right in accordance with the terms of the Transaction Documents;

Regulatory Buyback Event has the meaning given in paragraph 3 of Schedule 7 (*General Terms*);

Regulatory Buyback Event Time has the meaning given in paragraph 3 of Schedule 7 (*General Terms*);

Regulatory Buyback Receivables has the meaning given in paragraph 3 of Schedule 7 (*General Terms*);

Regulatory Retransfer Event Time has the meaning given in paragraph 3 of Schedule 7 (*General Terms*);

Regulatory Retransfer Price has the meaning given in paragraph 3 of Schedule 7 (*General Terms*);

Regulatory Retransfer Receivables has the meaning given in paragraph 3 of Schedule 7 (*General Terms*);

Related Rights means, in relation to any Receivable:

- (a) all amounts payable by the relevant Borrower in relation to such Receivable;
- (b) any and all other present and future claims and rights under the relevant Loan Agreement (including the debt represented by it and rights of enforcement against the relevant Borrower) but excluding any right to grant credit under a Loan Agreement; and
- (c) all Records related to such Receivable,

provided that prior to the provision of a Borrower Notice the Related Rights will not include any Personal Data of Borrowers;

[* * *]

Relevant Date means the first Sale Notice Date after the date [* * *] regardless of whether any payment (either scheduled or ad hoc) has been made in respect of such Receivables (and for the avoidance of doubt there may be more than one Relevant Date);

Relevant Jurisdiction means:

- (a) in respect of UK Receivables, England and Wales;
- (b) in respect of German Receivables, Germany;
- (c) in respect of French Receivables, France;
- (d) in respect of Spanish Receivables, Spain;
- (e) in respect of Italian Receivables, Italy; and
- (f) in respect of a party to a Transaction Document, the jurisdiction where such party is incorporated;

Relevant Local Schedule means:

- (a) for UK Receivables, the provisions of Schedule 6 (*Provisions Relating to the Sale of UK Receivables*);
- (b) for German Receivables, the provisions of Schedule 7 (*Provisions Relating to the Sale of German Receivables*);
- (c) for French Receivables, the provisions of Schedule 8 (*Provisions Relating to the Sale of French Receivables*);
- (d) for Spanish Receivables, the provisions of Schedule 9 (*Provisions Relating to the Sale of Spanish Receivables*); and

(e) for Italian Receivables, the provisions of Schedule 10 (*Provisions Relating to the Sale of Italian Receivables*);

Relevant Period means each period commencing on (and including) a Relevant Date and ending on (and excluding) the next Sale Notice Date after the date falling [* * *];

[* * *]

Relief includes, unless the context otherwise requires, any relief, allowance, credit or set-off in respect of any Tax, or any deduction in computing income, profits or gains for the purposes of any Tax, any right to or actual refund, repayment or saving of Tax (including any repayment supplement, fee or interest in respect of Tax), and other amounts payable or paid by a Tax Authority in respect of Tax;

Repeating Representations means each of the representations set out in Part B of Schedule 2 (*Seller Representations*) of this Agreement;

[* * *]

Reporting Period means each calendar month starting from the calendar month in which the last Back-Book Sale Date occurs;

Repurchase Date means, in respect of the Purchased Receivables set out in a Repurchase Notice, the second date included in the file name for such Repurchase Notice when such Repurchase Notice is first delivered (as indicated by suffix “.01”) in accordance with Clause 9.10 (*Repurchase for breach of Loan Warranties*) or Clause 9.15 (*Repurchase for Failure of Bank-Funded Payment and Fraud*) of this Agreement;

Repurchase Notice means a notice delivered by the Purchaser in accordance with Clause 9.10 (*Repurchase for breach of Loan Warranties*) or Clause 9.15 (*Repurchase for Failure of Bank-Funded Payment and Fraud*) of this Agreement substantially in the form set out in Schedule 18 (*Form of Repurchase Notice*) to this Agreement;

Repurchase Price means:

[* * *]

Restricted Country has the meaning given in paragraph 15 of Part B of Schedule 2 (*Restricted Countries*);

Restricted Person means a person, organisation or vessel that is (i) listed on, or owned or controlled (as such terms, including any applicable ownership and control requirements, are defined and construed in the applicable Sanctions or in any related official guidance) by a person or organisation listed on any Sanctions List; or (ii) resident or located in, operating from, or incorporated or organised under the laws of a Sanctioned Country; or (iii) a government of a Sanctioned Country; or (iv) an agency or instrumentality of, or an entity directly or indirectly owned or controlled by, a government of a Sanctioned Country; or (v) a national government targeted by any Sanctions blocking its property (which, as of the date of this Agreement, includes Venezuela) or an agency or instrumentality of, or an entity directly or indirectly owned or controlled by, such government; or (vi)

otherwise a target of Sanctions or is acting on behalf of any of the persons listed in paragraphs (i) to (v) above, for the purpose of evading or avoiding, or having the intended effect of or intending to evade or avoid, or facilitating the evasion or avoidance of any Sanctions;

Risk Retention Letter means the risk retention letter delivered by the Purchaser to, among others, the Seller on or about the date of this Agreement, as may be amended from time to time;

Sale Notice means the notice substantially in the form set out in Part A of Schedule 11 (*Form of Sale Notice*) to this Agreement provided by the Seller to the Purchaser on a Sale Notice Date in accordance with Clause 2.1 of this Agreement;

Sale Notice Date means, for any Receivable which is not (x) a Further Disbursement or (y) a Back-Book Receivable which is included in a Back-Book Sale Notice, (i) the second Business Day (or such other day as may be agreed between the Seller and the Class C Lender) of each calendar week during the Commitment Period with the first Sale Notice Date during the Commitment Period being [* * *] (or such other date as may be agreed between the Seller and the Class C Lender) and (ii) [* * *];

Sale Notice Portfolio has the meaning given in Clause 2.6(d);

Sale Time means, in relation to a Receivable, the point in time at which the title to such Receivable is reflected by an automated process (to which the Seller exercises no discretion) in the System as being transferred from the Seller to the Purchaser;

Sanctioned Country means a country or territory which is, or whose government is, at any time subject to Sanctions generally prohibiting dealings with such government, country, or territory, which countries and territories, as of the date of this Agreement, being Russia, the Crimea Region of Ukraine, the Donetsk People's Republic, the Luhansk People's Republic (each as defined and construed in the applicable Sanctions laws and regulations), Cuba, Iran, North Korea, Sudan and Syria;

Sanctions means any economic or financial sanctions laws, regulations, trade or any other embargoes, export control or restrictive measures imposed, administered, enacted or enforced by any Sanctions Authority;

Sanctions Authorities means (i) the United States government; (ii) the United Nations; (iii) the European Union; (iv) the United Kingdom; or (v) the respective governmental institutions and agencies of any of the foregoing, including without limitation, the Office of Foreign Assets Control of the US Department of Treasury (OFAC), the United States Department of State, and His Majesty's Treasury (and each a Sanctions Authority);

Sanctions List means any of the lists of designated or sanctioned individuals or entities (or equivalent) issued by any Sanctions Authority, each as amended, supplemented or substituted from time to time, including without limitation, the "Specially Designated Nationals and Blocked Persons" list, Foreign Sanctions Evaders List, and Sectoral Sanctions Identifications List each administered by OFAC; the Consolidated List of Persons, Groups

and Entities Subject to EU Financial Sanctions; and the UK Sanctions List, the Consolidated List of Financial Sanctions Targets in the UK and Russia: List of Persons Named in Relation to Financial and Investment Restrictions, each administered by His Majesty's Treasury;

[* * *]

Scheduled Payment Profile means:

- (a) in respect of a Receivable which is a Non-Interest Product, all scheduled customer payments of principal and fees (less Excluded Amounts) in respect thereof that are due to be received on the scheduled payment dates thereunder; and
- (b) in respect of a Receivable which is an Interest Product, all scheduled customer payments of principal, interest and fees (less Excluded Amounts) in respect thereof that are due to be received on the scheduled payment dates thereunder;

Secured Creditors has the meaning given to such term in the Master Framework Agreement;

Securitisation Law means the Luxembourg law on securitisation of 22 March 2004 as amended;

Security Document has the meaning given to such term in the Master Framework Agreement;

Security Interest means any mortgage or sub mortgage, charge or sub charge (whether legal or equitable), encumbrance, pledge, lien, hypothecation, assignment by way of security, or other security interest or title retention arrangement or right of set-off and any agreement, trust or arrangement having substantially the same economic or financial effect as any of the foregoing (other than a lien arising in the ordinary course of business of an account bank for normal service charges or fees payable to them in connection with the relevant accounts or any related services, and any adjustments or corrections of any posting or encoding errors, or by operation of the law);

[* * *]

Seller Bank Accounts means each of the Seller EUR Bank Account and the Seller GBP Bank Account;

[* * *]

Seller Deed of Accession means a document substantially in the form set out in Part B of Schedule 20 (*Form of Seller Deed of Accession*);

Seller EUR Bank Account means the Seller's EUR denominated bank account as notified in writing to the Purchaser on or prior to the Closing Date (and/or such other account(s) as the Seller may notify to the Purchaser in writing);

Seller GBP Bank Account means the Seller's GBP denominated bank account as notified in writing to the Purchaser on or prior to the Closing Date (and/or such other account(s) as the Seller may notify to the Purchaser in writing);

Seller Group means the Seller and all of its direct and indirect Affiliates;

Seller Legal Expenses Costs has the meaning given to it in the [* * *];

Seller Termination Event has the meaning given in Clause 12.1;

Sequential Amortisation Event has the meaning given to it in the Master Framework Agreement;

Settlement Date means the date upon which the Purchaser makes payment in full of the relevant Purchase Price to the Seller for any Receivables;

Settlement Date Title Transfer Option means the subsequent title transfer arrangement in respect of the sale of any Receivables under this Agreement whereby title to Receivables will be transferred from the Seller to the Purchaser on the Settlement Date immediately following the Sale Notice Date on which such Receivables are included in a Sale Notice pursuant to Clause 2.4 hereof (provided that it is agreed that such transfer will only be required to be reflected in the System as soon as is reasonably practicable after the receipt by the Seller of the applicable Purchase Price);

[* * *]

Signing Date means the date of this Agreement;

SND Title Transfer Option means the initial title transfer arrangement in respect of the sale of any Receivables under this Agreement whereby title to Receivables will be transferred from the Seller to the Purchaser at the Sale Time as soon as reasonably practicable on or after the relevant Sale Notice Date (due to the time taken to transfer title to the Receivables in the System) pursuant to Clause 2.2 hereof;

SONIA means the SONIA (sterling overnight index average) reference rate displayed on the relevant screen of any authorised distributor of that reference rate;

Spanish Products means the ES Pi3 loan product;

Spanish Receivables means Receivables governed by the law of Spain;

Spanish Standard Documentation means, in respect of Receivables, the Spanish standard documentation referred to in Schedule 4 (*Standard Documentation*) to this Agreement (including any terms of the User Agreement incorporated by reference) or any update, amendment or replacement of such standard documentation as the Seller may effect from time to time and notified to the Purchaser and the Security Agent;

Spot Rate Determination Date means with respect to any date, the date falling three Business Days prior to the immediately previous Monthly Payment Date (or in respect of a date prior to the date falling three Business Days prior to the first Monthly Reporting Date, 13 October 2023);

Standard Documentation means, in respect of Receivables, the English Standard Documentation, French Standard Documentation, German Standard Documentation, Italian Standard Documentation and Spanish Standard Documentation in the form set out in Schedule 4 (*Standard Documentation*) to this Agreement, or any update, amendment or replacement of such standard documentation as the Seller may effect from time to time and notified to the Purchaser and the Security Agent;

[* * *]

Switch Notice means the notice to be given by the Seller to the Purchaser, the Receivables Manager and the Security Agent for the Seller to switch to the Settlement Date Title Transfer Option pursuant to Clause 2.5 of this Agreement;

System means the PayPal internal database or such other system as may from time to time be adopted by the Seller to record the Receivables (as notified to the Purchaser);

T2 means the real time gross settlement system operated by the Eurosystem, or any successor system;

TARGET Day means any day on which T2 is open for the settlement of payments in euro;

Tax Authority means any government, state, municipal, local, federal or other fiscal, revenue, customs or excise authority, body or official anywhere in the world, which is competent to impose any Tax, or assess or collect any Tax;

Tax Deduction means a deduction or withholding for or on account of Tax from a payment under this Agreement;

Tax Event means any action taken by a Tax Authority or a change in applicable Tax law (excluding any change to the relevant rates of Tax) after the date of this Agreement which results in or will result in any of the following:

- (a) the Purchase Price for any Receivables sold to the Purchaser being subject to VAT (whether accountable by the Seller Group or accountable by the Purchaser under a reverse charge system or otherwise) in circumstances where all or substantially all of such VAT is Irrecoverable VAT;
- (b) the Purchaser being required by law to make any Tax Deduction from any payment of the Purchase Price for Receivables sold to the Purchaser or the Seller or the Receivables Manager being required by law to make any Tax Deduction from any payment to the Purchaser in respect of any Receivables sold to the Purchaser; or

(c) the Seller or the Receivables Manager being subject or charged to Corporation Tax in respect of any Receivables sold pursuant to this Agreement otherwise than by reference to its actual net income, profits or gains in respect of any amount payable to it by the Purchaser under this Agreement or the Receivables Management Agreement,

in each case, provided that the Affected Party shall have first (i) obtained advice from a reputable international Tax advisor confirming the occurrence of a relevant action or change giving rise to circumstances described in paragraph (a), (b) or (c) above, and (ii) provided to the other Party a copy of such advice and an officer's certificate confirming that such action or change has occurred, in which case the relevant Tax Event shall be deemed to have occurred on the date on which the other Party is treated as having received such officer's certificate in accordance with Clause 31 (*Notices*) of this Agreement. For the purpose of this definition, "*officer's certificate*" shall mean a certificate signed by any board member, director or secretary of the Affected Party or other senior individual designated as an authorised signatory of the Affected Party.

