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

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2026.

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)**		**47-2989869** **(I.R.S. Employer Identification No.)**
2211 North First Street **(Address of Principal Executive Offices)**	**San Jose, California**	**95131** **(Zip Code)**

(408) 967-7000
(Registrant's telephone number, including area code)

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

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

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 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	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No ☒

As of April 29, 2026, there were 882,105,493 shares of the registrant’s common stock, $0.0001 par value, outstanding, which is the only class of common or voting stock of the registrant issued.

PayPal Holdings, Inc.

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PART I: FINANCIAL INFORMATION

ITEM 1: FINANCIAL STATEMENTS

PayPal Holdings, Inc.

CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2026	December 31, 2025
	(In millions, except par value) (Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 6,977	$ 8,049
Short-term investments	2,365	2,373
Accounts receivable, net	843	840
Loans and interest receivable, held for sale	1,825	1,726
Loans and interest receivable, net of allowances of $560 and $539 as of March 31, 2026 and December 31, 2025, respectively	6,705	6,746
Funds receivable and customer accounts	39,501	38,198
Prepaid expenses and other current assets	1,779	1,827
Total current assets	59,995	59,759
Long-term investments	4,125	4,330
Property and equipment, net	1,708	1,700
Goodwill	10,946	10,864
Intangible assets, net	206	208
Other assets	3,566	3,312
Total assets	$ 80,546	$ 80,173
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 162	$ 240
Funds payable and amounts due to customers	41,501	40,198
Accrued expenses and other current liabilities	5,974	6,005
Total current liabilities	47,637	46,443
Other long-term liabilities	3,476	3,487
Long-term debt	9,409	9,987
Total liabilities	60,522	59,917
Commitments and contingencies (Note 13)		
Equity:		
Common stock, $0.0001 par value; 4,000 shares authorized; 892 and 920 shares outstanding as of March 31, 2026 and December 31, 2025, respectively	—	—
Preferred stock, $0.0001 par value; 100 shares authorized, unissued	—	—
Treasury stock at cost, 457 and 423 shares as of March 31, 2026 and December 31, 2025, respectively	(34,651)	(33,138)
Additional paid-in-capital	21,735	21,582
Retained earnings	33,453	32,470
Accumulated other comprehensive income (loss)	(513)	(658)
Total equity	20,024	20,256
Total liabilities and equity	$ 80,546	$ 80,173

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

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

	Three Months Ended March 31,	
	2026	2025
	(In millions, except per share amounts) (Unaudited)	
Net revenues	$ 8,353	$ 7,791
Operating expenses:		
Transaction expense	4,165	3,704
Transaction and credit losses	378	371
Customer support and operations	446	398
Sales and marketing	518	488
Technology and development	793	731
General and administrative	491	503
Restructuring and other	74	66
Total operating expenses	6,865	6,261
Operating income	1,488	1,530
Other income (expense), net	(95)	73
Income before income taxes	1,393	1,603
Income tax expense	280	316
Net income (loss)	$ 1,113	$ 1,287
Net income (loss) per share:		
Basic	$ 1.22	$ 1.31
Diluted	$ 1.21	$ 1.29
Weighted average shares:		
Basic	913	986
Diluted	920	999

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

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

	Three Months Ended March 31,	
	2026	2025
	(In millions) (Unaudited)	
Net income (loss)	$ 1,113	$ 1,287
Other comprehensive income (loss), net of reclassification adjustments:		
Foreign currency translation adjustments ("CTA"), net	(34)	109
Tax benefit (expense) on foreign CTA, net	4	(7)
Unrealized gains (losses) on cash flow hedges, net	192	(176)
Tax (expense) benefit on unrealized gains (losses) on cash flow hedges, net	(13)	9
Unrealized losses on available-for-sale debt securities, net	(5)	(9)
Tax benefit on unrealized losses on available-for-sale debt securities, net	1	2
Other comprehensive income (loss), net of tax	145	(72)
Comprehensive income (loss)	$ 1,258	$ 1,215

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

PayPal Holdings, Inc.

CONDENSED 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) (Unaudited)				
Balances at December 31, 2025	920	$ (33,138)	$ 21,582	$ (658)	$ 32,470	$ 20,256
Net income	—	—	—	—	1,113	1,113
Foreign CTA, net	—	—	—	(34)	—	(34)
Tax benefit on foreign CTA, net	—	—	—	4	—	4
Unrealized gains on cash flow hedges, net	—	—	—	192	—	192
Tax expense on unrealized gains on cash flow hedges, net	—	—	—	(13)	—	(13)
Unrealized losses on available-for-sale debt securities, net	—	—	—	(5)	—	(5)
Tax benefit on unrealized losses on available-for-sale debt securities, net	—	—	—	1	—	1
Common stock and stock-based awards issued, net of shares withheld for employee taxes	6	—	(139)	—	—	(139)
Common stock repurchased	(34)	(1,513)	—	—	—	(1,513)
Cash dividends declared ($0.14 per share)	—	—	—	—	(130)	(130)
Stock-based compensation	—	—	292	—	—	292
Balances at March 31, 2026	892	$ (34,651)	$ 21,735	$ (513)	$ 33,453	$ 20,024

	Common Stock Shares	Treasury Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Equity
		(In millions) (Unaudited)				
Balances at December 31, 2024	993	$ (27,085)	$ 20,705	$ (550)	$ 27,347	$ 20,417
Adoption of crypto asset accounting standard	—	—	—	—	20	20
Net income	—	—	—	—	1,287	1,287
Foreign CTA, net	—	—	—	109	—	109
Tax expense on foreign CTA, net	—	—	—	(7)	—	(7)
Unrealized losses on cash flow hedges, net	—	—	—	(176)	—	(176)
Tax benefit on unrealized losses on cash flow hedges, net	—	—	—	9	—	9
Unrealized losses on available-for-sale debt securities, net	—	—	—	(9)	—	(9)
Tax benefit on unrealized losses on available-for-sale debt securities, net	—	—	—	2	—	2
Common stock and stock-based awards issued, net of shares withheld for employee taxes	5	—	(171)	—	—	(171)
Common stock repurchased	(19)	(1,512)	—	—	—	(1,512)
Stock-based compensation	—	—	285	—	—	285
Balances at March 31, 2025	979	$ (28,597)	$ 20,819	$ (622)	$ 28,654	$ 20,254

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

PayPal Holdings, Inc.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31,	
	2026	2025
	(In millions) (Unaudited)	
Cash flows from operating activities:		
Net income (loss)	$ 1,113	$ 1,287
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Transaction and credit losses	378	371
Depreciation and amortization	238	245
Stock-based compensation	259	249
Deferred income taxes	(290)	(6)
Net (gains) losses on strategic investments	101	(48)
Accretion of discounts on investments, net of amortization of premiums	(8)	(30)
Adjustments to loans and interest receivable, held for sale	61	25
Other	70	(73)
Originations of loans receivable, held for sale	(11,306)	(6,629)
Proceeds from repayments and sales of loans receivable, originally classified as held for sale	11,073	6,445
Changes in assets and liabilities:		
Accounts receivable	(2)	(98)
Transaction loss allowance for cash losses, net	(313)	(311)
Other current assets and non-current assets	249	64
Accounts payable	(52)	(52)
Other current liabilities and non-current liabilities	(437)	(279)
Net cash provided by operating activities	1,134	1,160
Cash flows from investing activities:		
Purchases of reverse repurchase agreements	—	(200)
Maturities of reverse repurchase agreements	—	87
Purchases of property and equipment	(231)	(196)
Proceeds from sales of property and equipment	8	2
Purchases and originations of loans receivable	(3,865)	(5,508)
Proceeds from repayments and sales of loans receivable, originally classified as held for investment	3,754	5,477
Purchases of investments	(5,923)	(5,970)
Maturities and sales of investments	4,521	5,465
Acquisitions, net of cash acquired	(122)	—
Funds receivable	(352)	(2,741)
Collateral posted related to derivative instruments, net	110	(53)
Net cash used in investing activities	(2,100)	(3,637)
Cash flows from financing activities:		
Purchases of treasury stock	(1,500)	(1,500)
Tax withholdings related to net share settlements of equity awards	(127)	(277)
Borrowings under financing arrangements	930	1,491
Repayments under financing arrangements	(932)	—
Funds payable and amounts due to customers	1,094	1,417
Collateral received related to derivative instruments and reverse repurchase agreements, net	108	(135)
Payments of dividends to stockholders	(130)	—
Other	(2)	(2)
Net cash (used in) provided by financing activities	(559)	994

PayPal Holdings, Inc.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS—(continued)

	Three Months Ended March 31,	
	2026	2025
	(In millions) (Unaudited)	
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(50)	94
Net change in cash, cash equivalents, and restricted cash	(1,575)	(1,389)
Cash, cash equivalents, and restricted cash at beginning of period	24,018	22,490
Cash, cash equivalents, and restricted cash at end of period	$ 22,443	$ 21,101
Supplemental cash flow disclosures:		
Cash paid for interest	$ 18	$ 2
Cash paid for income taxes, net	$ 7	$ 95
The table below reconciles cash, cash equivalents, and restricted cash as reported in the condensed consolidated balance sheets to the total of the same amounts shown in the condensed consolidated statements of cash flows:		
Cash and cash equivalents	$ 6,977	$ 7,569
Funds receivable and customer accounts	15,466	13,532
Total cash, cash equivalents, and restricted cash shown in the condensed consolidated statements of cash flows	$ 22,443	$ 21,101

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

PayPal Holdings, Inc.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

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, and secure, whether online or in-person. Our two-sided platform serves millions of consumers and merchants worldwide.

SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation and principles of consolidation

The accompanying condensed 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.

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 March 31, 2026 and December 31, 2025, no VIEs qualified for consolidation as the structures of these entities do not provide us with both the ability to direct activities that would significantly impact their economic performance and the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE.

As of both March 31, 2026 and December 31, 2025, the carrying value of our investments in nonconsolidated VIEs that are primarily investments in funds that are limited partnerships or similar structures which are focused on increasing access to capital for underserved communities was $202 million, and is included as non-marketable equity securities applying the equity method of accounting in long-term investments on our condensed consolidated balance sheets. Our maximum exposure to loss related to these nonconsolidated VIEs, which represents funded commitments and any future funding commitments, was $246 million as of both March 31, 2026 and December 31, 2025.

These condensed consolidated financial statements and accompanying notes should be read in conjunction with the audited consolidated financial statements and accompanying notes included in our Annual Report on Form 10-K for the year ended December 31, 2025 (the "2025 Form 10-K") filed with the United States ("U.S.") Securities and Exchange Commission on February 3, 2026.

In the opinion of management, these condensed consolidated financial statements reflect all adjustments, consisting only of normal recurring adjustments, which are necessary for a fair statement of the condensed consolidated financial statements for all interim periods presented. Certain amounts for prior periods have been reclassified to conform to the financial statement presentation as of and for the three months ended March 31, 2026.

Use of estimates

The preparation of condensed consolidated financial statements in conformity with 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 condensed 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.

Recently issued accounting guidance

In November 2024, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("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 annual periods beginning after December 15, 2026, and interim reporting periods within annual 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 condensed consolidated financial statements.

In September 2025, the FASB issued ASU 2025-06, *Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software.* The amended guidance modernizes the accounting for costs related to internal-use software to more closely align with current software development methods. The guidance removes references to project stages and clarifies when we are required to start capitalizing eligible costs. The new guidance is effective for fiscal years beginning after December 15, 2027, and interim periods within those fiscal years, with early adoption permitted. The guidance can be applied on a prospective basis, a modified basis for in-process projects, or a retrospective basis. We are evaluating the impact this amended guidance may have on our condensed consolidated financial statements.

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 condensed 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.

