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 June 30, 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		**47-2989869**
(State or Other Jurisdiction of Incorporation or Organization)		**(I.R.S. Employer Identification No.)**
2211 North First Street	**San Jose, California**	**95131**
(Address of Principal Executive Offices)		**(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 July 22, 2026, there were 855,460,874 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

	June 30, 2026	December 31, 2025
	(In millions, except par value) (Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 8,306	$ 8,049
Short-term investments	2,950	2,373
Accounts receivable, net	763	840
Loans and interest receivable, held for sale	1,914	1,726
Loans and interest receivable, net of allowances of $533 and $539 as of June 30, 2026 and December 31, 2025, respectively	6,847	6,746
Funds receivable and customer accounts	39,743	38,198
Prepaid expenses and other current assets	1,823	1,827
Total current assets	62,346	59,759
Long-term investments	4,009	4,330
Property and equipment, net	1,731	1,700
Goodwill	10,929	10,864
Intangible assets, net	178	208
Other assets	3,544	3,312
Total assets	$ 82,737	$ 80,173
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 208	$ 240
Funds payable and amounts due to customers	41,743	40,198
Short-term debt	2,505	1,596
Accrued expenses and other current liabilities	3,950	4,409
Total current liabilities	48,406	46,443
Other long-term liabilities	3,616	3,487
Long-term debt	10,895	9,987
Total liabilities	62,917	59,917
Commitments and contingencies (Note 13)		
Equity:		
Common stock, $0.0001 par value; 4,000 shares authorized; 862 and 920 shares outstanding as of June 30, 2026 and December 31, 2025, respectively	—	—
Preferred stock, $0.0001 par value; 100 shares authorized, unissued	—	—
Treasury stock at cost, 490 and 423 shares as of June 30, 2026 and December 31, 2025, respectively	(36,165)	(33,138)
Additional paid-in-capital	22,056	21,582
Retained earnings	34,432	32,470
Accumulated other comprehensive income (loss)	(503)	(658)
Total equity	19,820	20,256
Total liabilities and equity	$ 82,737	$ 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 June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
	(In millions, except per share amounts) (Unaudited)			
Net revenues	$ 8,682	$ 8,288	$ 17,035	$ 16,079
Operating expenses:				
Transaction expense	4,385	3,968	8,550	7,672
Transaction and credit losses	397	476	775	847
Customer support and operations	462	413	908	811
Sales and marketing	546	583	1,064	1,071
Technology and development	849	767	1,642	1,498
General and administrative	503	461	994	964
Restructuring and other	113	116	187	182
Total operating expenses	7,255	6,784	14,120	13,045
Operating income	1,427	1,504	2,915	3,034
Other income (expense), net	(117)	25	(212)	98
Income before income taxes	1,310	1,529	2,703	3,132
Income tax expense	206	268	486	584
Net income (loss)	$ 1,104	$ 1,261	$ 2,217	$ 2,548
Net income (loss) per share:				
Basic	$ 1.26	$ 1.30	$ 2.48	$ 2.61
Diluted	$ 1.25	$ 1.29	$ 2.46	$ 2.58
Weighted average shares:				
Basic	877	969	895	977
Diluted	882	977	901	988

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 June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
	(In millions) (Unaudited)			
Net income (loss)	$ 1,104	$ 1,261	$ 2,217	$ 2,548
Other comprehensive income (loss), net of reclassification adjustments:				
Foreign currency translation adjustments (“CTA”), net	7	125	(27)	234
Tax benefit (expense) on foreign CTA, net	1	3	5	(4)
Unrealized gains (losses) on cash flow hedges, net	19	(248)	211	(424)
Tax (expense) benefit on unrealized gains (losses) on cash flow hedges, net	(19)	11	(32)	20
Unrealized gains (losses) on available-for-sale debt securities, net	2	(11)	(3)	(20)
Tax benefit on unrealized losses on available-for-sale debt securities, net	—	3	1	5
Other comprehensive income (loss), net of tax	10	(117)	155	(189)
Comprehensive income (loss)	$ 1,114	$ 1,144	$ 2,372	$ 2,359