Taxes means all present and future taxes, levies, imposts, duties, fees, deductions, withholdings or charges of any nature whatsoever and wheresoever imposed by any national, local or supranational taxing or fiscal authority or agency together with any penalties, fines or interest thereon and Tax and Taxation shall be construed accordingly;

Termination Events means the Seller Termination Events and the Purchaser Termination Events;

Test Receivable has the meaning given to it in Clause 13.1;

Testing Period Commencement Date means the earliest date on which each of (i) the Seller has confirmed to the Class C Lender that the System has been developed to record the transactions contemplated by this Agreement; (ii) the Seller and the Class C Lender have confirmed to each other that they have agreed interim draft forms of each of the Asset Model; (iii) 3PL has delivered (which may be by email) an executed copy of the 3PL Declaration of Trust to the Purchaser and has delivered (which may be by email) signed Notices of Declaration of Trust (as such term is defined in the 3PL Declaration of Trust) to each of the relevant Collection Account Banks (as such term is defined in the 3PL Declaration of Trust); and (iv) the Seller has delivered an executed copy of the PPEU Declaration of Trust to the Purchaser and has delivered signed Notices of Declaration of Trust (as such term is defined in the PPEU Declaration of Trust) to each of the relevant Collection Account Banks (as such term is defined in the PPEU Declaration of Trust);

Third Party Amounts means amounts applied or to be applied by the Seller in making payment of certain moneys which properly belong to third parties (including the Seller or the Receivables Manager) including (but not limited to):

(a) amounts under a direct debit which are repaid to the bank making such payment, if such bank is unable to recoup that amount itself from its customer's account; and

(b) amounts in respect of Borrower Credit Balance Refunds or PayPal Buyer Protection Payments where such amounts have been compensated for by an anti-dilution payment made by the Seller under Clause 9.20 (*Anti-Dilution*) and any refund or credit in respect of VAT.

[* * *]

Title Transfer Date means (i) in respect of any Receivable which is not a Further Disbursement, a Sale Notice Date pursuant to the SND Title Transfer Option or a Settlement Date pursuant to the Settlement Date Title Transfer Option, and (ii) in respect of any Further Disbursement, the date of such Further Disbursement is recognised;

Top 1 Merchant means, in respect of a Sale Notice Portfolio, the merchant in respect of the greatest volume of Eligible Receivables in such Sale Notice Portfolio, measured by EUR Equivalent Pro Forma Principal Amount;

Top 5 Merchant means, in respect of a Sale Notice Portfolio, each of the five merchants which together have the greatest volume of Eligible Receivables in such Sale Notice Portfolio, measured by EUR Equivalent Pro Forma Principal Amount;

Top 10 Merchant means, in respect of a Sale Notice Portfolio, each of the ten merchants which together have the greatest volume of Eligible Receivables in such Sale Notice Portfolio, measured by EUR Equivalent Pro Forma Principal Amount;

[* * *]

Transaction Security means the security created under the Security Documents;

Transfer Taxes has the meaning given in Clause 22.5;

True-Up Adjustment means an adjustment to the Estimated Back-Book Purchase Price as set out in a True-Up Adjustment Notice;

True-Up Adjustment Notice has the meaning given to it in Part C of Schedule 3 (*Completion*);

Turbo Amortisation Event has the meaning given to it in the Master Framework Agreement;

UK GDPR has the meaning given to it in section 3(1) (as supplemented by section 205(4)) of the UK Data Protection Act 2018);

UK Pi3 means the “UK Pay in 3” buy-now, pay-later Eligible Product originated by the Seller;

UK Products means the UK Pi3 loan product;

UK Receivables means Receivables governed by the law of England and Wales;

UK Receivables Manager means the UK Sub;

UK RM Accession Date has the meaning given to it in Part C of Schedule 19 (*Form of Receivables Manager Deed of Accession*);

UK Securitisation Regulation means the EU Securitisation Regulation as it forms part of domestic law in the United Kingdom as implemented by virtue of EUWA, as amended, varied, superseded or substituted from time to time and any relevant binding technical standards, regulations, instruments, rules, policy statements, guidance, transitional relief or other implementing measures of the FCA, the Bank of England, the PRA or other relevant UK regulator (or their successor) in relation thereto;

UK Seller Accession Date has the meaning given to it in Part B of Schedule 20 (*Form of Seller Deed of Accession*);

UK Sub means an indirect subsidiary of PPHI incorporated in England and Wales for the purposes of originating and managing the UK Receivables;

[* * *]

Underwriting Policies means the credit risk policies in the form set out in Schedule 5 (*Underwriting Policies*) of this Agreement, or any update, amendment or replacement of such policies as the Seller may effect from time to time and notified to the Purchaser and the Security Agent;

[* * *]

US GAAP means the US Generally Accepted Accounting Principles, as amended, supplemented or replaced from time to time;

User Agreement means the Seller's user agreement governing the use of any PayPal account and any PayPal services, or any update, amendment or replacement of such user agreement as the Seller may effect from time to time;

Utilisation Date means has the meaning given to such term in the Master Framework Agreement;

VAT means:

- (a) value added tax imposed by the Luxembourg law on value added tax dated 12 February 1979, as amended; and
- (b) any tax imposed in compliance with the Council Directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112), as amended; and
- (c) any other tax of a similar nature, whether imposed in Luxembourg or a member state of the European Union in substitution for, or levied in addition to, such tax referred to in paragraphs (a) and (b) above or imposed elsewhere (including, for the avoidance of doubt, any value added tax charged in accordance with the United Kingdom Value Added Tax Act 1994, as amended);

Volcker Rule means Section 13 of the U.S. Bank Holding Company Act of 1956 (together with its implementing regulations);

Weighted Average Original Term means, in respect of a group of Eligible Receivables, the weighted average original term of such Eligible Receivables to be calculated taking into account the timing and amount of all scheduled principal payments under such Eligible Receivables.

Signature Pages

IN WITNESS whereof, this Agreement has been executed and delivered on the day and year first above written.

The Seller

SIGNED)

for and on behalf of)

PAYPAL (EUROPE) S.À.R.L. ET CIE, S.C.A.)

acting through and represented by its managing general partner PayPal (Europe) S.à r.l.

By:

.....

Authorised Signatory

The Purchaser

SIGNED)
for and on behalf of)
ALPS PARTNERS S.À R.L.)

By:

.....

Authorised Signatory

The Security Agent

SIGNED)

for and on behalf of)

BNY MELLON CORPORATE TRUSTEE SERVICES LIMITED)

By:

.....

Name:

Receivables Manager

SIGNED)

for and on behalf of)

PAYPAL (EUROPE) S.À.R.L. ET CIE, S.C.A.)

acting through and represented by its managing general partner PayPal (Europe) S.à r.l.

By:

.....

Authorised Signatory

Receivables Manager

SIGNED)
by **PAYPAL UK LTD**)
by a director)

Signed:

Print name:

Director

The Back-Up Receivables Manager Facilitator

SIGNED)

for and on behalf of)

AVEGA S.À R.L.)

By:

.....

Name:

The Class C Lender

SIGNED)

for and on behalf of)

ALPS PARTNERS (HOLDING) S.À R.L.)

By:

.....

Name:

SIGNATURES

IN WITNESS of which this Deed has been executed and delivered by the Parties to it on the date stated on the first page of this Deed.

Receivables Manager and Seller

Executed as a **DEED**)

for and on behalf of)

PAYPAL (EUROPE) S.À.R.L. ET CIE, S.C.A.)

acting through and represented by its managing general partner **PayPal (Europe) S.à r.l.**

By:

/s/ Sean Byrne

Authorised Signatory

Receivables Manager

Executed as a **DEED**)
by **PAYPAL UK LTD**)
by a director in the presence)
of the specified witness)

Signed: /s/ Simon Bladon

Print name: Simon Bladon

Director

Witness

Signed: /s/ Susan Rattray

I confirm that the above-named signatory has executed this document in my presence.

Print name: Susan Rattray

Address: 5 Fleet Place, London, United Kingdom, EC4M 7RD

The Purchaser

Executed as a **DEED**)
for and on behalf of)
ALPS PARTNERS S.À R.L.)

By:

/s/ Thomas Weber

Name: Thomas Weber

Title: Manager

The Security Agent

Executed as a **DEED**)
for and on behalf of)
BNY MELLON CORPORATE TRUSTEE SERVICES LIMITED)
acting by two of its lawful Attorneys, in its capacity as Security Agent:

Attorney: /s/ Marcelo Roberto Paslos Vianna Filho

Marcelo Roberto Paslos Vianna Filho

Attorney: /s/ Agnieszka Gozdz

Agnieszka Gozdz

Authorised Signatory

in the presence of:

Witness name: Julie Marshall

Signature: /s/ Julie Marshall

Address: The Bank of New York Mellon, 160 Queen Victoria Street, London EC4V 4LA

The Back-Up Receivables Manager Facilitator

Executed as a **DEED**)
for and on behalf of)
AVEGA S.À R.L.)

By:

/s/ Thomas Weber

Name: Thomas Weber

Title: Manager

The Class C Lender

Executed as a **DEED**)
for and on behalf of)
ALPS PARTNERS (HOLDING) S.À R.L.)

By:

/s/ Thomas Weber

Name: Thomas Weber

Title: Manager

In this Exhibit 10.20, the notation “[* * *]” identifies certain information that has been excluded because it is both not material and is the type that the registrant treats as private or confidential.

12 December 2023

PAYPAL (EUROPE) S.À R.L. ET CIE, S.C.A.
as *Receivables Manager and Seller*

PAYPAL UK LTD
as *Receivables Manager*

ALPS PARTNERS S.À R.L.
as *Purchaser*

BNY MELLON CORPORATE TRUSTEE SERVICES LIMITED
as *Security Agent*

AVEGA S.À R.L.
as *Back-Up Receivables Manager Facilitator*

ALPS PARTNERS (HOLDING) S.À R.L.
as *Class C Lender*

DEED OF AMENDMENT

in relation to
the Receivables Purchase Agreement and the Receivables Management Agreement

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THIS DEED (this *Deed*) is dated 12 December 2023 and made between:

- (1) **PAYPAL (EUROPE) S.À R.L. ET CIE, S.C.A.**, a corporate partnership limited by shares (*société en commandite par actions*) incorporated under the laws of the Grand Duchy of Luxembourg (*Luxembourg*), having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B118.349, acting through and represented by its managing general partner PayPal (Europe) S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B127.485 (a *Receivables Manager* and the *Seller*);
- (2) **PAYPAL UK LTD**, a private limited company incorporated under the laws of England and Wales (registered number 14741686), having its registered office at Whittaker House, Whittaker Avenue, Richmond-Upon-Thames, Surrey, United Kingdom, TW9 1EH (a *Receivables Manager*);
- (3) **ALPS PARTNERS S.À R.L.**, a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, with its registered office at 2, rue Edward Steichen, L- 2540 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register (*Registre de commerce et des sociétés, Luxembourg*) under number B277050, and subject, as an unregulated securitisation undertaking (*organisme de titrisation*), to the Luxembourg act dated 22 March 2004 on securitisation, as amended (the *Securitisation Act 2004*) (the *Purchaser*);
- (4) **BNY MELLON CORPORATE TRUSTEE SERVICES LIMITED**, acting through its office at 160 Queen Victoria Street, London EC4V 4LA, United Kingdom (in its capacity as security agent for the Secured Creditors, the *Security Agent* which expression shall include such company and all other persons or companies for the time being acting as the security agent or security agents under the Security Documents);
- (5) **AVEGA S.À R.L.**, a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, Luxembourg having its registered office at 2, rue Edward Steichen, L-2540 Luxembourg and registered with the Luxembourg trade and companies register under number B123099 (the *Back-Up Receivables Manager Facilitator*); and
- (6) **ALPS PARTNERS (HOLDING) S.À R.L.**, a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, with its registered office at 2, rue Edward Steichen, L- 2540 Luxembourg, Luxembourg and registered with the Luxembourg trade and

companies register (*Registre de commerce et des sociétés, Luxembourg*) under number B276993 (the **Class C Lender**), together, the **Parties** and each a **Party**.