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 condensed consolidated balance sheets and were $231 million and $238 million as of March 31, 2026 and December 31, 2025, 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:

	Three Months Ended March 31,	
	2026	2025
	(In millions)	
Primary geographical markets		
U.S.	$ 4,882	$ 4,463
Other countries[1]	3,471	3,328
Total net revenues[2]	$ 8,353	$ 7,791
Revenue category		
Transaction revenues	$ 7,501	$ 7,016
Revenues from other value added services	852	775
Total net revenues[2]	$ 8,353	$ 7,791

[1] No single country included in the other countries category generated more than 10% of total net revenues.
[2] Total net revenues include $473 million and $573 million for the three months ended March 31, 2026 and 2025, 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 interest and fees earned on loans and interest receivable, including loans and interest receivable held for sale, hedging gains or losses, and interest earned and gains or losses 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:

	Three Months Ended March 31,	
	2026	2025
	(In millions, except per share amounts)	
Numerator:		
Net income (loss)	$ 1,113	$ 1,287
Denominator:		
Weighted average shares of common stock - basic	913	986
Dilutive effect of equity incentive awards	7	13
Weighted average shares of common stock - diluted	920	999
Net income (loss) per share:		
Basic	$ 1.22	$ 1.31
Diluted	$ 1.21	$ 1.29
Common stock equivalents excluded from net income (loss) per diluted share because their effect would have been anti-dilutive or potentially dilutive	21	2

NOTE 4—BUSINESS COMBINATIONS

In the three months ended March 31, 2026, we completed an acquisition with a total purchase price of $134 million, consisting primarily of cash consideration, which was accounted for as a business combination. There were no acquisitions accounted for as business combinations completed in the three months ended March 31, 2025.

NOTE 5—GOODWILL AND INTANGIBLE ASSETS

GOODWILL

The following table presents goodwill balances and adjustments to those balances during the three months ended March 31, 2026:

	December 31, 2025	Goodwill Acquired	Foreign CTA	March 31, 2026
	(In millions)			
Total goodwill	$ 10,864	$ 104	$ (22)	$ 10,946

The goodwill acquired during the three months ended March 31, 2026 was associated with one acquisition as described in “Note 4—Business Combinations.”

INTANGIBLE ASSETS

The components of identifiable intangible assets were as follows:

	March 31, 2026			December 31, 2025		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
	(In millions)					
Intangible assets[(1)]:						
Customer lists and user base	$ 377	$ (233)	$ 144	$ 372	$ (224)	$ 148
Marketing related	59	(52)	7	60	(50)	10
Developed technology	23	(3)	20	9	(2)	7
All other	210	(175)	35	208	(165)	43
Intangible assets, net	$ 669	$ (463)	$ 206	$ 649	$ (441)	$ 208

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

Amortization expense for intangible assets was $32 million and $47 million for the three months ended March 31, 2026 and 2025, respectively.

Expected future intangible asset amortization as of March 31, 2026 was as follows:

Fiscal years:	(In millions)
Remaining 2026	$ 77
2027	68
2028	53
2029	2
2030	2
Thereafter	4
Total	$ 206

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 are instead 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.

The components of lease expense were as follows:

	Three Months Ended March 31,	
	2026	2025
	(In millions)	
Operating lease expense	$ 40	$ 41
Finance lease expense - amortization of right-of-use ("ROU") lease assets	4	4
Sublease income	(2)	(2)
Total lease expense, net	$ 42	$ 43

Supplemental cash flow information related to leases during the three months ended March 31, 2026 and 2025 was as follows:

	Three Months Ended March 31,	
	2026	2025
	(In millions)	
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 45	$ 42
Financing cash flows from finance leases	$ 2	$ 2
ROU lease assets obtained in exchange for operating lease liabilities	$ (5)	$ 5

Supplemental balance sheet information related to leases was as follows:

	March 31, 2026		December 31, 2025	
	(In millions, except weighted-average figures)			
	Operating leases	Finance leases	Operating leases	Finance leases
ROU lease assets	$ 499	$ 52	$ 539	$ 56
Current lease liabilities	147	5	148	7
Long-term lease liabilities	505	10	548	10
Total lease liabilities	$ 652	$ 15	$ 696	$ 17
Weighted-average remaining lease term	5.3 years	3.1 years	5.4 years	3.4 years
Weighted-average discount rate	5%	5%	4%	5%

Future minimum lease payments for our leases as of March 31, 2026 were as follows:

	Operating leases	Finance leases
Fiscal years:	(In millions)	
Remaining 2026	$ 129	$ 6
2027	168	6
2028	114	4
2029	96	—
2030	82	—
Thereafter	150	—
Total	$ 739	$ 16
Less: present value discount	(87)	(1)
Lease liability	$ 652	$ 15

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.

As of March 31, 2026, we have an additional operating lease for an office, which will commence in the second quarter of 2026 or later with minimum lease payments aggregating to $284 million and a lease term of twelve years. As of March 31, 2026, we did not have any additional finance leases which have not yet commenced.

NOTE 7—OTHER FINANCIAL STATEMENT DETAILS

ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following table summarizes the changes in accumulated balances of other comprehensive income (loss) for the three months ended March 31, 2026:

	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	$ (110)	$ 13	$ (832)	$ 313	$ (42)	$ (658)
Other comprehensive income (loss) before reclassifications	104	(5)	(34)	—	(8)	57
Less: Amount of net gains (losses) reclassified from accumulated other comprehensive income (loss) ("AOCI")	(88)	—	—	—	—	(88)
Net current period other comprehensive income (loss)	192	(5)	(34)	—	(8)	145
Ending balance	$ 82	$ 8	$ (866)	$ 313	$ (50)	$ (513)

The following table summarizes the changes in accumulated balances of other comprehensive income (loss) for the three months ended March 31, 2025:

	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	$ 147	$ 14	$ (949)	$ 313	$ (75)	$ (550)
Other comprehensive income (loss) before reclassifications	(143)	(8)	109	—	4	(38)
Less: Amount of net gains (losses) reclassified from AOCI	33	1	—	—	—	34
Net current period other comprehensive income (loss)	(176)	(9)	109	—	4	(72)
Ending balance	$ (29)	$ 5	$ (840)	$ 313	$ (71)	$ (622)

The following table provides details about reclassifications from 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)
	Three Months Ended March 31,		
	2026	2025	
	(In millions)		
Net gains (losses) on cash flow hedges—foreign exchange contracts	$ (86)	$ 35	Net revenues
Net gains (losses) on cash flow hedges—foreign exchange contracts	(1)	(1)	Customer support and operations
Net gains (losses) on cash flow hedges—foreign exchange contracts	(1)	(1)	Technology and development
Net gains (losses) on investments	—	1	Net revenues
	(88)	34	Income before income taxes
	—	—	Income tax expense
Total reclassifications for the period	$ (88)	$ 34	Net income (loss)

OTHER INCOME (EXPENSE), NET

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

	Three Months Ended March 31,	
	2026	2025
	(In millions)	
Interest income	$ 107	$ 145
Interest expense	(111)	(103)
Net gains (losses) on strategic investments	(101)	48
Other	10	(17)
Other income (expense), net	$ (95)	$ 73

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 March 31, 2026 and December 31, 2025:

	March 31, 2026	December 31, 2025
	(In millions)	
Cash and cash equivalents[1]	$ 6,977	$ 8,049
Funds receivable and customer accounts:		
Cash and cash equivalents[2]	$ 15,466	$ 15,969
Time deposits	77	94
Available-for-sale debt securities	15,827	14,457
Funds receivable	8,131	7,678
Total funds receivable and customer accounts	$ 39,501	$ 38,198
Short-term investments:		
Time deposits	$ 79	$ 88
Available-for-sale debt securities	2,286	2,285
Total short-term investments	$ 2,365	$ 2,373
Long-term investments:		
Time deposits	$ 6	$ 5
Available-for-sale debt securities	2,313	2,421
Strategic investments	1,806	1,904
Total long-term investments	$ 4,125	$ 4,330

(1) Includes $250 million and nil of available-for-sale debt securities with original maturities of three months or less as of March 31, 2026 and December 31, 2025, respectively.
(2) Includes $187 million and $374 million of available-for-sale debt securities with original maturities of three months or less as of March 31, 2026 and December 31, 2025, respectively.

As of March 31, 2026 and December 31, 2025, 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:

	March 31, 2026[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	$ 250	$ —	$ —	$ 250
Funds receivable and customer accounts:				
U.S. government and agency securities	4,173	1	—	4,174
Foreign government and agency securities	85	—	—	85
Corporate debt securities	2,411	2	(1)	2,412
Mortgage-backed and asset-backed securities	4,232	9	(4)	4,237
Municipal securities	33	—	—	33
Commercial paper	4,475	1	(1)	4,475
Short-term investments:				
U.S. government and agency securities	395	—	—	395
Foreign government and agency securities	110	—	—	110
Corporate debt securities	809	—	(1)	808
Mortgage-backed and asset-backed securities	404	—	(1)	403
Commercial paper	570	—	—	570
Long-term investments:				
U.S. government and agency securities	480	—	—	480
Corporate debt securities	542	1	—	543
Mortgage-backed and asset-backed securities	1,288	3	(1)	1,290
Total available-for-sale debt securities[2]	$ 20,257	$ 17	$ (9)	$ 20,265

[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."

	December 31, 2025[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	$ 3,529	$ 1	$ —	$ 3,530
Foreign government and agency securities	81	—	—	81
Corporate debt securities	2,438	4	(1)	2,441
Mortgage-backed and asset-backed securities	3,825	7	(1)	3,831
Municipal securities	98	—	—	98
Commercial paper	4,229	1	—	4,230
Short-term investments:				
U.S. government and agency securities	443	—	—	443
Foreign government and agency securities	60	—	—	60
Corporate debt securities	985	1	(2)	984
Mortgage-backed and asset-backed securities	448	—	—	448
Commercial paper	350	—	—	350
Long-term investments:				
U.S. government and agency securities	400	—	—	400
Foreign government and agency securities	50	—	—	50
Corporate debt securities	648	2	—	650
Mortgage-backed and asset-backed securities	1,320	2	(1)	1,321
Total available-for-sale debt securities[2]	$ 18,904	$ 18	$ (5)	$ 18,917

[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 $97 million and $101 million at March 31, 2026 and December 31, 2025, respectively, and were included in other current assets on our condensed consolidated balance sheets.

As of March 31, 2026 and December 31, 2025, 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:

	March 31, 2026[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
	(In millions)					
Cash and cash equivalents:						
U.S. government and agency securities	$ 250	$ —	$ —	$ —	$ 250	$ —
Funds receivable and customer accounts:						
U.S. government and agency securities	2,159	—	15	—	2,174	—
Foreign government and agency securities	49	—	—	—	49	—
Corporate debt securities	1,000	(1)	—	—	1,000	(1)
Mortgage-backed and asset-backed securities	1,661	(4)	57	—	1,718	(4)
Commercial paper	1,999	(1)	—	—	1,999	(1)
Short-term investments:						
U.S. government and agency securities	295	—	—	—	295	—
Foreign government and agency securities	25	—	20	—	45	—
Corporate debt securities	233	—	94	(1)	327	(1)
Mortgage-backed and asset-backed securities	247	(1)	53	—	300	(1)
Commercial paper	470	—	—	—	470	—
Long-term investments:						
U.S. government and agency securities	210	—	—	—	210	—
Corporate debt securities	235	—	—	—	235	—
Mortgage-backed and asset-backed securities	389	(1)	6	—	395	(1)
Total available-for-sale debt securities	$ 9,222	$ (8)	$ 245	$ (1)	$ 9,467	$ (9)

[1] "—" Denotes gross unrealized loss or fair value of less than $1 million in a given position.