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
Net income	—	—	—	—	1,104	1,104
Foreign CTA, net	—	—	—	7	—	7
Tax benefit on foreign CTA, net	—	—	—	1	—	1
Unrealized gains on cash flow hedges, net	—	—	—	19	—	19
Tax expense on unrealized gains on cash flow hedges, net	—	—	—	(19)	—	(19)
Unrealized gains on available-for-sale debt securities, net	—	—	—	2	—	2
Common stock and stock-based awards issued, net of shares withheld for employee taxes	3	—	15	—	—	15
Common stock repurchased	(33)	(1,514)	—	—	—	(1,514)
Cash dividends declared ($0.14 per share)	—	—	—	—	(125)	(125)
Stock-based compensation	—	—	306	—	—	306
Balances at June 30, 2026	862	$ (36,165)	$ 22,056	$ (503)	$ 34,432	$ 19,820

PayPal Holdings, Inc.

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY—(continued)

	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
Net income	—	—	—	—	1,261	1,261
Foreign CTA, net	—	—	—	125	—	125
Tax benefit on foreign CTA, net	—	—	—	3	—	3
Unrealized losses on cash flow hedges, net	—	—	—	(248)	—	(248)
Tax benefit on unrealized losses on cash flow hedges, net	—	—	—	11	—	11
Unrealized losses on available-for-sale debt securities, net	—	—	—	(11)	—	(11)
Tax benefit on unrealized losses on available-for-sale debt securities, net	—	—	—	3	—	3
Common stock and stock-based awards issued, net of shares withheld for employee taxes	3	—	(2)	—	—	(2)
Common stock repurchased	(22)	(1,514)	—	—	—	(1,514)
Stock-based compensation	—	—	319	—	—	319
Balances at June 30, 2025	960	$ (30,111)	$ 21,136	$ (739)	$ 29,915	$ 20,201

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

PayPal Holdings, Inc.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
	(In millions) (Unaudited)	
Cash flows from operating activities:		
Net income (loss)	$ 2,217	$ 2,548
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Transaction and credit losses	775	847
Depreciation and amortization	484	484
Stock-based compensation	534	535
Deferred income taxes	(175)	(89)
Net (gains) losses on strategic investments	175	(59)
Accretion of discounts on investments, net of amortization of premiums	(19)	(57)
Adjustments to loans and interest receivable, held for sale	126	52
Other	79	(297)
Originations of loans receivable, held for sale	(23,779)	(14,358)
Proceeds from repayments and sales of loans receivable, originally classified as held for sale	23,373	14,112
Changes in assets and liabilities:		
Accounts receivable	78	(115)
Transaction loss allowance for cash losses, net	(602)	(655)
Other current assets and non-current assets	57	(389)
Accounts payable	2	(50)
Other current liabilities and non-current liabilities	(208)	(451)
Net cash provided by operating activities	3,117	2,058
Cash flows from investing activities:		
Purchases of reverse repurchase agreements	—	(201)
Maturities of reverse repurchase agreements	—	288
Purchases of property and equipment	(439)	(402)
Proceeds from sales of property and equipment	19	3
Purchases and originations of loans receivable	(8,026)	(11,490)
Proceeds from repayments and sales of loans receivable, originally classified as held for investment	7,595	11,210
Purchases of investments	(12,983)	(11,564)
Maturities and sales of investments	9,659	11,595
Acquisitions, net of cash acquired	(122)	—
Funds receivable	(824)	(2,785)
Collateral posted related to derivative instruments, net	136	(316)
Other	—	(15)
Net cash used in investing activities	(4,985)	(3,677)
Cash flows from financing activities:		
Borrowings from repurchase agreements	—	405
Repayments of repurchase agreements	—	(405)
Proceeds from issuance of common stock	60	74
Purchases of treasury stock	(3,052)	(3,051)
Tax withholdings related to net share settlements of equity awards	(185)	(249)
Borrowings under financing arrangements	3,514	1,491
Repayments under financing arrangements	(1,676)	(1,207)
Funds payable and amounts due to customers	1,323	913
Collateral received related to derivative instruments and reverse repurchase agreements, net	118	(145)
Payments of dividends to stockholders	(252)	—
Other	(6)	(6)
Net cash used in financing activities	(156)	(2,180)