Recitals:

- (A) The Parties have entered into a receivables purchase agreement dated 16 June 2023 pursuant to which the Seller agrees to sell and the Purchaser agrees to purchase the Seller's whole right, title, interest and benefit in certain receivables and their related rights (the **Original Receivables Purchase Agreement**).
- (B) The Parties have entered into a receivables management agreement dated 16 June 2023 pursuant to which the Seller in its capacity as Receivables Manager has agreed to provide loan administration duties with respect to the Purchased Receivables comprising the Portfolio from time to time (the **Original Receivables Management Agreement**).
- (C) Pursuant to a deed of amendment and restatement dated 13 October 2023, the Original Receivables Purchase Agreement and the Original Receivables Management Agreement were amended and restated as set out therein (the **Amended and Restated Receivables Purchase Agreement** and the **Amended and Restated Receivables Management Agreement** respectively).
- (D) Pursuant to a deed of accession dated 31 October 2023, PayPal UK Ltd became a party to the Amended and Restated Receivables Purchase Agreement and the Amended and Restated Receivables Management Agreement as an Additional Receivables Manager.
- (E) Pursuant to a deed of amendment dated 14 November 2023, the Amended and Restated Receivables Purchase Agreement was amended as set out therein.
- (F) The Parties now wish to amend further the Receivables Purchase Agreement and the Receivables Management Agreement in accordance with the terms of this Deed.
- (G) The Security Agent is entering into this Deed on the instructions of (i) the Instructing Creditors (as defined in the Master Framework Agreement) pursuant to and in accordance with an instruction letter dated on or about the date hereof; and (ii) the Class C Lender pursuant to and in accordance with Clause 7 of this Deed.

IT IS AGREED as follows:

1. Definitions and interpretation

1.1 Definitions

In this Deed:

Effective Date means the date of this Deed;

Receivables Management Agreement means the Amended and Restated Receivables Management Agreement; and

Receivables Purchase Agreement means the Amended and Restated Receivables Purchase Agreement, as further amended on 14 November 2023.

1.2 Incorporation of defined terms

Capitalised terms in this Deed shall, except where the context otherwise requires or where otherwise defined in this Deed, have the meanings given to them in Schedule 22 (*Definitions*) of the Receivables Purchase Agreement or Schedule 9 (*Definitions*) of the Receivables Management Agreement, as appropriate, and this Deed shall be construed in accordance with the principles of construction set out in Clause 1 (*Definitions and Interpretation*) of the Receivables Purchase Agreement.

1.3 Designation as Transaction Document

Each of the Parties designates this Deed as a Transaction Document.

2. Amendment

2.1 With effect from the Effective Date and in accordance with Clause 29 (*Amendments and Waivers*) of the Receivables Purchase Agreement, the Receivables Purchase Agreement shall be amended as follows:

(a) Clause 2.9 of the Receivables Purchase Agreement shall be amended as follows (the words in strikethrough text are to be deleted from the clause and the words in bold underlined text are to be inserted into the clause):

“The Seller agrees that, from and after the first Sale Notice Date during the Commitment Period save with respect to [* * *]:

(a) at any time when the Available Commitment is greater than Euro Equivalent [* * *], it will on each Sale Notice Date offer to sell all Eligible Receivables originated during the Commitment Period (and not previously sold to the Purchaser) to the Purchaser, in the amount necessary to enable the Available Commitment to be reduced to zero after giving effect to their purchase, or until all such offered Eligible Receivables are purchased by the Purchaser, whichever is the limiting condition provided that (i) the Seller shall not be required to make any offers to sell Receivables in the ~~week~~

weeks commencing [* * *] ~~and~~ (ii) the Seller shall not be required to make an offer to sell a Receivable if the Purchase Price for such Receivable is calculated as zero or a negative amount, and (iii) the Seller shall not be required to make any offers to sell [* * *]; and

(b) at any time during the Commitment Period, it will not, and it will procure that none of its Affiliates shall, offer or agree to sell any Eligible Receivables to any party other than the Purchaser,

provided that at any time, the Seller and/or any of its Affiliates shall be entitled to sell any Receivable to any other party where either: (i) such Receivable cannot be sold to the Purchaser at the relevant time under this Clause 2 because at that time such Receivable did not satisfy the Eligibility Criteria and any applicable Eligibility Criteria have not been agreed to be waived by both the Purchaser and the Seller (except that the Seller and the Purchaser agree that paragraphs (9) and (10) of the Eligibility Criteria cannot be waived or otherwise amended); (ii) the Seller is not permitted to sell such Receivable at such time to the Purchaser as a result of the Purchase Condition set out in Clause 2.6(d) and the Seller has requested a waiver of the applicable Concentration Limit(s) and such Concentration Limit(s) have not been waived within 15 Business Days of such request; or (iii) subject to Clause 2.10, the relevant Receivable cannot be sold to the Purchaser at such time as a result of the Purchase Condition set out in Clause 2.6(e) not being satisfied.”;

(b) Clause 7.8 of the Receivables Purchase Agreement shall be amended as follows (the words in strikethrough text are to be deleted from the clause):

[* * *]

(c) The definition of “[* * *]” in Schedule 22 (*Definitions*) shall be amended as follows (the words in strikethrough text are to be deleted from the clause and the words in bold underlined text are to be inserted into the clause):

[* * *]

(d) The definition of “[* * *]” in Schedule 22 (*Definitions*) shall be amended as follows (the words in strikethrough text are to be deleted from the clause and the words in bold underlined text are to be inserted into the clause):

[* * *] and

(e) A new paragraph 27 shall be inserted into Schedule 14 (*Eligibility Criteria*) as follows:

“27. As at its Sale Notice Date, the Receivable does not have a zero balance and as at its Sale Time, the Receivable will not have a zero balance.”.

2.2 With effect from the Effective Date and in accordance with Clause 22 (*Amendments and Waivers*) of the Receivables Management Agreement, the Receivables Management Agreement shall be amended as follows:

(a) Clause 7.1 shall be amended as follows (the words in bold underlined text are to be inserted into the clause):

“The Receivables Manager shall deliver to the Purchaser the Receivables Management Report (including, for the avoidance of doubt, data tapes) on **or before** each Monthly Reporting Date. The Receivables Manager will transmit the Receivables Management Report to the Purchaser, the Cash Manager, the Security Agent (if requested), the Back-Up Receivables Manager Facilitator (if requested), the Class C Lender, the Class A Facility Agent and the Class B Facility Agent no later than by 10.00 a.m. (London time) on the Monthly Reporting Date. The Purchaser, the Cash Manager, the Security Agent, the Class A Facility Agent and the Class B Facility Agent may transmit the Receivables Management Report to the Class A Facility Providers and the Class B Facility Providers. In addition, the Receivables Manager shall, if requested by the Purchaser and provided that [* * *] or such other agent has given confidentiality undertakings equivalent to those contained in this Agreement and has information security arrangements satisfactory to the Receivables Manager, provide a copy of the Receivables Management Report to [* * *] or to such other agent as may be appointed by the Purchaser to enable the Purchaser to satisfy its reporting requirements under the UK Securitisation Regulation and the EU Securitisation Regulation.”;

(b) Clause 9.7 shall be amended as follows (the words in bold underlined text are to be inserted into the clause):

[* * *]

(c) Clause 9.8(c) shall be amended as follows (the words in bold underlined text are to be inserted into the clause):

[* * *]

3. Representations and Warranties

- 3.1 On the Effective Date the Seller makes the representations and warranties in the form set out in Part B of Schedule 2 (*Seller Representations*) to the Receivables Purchase Agreement to the Purchaser and the Security Agent.
- 3.2 On the Effective Date the Purchaser makes the representations and warranties in the form set out in Part C of Schedule 2 (*Purchaser Representations*) to the Receivables Purchase Agreement to the Seller and the Security Agent.
- 3.3 On the Effective Date each Receivables Manager makes the representations and warranties in the form set out in Clause 14 (*Representations and Warranties*) of the Receivables Management Agreement to the Purchaser and the Security Agent.
- 3.4 For the purposes of this Clause 3, references to the “Transaction Documents” in Part B of Schedule 2 (*Seller Representations*) to the Receivables Purchase Agreement, Part C of Schedule 2 (*Purchaser*

Representations) to the Receivables Purchase Agreement or Clause 14 (*Representations and Warranties*) of the Receivables Management Agreement shall be construed to include this Deed, the Receivables Purchase Agreement (immediately prior to its amendment pursuant to this Deed), the Receivables Management Agreement (immediately prior to its amendment pursuant to this Deed), the Receivables Purchase Agreement (as amended pursuant to this Deed) and the Receivables Management Agreement (as amended pursuant to this Deed).

4. Continuing obligations

- 4.1 The provisions of the Receivables Purchase Agreement, the Receivables Management Agreement and other Transaction Documents shall, save as amended by this Deed, continue in full force and effect and nothing in this Deed shall constitute or be construed as an amendment, waiver or compromise of any other term or condition of the Transaction Documents or any of the Parties' rights in relation to them which for the avoidance of doubt shall continue to apply in full force and effect.
- 4.2 References in the Receivables Purchase Agreement or in any other Transaction Document (other than in Clause 3.4 of this Deed) to "the Receivables Purchase Agreement", "this Agreement", "hereof", "hereunder" and expressions of similar import shall, on and from the Effective Date, be deemed to be references to the Receivables Purchase Agreement (as amended pursuant to this Deed).
- 4.3 References in the Receivables Management Agreement or in any other Transaction Document (other than in Clause 3.4 of this Deed) to "the Receivables Management Agreement", "this Deed", "hereof", "hereunder" and expressions of similar import shall, on and from the Effective Date, be deemed to be references to the Receivables Management Agreement (as amended pursuant to this Deed).
- 4.4 Each of the Parties hereto acknowledges and agrees that the amendments effected pursuant to this Deed have been effected in accordance and compliance with the relevant provisions in the Receivables Purchase Agreement or the Receivables Management Agreement (as applicable) (and that they shall be estopped from asserting otherwise after the Effective Date).

5. Incorporation of terms

The provisions of Clauses 26 (*Confidentiality*), 29 (*Amendments and waivers*), 31 (*Notices*), 32 (*Bail-In*), 33 (*Third Party Rights*), 34 (*Severability*) and 36 (*Limited Recourse and Non-Petition*) of the Receivables Purchase Agreement shall be incorporated into this Deed as if set out in full in this Deed and as if references in those clauses to "this Agreement" are references to this Deed.

6. Further assurance

The Parties hereto agree that they will co-operate fully to (and the Purchaser will use best efforts to provide relevant information and support to the Seller and each Receivables Manager such that the Seller and each Receivables Manager shall) do all such further acts and things and execute any further documents that may be necessary or desirable to give full effect to the transactions contemplated by this Deed (but subject always to the provisions of Clauses 8 (*Notification of Sales*) and 27 (*Data Protection*) of the Receivables Purchase Agreement).

7. The Security Agent

7.1 *Class C Lender direction to Security Agent*

The Class C Lender hereby authorises and directs the Security Agent to execute this Deed in order to effect the amendment of the Receivables Purchase Agreement and the Receivables Management Agreement in accordance with this Deed and to take any action as may be necessary in connection with, or in order to give effect to this Deed including, without limitation, consenting to the Purchaser entering into this Deed.

7.2 *Discharge and exoneration of the Security Agent's liability in relation to this Deed*

The Class C Lender discharges and exonerates the Security Agent from any and all liability for which it may or may have become responsible under the Transaction Documents in connection with this Deed (including but not limited to the execution by the Security Agent and the Purchaser of this Deed).

7.3 *Waiver of any claim against the Security Agent*

The Class C Lender irrevocably waives any claim that it may have against the Security Agent arising as a result of any loss or damage which it may suffer or incur as a result of the Security Agent acting upon the direction in Clause 7.1 (*Class C Lender direction to Security Agent*) (including but not limited to circumstances where it is subsequently found that the direction in Clause 7.1 (*Class C Lender direction to Security Agent*) is not valid or binding) and the Class C Lender further confirms that it will not seek to hold the Security Agent liable for any such loss or damage.