	December 31, 2025[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
	(In millions)					
Funds receivable and customer accounts:						
U.S. government and agency securities	$ 1,261	$ —	$ 50	$ —	$ 1,311	$ —
Foreign government and agency securities	56	—	—	—	56	—
Corporate debt securities	309	(1)	—	—	309	(1)
Mortgage-backed and asset-backed securities	1,000	(1)	206	—	1,206	(1)
Commercial paper	1,375	—	—	—	1,375	—
Short-term investments:						
U.S. government and agency securities	443	—	—	—	443	—
Foreign government and agency securities	—	—	20	—	20	—
Corporate debt securities	94	(1)	109	(1)	203	(2)
Mortgage-backed and asset-backed securities	354	—	6	—	360	—
Commercial paper	200	—	—	—	200	—
Long-term investments:						
Foreign government and agency securities	25	—	—	—	25	—
Corporate debt securities	20	—	—	—	20	—
Mortgage-backed and asset-backed securities	368	(1)	35	—	403	(1)
Total available-for-sale debt securities	$ 5,505	$ (4)	$ 426	$ (1)	$ 5,931	$ (5)

[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.

The table below presents cash inflows related to available-for-sale debt securities:

	Three Months Ended March 31,	
	2026	2025
	(In millions)	
Proceeds from sales and maturities of available-for-sale debt securities	$ 5,279	$ 5,472

During the three months ended March 31, 2026 and 2025, we incurred gross realized gains and losses which were de minimis. Gross realized gains and losses 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:

	March 31, 2026	
	Amortized Cost	Fair Value
	(In millions)	
One year or less	$ 10,214	$ 10,213
After one year through five years	4,579	4,582
After five years through ten years	2,391	2,387
After ten years	3,073	3,083
Total	$ 20,257	$ 20,265

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

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 condensed consolidated balance sheets at fair value with changes in fair value recorded in other income (expense), net on our condensed consolidated statements of income (loss). Marketable equity securities totaled $106 million and $180 million as of March 31, 2026 and December 31, 2025, respectively. As of March 31, 2026, we held marketable equity securities with a fair value of $94 million with a time-based contractual sale restriction, which is set to expire in May 2026.

Our non-marketable equity securities are recorded as long-term investments on our condensed consolidated balance sheets. The carrying value of our non-marketable equity securities totaled $1.7 billion as of both March 31, 2026 and December 31, 2025. As of both March 31, 2026 and December 31, 2025, we had non-marketable equity securities of $215 million 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 (the “Measurement Alternative”). 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 condensed 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 three months ended March 31, 2026 and 2025 were as follows:

	Three Months Ended March 31,	
	2026	2025
	(In millions)	
Carrying amount, beginning of period	$ 1,509	$ 1,336
Adjustments related to non-marketable equity securities:		
Net additions (reductions)[(1)]	(1)	22
Gross unrealized gains	45	55
Gross unrealized losses and impairments	(68)	—
Carrying amount, end of period	$ 1,485	$ 1,413

[(1)] Net additions (reductions) 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 March 31, 2026 and December 31, 2025, respectively:

	March 31, 2026	December 31, 2025
	(In millions)	
Cumulative gross unrealized gains	$ 917	$ 872
Cumulative gross unrealized losses and impairments	$ (421)	$ (353)

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 March 31, 2026 and 2025, respectively:

	Three Months Ended March 31,	
	2026	2025
	(In millions)	
Net unrealized gains (losses)	$ (97)	$ 48

Supplemental cash flow information related to investments

Non-cash investing transactions that were not reflected in the condensed consolidated statement of cash flows for the three months ended March 31, 2026 and 2025 include the purchase of investments of $25 million and $125 million, respectively, that have not yet settled.

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 March 31, 2026 and December 31, 2025:

	March 31, 2026	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	$ 250	$ —	$ 250
Money market fund	48	48	—
Total cash and cash equivalents	298	48	250
Short-term investments[2]:			
U.S. government and agency securities	395	—	395
Foreign government and agency securities	110	—	110
Corporate debt securities	808	—	808
Mortgage-backed and asset-backed securities	403	—	403
Commercial paper	570	—	570
Total short-term investments	2,286	—	2,286
Funds receivable and customer accounts[3]:			
U.S. government and agency securities	4,174	—	4,174
Foreign government and agency securities	298	—	298
Corporate debt securities	2,763	—	2,763
Mortgage-backed and asset-backed securities	4,237	—	4,237
Municipal securities	33	—	33
Commercial paper	4,509	—	4,509
Total funds receivable and customer accounts	16,014	—	16,014
Derivatives[4]	188	—	188
Long-term investments[2],[5]:			
U.S. government and agency securities	480	—	480
Corporate debt securities	543	—	543
Mortgage-backed and asset-backed securities	1,290	—	1,290
Marketable equity securities	106	106	—
Total long-term investments	2,419	106	2,313
Total financial assets	$ 21,205	$ 154	$ 21,051
Liabilities:			
Derivatives[4]	$ 60	$ —	$ 60

[1] Excludes cash and cash equivalents of $6.7 billion not measured and recorded at fair value.
[2] Excludes time deposits of $85 million not measured and recorded at fair value.
[3] Excludes cash, time deposits, and funds receivable of $23.5 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 condensed consolidated balance sheets.
[5] Excludes non-marketable equity securities of $1.7 billion measured using the Measurement Alternative or equity method accounting.

PayPal Holdings, Inc.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Unaudited)

	December 31, 2025	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	$ 4	$ 4	$ —
Short-term investments[2]:			
U.S. government and agency securities	443	—	443
Foreign government and agency securities	60	—	60
Corporate debt securities	984	—	984
Mortgage-backed and asset-backed securities	448	—	448
Commercial paper	350	—	350
Total short-term investments	2,285	—	2,285
Funds receivable and customer accounts[3]:			
U.S. government and agency securities	3,530	—	3,530
Foreign government and agency securities	371	—	371
Corporate debt securities	2,736	—	2,736
Mortgage-backed and asset-backed securities	3,831	—	3,831
Municipal securities	98	—	98
Commercial paper	4,265	—	4,265
Total funds receivable and customer accounts	14,831	—	14,831
Derivatives[4]	20	—	20
Long-term investments[2], [5]:			
U.S. government and agency securities	400	—	400
Foreign government and agency securities	50	—	50
Corporate debt securities	650	—	650
Mortgage-backed and asset-backed securities	1,321	—	1,321
Marketable equity securities	180	180	—
Total long-term investments	2,601	180	2,421
Total financial assets	$ 19,741	$ 184	$ 19,557
Liabilities:			
Derivatives[4]	$ 158	$ —	$ 158

[1] Excludes cash and cash equivalents of $8.0 billion not measured and recorded at fair value.
[2] Excludes time deposits of $93 million not measured and recorded at fair value.
[3] Excludes cash, time deposits, and funds receivable of $23.4 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 condensed consolidated balance sheets.
[5] Excludes non-marketable equity securities of $1.7 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. 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 contractual 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 March 31, 2026 and December 31, 2025, 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 condensed 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 March 31, 2026 and December 31, 2025:

	March 31, 2026		December 31, 2025	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	(In millions)			
Funds receivable and customer accounts	$ 600	$ 598	$ 621	$ 620

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 three months ended March 31, 2026 and 2025:

	Three Months Ended March 31,	
	2026	2025
	(In millions)	
Funds receivable and customer accounts	$ (15)	$ 31

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

The following tables summarize our assets held as of March 31, 2026 and December 31, 2025 for which a non-recurring fair value measurement was recorded during the three months ended March 31, 2026 and the year ended December 31, 2025, respectively:

	March 31, 2026	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
		(In millions)	
Loans and interest receivable, held for sale	$ 1,287	$ 1,233	$ 54
Non-marketable equity securities measured using the Measurement Alternative[(1)]	208	117	91
Total	$ 1,495	$ 1,350	$ 145

[(1)] Excludes non-marketable equity securities of $1.3 billion accounted for under the Measurement Alternative for which no observable price changes occurred during the three months ended March 31, 2026.

	December 31, 2025	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
		(In millions)	
Loans and interest receivable, held for sale	$ 1,223	$ 1,182	$ 41
Non-marketable equity securities measured using the Measurement Alternative[(1)]	690	679	11
Total	$ 1,913	$ 1,861	$ 52

[(1)] Excludes non-marketable equity securities of $819 million accounted for under the Measurement Alternative for which no observable price changes occurred during the year ended December 31, 2025.

We measure loans and interest receivable, held for sale that are comparable to loans receivable sold to third-party investors using observable inputs, such as the most recent executed prices. These loans and interest receivable, held for sale are classified within Level 2 in the fair value hierarchy. Certain loans and interest receivable, held for sale are valued using significant unobservable inputs, such as adjustments to recently executed prices. These loans and interest receivable, held for sale are classified within Level 3 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.

FINANCIAL ASSETS AND LIABILITIES NOT MEASURED AND RECORDED AT FAIR VALUE

Our financial instruments, including cash, PayPal USD stablecoin (“PYUSD”), time deposits, certain loans and interest receivable, held for sale, loans and interest receivable, net, notes receivable, commercial paper, and debt related to borrowings on our credit facilities are carried at amortized cost, which approximates their fair value. Our term debt (including current portion) had a carrying value of approximately $10.8 billion and fair value of approximately $10.1 billion as of March 31, 2026. Our term debt (including current portion) had a carrying value of approximately $10.8 billion and fair value of approximately $10.3 billion as of December 31, 2025. If these financial instruments were measured at fair value in the financial statements, cash and PYUSD would be classified as Level 1; time deposits, certain loans and interest receivable, held for sale, commercial paper, 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 the applicable expense line item in the condensed 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 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 condensed consolidated statements of cash flows.

As of March 31, 2026, we estimated that $82 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 three months ended March 31, 2026 and 2025, 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 will continue to report the derivative's gain or loss in AOCI until the forecasted transaction affects earnings, at which point we will 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 to which the derivative relates.

Net investment hedges

Prior to 2025, we used foreign exchange contracts to reduce the foreign exchange risk related to our investment in certain foreign subsidiaries. These derivatives were designated as net investment hedges and accordingly, the gains and losses on the portion of the derivatives included in the assessment of hedge effectiveness were recorded in AOCI as part of foreign currency translation. We excluded forward points from the assessment of hedge effectiveness and recognized 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 condensed 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 condensed consolidated statements of cash flows.

FAIR VALUE OF DERIVATIVE CONTRACTS

The fair value of our outstanding derivative instruments as of March 31, 2026 and December 31, 2025 was as follows:

	Balance Sheet Location	March 31, 2026	December 31, 2025
		(In millions)	
Derivative Assets:			
Foreign exchange contracts designated as hedging instruments	Other current assets	$ 107	$ 7
Foreign exchange contracts not designated as hedging instruments	Other current assets	81	13
Total derivative assets		$ 188	$ 20
Derivative Liabilities:			
Foreign exchange contracts designated as hedging instruments	Other current liabilities	$ 25	$ 118
Foreign exchange contracts not designated as hedging instruments	Other current liabilities	35	40
Total derivative liabilities		$ 60	$ 158

EFFECT OF DERIVATIVE CONTRACTS ON CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

	Three Months Ended March 31, 2026 (In millions)			
	Net revenues	Customer support and operations	Technology and development	Other income (expense), net
Total amounts presented in the condensed consolidated statements of income (loss) in which the effects of cash flow hedges are recorded	$ 8,353	$ 446	$ 793	$ (95)
Gains (losses) on derivatives in cash flow hedging relationship:				
Amount of net gains (losses) on foreign exchange contracts reclassified from AOCI	(86)	(1)	(1)	—
Gains (losses) on derivatives not designated as hedging instruments:				
Amount of net gains (losses) on foreign exchange contracts	—	—	—	53
Total net gains (losses)	$ (86)	$ (1)	$ (1)	$ 53

	Three Months Ended March 31, 2025 (In millions)			
	Net revenues	Customer support and operations	Technology and development	Other income (expense), net
Total amounts presented in the condensed consolidated statements of income (loss) in which the effects of cash flow hedges are recorded	$ 7,791	$ 398	$ 731	$ 73
Gains (losses) on derivatives in cash flow hedging relationship:				
Amount of net gains (losses) on foreign exchange contracts reclassified from AOCI	35	(1)	(1)	—
Gains (losses) on derivatives not designated as hedging instruments:				
Amount of net gains (losses) on foreign exchange contracts	—	—	—	(83)
Total net gains (losses)	$ 35	$ (1)	$ (1)	$ (83)

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):

	Three Months Ended March 31,	
	2026	2025
	(In millions)	
Unrealized net gains (losses) on foreign exchange contracts designated as cash flow hedges	$ 104	$ (143)

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, and 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 derivative instruments:

	March 31, 2026	December 31, 2025
	(In millions)	
Foreign exchange contracts designated as hedging instruments	$ 7,469	$ 5,878
Foreign exchange contracts not designated as hedging instruments	8,628	11,932
Total	$ 16,097	$ 17,810

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 condensed 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 condensed consolidated balance sheets.