PayPal Holdings, Inc.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS—(continued)

	Six Months Ended June 30, 2026	2025
	(In millions) (Unaudited)	
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(21)	289
Net change in cash, cash equivalents, and restricted cash	(2,045)	(3,510)
Cash, cash equivalents, and restricted cash at beginning of period	24,018	22,490
Cash, cash equivalents, and restricted cash at end of period	$ 21,973	$ 18,980
Supplemental cash flow disclosures:		
Cash paid for interest	$ 212	$ 191
Cash paid for income taxes, net	$ 225	$ 837
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	$ 8,306	$ 6,688
Funds receivable and customer accounts	13,667	12,292
Total cash, cash equivalents, and restricted cash shown in the condensed consolidated statements of cash flows	$ 21,973	$ 18,980

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 June 30, 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 June 30, 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 $193 million and $202 million, respectively, 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 June 30, 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 and six months ended June 30, 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 $248 million and $238 million as of June 30, 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 June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
	(In millions)			
Primary geographical markets				
U.S.	$ 5,048	$ 4,709	$ 9,930	$ 9,172
Other countries[1]	3,634	3,579	7,105	6,907
Total net revenues[2]	$ 8,682	$ 8,288	$ 17,035	$ 16,079
Revenue category				
Transaction revenues	$ 7,832	$ 7,441	$ 15,333	$ 14,457
Revenues from other value added services	850	847	1,702	1,622
Total net revenues[2]	$ 8,682	$ 8,288	$ 17,035	$ 16,079

[1] No single country included in the other countries category generated more than 10% of total net revenues.
[2] Total net revenues include $589 million and $506 million for the three months ended June 30, 2026 and 2025, respectively, and $1.1 billion for both the six months ended June 30, 2026 and 2025, 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 June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
	(In millions, except per share amounts)			
Numerator:				
Net income (loss)	$ 1,104	$ 1,261	$ 2,217	$ 2,548
Denominator:				
Weighted average shares of common stock - basic	877	969	895	977
Dilutive effect of equity incentive awards	5	8	6	11
Weighted average shares of common stock - diluted	882	977	901	988
Net income (loss) per share:				
Basic	$ 1.26	$ 1.30	$ 2.48	$ 2.61
Diluted	$ 1.25	$ 1.29	$ 2.46	$ 2.58
Common stock equivalents excluded from net income (loss) per diluted share because their effect would have been anti-dilutive or potentially dilutive	31	14	26	8

NOTE 4—BUSINESS COMBINATIONS

In the first quarter of 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. In the second quarter of 2025, we completed an acquisition with a total purchase price of $19 million, consisting of cash consideration, which was accounted for as a business combination.

NOTE 5—GOODWILL AND INTANGIBLE ASSETS

GOODWILL

The following table presents goodwill balances and adjustments to those balances during the six months ended June 30, 2026:

	December 31, 2025	Goodwill Acquired	Foreign CTA	June 30, 2026
		(In millions)		
Total goodwill	$ 10,864	$ 104	$ (39)	$ 10,929

The goodwill acquired during the six months ended June 30, 2026 was associated with one acquisition as described in "Note 4—Business Combinations."

INTANGIBLE ASSETS

The components of identifiable intangible assets were as follows:

	June 30, 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	$ 372	$ (243)	$ 129	$ 372	$ (224)	$ 148
Marketing related	58	(54)	4	60	(50)	10
Developed technology	23	(5)	18	9	(2)	7
All other	215	(188)	27	208	(165)	43
Intangible assets, net	$ 668	$ (490)	$ 178	$ 649	$ (441)	$ 208

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

Amortization expense for intangible assets was $33 million and $48 million for the three months ended June 30, 2026 and 2025, respectively. Amortization expense for intangible assets was $65 million and $95 million for the six months ended June 30, 2026 and 2025, respectively.