7.4 *Indemnity in favour of Security Agent*

The Class C Lender expressly agrees and undertakes to indemnify and hold harmless the Security Agent from and against all losses, liabilities, damages, costs, charges and expenses which may be suffered or incurred by it as a result of any claims (whether or not successful, compromised or settled), actions, demands or proceedings brought against the Security Agent and against all losses, costs, charges or expenses (including legal fees) which the Security Agent may suffer or incur which in any case arise as a result of the Security Agent acting in accordance with the direction in Clause 7.1 (*Class C Lender direction to Security Agent*) and the Transaction Documents.

7.5 *Approval of every modification in respect of the rights of the Class C Lender necessary to give effect to this Deed*

The Class C Lender approves every modification and amendment (and the implementation thereof) in respect of their rights relating to the Transaction Documents resulting from or to be effected by the modifications, authorisations and determinations referred to in the direction in Clause 7.1 (*Class C Lender direction to Security Agent*).

8. Counterparts

This Deed may be executed in any number of counterparts and by each Party on single counterparts. Each counterpart is an original, but all counterparts shall together constitute one and the same instrument. Delivery of a counterpart of this Deed by e-mail shall be an effective mode of delivery.

9. Law and jurisdiction

9.1 Governing law

This Deed and any non-contractual obligations arising out of or in connection with it shall be governed by, and interpreted in accordance with, English law.

9.2 The English courts shall have exclusive jurisdiction in relation to all disputes arising out of or in connection with this Deed (including claims for set-off and counterclaims), including disputes arising out of or in connection with: (i) the creation, validity, effect, interpretation, performance or non-performance of, or the legal relationships established by, this Deed; and (ii) any non-contractual obligations arising out of or in connection with this Deed. For such purposes, each Party irrevocably submits to the jurisdiction of the English courts and waives any objection to the exercise of such jurisdiction.

SIGNATURES

IN WITNESS of which this Deed has been executed and delivered by the Parties to it on the date stated on the first page of this Deed.

Receivables Manager and Seller

Executed as a **DEED**)

for and on behalf of)

PAYPAL (EUROPE) S.À.R.L. ET CIE, S.C.A.)

acting through and represented by its managing general partner PayPal (Europe) S.à r.l.

By:

/s/ Fabrice Borsello

Authorised Signatory

Receivables Manager

Executed as a **DEED**)
by **PAYPAL UK LTD**)
by a director in the presence)
of the specified witness)

Signed: /s/ Sean Byrne

Print name: Sean Byrne

Director

Witness

Signed: /s/ Elaine Dong

I confirm that the above-named signatory has executed this document in my presence.

Print name: Elaine Dong

Address: Whittaker House, Whittaker Avenue, Richmond-Upon-Thames, Surrey, TW9 1EH England

The Purchaser

Executed as a **DEED**)
for and on behalf of)
ALPS PARTNERS S.À R.L.)

By:

/s/ Thomas Weber

Name: Thomas Weber

Title: Manager

The Security Agent

Executed as a **DEED**)
for and on behalf of)
BNY MELLON CORPORATE TRUSTEE SERVICES LIMITED)
acting by two of its lawful Attorneys, in its capacity as Security Agent:

Attorney: /s/ Vyacheslav Egvel

Vyacheslav Egvel
Authorised Signatory

Attorney: /s/ Agnieszka Gozdz

Agnieszka Gozdz
Authorised Signatory

in the presence of:

Witness name: Alexander Braunleder

Signature: /s/ Alexander Braunleder

Address: The Bank of New York Mellon, 160 Queen Victoria Street, London EC4V 4LA

The Back-Up Receivables Manager Facilitator

Executed as a **DEED**)
for and on behalf of)
AVEGA S.À R.L.)

By:

/s/ Thomas Weber

Name: Thomas Weber

Title: Manager

The Class C Lender

Executed as a **DEED**)
for and on behalf of)
ALPS PARTNERS (HOLDING) S.À R.L.)

By:

/s/ Thomas Weber

Name: Thomas Weber

Title: Manager

8 July 2024

PAYPAL (EUROPE) S.À R.L. ET CIE, S.C.A.
as *Receivables Manager and Seller*

PAYPAL UK LTD
as *Receivables Manager*

ALPS PARTNERS S.À R.L.
as *Purchaser*

BNY MELLON CORPORATE TRUSTEE SERVICES LIMITED
as *Security Agent*

AVEGA S.À R.L.
as *Back-Up Receivables Manager Facilitator*

ALPS PARTNERS (HOLDING) S.À R.L.
as *Class C Lender*

DEED OF AMENDMENT

in relation to
the Receivables Management Agreement

1	Definitions and interpretation	4
2	Amendment	4
3	Representations and Warranties	5
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6	Further assurance	5
7	The Security Agent	6
8	Counterparts	6
9	Law and jurisdiction	6

THIS DEED (this *Deed*) is dated 8 July 2024 and made between:

- (1) **PAYPAL (EUROPE) S.À R.L. ET CIE, S.C.A.**, a corporate partnership limited by shares (*société en commandite par actions*) incorporated under the laws of the Grand Duchy of Luxembourg (*Luxembourg*), having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B118.349, acting through and represented by its managing general partner PayPal (Europe) S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register under number B127.485 (a *Receivables Manager* and the *Seller*);
- (2) **PAYPAL UK LTD**, a private limited company incorporated under the laws of England and Wales (registered number 14741686), having its registered office at Whittaker House, Whittaker Avenue, Richmond-Upon-Thames, Surrey, United Kingdom, TW9 1EH (a *Receivables Manager*);
- (3) **ALPS PARTNERS S.À R.L.**, a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, with its registered office at 2, rue Edward Steichen, L- 2540 Luxembourg, Luxembourg and registered with the Luxembourg trade and companies register (*Registre de commerce et des sociétés, Luxembourg*) under number B277050, and subject, as an unregulated securitisation undertaking (*organisme de titrisation*), to the Luxembourg act dated 22 March 2004 on securitisation, as amended (the *Securitisation Act 2004*) (the *Purchaser*);
- (4) **BNY MELLON CORPORATE TRUSTEE SERVICES LIMITED**, acting through its office at 160 Queen Victoria Street, London EC4V 4LA, United Kingdom (in its capacity as security agent for the Secured Creditors, the *Security Agent* which expression shall include such company and all other persons or companies for the time being acting as the security agent or security agents under the Security Documents);
- (5) **AVEGA S.À R.L.**, a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, Luxembourg having its registered office at 2, rue Edward Steichen, L-2540 Luxembourg and registered with the Luxembourg trade and companies register under number B123099 (the *Back-Up Receivables Manager Facilitator*); and
- (6) **ALPS PARTNERS (HOLDING) S.À R.L.**, a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, with its registered office at 2, rue Edward Steichen, L- 2540 Luxembourg, Luxembourg and registered with the Luxembourg trade and

companies register (*Registre de commerce et des sociétés, Luxembourg*) under number B276993 (the **Class C Lender**), together, the **Parties** and each a **Party**.

Recitals:

- (A) The Parties have entered into a receivables management agreement dated 16 June 2023 pursuant to which the Seller in its capacity as Receivables Manager has agreed to provide loan administration duties with respect to the Purchased Receivables comprising the Portfolio from time to time (the **Original Receivables Management Agreement**).
- (B) Pursuant to a deed of amendment and restatement dated 13 October 2023, the Original Receivables Management Agreement was amended and restated as set out therein (the **Amended and Restated Receivables Management Agreement**).
- (C) Pursuant to a deed of accession dated 31 October 2023, PayPal UK Ltd became a party to the Amended and Restated Receivables Management Agreement as an Additional Receivables Manager.
- (D) Pursuant to a deed of amendment dated 12 December 2023, the Amended and Restated Receivables Management Agreement was amended as set out therein.
- (E) The Parties now wish to amend further the Receivables Management Agreement in accordance with the terms of this Deed.
- (F) The Security Agent is entering into this Deed on the instructions of the Class C Lender pursuant to and in accordance with Clause 7 of this Deed.

IT IS AGREED as follows:

1. Definitions and interpretation

1.1 Definitions

In this Deed:

Effective Date means the date of this Deed;

Receivables Management Agreement means the Amended and Restated Receivables Management Agreement, as further amended on 12 December 2023; and

Receivables Purchase Agreement means the receivables purchase agreement between, among others, the Seller, the Purchaser and the Security Agent dated 16 June 2023, as amended and restated on 13 October 2023, and as further amended on 14 November 2023 and 12 December 2023.

1.2 Incorporation of defined terms

Capitalised terms in this Deed shall, except where the context otherwise requires or where otherwise defined in this Deed, have the meanings given to them in Schedule 22 (*Definitions*) of the Receivables Purchase Agreement or Schedule 9 (*Definitions*) of the Receivables Management Agreement, as appropriate, and this Deed shall be construed in accordance with the principles of construction set out in Clause 1 (*Definitions and Interpretation*) of the Receivables Purchase Agreement.

1.3 Designation as Transaction Document

Each of the Parties designates this Deed as a Transaction Document.

2. Amendment

2.1 With effect from the Effective Date and in accordance with Clause 22 (*Amendments and Waivers*) of the Receivables Management Agreement, the Receivables Management Agreement shall be amended as follows:

(a) Clause 8.6 shall be amended as follows (the words in bold underlined text are to be inserted into the clause):

“If the Receivables Manager has:

(a) caused any Collections **or any amounts to which the Purchaser is not entitled** to be transferred to the Purchaser in error; or

(b) in error caused any Collections which should have been so transferred not to be transferred to the Purchaser at the times and in the amounts contemplated by the Transaction Documents,

the Receivables Manager or Purchaser (as applicable) shall (i) as soon as is reasonably practicable upon becoming aware of such, notify the Receivables Manager or Purchaser (as applicable); and (ii) pay the Receivables Manager or the

Purchaser (as applicable) on a monthly basis an amount equal to the amount of Collections for the previous calendar month made in error pursuant to sub-clause (a) or not made in error pursuant to sub-clause (b) (as applicable). To satisfy the amount the Purchaser owes to the Receivables Manager, the Receivables Manager shall be entitled to set off the amount of such Collections so owed by the Purchaser to the Receivables Manager against any Collections otherwise due to be transferred to the Purchaser by the Receivables Manager.

For the avoidance of doubt, the Collections made in error pursuant to this Clause 8.6 shall include any payments of Collections made by the Receivables Manager to the Purchaser where the corresponding payment made by the Borrower to the Receivables Manager that is subsequently found to have been unsuccessful.”

3. Representations and Warranties

- 3.1 On the Effective Date each Receivables Manager makes the representations and warranties in the form set out in Clause 14 (*Representations and Warranties*) of the Receivables Management Agreement to the Purchaser and the Security Agent.
- 3.2 For the purposes of this Clause 3, references to the “Transaction Documents” in Clause 14 (*Representations and Warranties*) of the Receivables Management Agreement shall be construed to include this Deed, the Receivables Management Agreement (immediately prior to its amendment pursuant to this Deed) and the Receivables Management Agreement (as amended pursuant to this Deed).

4. Continuing obligations

- 4.1 The provisions of the Receivables Management Agreement and other Transaction Documents shall, save as amended by this Deed, continue in full force and effect and nothing in this Deed shall constitute or be construed as an amendment, waiver or compromise of any other term or condition of the Transaction Documents or any of the Parties’ rights in relation to them which for the avoidance of doubt shall continue to apply in full force and effect.
- 4.2 References in the Receivables Management Agreement or in any other Transaction Document (other than in Clause 3.2 of this Deed) to “the Receivables Management Agreement”, “this Deed”, “hereof”, “hereunder” and expressions of similar import shall, on and from the Effective Date, be deemed to be references to the Receivables Management Agreement (as amended pursuant to this Deed).
- 4.3 Each of the Parties hereto acknowledges and agrees that the amendments effected pursuant to this Deed have been effected in accordance and compliance with the relevant provisions in the Receivables Management Agreement (and that they shall be estopped from asserting otherwise after the Effective Date).

5. Incorporation of terms

The provisions of Clauses 20 (*Confidentiality*), 22 (*Amendments and waivers*), 23 (*Notices*), 24 (*Bail-In*), 25 (*Third Party Rights*), 26 (*Severability*) and 28 (*Limited Recourse and Non-petition*) of the

Receivables Management Agreement shall be incorporated into this Deed as if set out in full in this Deed and as if references in those clauses to "this Deed" are references to this Deed.