The following tables present the derivative assets and derivative liabilities not offset on the condensed consolidated balance sheets 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 condensed consolidated balance sheets; therefore, instances of over-collateralization are excluded from the table below.

	Amounts Presented on the Condensed Consolidated Balance Sheets	Amounts Not Offset on the Condensed Consolidated Balance Sheets		Net Amounts
		Financial Instruments[1]	Collateral Received[2]	
		(In millions)		
As of March 31, 2026				
Derivative assets[3]	$ 188	$ 25	$ 107	$ 56
As of December 31, 2025				
Derivative assets[3]	$ 20	$ 13	$ 2	$ 5

	Amounts Presented on the Condensed Consolidated Balance Sheets	Amounts Not Offset on the Condensed Consolidated Balance Sheets		Net Amounts
		Financial Instruments[1]	Collateral Pledged[2]	
	(In millions)			
As of March 31, 2026				
Derivative liabilities[3]	$ 60	$ 25	$ 24	$ 11
As of December 31, 2025				
Derivative liabilities[3]	$ 158	$ 13	$ 122	$ 23

[1] For derivative positions, this includes any derivative fair value that could be offset in the event of counterparty default.
[2] Includes cash and the fair value of securities exchanged with the counterparty.
[3] We received cash collateral from derivative counterparties totaling $110 million and $2 million as of March 31, 2026 and December 31, 2025, respectively, and securities from derivative counterparties with a fair value of $61 million and $90 million as of March 31, 2026 and December 31, 2025, respectively. We posted $46 million and $156 million of cash collateral as of March 31, 2026 and December 31, 2025, respectively, and securities to derivative counterparties with a fair value of $77 million and $91 million as of March 31, 2026 and December 31, 2025, respectively.

NOTE 11—LOANS AND INTEREST RECEIVABLE

LOANS AND INTEREST RECEIVABLE, HELD FOR SALE

As of March 31, 2026 and December 31, 2025, loans and interest receivable, held for sale was $1.8 billion and $1.7 billion, respectively, and include both loans reclassified to held for sale and loans originated as held for sale. During the three months ended March 31, 2026, we derecognized loans with an unpaid balance of $7.5 billion and had net proceeds of $7.4 billion from loans and interest receivable sold. During the three months ended March 31, 2025, we derecognized loans with both an unpaid balance and net proceeds of $5.3 billion from loans and interest receivable sold.

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 United Kingdom ("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, among other markets. We purchase receivables related to interest-bearing installment loans extended to U.S. consumers by an independent chartered financial institution ("partner institution") and are responsible for the servicing functions related to that portfolio. During the three months ended March 31, 2026 and 2025, we purchased approximately $369 million and $277 million in consumer receivables, respectively. As of March 31, 2026 and December 31, 2025, the outstanding balance of consumer receivables, which consisted of revolving and installment loans and interest receivable, was $5.4 billion and $5.5 billion, respectively, net of the participation interest sold to the partner institution of $33 million for both March 31, 2026 and December 31, 2025.

Consumer receivables delinquency and allowance

The following tables present the delinquency status and gross charge-offs of revolving and installment loans and interest receivable by year of origination, as applicable. 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.

March 31, 2026
(In millions, except percentages)

	Revolving Loans Amortized Cost Basis	Installment Loans Amortized Cost Basis					Total	Percent
		2026	2025	2024	2023	2022		
Consumer loans and interest receivable:								
Current	$ 2,692	$ 1,078	$ 1,091	$ 280	$ 74	$ —	$ 5,215	96.3%
30 - 59 Days	28	15	19	4	1	—	67	1.2%
60 - 89 Days	21	—	21	3	1	—	46	0.9%
90 - 179 Days	40	—	40	4	2	—	86	1.6%
Total	$ 2,781	$ 1,093	$ 1,171	$ 291	$ 78	$ —	$ 5,414	100%
Gross charge-offs for the three months ended March 31, 2026	$ 35	$ —	$ 33	$ 3	$ —	$ —	$ 71	

December 31, 2025
(In millions, except percentages)

	Revolving Loans Amortized Cost Basis	Installment Loans Amortized Cost Basis					Total	Percent
		2025	2024	2023	2022	2021		
Consumer loans and interest receivable:								
Current	$ 2,767	$ 2,043	$ 360	$ 114	$ —	$ —	$ 5,284	96.4%
30 - 59 Days	29	34	5	2	—	—	70	1.3%
60 - 89 Days	19	22	4	2	—	—	47	0.9%
90 - 179 Days	39	31	6	2	—	—	78	1.4%
Total	$ 2,854	$ 2,130	$ 375	$ 120	$ —	$ —	$ 5,479	100%
Gross charge-offs for the year ended December 31, 2025	$ 136	$ 36	$ 107	$ 20	$ 1	$ —	$ 300	

The following table summarizes the activity in the allowance for consumer loans and interest receivable for the three months ended March 31, 2026 and 2025:

	March 31, 2026			March 31, 2025		
	Consumer Loans Receivable	Interest Receivable	Total Allowance	Consumer Loans Receivable	Interest Receivable	Total Allowance
	(In millions)					
Beginning balance	$ 366	$ 3	$ 369	$ 341	$ 7	$ 348
Provisions	55	3	58	55	3	58
Charge-offs	(68)	(3)	(71)	(71)	(5)	(76)
Recoveries	26	—	26	12	—	12
Other[1]	(6)	—	(6)	10	—	10
Ending balance	$ 373	$ 3	$ 376	$ 347	$ 5	$ 352

[1] Includes amounts related to foreign currency remeasurement.

The allowance for credit losses at March 31, 2026 for our consumer receivable portfolio remained relatively consistent with the allowance for credit losses at December 31, 2025. In the first quarter of 2026, we updated our expected credit loss model for interest bearing installment loans in the U.S. to reflect current risk characteristics. This change did not have a material impact on our allowance for credit losses in the period.

Merchant receivables

We offer access to merchant finance products for certain small and medium-sized businesses through our PayPal Working Capital ("PPWC") product in the U.S., Germany, and U.K., among other markets, and our PayPal Business Loan ("PPBL") product in the U.S., 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 three months ended March 31, 2026 and 2025, we purchased approximately $570 million and $494 million in merchant receivables, respectively. As of March 31, 2026 and December 31, 2025, the total outstanding balance in our pool of merchant loans, advances, and fees receivable was $1.9 billion and $1.8 billion, respectively, net of the participation interest sold to the partner institution of $66 million and $65 million, respectively.

Merchant receivables delinquency and allowance

The following tables present the delinquency status and gross charge-offs of merchant loans, advances, 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.

	March 31, 2026 (In millions, except percentages)						
	2026	2025	2024	2023	2022	Total	Percent
Merchant loans, advances, and fees receivable:							
Current	$ 818	$ 803	$ 26	$ 3	$ 4	$ 1,654	89.4%
30 - 59 Days	10	57	13	1	—	81	4.4%
60 - 89 Days	2	32	8	1	—	43	2.3%
90 - 179 Days	—	50	11	2	—	63	3.4%
180+ Days	—	4	5	1	—	10	0.5%
Total	$ 830	$ 946	$ 63	$ 8	$ 4	$ 1,851	100.0%
Gross charge-offs for the three months ended March 31, 2026	$ —	$ 25	$ 13	$ 2	$ —	$ 40	

December 31, 2025 (In millions, except percentages)	2025	2024	2023	2022	2021	Prior	Total	Percent
Merchant loans, advances, and fees receivable:								
Current	$ 1,558	$ 53	$ 5	$ 3	$ —	$ 2	$ 1,621	89.8%
30 - 59 Days	63	17	1	1	—	—	82	4.5%
60 - 89 Days	27	10	1	1	—	—	39	2.2%
90 - 179 Days	34	18	2	1	—	—	55	3.0%
180+ Days	2	5	2	—	—	—	9	0.5%
Total	$ 1,684	$ 103	$ 11	$ 6	$ —	$ 2	$ 1,806	100%
Gross charge-offs for the year ended December 31, 2025	$ 25	$ 87	$ 19	$ 4	$ —	$ 2	$ 137	

The following table summarizes the activity in the allowance for merchant loans, advances, and fees receivable for the three months ended March 31, 2026 and 2025:

	March 31, 2026			March 31, 2025		
(In millions)	Merchant Loans and Advances	Fees Receivable	Total Allowance	Merchant Loans and Advances	Fees Receivable	Total Allowance
Beginning balance	$ 156	$ 14	$ 170	$ 107	$ 6	$ 113
Provisions	47	4	51	38	3	41
Charge-offs	(37)	(3)	(40)	(23)	(2)	(25)
Recoveries	4	—	4	6	—	6
Other[1]	(1)	—	(1)	—	—	—
Ending balance	$ 169	$ 15	$ 184	$ 128	$ 7	$ 135

[1] Includes amounts related to foreign currency remeasurement.

The allowance for credit losses at March 31, 2026 for our merchant receivable portfolio remained relatively consistent with the allowance for credit losses at December 31, 2025.

NOTE 12—DEBT

NOTES

The following table summarizes total long-term debt:

	Maturities	Effective Interest Rate	March 31, 2026	December 31, 2025
			(in millions)	
September 2019 debt issuance:				
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 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):				
¥23 billion fixed-rate 0.972% notes	6/9/2026	1.06%	144	147
¥37 billion fixed-rate 1.240% notes	6/9/2028	1.31%	232	237
May 2024 debt issuance:				
Fixed-rate 5.150% notes	6/1/2034	5.35%	850	850
Fixed-rate 5.500% notes	6/1/2054	5.66%	400	400
March 2025 debt issuance:				
Floating-rate notes	3/6/2028	4.73%	450	450
Fixed-rate 4.450% notes	3/6/2028	4.66%	450	450
Fixed-rate 5.100% notes	4/1/2035	5.20%	600	600
Total term debt			10,876	10,884
Unamortized premium (discount) and issuance costs, net			(73)	(76)
Less: current portion of term debt(2)			(1,394)	(1,396)
Total carrying amount of term debt			$ 9,409	$ 9,412

(1) Principal amounts represent the U.S. dollar equivalent as of March 31, 2026 and December 31, 2025, respectively.
(2) The current portion of term debt is included within "accrued expenses and other current liabilities" on our condensed consolidated balance sheets.

As of March 31, 2026, the future principal payments associated with our long-term debt was as follows (in millions):

Remaining 2026	$ 1,394
2027	500
2028	1,132
2029	1,500
2030	1,000
Thereafter	5,350
Total	$ 10,876

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 and debt issuance costs, was $106 million and $98 million for the three months ended March 31, 2026 and 2025, respectively.

CREDIT FACILITIES

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 $563 million as of March 31, 2026). 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. As of March 31, 2026 and December 31, 2025, ¥90.0 billion (approximately $563 million) and ¥90.0 billion (approximately $575 million) was drawn down under the Paidy Credit Agreement, respectively, which was recorded in accrued expenses and other current liabilities and long-term debt, respectively, on our condensed consolidated balance sheets. The weighted average interest rate on the borrowing was 1.42% as of March 31, 2026. At March 31, 2026, no borrowing capacity was available for the purposes permitted by the Paidy Credit Agreement. During the three months ended March 31, 2026 and 2025, the total interest expense and fees we recorded related to the Paidy Credit Agreement were de minimis.