Expected future intangible asset amortization as of June 30, 2026 was as follows:

Fiscal years:	(In millions)
Remaining 2026	$ 50
2027	67
2028	53
2029	2
2030	2
Thereafter	4
Total	$ 178

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 June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
	(In millions)			
Operating lease expense	$ 45	$ 40	$ 85	$ 81
Finance lease expense - amortization of right-of-use ("ROU") lease assets	4	4	8	8
Sublease income	(2)	(2)	(4)	(4)
Total lease expense, net	$ 47	$ 42	$ 89	$ 85

Supplemental cash flow information related to leases during the three and six months ended June 30, 2026 and 2025 were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
	(In millions)			
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows from operating leases	$ 46	$ 46	$ 91	$ 88
Financing cash flows from finance leases	$ 4	$ 4	$ 6	$ 6
ROU lease assets obtained in exchange for operating lease liabilities	$ 154	$ —	$ 149	$ 5

Supplemental balance sheet information related to leases was as follows:

	June 30, 2026		December 31, 2025	
	(In millions, except weighted-average figures)			
	Operating leases	Finance leases	Operating leases	Finance leases
ROU lease assets	$ 619	$ 48	$ 539	$ 56
Current lease liabilities	142	5	148	7
Long-term lease liabilities	668	6	548	10
Total lease liabilities	$ 810	$ 11	$ 696	$ 17
Weighted-average remaining lease term	6.6 years	2.9 years	5.4 years	3.4 years
Weighted-average discount rate	5%	5%	4%	5%

Future minimum lease payments for our leases as of June 30, 2026 were as follows:

	Operating leases	Finance leases
Fiscal years:	(In millions)	
Remaining 2026	$ 79	$ 2
2027	174	6
2028	142	4
2029	125	—
2030	110	—
Thereafter	348	—
Total	$ 978	$ 12
Less: present value discount	(168)	(1)
Lease liability	$ 810	$ 11

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.

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 June 30, 2026:

	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	$ 82	$ 8	$ (866)	$ 313	$ (50)	$ (513)
Other comprehensive income (loss) before reclassifications	20	2	7	—	(18)	11
Less: Amount of net gains (losses) reclassified from accumulated other comprehensive income (loss) ("AOCI")	1	—	—	—	—	1
Net current period other comprehensive income (loss)	19	2	7	—	(18)	10
Ending balance	$ 101	$ 10	$ (859)	$ 313	$ (68)	$ (503)

PayPal Holdings, Inc.

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

The following table summarizes the changes in accumulated balances of other comprehensive income (loss) for the three months ended June 30, 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	$ (29)	$ 5	$ (840)	$ 313	$ (71)	$ (622)
Other comprehensive income (loss) before reclassifications	(318)	(10)	125	—	17	(186)
Less: Amount of net gains (losses) reclassified from AOCI	(70)	1	—	—	—	(69)
Net current period other comprehensive income (loss)	(248)	(11)	125	—	17	(117)
Ending balance	$ (277)	$ (6)	$ (715)	$ 313	$ (54)	$ (739)

The following table summarizes the changes in accumulated balances of other comprehensive income (loss) for the six months ended June 30, 2026:

	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	$ (110)	$ 13	$ (832)	$ 313	$ (42)	$ (658)
Other comprehensive income (loss) before reclassifications	124	(3)	(27)	—	(26)	68
Less: Amount of net gains (losses) reclassified from AOCI	(87)	—	—	—	—	(87)
Net current period other comprehensive income (loss)	211	(3)	(27)	—	(26)	155
Ending balance	$ 101	$ 10	$ (859)	$ 313	$ (68)	$ (503)