6. Further assurance

The Parties hereto agree that they will co-operate fully to (and the Purchaser will use best efforts to provide relevant information and support to each Receivables Manager such that each Receivables Manager shall) do all such further acts and things and execute any further documents that may be necessary or desirable to give full effect to the transactions contemplated by this Deed (but subject always to the provisions of Clauses 8 (*Notification of Sales*) and 27 (*Data Protection*) of the Receivables Purchase Agreement).

7. The Security Agent

7.1 *Class C Lender direction to Security Agent*

The Class C Lender hereby authorises and directs the Security Agent to execute this Deed in order to effect the amendment of the Receivables Management Agreement in accordance with this Deed and to take any action as may be necessary in connection with, or in order to give effect to this Deed including, without limitation, consenting to the Purchaser entering into this Deed.

7.2 *Discharge and exoneration of the Security Agent's liability in relation to this Deed*

The Class C Lender discharges and exonerates the Security Agent from any and all liability for which it may or may have become responsible under the Transaction Documents in connection with this Deed (including but not limited to the execution by the Security Agent and the Purchaser of this Deed).

7.3 *Waiver of any claim against the Security Agent*

The Class C Lender irrevocably waives any claim that it may have against the Security Agent arising as a result of any loss or damage which it may suffer or incur as a result of the Security Agent acting upon the direction in Clause 7.1 (*Class C Lender direction to Security Agent*) (including but not limited to circumstances where it is subsequently found that the direction in Clause 7.1 (*Class C Lender direction to Security Agent*) is not valid or binding) and the Class C Lender further confirms that it will not seek to hold the Security Agent liable for any such loss or damage.

7.4 *Indemnity in favour of Security Agent*

The Class C Lender expressly agrees and undertakes to indemnify and hold harmless the Security Agent from and against all losses, liabilities, damages, costs, charges and expenses which may be suffered or incurred by it as a result of any claims (whether or not successful, compromised or settled), actions, demands or proceedings brought against the Security Agent and against all losses, costs, charges or expenses (including legal fees) which the Security Agent may suffer or incur which in any case arise as a result of the Security Agent acting in accordance with the direction in Clause 7.1 (*Class C Lender direction to Security Agent*) and the Transaction Documents.

7.5 Approval of every modification in respect of the rights of the Class C Lender necessary to give effect to this Deed

The Class C Lender approves every modification and amendment (and the implementation thereof) in respect of their rights relating to the Transaction Documents resulting from or to be effected by the modifications, authorisations and determinations referred to in the direction in Clause 7.1 (*Class C Lender direction to Security Agent*).

8. Counterparts

This Deed may be executed in any number of counterparts and by each Party on single counterparts. Each counterpart is an original, but all counterparts shall together constitute one and the same instrument. Delivery of a counterpart of this Deed by e-mail shall be an effective mode of delivery.

9. Law and jurisdiction

9.1 Governing law

This Deed and any non-contractual obligations arising out of or in connection with it shall be governed by, and interpreted in accordance with, English law.

9.2 The English courts shall have exclusive jurisdiction in relation to all disputes arising out of or in connection with this Deed (including claims for set-off and counterclaims), including disputes arising out of or in connection with: (i) the creation, validity, effect, interpretation, performance or non-performance of, or the legal relationships established by, this Deed; and (ii) any non-contractual obligations arising out of or in connection with this Deed. For such purposes, each Party irrevocably submits to the jurisdiction of the English courts and waives any objection to the exercise of such jurisdiction.

SIGNATURES

IN WITNESS of which this Deed has been executed and delivered by the Parties to it on the date stated on the first page of this Deed.

Receivables Manager and Seller

Executed as a **DEED**)

for and on behalf of)

PAYPAL (EUROPE) S.À.R.L. ET CIE, S.C.A.)

acting through and represented by its managing general partner PayPal (Europe) S.à r.l.

By:

/s/ Sean Byrne

Authorised Signatory

Receivables Manager

Executed as a **DEED**)
by **PAYPAL UK LTD**)
by a director in the presence)
of the specified witness)

Signed: /s/ Simon Bladon

Print name: Simon Bladon

Director

Witness

Signed: /s/ Anna Grafton-Green

I confirm that the above-named signatory has executed this document in my presence.

Print name: Anna Grafton-Green

Address: 32 Connaught Gardens, London N10 3LB

The Purchaser

Executed as a **DEED**)
for and on behalf of)
ALPS PARTNERS S.À R.L.)

By:

/s/ Stefan Ruppert

Name: Stefan Ruppert

Title: Manager

The Security Agent

Executed as a **DEED**)
for and on behalf of)
BNY MELLON CORPORATE TRUSTEE SERVICES LIMITED)
acting by two of its lawful Attorneys, in its capacity as Security Agent:

Attorney: /s/ John Kane
John Kane

Attorney: /s/ Salvatore Ferrante
Salvatore Ferrante
Authorised Signatory

in the presence of:

Witness name: Matteo Avello

Signature: /s/ Matteo Avello
Authorised Signatory

Address: The Bank of New York Mellon, 160 Queen Victoria Street, London EC4V 4LA

The Back-Up Receivables Manager Facilitator

Executed as a **DEED**)
for and on behalf of)
AVEGA S.À R.L.)

By:

/s/ Stefan Ruppert

Name: Stefan Ruppert
Title: Manager

The Class C Lender

Executed as a **DEED**)
for and on behalf of)
ALPS PARTNERS (HOLDING) S.À R.L.)

By:

/s/ Stefan Ruppert

Name: Stefan Ruppert

Title: Manager

INDEPENDENT DIRECTOR COMPENSATION POLICY

(Effective as of January 1, 2025)

Independent Directors (as defined in the PayPal Holdings, Inc. Amended and Restated 2015 Equity Incentive Award Plan, as it may be amended and restated from time to time (the “Plan”)) of PayPal Holdings, Inc. (“PayPal”) shall be eligible to receive cash and/or equity compensation as set forth in this Independent Director Compensation Policy (this “Policy”). The cash compensation and equity grants described in this Policy shall be paid or be made, as applicable, automatically and without further action of the Board of Directors of PayPal (the “Board”) or the Compensation Committee of the Board (the “Committee”), to each Independent Director who may be eligible to receive such cash compensation or equity grants. This Policy shall remain in effect until it is revised or rescinded by further action of the Board or the Committee.

Annual Equity Awards:

All Independent Directors	\$275,000 in PayPal common stock
Board Chair	\$87,500 in PayPal common stock

For purposes of clarity, the Board Chair receives \$87,500 in PayPal common stock, in addition to the \$275,000 in PayPal common stock the Board Chair receives as an Independent Director. All equity awards are subject to the PayPal Stock Ownership Guidelines.

If an Independent Director is appointed or elected at any time other than an Annual Meeting, the Independent Director shall be eligible to receive a prorated Annual Stock Award, in accordance with Exhibit A (the “Independent Director Equity Compensation Policy”).

Annual Retainers:

All Independent Directors	\$80,000/year
Board Chair	\$87,500/year
Lead Independent Director	\$75,000/year
Audit, Risk and Compliance Committee Chair	\$40,000/year
Compensation Committee Chair	\$25,000/year
Corporate Governance & Nominating Committee Chair	\$20,000/year
Audit, Risk and Compliance Committee Member	\$20,000/year
Compensation Committee Member	\$18,000/year
Corporate Governance & Nominating Committee Member	\$10,000/year

For purposes of clarity, (i) an Independent Director who serves as the Board Chair is not also entitled to an additional annual retainer as Lead Independent Director, (ii) an Independent Director who serves as the chair of a committee will be entitled to the committee chair annual retainer for that specific committee in addition to the Independent Director annual retainer but will not be entitled to the committee annual retainer for serving as a member of that specific committee and (iii) an Independent Director who serves as Board Chair will be entitled to the Board Chair annual retainer in addition to the Independent Director annual retainer.

Annual retainers shall be payable on the first trading day after January 1 of each year in which the Independent Director serves as an Independent Director of the Board (the “Annual Retainer Payment Date”) and shall be paid as soon as administratively practicable following the Annual Retainer Payment Date. If an Independent Director is elected or appointed to serve as a member of the Board, or appointed to serve as a member of a committee or as a chair of a committee in which such director is not a member prior to such appointment, during a calendar year but following the Annual Retainer Payment Date for such calendar year, their annual retainer(s) (or additional retainer if the Independent Director is serving in a different capacity) will be prorated, by multiplying such annual retainer(s) by a fraction, the numerator of which is the number of days from the appointment or election date to December 31 of such calendar year, and the denominator of which is 365 (the “prorated annual retainer”). The prorated annual retainer shall be paid to the Independent Director as soon as administratively practicable following such appointment or election. An Independent Director that changes roles during a calendar year but following the Annual Retainer Payment Date for such calendar year will be entitled to a proration of the incremental increase, if any, between their annual retainer amount received for such calendar year and the increased retainer amount. For the avoidance of doubt, the Independent Director is not required to repay their annual retainer(s) or any portion thereof in the event that such Independent Director’s role is changed or service is terminated during the calendar year. In lieu of receiving an annual retainer in cash, an Independent Director may elect to receive a fully vested Stock Payment award of PayPal common stock having a Fair Market Value, as of the grant date, equal to the forgone retainer.

Neither this Policy nor any compensation paid hereunder will confer on any Independent Director the right to continue to serve as a member of the Board or to continue providing services to PayPal in any capacity.

All capitalized terms used but not defined herein (or in [Exhibit A](#)) shall have the meaning ascribed to them in the Plan. See [Exhibit A](#) for additional information regarding Independent Director equity compensation.

EXHIBIT A

PayPal Holdings, Inc.

INDEPENDENT DIRECTOR EQUITY COMPENSATION POLICY (Effective as of January 1, 2025)

Independent Directors of the Board of PayPal are entitled to receive equity awards as part of the compensation for their service to the Board. The Committee is responsible for reviewing and approving the equity compensation arrangements for Independent Directors. The Committee has approved an arrangement whereby Independent Directors receive awards of PayPal common stock under the Plan according to a set, non-discretionary formula. This memorandum shall serve as written documentation of the non-discretionary formula established by the Committee pursuant to Article 10 of the Plan and shall supersede any prior policy or description of the formula. All awards are subject to the terms and conditions of the Plan and an award agreement in the form approved by the Committee to evidence such type of grant pursuant to this policy (the “award agreement”).

(1) Annual Award of Common Stock

Each Independent Director shall be granted a fully vested Stock Payment award of PayPal common stock under the Plan, promptly following the annual meeting of stockholders of PayPal (“Annual Meeting”). The number of shares of PayPal common stock subject to the award will be determined by dividing the amount of the annual equity award (i.e., \$275,000 and, with respect to the additional equity award to the Board Chair, \$87,500) by the per share Fair Market Value of PayPal common stock on the date of the Annual Meeting, rounded up to the nearest whole share (the “Annual Stock Award”).

If an Independent Director is appointed or elected at any time other than an Annual Meeting, the Independent Director shall be eligible to receive a prorated Annual Stock Award, as of the date of their appointment or election, for the period prior to the first Annual Meeting following their appointment or election, determined by (i) multiplying the amount of the annual equity award (i.e., \$275,000 and, with respect to the additional equity award to the Board Chair, \$87,500) by a fraction, the numerator of which is the number of days from the date of appointment or election to the first anniversary of the most recent Annual Meeting, and the denominator of which is 365, and (ii) dividing such amount by the per share Fair Market Value of PayPal common stock on the date of appointment or election, rounded up to the nearest whole share.

(2) Annual Retainer Elections

An Independent Director may elect to have all of their annual retainer (“Annual Retainer”) for services to the Board (and, to the extent applicable, on any committees thereof) in a particular taxable year delivered in the form of a fully vested Stock Payment award for PayPal common stock under the Plan rather than in the form of an annual cash payment (an “Elective Stock Award”). Such an election may only be made with respect to 100% of the Annual Retainer(s) for the calendar year and may not be made for a portion of any Annual Retainer. In the event an Independent Director receives a prorated Annual Retainer due to their appointment or election during a calendar year but following the Annual Retainer Payment Date (as defined in the Policy) for such calendar year, such Independent Director may elect to receive 100% of their prorated Annual Retainer for the calendar year as an

Elective Stock Award. An Independent Director who elects to receive an Elective Stock Award is referred to as an “Electing Director.”

The number of shares of PayPal common stock subject to each Elective Stock Award will be determined by dividing the amount of the cash payment in lieu of which such Elective Stock Award is being made by the per share Fair Market Value of PayPal common stock on the date that the cash payment would otherwise be payable, rounded up to the nearest whole share. For example, if an Electing Director were entitled to an Annual Retainer payment of \$100,000 on January 3 and the per share Fair Market Value of PayPal common stock was \$70 on such date, the Electing Director would be entitled to receive a fully vested Stock Payment award for 1,429 shares of PayPal common stock in lieu of the \$100,000 cash payment. The Elective Stock Award will be granted as of the date the cash payment would otherwise have been payable to the Electing Director.