COMMERCIAL PAPER

There was $200 million outstanding in Commercial Paper Notes as of both March 31, 2026 and December 31, 2025, which was recorded in accrued expenses and other current liabilities on our condensed consolidated balance sheets. The weighted average interest rate on the commercial paper borrowings was 3.99% and 4.07% as of March 31, 2026 and December 31, 2025, respectively. The maturities of the Commercial Paper Notes may vary, but may not exceed 397 days from the date of issuance.

Other than as provided above, there were no significant changes to the information disclosed in our 2025 Form 10-K.

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, (i) we have disclosed an estimate of the reasonably possible loss or range of losses or (ii) we have concluded that our 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) is 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.

Amounts accrued for legal and regulatory proceedings for which we believe a loss is probable and reasonably estimable were not material as of March 31, 2026. 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

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. In August 2025, we received an additional CID investigating whether deceptive schemes and other unlawful activities by merchants using PayPal's platform were facilitated or furthered by the Company's onboarding, due diligence, and other practices. The CIDs request the production of documents and answers to written questions, as well as other information. We are cooperating with the FTC in connection with these CIDs.

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 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.

In March 2026, we received notices of investigations and related requests for information from the U.K. Financial Conduct Authority ("FCA") under the Competition Act 1998 regarding certain provisions in PayPal's contractual agreements with Visa and Mastercard relating to funding and use of the PayPal digital wallet. We are cooperating with the FCA in connection with these investigations.

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 filed a motion to dismiss the PPH Securities Action. On January 29, 2025, the Court dismissed all of the claims without prejudice. On March 17, 2025, the lead plaintiff filed an amended complaint. On March 31, 2026, the Court dismissed all of the claims with prejudice. On April 30, 2026, the plaintiffs filed an appeal in the U.S. Court of Appeals for the Third Circuit.

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 Derivative Actions have been stayed pending further developments in the PPH Securities Action.

On February 17, 2026, a putative securities class action captioned *Goodman v. PayPal Holdings, Inc. et al.*, Case No. 5:26-cv-01381-NW, was filed in the U.S. District Court for the Northern District of California (the "Goodman Securities Action"). On March 5, 2026, before the Company entered an appearance, the plaintiff filed a notice of voluntary dismissal. On March 31, 2026, the court closed the matter.

On February 24, 2026, a putative securities class action captioned *Darcy v. PayPal Holdings, Inc. et al.*, Case No. 3:26-cv-01589-JSC, was filed in the U.S. District Court for the Northern District of California (the "Darcy Securities Action"). The Darcy Securities Action purports to be brought on behalf of purchasers of the Company's stock between February 25, 2025 and February 2, 2026 (the "Darcy Class Period"), and asserts claims for violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 against the Company and certain of its current and former officers. The complaint alleges that certain public statements made by the Company during the Darcy 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 impediments to its branded checkout growth strategy that impaired the Company's ability to meet its 2027 financial targets. The Darcy Securities Action seeks unspecified compensatory damages on behalf of the putative class members.

On March 11, 2026, a putative shareholder derivative action captioned *Goncalves v. Chriss et al.*, Case No. 5:26-cv-02145-SVK, was filed in the U.S. District Court for the Northern District of California (the "Goncalves Action"), purportedly on behalf of the Company. The Goncalves Action is based on the same alleged facts and circumstances as the Darcy Securities Action. The Goncalves Action names certain of our current and former officers, as well as members of our Board of Directors, as defendants. The Goncalves Action alleges claims for breach of fiduciary duty, unjust enrichment, abuse of control, gross mismanagement, waste of corporate assets, contribution, and violations of the Securities Exchange Act of 1934, and seeks, on behalf of the Company, an award of damages and an order directing the Company to reform its corporate governance and internal procedures.

On April 2, 2026, a putative securities class action captioned *Norfolk County Retirement System v. PayPal Holdings, Inc. et al.*, Case No. 5:26-cv-02849-VKD, was filed in the U.S. District Court for the Northern District of California (the "Norfolk Securities Action"). The Norfolk Securities Action generally asserts the same claims and allegations made in the Darcy Securities Action, but expands the Darcy Class Period to February 8, 2024 to February 2, 2026 and includes additional alleged misstatements from the earlier time period. The Norfolk Securities Action seeks unspecified compensatory damages on behalf of the putative class members.

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 and scrutiny 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 payment 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 arising out of conduct by us or our customers, including in the event of card association fines or other damages incurred by the processor. 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 agreements to sell certain loans receivable portfolios, in certain circumstances such as breaches in loan warranties, we may be required to indemnify the third-party investors 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 March 31, 2026 and December 31, 2025, the current outstanding balances of the loans sold was $3.4 billion and $3.8 billion, respectively. The term of the indemnification obligations 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 March 31, 2026 and December 31, 2025, 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 eligible 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 eligible item to the customer. These protection programs are considered assurance-type warranties under applicable accounting standards for which we estimate associated costs within the allowance for transaction losses. Our protection programs may result in negative customer balances when there are insufficient funds in a customer's PayPal account to cover charges applied for merchant-related chargebacks within the scope of our protection programs. Negative customer balances can also occur from bank returns and reversals due to insufficient funding sources. The allowance for negative customer balances represents our estimate of current expected credit losses on negative customer balances.

At March 31, 2026 and December 31, 2025, the allowance for transaction losses was $26 million and $73 million, respectively. The allowance for negative customer balances was $284 million and $271 million at March 31, 2026 and December 31, 2025, respectively. The following table shows changes in the allowance for transaction losses and negative customer balances related to our protection programs for the three months ended March 31, 2026 and 2025:

	Three Months Ended March 31,	
	2026	2025
	(in millions)	
Beginning balance	$ 344	$ 342
Provision[(1)]	276	278
Realized losses and charge-offs	(359)	(348)
Recoveries[(2)]	49	33
Ending balance	$ 310	$ 305

[(1)] Changes in estimates for the prior period provision related to the allowance for transaction losses are not material and are aggregated with current period provision.
[(2)] Recoveries are only relevant for the allowance for negative customer balances.

NOTE 14—STOCKHOLDERS' EQUITY

STOCK REPURCHASE PROGRAM

During the three months ended March 31, 2026, we repurchased approximately 34 million shares of our common stock for approximately $1.5 billion at an average cost of $44.60, excluding excise tax. These shares were purchased in the open market under our stock repurchase program authorized in February 2025. As of March 31, 2026, a total of approximately $12.4 billion remained available for future repurchases of our common stock under our February 2025 stock repurchase program.

DIVIDEND PROGRAM

In February 2026, the Company's Board of Directors declared a cash dividend of $0.14 per share on our common stock, totaling approximately $130 million. The dividend was paid on March 25, 2026, to stockholders of record of our common stock as of the close of business on March 4, 2026.

NOTE 15—STOCK-BASED PLANS

STOCK-BASED COMPENSATION EXPENSE

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

The following table summarizes the impact of stock-based compensation expense on our results of operations for the three months ended March 31, 2026 and 2025:

	Three Months Ended March 31,	
	2026	2025
	(In millions)	
Customer support and operations	$ 49	$ 51
Sales and marketing	35	33
Technology and development	126	111
General and administrative	74	72
Total stock-based compensation expense	$ 284	$ 267
Capitalized as part of internal use software and website development costs	$ 31	$ 35

NOTE 16—INCOME TAXES

Our effective tax rate for both the three months ended March 31, 2026 and 2025 was 20%. The difference between our effective tax rate and the U.S. federal statutory rate of 21% in the periods presented was primarily the result of foreign and U.S. income taxed at different rates as well as discrete tax adjustments including tax effects of stock-based compensation.

Gross unrecognized tax benefits were approximately $2.5 billion as of both March 31, 2026 and December 31, 2025. 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.

NOTE 17—RESTRUCTURING AND OTHER

RESTRUCTURING

The restructuring charges associated with the following plans were recorded in “restructuring and other” on our condensed consolidated statements of income. Accrued restructuring liabilities were included in “accrued expenses and other current liabilities” on our condensed consolidated balance sheets.

2Q 2025 Plan

During the second quarter of 2025, management undertook a large-scale initiative (the “2Q 2025 Plan”) to reengineer our existing technology infrastructure to improve scalability, reduce network latency, decrease operational costs, and optimize our workforce. The 2Q 2025 Plan is a transformative unified program designed to streamline operations and includes exiting certain data centers to migrate to more efficient cloud based solutions. The 2Q 2025 Plan is expected to be executed over a period of 18 to 42 months with the workforce component expected to be substantially completed in 2026 and the technology infrastructure component expected to be substantially completed in 2028.

The following table summarizes the associated restructuring charges:

	Three Months Ended March 31, 2026	Total Plan Costs Incurred to Date
	(In millions)	
Employee severance and benefits costs	$ 2	$ 98
Other restructuring costs[1]	9	15
Total	$ 11	$ 113

[1] Other restructuring costs relate to process re-engineering and one-time migration to cloud solutions and consist of contractor costs, consulting fees, and prepaid software and maintenance costs without future economic benefit.

In connection with this restructuring, we expect to incur employee severance and benefits costs of approximately $100 million, asset impairment and accelerated depreciation charges of approximately $40 million to $60 million, and other restructuring costs of approximately $110 million to $140 million over the term of the 2Q 2025 Plan. The timing of activities and cost estimates continue to be developed and are subject to change.

The following table summarizes the restructuring reserve activity during the three months ended March 31, 2026:

	Employee Severance and Benefits Costs	Other Restructuring Costs	Total
		(In millions)	
Accrued liability as of January 1, 2026	$ 52	$ 6	$ 58
Charges	2	9	11
Payments	(9)	(3)	(12)
Accrued liability as of March 31, 2026	$ 45	$ 12	$ 57

1Q 2025 Plan

During the first quarter of 2025, management initiated a workforce reduction to ensure compliance with a new regulation impacting operations in an international market. The associated restructuring charges during the three months ended March 31, 2025 were $39 million and included employee severance and benefits costs, which was completed in the third quarter of 2025.

OTHER

During the three months ended March 31, 2026 and 2025, approximately $61 million and $25 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 and fair value adjustments to measure loans and interest receivable, held for sale, at the lower of cost or fair value.

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:

	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025
	(In millions)	
Net revenues	$ 8,353	$ 7,791
Less (add):		
Transaction expense	4,165	3,704
Transaction losses	276	278
Credit losses	102	93
Customer support and operations[1]	446	398
Sales and marketing[1]	518	488
Technology and development[1]	793	731
General and administrative[1]	491	503
Restructuring and other	74	66
Other income (expense), net	95	(73)
Income tax expense	280	316
Segment net income (loss)	$ 1,113	$ 1,287

[1] Includes depreciation and amortization expense. For the three months ended March 31, 2026 and 2025, total depreciation and amortization expense was $238 million and $245 million, respectively.

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".

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Quarterly Report on Form 10-Q 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," "outlook," 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 Part I, Item 1A, Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2025 (the "2025 Form 10-K"), as supplemented in the risk factors set forth below in Part II, Item 1A, Risk Factors, of this Form 10-Q, as well as in our unaudited condensed consolidated financial statements, related notes, and the other information appearing in this report and our other filings with the Securities and Exchange Commission. 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 following "Management's Discussion and Analysis of Financial Condition and Results of Operations" in conjunction with the unaudited condensed 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.

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, whether online or in-person. 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 Part I, Item 1A, Risk Factors in our 2025 Form 10-K, as supplemented and, to the extent inconsistent, superseded below (if applicable) in Part II, Item 1A, Risk Factors of this Form 10-Q.

Recent developments

On April 29, 2026, the Company announced a strategic reorganization of its business and executive leadership team intended to accelerate execution of its long-term growth priorities, simplify its operating structure, streamline decision-making, and drive innovation. This strategic reorganization and business simplification program, which will focus on realigning our operating structure and accelerating the adoption of Artificial Intelligence and automation across the company, is expected to deliver at least $1.5 billion in gross annualized run-rate savings over the next two to three years. The Company expects to provide additional details regarding the structure of the program and anticipated phasing of savings realization in future periods as the program is developed and implemented.