The following table summarizes the changes in accumulated balances of other comprehensive income (loss) for the six months ended June 30, 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	(461)	(18)	234	—	21	(224)
Less: Amount of net gains (losses) reclassified from AOCI	(37)	2	—	—	—	(35)
Net current period other comprehensive income (loss)	(424)	(20)	234	—	21	(189)
Ending balance	$ (277)	$ (6)	$ (715)	$ 313	$ (54)	$ (739)

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 June 30,		Six Months Ended June 30,		
	2026	2025	2026	2025	
	(In millions)				
Net gains (losses) on cash flow hedges—foreign exchange contracts	$ 6	$ (70)	$ (80)	$ (35)	Net revenues
Net gains (losses) on cash flow hedges—foreign exchange contracts	(2)	—	(3)	(1)	Customer support and operations
Net gains (losses) on cash flow hedges—foreign exchange contracts	(2)	—	(3)	(1)	Technology and development
Net gains (losses) on cash flow hedges—foreign exchange contracts	(1)	—	(1)	—	General and administrative
Net gains (losses) on investments	—	—	—	1	Net revenues
Net gains (losses) on investments	—	1	—	1	Other income (expense), net
	1	(69)	(87)	(35)	Income before income taxes
	—	—	—	—	Income tax expense
Total reclassifications for the period	$ 1	$ (69)	$ (87)	$ (35)	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 June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
	(In millions)			
Interest income	$ 104	$ 135	$ 211	$ 280
Interest expense	(126)	(114)	(237)	(217)
Net gains (losses) on strategic investments	(74)	11	(175)	59
Other	(21)	(7)	(11)	(24)
Other income (expense), net	$ (117)	$ 25	$ (212)	$ 98

PayPal Holdings, Inc.

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

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 June 30, 2026 and December 31, 2025:

	June 30, 2026	December 31, 2025
	(In millions)	
Cash and cash equivalents	$ 8,306	$ 8,049
Funds receivable and customer accounts:		
Cash and cash equivalents[1]	$ 13,667	$ 15,969
Time deposits	110	94
Available-for-sale debt securities	17,353	14,457
Funds receivable	8,613	7,678
Total funds receivable and customer accounts	$ 39,743	$ 38,198
Short-term investments:		
Time deposits	$ 87	$ 88
Available-for-sale debt securities	2,863	2,285
Total short-term investments	$ 2,950	$ 2,373
Long-term investments:		
Time deposits	$ 5	$ 5
Available-for-sale debt securities	2,269	2,421
Strategic investments	1,735	1,904
Total long-term investments	$ 4,009	$ 4,330

[1] Includes $12 million and $374 million of available-for-sale debt securities with original maturities of three months or less as of June 30, 2026 and December 31, 2025, respectively.

As of June 30, 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:

	June 30, 2026[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	$ 4,786	$ 1	$ —	$ 4,787
Foreign government and agency securities	87	—	—	87
Corporate debt securities	2,626	4	(1)	2,629
Mortgage-backed and asset-backed securities	4,486	6	(3)	4,489
Municipal securities	81	—	—	81
Commercial paper	4,607	1	—	4,608
Short-term investments:				
U.S. government and agency securities	50	—	—	50
Foreign government and agency securities	100	—	—	100
Corporate debt securities	788	1	(1)	788
Mortgage-backed and asset-backed securities	289	—	—	289
Commercial paper	1,636	—	—	1,636
Long-term investments:				
U.S. government and agency securities	521	—	—	521
Corporate debt securities	632	1	—	633
Mortgage-backed and asset-backed securities	1,114	1	—	1,115
Total available-for-sale debt securities[2]	$ 21,803	$ 15	$ (5)	$ 21,813

[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 $107 million and $101 million at June 30, 2026 and December 31, 2025, respectively, and were included in other current assets on our condensed consolidated balance sheets.