Each Electing Director’s election must be in a form approved by the Committee and must be delivered to the Committee (or a person designated by the Committee to receive such election) as specified by the Committee or as otherwise prescribed by law. Any election must also comply with PayPal’s insider trading policy.

(3) Treatment of DSUs Previously Granted to Independent Directors

Any elections made by Independent Directors, under the terms and subject to the conditions of the eBay Inc. Independent Director Compensation policy or the PayPal Holdings, Inc. Independent Director Compensation policy at the time of election, to have their annual retainers in respect of service to the Board prior to January 1, 2016 delivered in the form of deferred stock units (“DSUs”) (rather than in cash) will continue to apply to such annual retainers and shall be administered under such policies.

All applicable terms of the Plan and the applicable award agreement shall continue to apply to all DSUs. With respect to DSUs granted prior to August 1, 2013 under the eBay Inc. Independent Director Compensation policy and assumed by PayPal, PayPal has the discretion to deliver shares of PayPal common stock subject to the vested DSU award or a lump sum payment in cash equal to the aggregate Fair Market Value of such shares on the date of distribution. DSUs granted on or after August 1, 2013 may only be settled in shares of PayPal common stock.

Notwithstanding anything to the contrary, for any Independent Director who ceases to be a Board member, any unvested DSUs granted prior to the effective date of such resignation or termination shall automatically vest in full.

In addition, any unvested DSU awards previously granted to an Independent Director will automatically vest in full and become distributable immediately prior to a Change in Control (as defined under the Plan), subject to Section 409A of the Internal Revenue Code of 1986, as amended.

(4) DSUs Held by Former Directors of eBay Inc.

In connection with the distribution of shares of PayPal common stock to the stockholders of eBay Inc., DSUs previously granted to members of the eBay Inc. Board of Directors (the “eBay Board”) were adjusted in the manner set forth in the Employee Matters Agreement by and between PayPal and eBay Inc., dated July 17, 2015, and PayPal assumed and shall deliver or pay the portion of such DSUs relating to PayPal common stock to such members upon their separation from service with the Board or, if such member continues to serve as a member of the eBay Board after such distribution, upon their separation from service with the eBay Board.

Insider Trading Policy

Approval Date: 2025-02-01

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1. Introduction and Purpose

1.1. Introduction

This policy governs transactions in the securities of PayPal Holdings, Inc. (“PayPal”) as well as the securities of companies with which PayPal does business. This policy is designed to prevent trading based on material non-public information.

1.2. Purpose

Certain federal, state and foreign securities laws (commonly referred to as “insider trading laws”) prohibit people who are aware of Material Non-Public Information (as defined below) about a company from trading that company’s securities or sharing that information directly or indirectly with others who may use such information to make trading decisions (called “tipping”). This policy outlines your legal obligations and the procedures we have in place to prevent violations of insider trading laws.

Any violation of insider trading laws could result in severe civil and criminal liability for you and PayPal, including substantial fines and jail sentences. Given the serious nature of a violation, anyone who fails to comply with this policy, whether intentionally or not, may be subject to disciplinary action, up to and including termination of employment or contract.

You are fully responsible for understanding and complying with the letter and spirit of this policy.

From time to time, PayPal may engage in transactions in its own securities (PayPal Securities, as defined below). It is PayPal’s policy to comply with all applicable securities laws and regulations, state laws and applicable listing standards (including appropriate approvals by its Board of Directors or appropriate committee, if required) when engaging in transactions of PayPal Securities.

2. Scope

This policy covers all PayPal and PayPal subsidiaries’ directors, officers, employees, consultants and contractors; members of their families and others living in their households; and any other entities (such as trusts, partnerships, corporations and foundations) over which such people have control (collectively referred to as “you”). If you are covered by this policy, you are also responsible for ensuring that your family members, other members of your household, and any entities over which you have voting or investment control comply with this policy. Under this policy, “transactions” and “trading” include any gifts and other transfers of securities discussed in Section 4.9 (Restrictions on Gifts, Charitable Donations and Other Non-Sale Transfers).

3. Definitions

Blackout Period: A specified period of time in which trading PayPal Securities (defined below) is prohibited. Consult the My Stock Information page on The Bridge.

General Counsel: The officer whose pre-approval is required for all proposed Restricted Activities by Section 16 Parties and other Restricted Parties in accordance with the procedures described below in Section 4.4 (Pre-Approval Requirement for Section 16 Parties and Other Restricted Parties) and Section 4.11 (10b5-1 Written Plans), as applicable. For the General Counsel, any proposed Restricted Activities must be pre-approved by PayPal’s Chief Executive Officer. The General Counsel’s decisions under this policy are final.

PayPal Securities: PayPal Securities include PayPal’s common stock, restricted stock units, performance-based restricted stock units, deferred stock units, stock options, restricted stock awards, and any other type of securities that PayPal may issue. PayPal Securities also include derivative securities that

are not issued by PayPal, such as exchange-traded put options, call options and swaps relating to PayPal Securities, regardless of how they would be settled.

Insiders: Exhibit A includes people who are categorized as “Insiders” for purposes of this policy because they may have access to Material Non-Public Information in the normal course of their duties for PayPal. Exhibit A may be updated from time to time by the General Counsel.

Material Non-Public Information: This definition consists of two parts:

Material Information. Information about PayPal is considered to be “Material” if a reasonable investor would consider that information important in making a decision to buy or sell PayPal Securities. Any information that could reasonably be expected to affect PayPal’s stock price, either positively or negatively, is Material. Information may be Material even if it relates to future, speculative or contingent events and even if it is significant only when considered in combination with publicly available information. While it may be difficult under this standard to determine whether information is Material, there are categories of information that are particularly sensitive and, as a general rule, should be considered to be Material. Examples of information that may be material include:

- Financial or operational results or projections, including earnings information;
- Significant changes in financial performance or liquidity;
- Significant potential mergers, acquisitions or tender offers, or major sales of assets;
- Significant pricing changes;
- Significant legal proceedings or governmental investigations;
- Stock splits or a change in dividend policy;
- Sales or purchases by PayPal of its own securities;
- Significant financing or restructuring transactions;
- Major transactions with other companies, such as partnership agreements and joint ventures;
- Significant cybersecurity incidents;
- Gain or loss of a significant customer or supplier;
- Significant new products, processes or services; and
- Changes in senior management.

It is not possible to define all categories of Material Information, and you should recognize that the public, the media, enforcement authorities, and the courts may use hindsight in judging what is Material. If there is any doubt, it is important to err on the safe side and assume that information is Material.

Non-Public Information. Information that has not been disclosed to the public is generally considered to be “Non-Public Information.” Information is not considered “public” until PayPal has formally disclosed it (e.g., through a press release or an SEC filing) or it has otherwise been widely disseminated to investors, and the market has had a reasonable opportunity to absorb it. PayPal generally considers information to have been fully absorbed by the market and to be publicly available for purposes of this policy after the close of market on the first full trading day after PayPal’s widespread public release or dissemination of the information. For example, if PayPal announces earnings before the market opens on Wednesday, the earliest that you can buy or sell PayPal Securities is after the market opens on Thursday (assuming that the trading window is open and that you are not aware of any Material Non-Public Information at that time).

Restricted Activities: Include:

- Establishing or amending a binding plan, contract or instruction regarding transactions in PayPal Securities that meets the requirements necessary to establish an affirmative defense to insider trading liability established by Rule 10b5-1 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and the related rules of the SEC (a “Written Plan”); Refer to Section 4.11 (10b5-1 Written Plans) below for more details; or
 - Buying or selling any PayPal Securities except under a Written Plan. Refer to Section 4.1 (Trading Windows), Section 4.2 (Blackout Periods), Section 4.3 (Prohibited Activities), and Section 4.4 (Pre-Approval Requirements for Section 16 Parties and Other Restricted Parties) below for more details.

Restricted Parties: Consists of (1) Section 16 Parties, and (2) all PayPal employees at the level of Senior Vice President or above.

SEC: The United States Securities and Exchange Commission.

Section 16 Parties: The people subject to the reporting provisions and trading restrictions under Section 16 of the Exchange Act.

4. Policy Requirements

4.1. Trading Windows

- Trading Window for Insiders and Restricted Parties. Restricted Parties (subject to obtaining prior written approval in accordance with Section 4.4 (Pre-Approval Requirement for Section 16 Parties and Other Restricted Parties) and Section 4.11 (10b5-1 Written Plans) below, as applicable) and other Insiders may engage in Restricted Activities only between (a) the start of the second trading day after PayPal’s release of financial results for the prior quarter and (b) the tenth (10th) day of the third month of the current quarter. For example, if PayPal announces first quarter earnings after the close of market on May 3rd, the trading window for Insiders and Restricted Parties would run from (a) the open of market on May 5th (or the first following trading day, if the stock markets are not open on May 5th) until (b) the close of market on June 10th. Restricted Parties are encouraged to consider buying and selling PayPal Securities (other than as contemplated by Section 4.10 (Treatment under PayPal’s Equity Compensation Plans)) pursuant to a Written Plan adopted in accordance with the terms of Section 4.11 (10b5-1 Written Plans).
- Early or Extended Closing of Trading Window. In certain circumstances, there may be Material Non-Public Information that prompts the General Counsel to close the trading window early for all or a select group of Insiders and/or other employees.

4.2. Blackout Periods

Insiders and Restricted Parties may never trade PayPal Securities (a) between (i) the tenth (10th) day of the third month of the quarter and (ii) the end of the first full trading day following PayPal’s release of financial results for the prior quarter or (b) during any other period for which PayPal has declared that there may be no trading in PayPal Securities, in either case. The foregoing restrictions do not apply to transactions under a Written Plan subject to the restrictions set forth in Section 4.11 (10b5-1 Written Plans) below and otherwise in compliance with this policy.

4.3. Prohibited Activities

Even if the trading window is open, you may never engage in a Restricted Activity while you are aware of Material Non-Public Information. In addition, you may not engage in a Restricted Activity outside of

applicable trading windows or during special Blackout Periods designated by the General Counsel. You may not disclose to anyone outside of the Company that a special Blackout Period has been designated. Except within a Written Plan adopted pursuant to Section 4.11 (10b5-1 Written Plans), you are strongly discouraged from placing standing or limit orders on PayPal Securities. Standing and limit orders create heightened risks for insider trading violations because there is no control over the timing of purchases or sales that result from standing instructions to a broker, and as a result, the broker could execute your order while you are in possession of Material Non-Public Information. In addition, any entity controlled by you may not make any transactions involving PayPal Securities at any time when you are prohibited from engaging in such transactions under this policy.

4.4. Pre-Approval Requirements for Section 16 Parties and Other Restricted Parties

A Restricted Party may engage in a Restricted Activity only after receiving pre-approval of the form, amount and nature of the proposed Restricted Activity, by: (i) the General Counsel, for Section 16 Parties; or (ii) the General Counsel or the Corporate Secretary for any other Restricted Party who is not a Section 16 Party (e.g., Senior Vice Presidents). The adoption, amendment or termination of a Written Plan is subject to the pre-approval procedures described below in Section 4.11 (10b5-1 Written Plans). Pre-approval may be obtained by following the procedures outlined in Exhibit B, which may be updated from time to time by the General Counsel. Section 16 Parties are reminded that even transfers of PayPal Securities that are not Restricted Activities may be subject to disclosure under Section 16 of the Exchange Act.

4.5. No Disclosure of Material Non-Public Information

You may not disclose Material Non-Public Information about PayPal to any third party (including family members, friends, analysts, individual investors, members of the investment community, and news and social media), unless such disclosure is required as part of your regular duties for PayPal and in accordance with applicable PayPal policies.

4.6. No Trading Advice

You may not give trading advice of any kind (including recommendations or expressions of opinion) to anyone about trading in PayPal securities.

4.7. No Hedging, Monetization, Futures, Derivatives, Pledging, etc.

You may never enter (directly or indirectly) into any hedging or monetization transactions, including prepaid variable forward contracts, equity swaps, collars and exchange funds or any other transaction that hedges or offsets, or is designed to hedge or offset, any decrease in the market value of PayPal Securities owned directly or indirectly by you or that is effected by anyone who is designated to engage in such transactions on your behalf. You may never use PayPal derivative securities as collateral in a margin account or for any loan or extension of credit, or otherwise trade in any instrument relating to the future price of PayPal Securities, such as a put or call option, futures contract, short sale (including a short sale “against the box”), collar or other derivative security. In addition, no Section 16 Party may pledge any PayPal Securities as collateral for loans. All other employees are strongly discouraged from pledging PayPal Securities as collateral for loans. The foregoing restrictions do not preclude you or any of your designees from engaging in general portfolio diversification or investing in broad-based index funds.