MACROECONOMIC ENVIRONMENT

A deterioration in macroeconomic conditions resulting from uncertainties and effects from tariffs, inflation, international conflicts, and interest rates could continue to increase the risk of lower consumer spending, merchant and consumer bankruptcy, insolvency, business failure, higher credit losses, foreign exchange fluctuations, or other business interruption, which may adversely impact our business. We are unable to reasonably estimate the total potential impact on our financial results that may ultimately result from such changes in the macroeconomic environment.

OVERVIEW OF RESULTS OF OPERATIONS

The following table provides a summary of our condensed consolidated financial results for the three months ended March 31, 2026 and 2025:

	Three Months Ended March 31,		Increase/(Decrease)	
	2026	2025	Dollar	Percent
	(In millions, except percentages and per share data)			
Net revenues	$ 8,353	$ 7,791	$ 562	7 %
Operating expenses	6,865	6,261	604	10 %
Operating income	1,488	1,530	(42)	(3)%
Operating margin	18 %	20 %	**	**
Other income (expense), net	(95)	73	(168)	(230)%
Income tax expense	280	316	(36)	(11)%
Effective tax rate	20 %	20 %	**	**
Net income (loss)	$ 1,113	$ 1,287	$ (174)	(14)%
Net income (loss) per diluted share	$ 1.21	$ 1.29	$ (0.08)	(6)%
Net cash provided by operating activities	$ 1,134	$ 1,160	$ (26)	(2)%

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.

THREE MONTHS ENDED MARCH 31, 2026 AND 2025

The increase in net revenues was driven primarily by growth in total payment volume ("TPV") of 11% and growth in revenue earned from an independent chartered financial institution ("partner institution"), partially offset by the unfavorable impact of hedging activities.

The increase in operating expenses was due primarily to an increase in transaction expense.

Our operating margin declined, reflecting the unfavorable impact of a higher transaction expense growth rate.

The decrease in net income was due to a decrease in operating income and a decrease in other income (expense), net, which was primarily attributable to net losses and impairments on strategic investments in the current period compared to net gains in the prior period, partially offset by a decrease in income tax expense driven by a lower level of pre-tax income and tax effects of stock-based compensation.

IMPACT OF FOREIGN EXCHANGE RATES

We have significant international operations that are denominated in foreign currencies, primarily the British pound, Euro, Australian dollar, Canadian dollar, and Indian rupee, 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. We generated approximately 42% and 43% of our net revenues from customers domiciled outside of the U.S. in the three months ended March 31, 2026 and 2025, respectively. Because we generate substantial net revenues internationally, we are subject to the risks of doing business outside of the U.S. See Part I, Item 1A, Risk Factors in our 2025 Form 10-K, as supplemented and, to the extent inconsistent, superseded (if applicable) below in Part II, Item 1A, Risk Factors of this Form 10-Q.

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 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.

In the three months ended March 31, 2026, year-over-year foreign exchange rate movements relative to the U.S. dollar had the following impact on our reported results:

	Three Months Ended March 31, 2026	
	(In millions)	
Favorable impact to net revenues (exclusive of hedging impact)	$	257
Hedging impact		(86)
Favorable impact to net revenues		171
Unfavorable impact to operating expenses (exclusive of hedging impact)		(137)
Hedging impact		(2)
Unfavorable impact to operating expenses		(139)
Net favorable impact to operating income	$	32

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 growth 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), when we facilitate the instant transfer of funds for our customers from their PayPal or Venmo account to their bank account or debit card, when we 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.

Net revenue analysis

The components of our net revenues for the three months ended March 31, 2026 and 2025 were as follows:

	Three Months Ended March 31,		Increase/(Decrease)	
	2026	2025	Dollar	Percent
	(In millions, except percentages)			
Transaction revenues	$ 7,501	$ 7,016	$ 485	7 %
Revenues from other value added services	852	775	77	10 %
Total revenues	$ 8,353	$ 7,791	$ 562	7 %

Transaction revenues

The increase in transaction revenues for the three months ended March 31, 2026 compared to the same period of the prior year was driven primarily by an increase of approximately $410 million, $140 million, and $70 million in revenue from Braintree, PayPal, and Venmo products and services, respectively, which was largely driven by growth in TPV and number of payment transactions, partially offset by approximately $120 million of unfavorable impact from hedging activities resulting from losses in the current period compared to gains in the prior period.

The following table provides a summary of key metrics:

	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025	Percent Increase/(Decrease)
	(In millions, except percentages and number of payment transactions per active account)		
Active accounts[1]	439	436	1 %
Number of payment transactions	6,475	6,045	7 %
Number of payment transactions per active account	58.7	59.4	(1)%
TPV	$ 463,955	$ 417,208	11 %
Percent of TPV generated outside of the U.S.	35 %	35 %	**

[1] Reflects active accounts at the end of the applicable period.
** Not meaningful.

Transaction revenues growth was lower than the growth in TPV in the three months ended March 31, 2026 compared to the same period in the prior year due primarily to changes in product mix and unfavorable impact from foreign exchange hedging activities.

Revenues from other value added services

The increase in revenues from other value added services for the three months ended March 31, 2026 compared to the same period in the prior year was due primarily to an increase of approximately $90 million from revenue earned from a partner institution as well as approximately $40 million in interest and fee revenue earned from our loans receivable portfolios. Revenue from the partner institution is earned primarily through a revenue share arrangement based on the economic performance of the program related to our U.S. revolving consumer credit product and PayPal and Venmo branded credit cards, when such performance exceeds a minimum threshold. These factors favorably impacting revenues from other value added services were partially offset by lower revenues from interest earned on certain assets underlying customer account balances resulting from lower interest rates.

OPERATING EXPENSES

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

	Three Months Ended March 31,		Increase/(Decrease)	
	2026	2025	Dollar	Percent
	(In millions, except percentages)			
Transaction expense	$ 4,165	$ 3,704	$ 461	12 %
Transaction and credit losses	378	371	7	2 %
Customer support and operations	446	398	48	12 %
Sales and marketing	518	488	30	6 %
Technology and development	793	731	62	8 %
General and administrative	491	503	(12)	(2)%
Restructuring and other	74	66	8	12 %
Total operating expenses	$ 6,865	$ 6,261	$ 604	10 %
Transaction expense rate[1]	0.90 %	0.89 %	**	**
Transaction and credit loss rate[2]	0.08 %	0.09 %	**	**

[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

The increase in transaction expense for the three months ended March 31, 2026 compared to the same period in the prior year was primarily attributable to the increase in TPV of 11% and a higher proportion of TPV from our Braintree products and services, which generally have higher expense rates than our other products and services. The increase in transaction expense rate for the three months ended March 31, 2026 compared to the same period in the prior year was primarily attributable to the unfavorable changes in product mix, partially offset by the favorable impact of changes in merchant mix.

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. 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. 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.

Transaction and credit losses

The components of our transaction and credit losses for the three months ended March 31, 2026 and 2025 were as follows:

	Three Months Ended March 31,		Increase/(Decrease)	
	2026	2025	Dollar	Percent
	(In millions, except percentages)			
Transaction losses	$ 276	$ 278	$ (2)	(1)%
Credit losses	102	93	9	10 %
Transaction and credit losses	$ 378	$ 371	$ 7	2 %
Transaction loss rate[1]	0.06 %	0.07 %	**	**

[1] Transaction loss rate is calculated by dividing transaction losses by TPV.
** Not meaningful.

Transaction losses and the associated transaction loss rate in the three months ended March 31, 2026 remained consistent compared to the same period in the prior year. The increase due to TPV growth was offset by benefits realized from risk mitigation strategies and higher recoveries.

The components of credit losses for the three months ended March 31, 2026 and 2025 were as follows:

	Three Months Ended March 31,	
	2026	2025
	(In millions)	
Net charge-offs[(1)]	$ 74	$ 78
Reserve build (release)[(2)]	28	15
Credit losses	$ 102	$ 93

(1) Net charge-offs includes principal charge-offs partially offset by recoveries for consumer and merchant receivables.
(2) Reserve build (release) represents change in allowance for principal receivables excluding foreign currency remeasurement.

Credit losses in the three months ended March 31, 2026 and 2025 were primarily attributable to loan originations during the period.

Consumer loan portfolio

We have entered into forward flow arrangements with third-party investors to sell certain loans receivable portfolios. As of March 31, 2026 and 2025, loans and interest receivable, held for sale were $1.8 billion and $714 million, respectively.

The consumer loans and interest receivable balance as of both March 31, 2026 and 2025 was $5.4 billion, net of participation interest sold. The balance remained relatively consistent driven by growth in our revolving credit product portfolio in the United Kingdom (“U.K.”) of approximately $270 million as well as an increase in our interest-bearing installment credit product portfolio in the U.S. of approximately $190 million, offset by the impact of the reclassification of our U.S. short-term, non-interest bearing installment loans to held for sale in the third quarter of 2025 and the associated forward flow arrangement.

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

	March 31,	
	2026	2025
Percent of consumer loans and interest receivable current	96.3 %	96.3 %
Percent of consumer loans and interest receivable > 90 days outstanding[(1)]	1.6 %	1.6 %
Net charge-off rate[(2)]	3.0 %	4.5 %

(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 March 31, 2026 and 2025, 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.

In response to changing portfolio performance and macroeconomic environment, we continue to monitor risk and evaluate and modify our acceptable risk parameters. Modifications to the acceptable risk parameters did not have a material impact on our consumer loans for the three months ended March 31, 2026.

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 fees receivable outstanding, net of participation interest sold, as of March 31, 2026 and 2025 was $1.9 billion and $1.6 billion, respectively, reflecting an increase of 18%. The increase was due primarily to growth of approximately $180 million in our PayPal Business Loans product portfolio in the U.S. and growth in our PayPal Working Capital product portfolio of approximately $100 million, primarily in Germany.

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

	March 31,	
	2026	2025
Percent of merchant loans, advances, and fees receivable current	89.4 %	90.0 %
Percent of merchant loans, advances, and fees receivable > 90 days outstanding[(1)]	3.9 %	3.2 %
Net charge-off rate[(2)]	7.0 %	4.6 %

(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 March 31, 2026 and 2025, excluding fraud losses, on merchant loans and advances as a percentage of the average daily amount of merchant loans, advances, and fees receivable balance during the same period.

In response to changing portfolio performance and macroeconomic environment, we continue to monitor risk and evaluate and modify our acceptable risk parameters. Modifications to the acceptable risk parameters did not have a material impact on our merchant loans for the three months ended March 31, 2026.

For additional information, see "Note 11—Loans and Interest Receivable" in the notes to the condensed consolidated financial statements in Part I, Item 1 of this Form 10-Q.

Customer support and operations

The increase in customer support and operations expenses in the three months ended March 31, 2026 compared to the same period in the prior year was due primarily to an increase in employee-related and contractor and consulting costs.

Sales and marketing

The increase in sales and marketing expenses in the three months ended March 31, 2026 compared to the same period in the prior year was due primarily to higher spend on marketing and brand advertising, predominantly for Venmo, partially offset by lower amortization expense for acquired intangible assets.

Technology and development

The increase in technology and development expenses in the three months ended March 31, 2026 compared to the same period in the prior year was due primarily to increases in employee-related costs, software maintenance costs, depreciation and amortization expense, and contractor and consulting costs.

General and administrative

The decrease in general and administrative expenses in the three months ended March 31, 2026 compared to the same period in the prior year was due primarily to a decline in indirect tax expense and professional services expense, partially offset by an increase in employee-related costs.

Restructuring and other

During the second quarter of 2025, management undertook a large-scale initiative (the "2Q 2025 Plan") to reengineer our existing technology infrastructure to improve scalability, reduce network latency, decrease operational costs, and optimize our workforce. The 2Q 2025 Plan is a transformative unified program designed to streamline operations and includes exiting certain data centers to migrate to more efficient cloud-based solutions. The 2Q 2025 Plan is expected to be executed over a period of 18 to 42 months with the workforce component expected to be substantially completed in 2026 and the technology infrastructure component expected to be substantially completed in 2028. The associated restructuring charges during the three months ended March 31, 2026 were $11 million, consisting of $2 million in employee severance and benefits costs and $9 million in other restructuring costs.

In connection with this restructuring, we expect to incur employee severance and benefits costs of approximately $100 million, asset impairment and accelerated depreciation charges of approximately $40 million to $60 million, and other restructuring costs of approximately $110 million to $140 million over the term of the 2Q 2025 Plan. Other restructuring costs relate to process re-engineering and one-time migration to cloud solutions and consist of contractor costs, consulting fees, and prepaid software and maintenance costs without future economic benefit. We expect annualized cost savings of approximately $280 million associated with the impacted workforce and operational costs for our technology infrastructure. We expect that we will begin to realize these cost savings upon the completion of the components of the 2Q 2025 Plan, and also expect to reinvest a portion of the reduction in annual costs to drive business priorities. The timing of activities, cost, and savings estimates continue to be developed and are subject to change.

During the first quarter of 2025, management initiated a workforce reduction to ensure compliance with a new regulation impacting operations in an international market. The associated restructuring charges during the three months ended March 31, 2025 were $39 million and included employee severance and benefits costs, which were completed in the third quarter of 2025.

For information on the associated restructuring liabilities, see "Note 17—Restructuring and Other" in the notes to the condensed consolidated financial statements in Part I, Item 1 of this Form 10-Q.

During the three months ended March 31, 2026 and 2025, approximately $61 million and $25 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 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

The decrease in other income (expense), net in the three months ended March 31, 2026 compared to the same period in the prior year 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 decrease of approximately $150 million.

Income tax expense

Our effective income tax rate was 20% for both the three months ended March 31, 2026 and 2025. Our effective tax rate remained consistent compared to the same period in the prior year and was impacted by offsetting factors including: foreign and U.S. income taxed at different rates and discrete tax adjustments, including tax effects of stock-based compensation.

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, stock repurchases and dividend payments, 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 March 31, 2026 and December 31, 2025:

	March 31, 2026	December 31, 2025
	(In millions)	
Cash, cash equivalents, and investments[1],[2]	$ 11,661	$ 12,848

[1] Excludes assets related to funds receivable and customer accounts of $39.5 billion and $38.2 billion at March 31, 2026 and December 31, 2025, respectively.
[2] Excludes total strategic investments of $1.8 billion and $1.9 billion at March 31, 2026 and December 31, 2025, respectively.

Cash, cash equivalents, and investments held by our foreign subsidiaries were $6.7 billion and $7.5 billion at March 31, 2026 and December 31, 2025, or 57% and 58% of our total cash, cash equivalents, and investments as of those respective dates. At December 31, 2025, all of our cash, cash equivalents, and investments held by foreign subsidiaries were subject to U.S. taxation under Subpart F, Net Controlled Foreign Corporation Tested Income formally known as Global Intangible Low Taxed Income, or the one-time transition tax under the Tax Cuts and Jobs Act of 2017. 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 condensed consolidated statements of cash flows:

	Three Months Ended March 31,	
	2026	2025
	(In millions)	
Net cash provided by (used in):		
Operating activities	$ 1,134	$ 1,160
Investing activities	(2,100)	(3,637)
Financing activities	(559)	994
Effect of exchange rates on cash, cash equivalents, and restricted cash	(50)	94
Net change in cash, cash equivalents, and restricted cash	$ (1,575)	$ (1,389)

Operating activities

Net cash provided by operating activities remained relatively consistent in the three months ended March 31, 2026 compared to the same period of the prior year due primarily to the impact of changes in deferred income taxes of approximately $280 million and changes in other current and non-current liabilities of approximately $160 million, mostly offset by the impact of changes in other current and non-current assets of approximately $190 million, net losses on strategic investments of approximately $150 million, and changes in accounts receivable of approximately $100 million.

In the three months ended March 31, 2026 and 2025, cash paid for income taxes, net was $7 million and $95 million, respectively.

Investing activities

Net cash used in investing activities decreased $1.5 billion in the three months ended March 31, 2026 compared to the same period of the prior year due primarily to the positive impact of changes in funds receivable of approximately $2.4 billion, partially offset by a decrease of approximately $900 million in maturities and sales, net of purchases of investments.

Financing activities

Net cash used in financing activities increased $1.6 billion in the three months ended March 31, 2026 compared to the same period of the prior year due primarily to an increase of approximately $930 million in repayments of borrowings under financing arrangements, a decrease of approximately $560 million in borrowings under financing arrangements, and the negative impact of changes related to funds payable and amounts due to customers of approximately $320 million, partially offset by an increase of $240 million in collateral received related to derivative instruments, net.

Effect of exchange rate changes on cash, cash equivalents, and restricted cash

Foreign currency exchange rates had a negative impact of $50 million and a positive impact of $94 million on cash, cash equivalents, and restricted cash for the three months ended March 31, 2026 and 2025, respectively. The negative impact on cash, cash equivalents, and restricted cash in the three months ended March 31, 2026 was due primarily to unfavorable fluctuations in the exchange rate of the U.S. dollar to the British pound. The positive impact on cash, cash equivalents, and restricted cash in the three months ended March 31, 2025 was due primarily to favorable fluctuations in the exchange rate of the U.S. dollar to the British pound and, to a lesser extent, the Euro and Australian dollar.

Available credit and debt

There were no significant changes to the available credit and debt disclosed in our 2025 Form 10-K. For additional information, see "Note 12—Debt" in the notes to the condensed consolidated financial statements in Part I, Item 1 of this Form 10-Q.

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 March 31, 2026, 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, various factors 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, dividend payments, 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 and U.K. credit activities. As of March 31, 2026 and December 31, 2025, the cumulative amount approved by PayPal to be designated to fund credit activities was $2.0 billion as of those respective dates and represented approximately 26% 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.

We have entered into forward flow arrangements with third-party investors to sell certain loans receivable portfolios. During the three months ended March 31, 2026 and 2025, we had net proceeds of $7.4 billion and $5.3 billion, respectively, from loans and interest receivable sold under these arrangements. See "Note 11—Loans and Interest Receivable" in the notes to the condensed consolidated financial statements included in Part I, Item 1 of this Form 10-Q for additional information.

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 condensed consolidated financial statements included in this report, our transaction loss rate ranged between 0.06% and 0.07% of TPV. Historical loss rates may not be indicative of future results.

Capital return program

Stock repurchases

During the three months ended March 31, 2026, we repurchased approximately $1.5 billion of our common stock in the open market under our stock repurchase program authorized in February 2025. As of March 31, 2026, a total of approximately $12.4 billion remained available for future repurchases of our common stock under our February 2025 stock repurchase program.

Dividend program

In February 2026, the Company's Board of Directors declared a cash dividend of $0.14 per share on our common stock, totaling approximately $130 million. The dividend was paid on March 25, 2026, to stockholders of record of our common stock as of the close of business on March 4, 2026. Dividend payments in future quarters will be subject to and contingent upon market conditions and approval by our Board of Directors at its sole discretion.

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 Part I, Item 1A, Risk Factors of our 2025 Form 10-K, as supplemented and, to the extent inconsistent, superseded below in Part II, Item 1A, Risk Factors of this Form 10-Q, as well as "Note 13—Commitments and Contingencies" in the notes to the condensed consolidated financial statements included in Part I, Item 1 of this Form 10-Q for additional discussion of these and other risks that our business faces.

ITEM 3: 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, from interest-rate sensitive assets underlying the customer balances we hold on our condensed consolidated balance sheets as customer accounts, and a portion of our debt.

As of March 31, 2026 and December 31, 2025, approximately 60% and 63%, respectively, of our total cash, cash equivalents, and investment portfolio (excluding strategic investments) was held in cash and cash equivalents. The remaining portfolio and assets underlying the customer balances that we hold on our condensed 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. In the first quarter of 2026, we refined the methodology of the sensitivity analysis of our cash equivalents and available-for-sale debt securities investment with respect to floating rate securities, particularly the duration estimation methodology. 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 $8 million and $11 million at March 31, 2026 and December 31, 2025, respectively. Based on the prior methodology, the decrease in the fair value of our cash equivalents and available-for-sale debt securities investment at December 31, 2025 was approximately $171 million. The decline in duration sensitivity due to the methodology change does not reflect a change in portfolio composition. 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 March 31, 2026 and December 31, 2025, we had an aggregate principal amount of $10.4 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 decreasing in periods of increasing interest rates. As of March 31, 2026 and December 31, 2025, we had an aggregate principal amount of $450 million in floating rate debt with a maturity date of March 6, 2028. A hypothetical 100 basis points increase in market interest rates would not have resulted in a material impact to interest expense recorded in the three months ended March 31, 2026.

As of both March 31, 2026 and December 31, 2025, 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 March 31, 2026 and December 31, 2025, ¥90.0 billion (approximately $563 million) and ¥90.0 billion (approximately $575 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 three months ended March 31, 2026. For additional information, see “Note 12—Debt” in the notes to the condensed consolidated financial statements included in Part I, Item 1 of this Form 10-Q.

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, Canadian dollar, and Indian rupee, 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" in the notes to the condensed consolidated financial statements included in Part I, Item 1 of this Form 10-Q.

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 March 31, 2026 and December 31, 2025, the amounts recorded in AOCI related to our foreign exchange contracts, before taxes, would have been approximately $435 million and $456 million lower, respectively, before considering the offsetting impact of the underlying hedged item.

We have an additional balance sheet foreign exchange 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.

A hypothetical adverse change of 10% in exchange rates for all foreign currencies would have resulted in a negative impact on income before income taxes of approximately $490 million and $547 million at March 31, 2026 and December 31, 2025, respectively, without considering the offsetting effect of foreign exchange contracts. Foreign exchange contracts in place as of March 31, 2026 would have positively impacted income before income taxes by approximately $441 million, resulting in a net negative impact of approximately $49 million. Foreign exchange contracts in place as of December 31, 2025 would have positively impacted income before income taxes by approximately $476 million, resulting in a net negative impact of approximately $71 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 March 31, 2026 and December 31, 2025, our strategic investments totaled $1.8 billion and $1.9 billion respectively, and represented approximately 13% 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 condensed 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 March 31, 2026, which could be experienced in the near term, would have resulted in a decrease of approximately $181 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 4: CONTROLS AND PROCEDURES

(a) 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 March 31, 2026, the end of the period covered by this report, our disclosure controls and procedures were effective.

(b) 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.

PART II: OTHER INFORMATION

ITEM 1: LEGAL PROCEEDINGS

The information set forth under "Note 13—Commitments and Contingencies—Litigation and Regulatory Matters" in the notes to the condensed consolidated financial statements in Part I, Item 1 of this Form 10-Q is incorporated herein by reference.

ITEM 1A: RISK FACTORS

We are subject to various risks and uncertainties, which could materially affect our business, results of operations, financial condition, future results, and the trading price of our common stock. You should read carefully the following information together with the information appearing in Part I, Item 1A, Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2025 as filed with the United States ("U.S.") Securities and Exchange Commission ("SEC") on February 3, 2026 ("2025 Form 10-K") as updated by the information appearing in Part II, Item 1A, Risk Factors in our subsequent Quarterly Reports on Form 10-Q as filed with the SEC ("Forms 10-Q"). The following information supplements and, to the extent inconsistent, supersedes some of the information appearing in the Risk Factors section of our 2025 Form 10-K and Forms 10-Q. These risk factors, as well as our condensed consolidated financial statements and notes thereto and the other information appearing in this report, should be reviewed carefully for important information regarding risks that affect us.

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, licensing schemes, and legal interpretations in the markets where (and relating to the industries and merchants to 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 continue to establish, evolve, and increase their regulatory authority, oversight, and enforcement, and it may be difficult to predict how these may be applied to our business and the way we conduct our operations. As we introduce new products and services and expand into new markets and support new industries and merchants, 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 and regulations, which may impose different, more specific, and/or conflicting obligations on us, as well as broader liability.