4.8. Other Companies’ Information

In certain circumstances, you may be exposed to information about another company that is material to that company and not yet public (i.e., it represents material non-public information for that company). You may not:

- Trade the securities of any other company while you have material non-public information about that company obtained through your work for PayPal;
- “Tip” or disclose such information to any other person; or
- Give trading advice of any kind to anyone, including making recommendations or expressing opinions, about the other company while in possession of such information.

4.9. Restrictions on Gifts, Charitable Donations and Other Non-Sale Transfers

When the trading window is closed or you are otherwise in possession of Material Non-Public Information, you may not transfer PayPal Securities as gifts or charitable donations or engage in any other non-sale transfer of PayPal Securities. Restricted Parties are required to obtain pre-approval from the General Counsel for the transfer of PayPal Securities as gifts, charitable donations and other non-sale transfers occurring in an open trading window.

4.10. Treatment under PayPal’s Equity Compensation Plans

- Equity Compensation Plans – General Principles. This policy does not apply to the grant or acquisition of restricted stock units, performance-based restricted stock units, deferred stock units, stock options, restricted stock awards, or other forms of equity compensation under any of PayPal’s equity compensation plans. Except as described below under “Tax Withholding Sales,” any sale of PayPal Securities acquired under PayPal’s equity compensation plans is subject to the prohibitions and restrictions of this policy.
- Stock Option Exercises. The trading prohibitions and restrictions of this policy do not apply to the acquisition of PayPal Securities through the exercise of stock options granted by PayPal with a cash payment or shares of PayPal common stock, since the other party to these transactions is PayPal itself and the price is fixed by the terms of the option agreement. However, this policy does apply to all sales of PayPal Securities acquired through any such exercise of stock options (including, without limitation, broker-assisted cashless exercises of stock options or any other open market sale for purposes of generating cash to pay the exercise price of stock options). Further, you may not change any election regarding whether to pay any such exercise price in cash or stock while you are in possession of Material Non-Public Information.
- Employee Stock Purchase Plan. This policy does not apply to purchases of PayPal stock under PayPal’s Employee Stock Purchase Plan (“ESPP”). However, your initial election to participate in the ESPP, any changes that you make regarding your level of participation (i.e., changing the percentage of your salary that you are contributing, or terminating your participation in the program), and any sales of shares purchased under the ESPP are subject to the prohibitions and restrictions of this policy.
- Tax Withholding Sales. This policy does not apply to sales on behalf of employees who are: (i) not Section 16 Parties; (ii) subject to tax withholding obligations outside the U.S. (at the time of sale); and (iii) selling restricted shares or securities issuable under restricted stock units granted under PayPal’s equity compensation plans because the sale is required by PayPal to satisfy PayPal’s tax withholding obligations for restricted shares or restricted stock units upon vesting (“tax withholding sales”).

4.11. 10b5-1 Written Plans

Rule 10b5-1 allows you, at a time when you are not aware of Material Non-Public Information, to:

- enter into a binding contract to purchase or sell PayPal Securities;

- instruct another person to purchase or sell PayPal Securities for your account; or
- establish a Written Plan for trading PayPal Securities.

Written Plans must meet the requirements of Rule 10b5-1 and are subject to additional requirements under this policy as follows:

- Entering into, amending, or terminating a Written Plan:
 - Because entering into or amending a Written Plan is a Restricted Activity under this policy, you may not enter into or amend a Written Plan while you are aware of Material Non-Public Information.
 - Any entry into or amendment to your Written Plan must be made while your trading window is open.
 - No Section 16 Party may enter into or amend a Written Plan without the pre-approval of the General Counsel, and no other party (including without limitation other Restricted Parties) may enter into or amend a Written Plan without the pre-approval of the General Counsel or the Corporate Secretary. In each case, pre-approval may be obtained by following the procedures outlined in Exhibit B.
 - When you enter into or amend a Written Plan, you must include a representation that, on the date of adoption of the Written Plan, you are not aware of Material Non-Public Information and you are adopting the Written Plan in good faith and not as part of a plan or scheme to evade the prohibitions of Exchange Act Rule 10b-5.
 - You may not have more than one Written Plan in effect for open market purchases or sales of PayPal Securities. This prohibition does not apply to plans authorizing eligible tax withholding sales, provided that you do not control the timing of such sales. You also may maintain two separate Written Plans for open market purchases or sales of PayPal Securities if trading under the later-commencing plan is not authorized to begin until after all trades under the earlier-commencing plan are completed or expire without execution. If you terminate the first plan early, however, the first trade under the later-commencing plan must not be scheduled to occur until after the waiting period described below following the termination of the earlier plan.
 - In any 12-month period, you may not enter into more than one “single-trade” Written Plan (one designed to effect the open market purchase or sale of the total amount of PayPal Securities subject to the plan as a single transaction). This prohibition does not apply to plans authorizing tax withholding sales, provided that you do not control the timing of such sales.
 - A Written Plan may be terminated only following notice to and consultation with the General Counsel.
- Restrictions on trades permitted under a Written Plan:
 - If you are a Section 16 Party, your Written Plan may not permit you to engage in any trades relating to PayPal Securities until the later of (i) 90 days after the adoption or amendment of the Written Plan or (ii) 2 business days following PayPal’s filing of the Form 10-Q or 10-K for the quarter in which the Written Plan was adopted or amended, for a maximum of 120 days after the adoption or amendment of the Written Plan.

- o If you are not a Section 16 Party, your Written Plan may not permit you to engage in any trades relating to PayPal Securities until the later of (i) 30 days after the adoption or amendment of the Written Plan or (ii) the opening of the trading window after the quarter in which you adopt or amend the Written Plan.
- Executing opposite-way transactions in PayPal Securities outside of an existing Written Plan is prohibited (e.g., purchasing PayPal Securities when an existing Written Plan contemplates sales of PayPal Securities).

4.12. Classification as a Section 16 Party

If PayPal determines that you are no longer a Section 16 Party, the provisions in this policy specifically applicable to Section 16 Parties will cease to apply to you effective upon the date of that determination. PayPal will promptly notify you in writing if it makes such a determination.

4.13. Post-Termination Transactions

Even after your employment or service with PayPal terminates, if you are aware of Material Non-Public Information, you may not engage in a Restricted Activity until such Material Non-Public Information has become public and/or is no longer Material.

4.14. Individual Responsibility

You are individually responsible for complying with this policy at all times. You are also responsible for making sure that any family member, household member or entity over which you have voting or investment control whose transactions are subject to this policy understand and comply with this policy. Use appropriate judgment in connection with any transaction in PayPal's Securities. You should refer suspected violations of this policy to your local Business Ethics Officer, the Ombuds/Ethics team at speakup@paypal.com, the General Counsel, or the Corporate Secretary.

4.15. Consequences of Violations

Any violation of the insider trading laws (including tipping) could result in severe civil and criminal liability for you and PayPal, including substantial fines and jail sentences. The SEC, the stock exchanges, and the Financial Industry Regulatory Authority use sophisticated electronic surveillance techniques to uncover insider trading. Please remember that anyone scrutinizing your transactions will be doing so after the fact and with the benefit of hindsight. As a practical matter, before engaging in trading any PayPal Securities, carefully consider how enforcement authorities and others might view the transaction in hindsight.

PayPal personnel who violate this policy are subject to disciplinary action, up to and including termination of employment or contract.

5. Policy Approval Requirements

The Corporate Secretary is responsible for conducting an annual review of this policy and updating as needed.

6. Enforcement and Exceptions

The Corporate Secretary is responsible for enforcing this policy. For additional guidance relating to this policy, please reach out to the General Counsel, the Corporate Secretary, or Global Stock Plan Services.

7. Document Control

This sub-section lists all previous versions of the Policy and should provide complete information on all changes made to the Policy since its creation. This sub-section is mandatory.

Version	Change Summary	Owner	Author	Approver	Approval Date

Exhibit B

Pre-approval Procedures for Restricted Parties:

All Senior Vice Presidents and above must receive pre-approval from the General Counsel and/or Corporate Secretary, as applicable, prior to executing any Restricted Activities in PayPal Securities.

A request for pre-approval to trade in PayPal Securities should be submitted via email (preclearance@paypal.com) at least 2 trading days in advance of the proposed transaction.

When a request for pre-approval is made, the requestor should summarize the details of the proposed transaction.

Pre-approval requests will be reviewed by the General Counsel and Corporate Secretary.

If pre-approval is granted, it will be valid for 3 full trading days, unless otherwise provided. If the proposed transaction is not executed within that time, a new pre-approval request must be submitted for approval.

If the requestor is or becomes aware of Material Non-Public Information concerning PayPal before the trade is executed, the pre-approval will be void and the trade must not be completed.

If a person seeks pre-approval and permission to engage in the transaction is denied, then they should refrain from initiating any transaction in PayPal Securities and should not inform any other person of the denial.

Exhibit B may be updated from time to time by the General Counsel.

Appendix A

Re: PayPal's Insider Trading Policy

Ladies and Gentlemen:

This letter accompanies PayPal's Insider Trading Policy. **PLEASE READ THE POLICY VERY CAREFULLY.** The consequences of insider trading can be significant to both you and PayPal Holdings, Inc. ("PayPal").

Please confirm that you have read, understand and agree to be bound by the Insider Trading Policy by signing and returning the below certification to MyHR.

Very truly yours,

/signed/ Bimal Patel

Senior Vice President and General Counsel

CERTIFICATION

I certify that I have read, understand and agree to comply with PayPal's Insider Trading Policy for as long as I am subject to the policy.

I agree that I will be subject to sanctions (which may include termination of employment or contract) that may be imposed by PayPal, in its sole and absolute discretion, for violation of this policy.

I also understand and agree that PayPal may give stop-transfer and other instructions to its transfer agent to stop my transfer of PayPal securities in any transaction that PayPal considers to be in violation of its policy.

I understand that PayPal Legal or Global Stock Plan Services is available to answer any questions I have regarding this policy.

(Signature)

Printed name: _____

Date signed: _____

SUBSIDIARIES OF PAYPAL HOLDINGS, INC.

The following is a list of subsidiaries of PayPal Holdings, Inc., omitting subsidiaries which, considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary.

Subsidiary	Jurisdiction of Organization
Bill Me Later, Inc.	Delaware, United States
Paidy Inc.	Japan
Payments Technology Holdings, LLC.	Hawaii, United States
Payments Technology Insurance Company, Inc.	Hawaii, United States
PayPal (Europe) S.à r.l. et Cie, S.C.A.	Luxembourg
PayPal 2 S.à r.l.	Luxembourg
PayPal Australia Pty Limited	Australia
PayPal Canada Co.	Canada
PayPal do Brasil Instituição de Pagamento Ltda.	Brazil
PayPal Global Holdings, Inc.	Delaware, United States
PayPal International Treasury Centre S.à r.l.	Luxembourg
PayPal, Inc.	Delaware, United States
PayPal Payment Holdings Pte. Ltd.	Singapore
PayPal Pte. Ltd.	Singapore
PayPal UK Ltd	United Kingdom
Swift Financial, LLC.	Delaware, United States

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-266475 and 333-266474) and Form S-8 (No. 333-281110, 333-272808, 333-266139, 333-262503, 333-257416, 333-256374, 333-255416, 333-235832, 333-226532, 333-225625 and 333-205609) of PayPal Holdings, Inc. of our report dated February 4, 2025 relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
San Jose, California
February 4, 2025

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER,
AS REQUIRED BY SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002.**

I, Alex Chriss, certify that:

1. I have reviewed this report on Form 10-K of PayPal Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Alex Chriss

Alex Chriss

*President, Chief Executive Officer and Director
(Principal Executive Officer)*

Date: February 4, 2025

**CERTIFICATION OF CHIEF FINANCIAL OFFICER,
AS REQUIRED BY SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002.**

I, Jamie Miller, certify that:

1. I have reviewed this report on Form 10-K of PayPal Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Jamie Miller

Jamie Miller

*Executive Vice President, Chief Financial Officer
(Principal Financial Officer)*

Date: February 4, 2025

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER,
AS REQUIRED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002.**

I, Alex Chriss, hereby certify pursuant to 18 U.S.C. Section 1350 adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

- (i) The accompanying annual report on Form 10-K for the year ended December 31, 2024 fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and
- (ii) The information contained in such report fairly presents, in all material respects, the financial condition and results of operations of PayPal Holdings, Inc.