We may not be able to respond quickly or effectively to regulatory, legislative, and other developments, and 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 result in audits, inquiries, investigations, whistleblower complaints, and adverse media coverage; 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 temporarily or permanently 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; lead to loss of banking and other commercial partner relationships; 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.

Cryptocurrency Regulation and Related Risks

Our customer cryptocurrency offerings may 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 permit us to engage in securities brokerage or dealing activities. Additionally, we are a digital asset service provider under the Guiding and Establishing National Innovation for U.S. Stablecoins Act of 2025 (the "GENIUS Act"), which subjects us to obligations relating to our cryptocurrency business and may affect the competitive landscape for payment stablecoins. The regulatory status of particular cryptocurrencies is unclear under existing law. The evolving legislative and regulatory landscapes with respect to cryptocurrency in addition to stablecoins may subject us to additional licensing and regulatory obligations or to inquiries or investigations from various regulators and governmental authorities, and require us to change, restrict or discontinue product offerings in certain markets, implement additional and potentially costly controls, or take other actions.

We have partnered commercially with a third-party issuer (the "PYUSD Issuer") that launched a U.S. dollar-denominated stablecoin, PayPal USD ("PYUSD"), which is available to PayPal customers and Venmo customers in certain markets. 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. The GENIUS Act provides a regulatory framework that is in the process of being implemented. While PYUSD is designed to comply with this U.S. framework, there remain uncertainties on how ongoing changes to international laws and regulations will apply to stablecoins in practice, and we and the PYUSD Issuer may face substantial costs and risks to operationalize and comply with any additional or changed requirements. If we or the PYUSD Issuer fail to comply with regulations, requirements, prohibitions or other obligations applicable to us, or make operational errors, we could face regulatory or other enforcement actions, potential fines, penalties, disruption to business or product availability, 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 or make operational errors or if 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 fully reimburse us for 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 us and our customers 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 subject to regulatory oversight, capital requirements, maintenance of audit and compliance industry certifications, and cybersecurity procedures and policies. 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, harm our reputation, 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 assure 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.

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 condensed 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, and as a result of expanded enforcement of certain existing laws and regulations by federal, state and local agencies in the U.S. and internationally. For example, there continues to be enforcement activity in connection with federal and state consumer protection laws, including suits which seek civil penalties. Investigations, changes in, or expanded enforcement of federal, state or local laws and regulations, and legal and regulatory 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.

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

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 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, any of which could be enhanced or facilitated by AI. Due to the nature of our 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 eligible transactions where consumers do not receive the item ordered or 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.

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.

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.

Global and regional economic conditions could harm our business.

Adverse global and regional economic conditions—including political unrest and turmoil, geopolitical tensions, armed conflicts, or military escalation—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 economic activity, consumer confidence, or discretionary spending; government fiscal, monetary, and tax policies; U.S. and international trade relationships, agreements, and treaties; changes in or new tariffs and restrictive actions or threats of such actions (including an escalation of trade tensions between the U.S. and its trading partners); the inability of a government to enact a budget in a fiscal year; government shutdowns or austerity measures; other events or adverse geopolitical conditions, 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 platform. In particular, tariffs and reciprocal trade measures enacted or threatened to be enacted by the U.S. and other countries have led to increased volatility and uncertainty in certain parts of the global economy. We cannot predict the timing, strength or duration of any economic volatility, slowdown, instability or recovery, whether in the U.S. or globally, or within any particular industry. These conditions could have a material adverse impact on the demand for our products and services which could adversely affect our results of operations. 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.

ITEM 2: UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

REPURCHASES OF EQUITY SECURITIES

In February 2025, 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. This program became effective in the fourth quarter of 2025 upon completion of the previous stock repurchase program.

Our stock repurchase program is 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 program 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 program at any time without prior notice.

The stock repurchase activity under our stock repurchase program during the three months ended March 31, 2026 is summarized below:

	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 December 31, 2025				$ 13,854
January 1, 2026 through January 31, 2026	—	$ —	—	13,854
February 1, 2026 through February 28, 2026	11.3	$ 43.03	11.3	13,370
March 1, 2026 through March 31, 2026	22.4	$ 45.39	22.4	12,354
Balance as of March 31, 2026	33.7		33.7	$ 12,354

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

ITEM 3: DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4: MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5: OTHER INFORMATION

None.

ITEM 6: EXHIBITS

INDEX TO EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference		Filed Herewith
		Form	Date Filed	
10.1+	Offer Letter, dated February 2, 2026, between PayPal Holdings, Inc. and Enrique Lores	8-K	2/3/2026	-
10.2+	Retention Letter, dated February 2, 2026, between PayPal Holdings, Inc. and Jamie Miller	8-K	2/3/2026	-
10.3+	Promotion Letter, dated March 19, 2024, between PayPal Holdings, Inc. and Frank Keller	-	-	X
31.01	Certification of Registrant's Chief Executive Officer, as required by Section 302 of the Sarbanes-Oxley Act of 2002	-	-	X
31.02	Certification of Registrant's Chief Financial Officer, as required by Section 302 of the Sarbanes-Oxley Act of 2002	-	-	X
32.01*	Certification of Registrant's Chief Executive Officer, as required by Section 906 of the Sarbanes-Oxley Act of 2002	-	-	X
32.02*	Certification of Registrant's Chief Financial Officer, as required by Section 906 of the Sarbanes-Oxley Act of 2002	-	-	X
101	The following financial information related to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2026, formatted in iXBRL (Inline Extensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Income (Loss), (iii) the Condensed Consolidated Statements of Comprehensive Income (Loss), (iv) the Condensed Consolidated Statements of Stockholders' Equity, (v) the Condensed Consolidated Statements of Cash Flows; and (vi) the related Notes to Condensed 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.
* The certifications furnished in Exhibits 32.01 and 32.02 hereto are deemed to accompany this Form 10-Q and will not be deemed "filed" for purposes of Section 18 of the Exchange Act. Such certifications will not be deemed to be incorporated by reference into any filings under the Securities Act or the Exchange Act, except to the extent that the registrant specifically incorporates them by reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PayPal Holdings, Inc.
Principal Executive Officer:

Date: May 5, 2026

By: */s/ Enrique Lores*
Enrique Lores
President, Chief Executive Officer and Director

Principal Financial Officer:

Date: May 5, 2026

By: */s/ Jamie Miller*
Jamie Miller
Executive Vice President, Chief Financial and Operating Officer

Principal Accounting Officer:

Date: May 5, 2026

By: */s/ Christopher Natali*
Christopher Natali
Senior Vice President, Chief Accounting Officer

March 19, 2024

Frank Keller

Dear Frank,

I am thrilled to congratulate you on your promotion to EVP, GM, Large Enterprise & Merchant Platform Group, effective April 1, 2024. This achievement recognizes the success you've demonstrated with delivering strong business results and leading by example as a champion of our values and mission. We are fortunate to have you as part of our leadership team to continue delivering for our customers, employees, and communities.

This promotion is a special career milestone, and one I hope you celebrate proudly with your family, friends and colleagues. On behalf of myself and the Senior Leadership Team, I want to personally express my gratitude for your leadership and contributions to PayPal.

As part of your new promotion compensation package, your annual base salary will increase to $750,000 and your bonus target will increase to 125%, effective April 1, 2024.

In addition, you will be granted a special equity award based on a value of $2,500,000. This equity award will be granted* in time-based restricted stock units (RSUs) and performance-based restricted stock units (PBRSUs). Equity grants are subject to applicable taxes and withholdings and are governed by the applicable award agreement and any other related documents.

- The anticipated grant date is on or around April 15, 2024.*
- The chart below provides a summary of the applicable vesting conditions. Each equity award is subject to applicable taxes and withholdings and are governed by the applicable award agreement and any other related documents.

Grant	Value	Vesting Schedule
Restricted Stock Units	$1,250,000	The value of the RSUs will be converted into a number of PayPal shares in accordance with PayPal policies. One-third (1/3) of the RSUs subject to the award will vest on the first anniversary of the grant date, with one-twelfth (1/12) of the RSUs subject to the award vesting on each quarterly vest date thereafter, conditioned upon your continued employment with a PayPal company.
Performance-based Restricted Stock Units	$1,250,000	The target value of the PBRSUs will be converted into a number of PayPal shares in accordance with PayPal policies. Any PBRSUs earned based on PayPal Holdings’ performance over the three-year 2024 – 2026 performance

		period will vest and be settled in March 2027, conditioned upon your continued employment with a PayPal company.

**Each equity award is subject to approval by the Compensation Committee of the PayPal Holdings, Inc. Board of Directors.*

I look forward to your continued growth as a senior leader at PayPal, and to partnering with you as we continue together on our journey to transform the world's digital economy.

Congratulations!

Alex Chriss President and CEO

The PayPal Holdings, Inc. 2015 Equity Incentive Award Plan (the "Plan"), the equity award agreements and other related policies and agreements set forth the terms and conditions that govern your equity awards ("Awards"). You will be required to sign (or electronically accept) the grant materials which PayPal will provide to you. PayPal, in its sole discretion, may suspend, modify, cancel or terminate the Plan at any time without any compensation to you. Your participation in the Plan is entirely voluntary and the benefits afforded under the Plan do not form an employment contract with PayPal or any of its affiliates. The grant of the Awards is a one-time benefit which will not give you a right to any future grants under the Plan. The Awards and any shares acquired under the Plan are an additional benefit that may be given to you by PayPal and not by your employer or any other affiliate of PayPal. Therefore, the Awards and any shares acquired under the Plan are not part of your employment relationship with your employer and are completely separate from your salary or any other remuneration or benefits provided to you by your employer. This means any gain you realize from the RSUs and PBRSUs will not be included if and when any bonuses, termination compensation, severance payments, payments during a notice period or indemnity that you may receive from your employer are calculated. If Awards are granted to you, you will be responsible for any tax or social insurance contribution obligations arising from the Awards and any shares acquired under the Plan. You will need to seek advice from your personal advisor at your own expense regarding the tax implications of any Awards granted to you. If you are employed outside the United States, all disputes relating to the Awards or this letter shall be governed by U.S. federal and California state law (but not including the choice of law rules thereof). For employees outside the United States, for purposes of litigating any dispute that arises from the Awards or this letter, you consent to the exclusive jurisdiction of the State of California and agree that such litigation shall be conducted in the courts of the County of Santa Clara, California, or the U.S. federal courts for the Northern District of California, and no other courts, where the grant of Awards, if any, shall be made and/or performed. In the event that PayPal discovers that it has not timely granted an equity or equity-related award on its intended grant date, PayPal shall have the right and authority to grant the award after such discovery, which award shall be subject to the same vesting schedule and Average PayPal Closing Price (as determined pursuant to applicable PayPal policies) as would have been applicable had the award been granted on the intended grant date. No employee or any other individual shall have any other right in connection with any such award, other than as explicitly provided by PayPal.

Exhibit 31.01

CERTIFICATION OF CHIEF EXECUTIVE OFFICER,
AS REQUIRED BY SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002.

I, Enrique Lores, certify that:

1. I have reviewed this report on Form 10-Q 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/ Enrique Lores

Enrique Lores
President, Chief Executive Officer and Director
(Principal Executive Officer)

Date: May 5, 2026

Exhibit 31.02

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-Q 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 and Operating Officer
(Principal Financial Officer)

Date: May 5, 2026

Exhibit 32.01

CERTIFICATION OF CHIEF EXECUTIVE OFFICER,
AS REQUIRED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002.

I, Enrique Lores, 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 quarterly report on Form 10-Q for the quarter ended March 31, 2026 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/ Enrique Lores
Enrique Lores
President, Chief Executive Officer and Director
(Principal Executive Officer)

Date: May 5, 2026

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.

Exhibit 32.02

**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 quarterly report on Form 10-Q for the quarter ended March 31, 2026 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 and Operating Officer
(Principal Financial Officer)

Date: May 5, 2026

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.