/s/ Alex Chriss

Alex Chriss

*President, Chief Executive Officer and Director
(Principal Executive Officer)*

Date: February 4, 2025

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of this report.

**CERTIFICATION OF CHIEF FINANCIAL OFFICER,
AS REQUIRED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002.**

I, Jamie Miller, hereby certify pursuant to 18 U.S.C. Section 1350 adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

- (i) The accompanying annual report on Form 10-K for the year ended December 31, 2024 fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and
- (ii) The information contained in such report fairly presents, in all material respects, the financial condition and results of operations of PayPal Holdings, Inc.

/s/ Jamie Miller

Jamie Miller

*Executive Vice President, Chief Financial Officer
(Principal Financial Officer)*

Date: February 4, 2025

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of this report.

PAYPAL HOLDINGS, INC.

MANDATORY RECOVERY POLICY FOR EXECUTIVE OFFICERS

The Board of Directors (the “Board”) of PayPal Holdings, Inc. (the “Company”) believes that it is appropriate for the Company to adopt this Mandatory Recovery Policy for Executive Officers (the “Policy”) to be applied to the Executive Officers of the Company and adopts this Policy to be effective as of the Effective Date.

1. Definitions

For purposes of this Policy, the following definitions shall apply:

- a) “Committee” means the Compensation Committee of the Board.
- b) “Company Group” means the Company and each of its Subsidiaries, as applicable.
- c) “Covered Compensation” means any Incentive-Based Compensation granted, vested or paid to a person who served as an Executive Officer at any time during the performance period for the Incentive-Based Compensation and that was Received (i) on or after the effective date of the applicable Nasdaq listing standards, (ii) after the person became an Executive Officer and (iii) at a time that the Company had a class of securities listed on a national securities exchange or a national securities association.
- d) “Effective Date” means December 1, 2023.
- e) “Erroneously Awarded Compensation” means the amount of Covered Compensation granted, vested or paid to a person during the fiscal period when the applicable Financial Reporting Measure relating to such Covered Compensation was attained that exceeds the amount of Covered Compensation that otherwise would have been granted, vested or paid to the person had such amount been determined based on the applicable Restatement, computed without regard to any taxes paid (i.e., on a pre-tax basis). For Covered Compensation based on stock price or total stockholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in a Restatement, the Committee will determine the amount of such Covered Compensation that constitutes Erroneously Awarded Compensation, if any, based on a reasonable estimate of the effect of the Restatement on the stock price or total stockholder return upon which the Covered Compensation was granted, vested or paid and the Committee shall maintain documentation of such determination and provide such documentation to Nasdaq.
- f) “Exchange Act” means the Securities Exchange Act of 1934.
- g) “Executive Officer” means each “officer” of the Company as defined under Rule 16a-1(f) under Section 16 of the Exchange Act, which shall be deemed to include any individuals identified by the Company as executive officers pursuant to Item 401(b) of Regulation S-K

under the Exchange Act. Both current and former Executive Officers are subject to the Policy in accordance with its terms.

- h) **Financial Reporting Measure** means (i) any measure that is determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures derived wholly or in part from such measures and may consist of GAAP or non-GAAP financial measures (as defined under Regulation G of the Exchange Act and Item 10 of Regulation S-K under the Exchange Act), (ii) stock price or (iii) total stockholder return. Financial Reporting Measures may or may not be filed with the SEC and may be presented outside the Company's financial statements, such as in Management's Discussion and Analysis of Financial Conditions and Result of Operations or in the performance graph required under Item 201(e) of Regulation S-K under the Exchange Act.
- i) **Home Country** means the Company's jurisdiction of incorporation (if the Company is incorporated outside of the United States).
- j) **Incentive-Based Compensation** means any compensation that is granted, earned or vested based wholly or in part upon the attainment of a Financial Reporting Measure.
- k) **Lookback Period** means the three completed fiscal years (plus any transition period of less than nine months that is within or immediately following the three completed fiscal years and that results from a change in the Company's fiscal year) immediately preceding the date on which the Company is required to prepare a Restatement for a given reporting period, with such date being the earlier of: (i) the date the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare a Restatement, or (ii) the date a court, regulator or other legally authorized body directs the Company to prepare a Restatement. Recovery of any Erroneously Awarded Compensation under the Policy is not dependent on if or when the Restatement is actually filed.
- l) **Nasdaq** means the Nasdaq Stock Market.
- m) **Received**: Incentive-Based Compensation is deemed "Received" in the Company's fiscal period during which the Financial Reporting Measure specified in or otherwise relating to the Incentive-Based Compensation award is attained, even if the grant, vesting or payment of the Incentive-Based Compensation occurs after the end of that period.
- n) **Restatement** means a required accounting restatement of any Company financial statement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including (i) to correct an error in previously issued financial statements that is material to the previously issued financial statements (commonly referred to as a "Big R" restatement) or (ii) to correct an error in previously issued financial statements that is not material to the previously issued financial statements but that would result in a material misstatement if the error was corrected in the current period or left uncorrected in the current period (commonly referred to as a "little r" restatement). Changes to the Company's financial statements that do not represent error corrections under the then-

current relevant accounting standards will not constitute Restatements. Recovery of any Erroneously Awarded Compensation under the Policy is not dependent on fraud or misconduct by any person in connection with the Restatement.

- o) “SEC” means the United States Securities and Exchange Commission.
- p) “Subsidiary” means any domestic or foreign corporation, partnership, association, joint stock company, joint venture, trust or unincorporated organization “affiliated” with the Company, that is, directly or indirectly, through one or more intermediaries, “controlling”, “controlled by” or “under common control with”, the Company. “Control” for this purpose means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such person, whether through the ownership of voting securities, contract or otherwise.

2. Recoupment and Forfeiture of Erroneously Awarded Compensation

In the event of a Restatement, any Erroneously Awarded Compensation Received during the Lookback Period prior to the Restatement (a) that is then-outstanding but has not yet been paid shall be automatically and immediately forfeited and (b) that has been paid to any person shall be subject to reasonably prompt repayment to the applicable member of the Company Group in accordance with Section 3 of this Policy. The Committee must pursue (and shall not have the discretion to waive) the forfeiture and/or repayment of such Erroneously Awarded Compensation in accordance with Section 3 of this Policy, except as provided below.

Notwithstanding the foregoing, the Committee (or, if at any time the Committee is not a committee of the Board responsible for the Company’s executive compensation decisions and composed entirely of independent directors, a majority of the independent directors serving on the Board) may determine not to pursue the forfeiture and/or recovery of Erroneously Awarded Compensation from any person if the Committee determines that such forfeiture and/or recovery would be impracticable due to any of the following circumstances: (i) the direct expense paid to a third party (for example, reasonable legal expenses and consulting fees) to assist in enforcing the Policy would exceed the amount to be recovered (following reasonable attempts by one or more members of the Company Group to recover such Erroneously Awarded Compensation, the documentation of such attempts, and the provision of such documentation to Nasdaq), (ii) pursuing such recovery would violate the Company’s Home Country laws adopted prior to November 28, 2022 (provided that the Company obtains an opinion of Home Country counsel acceptable to Nasdaq that recovery would result in such a violation and provides such opinion to Nasdaq), or (iii) recovery would likely cause any otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

3. Means of Repayment

In the event that the Committee determines that any person shall repay any Erroneously Awarded Compensation, the Committee shall provide written notice to such person by email, certified mail or nationally recognized overnight courier service to the physical address on file with the Company Group for such person, and the person shall satisfy such repayment in a manner and on such terms as required.

by the Committee, and any member of the Company Group shall be entitled to set off the repayment amount against any amount owed to the person by the applicable member of the Company Group, to require the forfeiture of any award granted by any member of the Company Group to the person, or to take any and all necessary actions to reasonably promptly recoup the repayment amount from the person, in each case, to the fullest extent permitted under applicable law, including without limitation, Section 409A of the U.S. Internal Revenue Code of 1986, as amended, and the regulations and guidance thereunder. If the Committee does not specify a repayment timing in the written notice described above, the applicable person shall be required to repay the Erroneously Awarded Compensation to the Company by wire, cash or cashier's check no later than thirty (30) days after receipt of such notice.

4. No Indemnification

No person shall be indemnified, insured or reimbursed by any member of the Company Group in respect of any loss of compensation by such person in accordance with this Policy, nor shall any person receive any advancement of expenses for disputes related to any loss of compensation by such person in accordance with this Policy, and no person shall be paid or reimbursed by any member of the Company Group for any premiums paid by such person for any third-party insurance policy covering potential recovery obligations under this Policy. For this purpose, "indemnification" includes any modification to current compensation arrangements or other means that would amount to *de facto* indemnification (for example, providing the person a new cash award which would be cancelled to effect the recovery of any Erroneously Awarded Compensation). In no event shall any member of the Company Group be required to award any person an additional payment if any Restatement would result in a higher incentive compensation payment.

5. Miscellaneous

This Policy generally will be administered and interpreted by the Committee. Any determination by the Committee with respect to this Policy shall be final, conclusive and binding on all interested parties. Any discretionary determinations of the Committee under this Policy, if any, need not be uniform with respect to all persons, and may be made selectively amongst persons, whether or not such persons are similarly situated. Any dispute by an Executive Officer or related party with respect to this Policy is subject to the mandatory arbitration agreement applicable to the Executive Officer.

This Policy is intended to satisfy the requirements of Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, as it may be amended from time to time, and any related rules or regulations promulgated by the SEC or Nasdaq, including any additional or new requirements that become effective after the Effective Date which upon effectiveness shall be deemed to automatically amend this Policy to the extent necessary to comply with such additional or new requirements.

The provisions in this Policy are intended to be applied to the fullest extent of the law. To the extent that any provision of this Policy is found to be unenforceable or invalid under any applicable law, such provision will be applied to the maximum extent permitted and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to applicable law. The invalidity or unenforceability of any provision of this Policy shall not affect the validity or enforceability of any other provision of this Policy. Recoupment of Erroneously Awarded Compensation under this

Policy is not dependent upon the Company Group satisfying any conditions in this Policy, including any requirements to provide applicable documentation to Nasdaq.

The rights of the members of the Company Group under this Policy to seek forfeiture or reimbursement are in addition to, and not in lieu of, any rights of recoupment, or remedies or rights other than recoupment, that may be available to any member of the Company Group pursuant to the terms of any law, government regulation or stock exchange listing requirement or any other policy (including the PayPal Holdings, Inc. Clawback Policy, effective as of July 18, 2015, as amended from time to time), code of conduct, employee handbook, employment agreement, offer letter, equity award agreement, or other plan or agreement of any member of the Company Group.

6. Amendment and Termination

To the extent permitted by, and in a manner consistent with applicable law, including SEC and Nasdaq rules, the Committee may terminate, suspend or amend this Policy at any time in its discretion.

7. Successors

This Policy shall be binding and enforceable against all persons and their respective beneficiaries, heirs, executors, administrators or other legal representatives with respect to any Covered Compensation granted, vested or paid to or administered by such persons or entities.

PAYPAL HOLDINGS, INC.

MANDATORY RECOVERY POLICY FOR EXECUTIVE OFFICERS

ACKNOWLEDGMENT, CONSENT AND AGREEMENT

I acknowledge that I have received and reviewed a copy of the PayPal Holdings, Inc. Mandatory Recovery Policy for Executive Officers (as may be amended from time to time, the “Policy”) and I have been given an opportunity to ask questions about the Policy and review it with my counsel. I knowingly, voluntarily and irrevocably consent to and agree to be bound by and subject to the Policy’s terms and conditions, including that I will return any Erroneously Awarded Compensation that is required to be repaid in accordance with the Policy. I further acknowledge, understand and agree that (i) the compensation that I receive, have received or may become entitled to receive from the Company Group is subject to the Policy, and the Policy may affect such compensation and (ii) I have no right to indemnification, insurance payments or other reimbursement by or from any member of the Company Group for any compensation that is subject to recoupment and/or forfeiture under the Policy and no right to any advancement of expenses from any member of the Company Group for disputes related to any loss of my compensation in accordance with the Policy, and I hereby waive any rights provided under any other policy, agreement or plan or under the certificate of incorporation or bylaws or similar governing documents of any member of the Company Group (whether such policy, agreement, plan or governing document is entered into or effective before, on or after the Effective Date) that may be contrary to the Policy. I further acknowledge that neither the Policy nor this Acknowledgment, Consent and Agreement is, in any way, an employment contract or an assurance of continued employment. The Policy and this Acknowledgement, Consent and Agreement will be governed by and construed in

accordance with the internal laws of the State of Delaware, without regard to principles of conflict of laws which could cause the application of the law of any other jurisdiction. Capitalized terms not defined herein have the meanings set forth in the Policy.

Signed: _____

Print Name: _____

Date: _____