As of June 30, 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:

	June 30, 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)					
Funds receivable and customer accounts:						
U.S. government and agency securities	$ 2,672	$ —	$ —	$ —	$ 2,672	$ —
Foreign government and agency securities	50	—	—	—	50	—
Corporate debt securities	587	(1)	75	—	662	(1)
Mortgage-backed and asset-backed securities	1,723	(3)	47	—	1,770	(3)
Commercial paper	1,145	—	—	—	1,145	—
Short-term investments:						
U.S. government and agency securities	50	—	—	—	50	—
Foreign government and agency securities	25	—	—	—	25	—
Corporate debt securities	195	—	49	(1)	244	(1)
Mortgage-backed and asset-backed securities	210	—	35	—	245	—
Commercial paper	996	—	—	—	996	—
Long-term investments:						
U.S. government and agency securities	310	—	—	—	310	—
Corporate debt securities	222	—	—	—	222	—
Mortgage-backed and asset-backed securities	331	—	5	—	336	—
Total available-for-sale debt securities	$ 8,516	$ (4)	$ 211	$ (1)	$ 8,727	$ (5)

[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 June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
	(In millions)			
Proceeds from sales and maturities of available-for-sale debt securities	$ 5,458	$ 7,069	$ 10,737	$ 12,541

During the three and six months ended June 30, 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:

	June 30, 2026	
	Amortized Cost	Fair Value
	(In millions)	
One year or less	$ 10,528	$ 10,530
After one year through five years	5,630	5,634
After five years through ten years	2,606	2,604
After ten years	3,039	3,045
Total	$ 21,803	$ 21,813

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). Our non-marketable equity securities are recorded as long-term investments on our condensed consolidated balance sheets. We have non-marketable equity securities 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).

The following table summarizes our strategic investments as of June 30, 2026 and December 31, 2025:

	June 30, 2026	December 31, 2025
	(In millions)	
Marketable equity securities	$ 106	$ 180
Non-marketable equity securities:		
Equity Method	205	215
Measurement Alternative	1,424	1,509
Total non-marketable equity securities	1,629	1,724
Total strategic investments	$ 1,735	$ 1,904

Measurement Alternative adjustments

The adjustments to the carrying value of our non-marketable equity securities accounted for under the Measurement Alternative in the three and six months ended June 30, 2026 and 2025 were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
	(In millions)			
Carrying amount, beginning of period	$ 1,485	$ 1,413	$ 1,509	$ 1,336
Adjustments related to non-marketable equity securities:				
Net additions (reductions)[1]	2	(76)	1	(54)
Gross unrealized gains	—	28	45	83
Gross unrealized losses and impairments	(63)	(6)	(131)	(6)
Carrying amount, end of period	$ 1,424	$ 1,359	$ 1,424	$ 1,359

[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 June 30, 2026 and December 31, 2025, respectively:

	June 30, 2026	December 31, 2025
	(In millions)	
Cumulative gross unrealized gains	$ 917	$ 872
Cumulative gross unrealized losses and impairments	$ (479)	$ (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 June 30, 2026 and 2025, respectively:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
	(In millions)			
Net unrealized gains (losses)	$ (63)	$ 20	$ (160)	$ 68

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 six months ended June 30, 2026 and 2025 include the purchase of investments, net of maturities and sales, of $200 million and $29 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 June 30, 2026 and December 31, 2025:

	June 30, 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]			
Money market fund	$ 49	$ 49	$ —
Short-term investments[2]:			
U.S. government and agency securities	50	—	50
Foreign government and agency securities	100	—	100
Corporate debt securities	788	—	788
Mortgage-backed and asset-backed securities	289	—	289
Commercial paper	1,636	—	1,636
Total short-term investments	2,863	—	2,863
Funds receivable and customer accounts[3]:			
U.S. government and agency securities	4,787	—	4,787
Foreign government and agency securities	336	—	336
Corporate debt securities	3,064	—	3,064
Mortgage-backed and asset-backed securities	4,489	—	4,489
Municipal securities	81	—	81
Commercial paper	4,608	—	4,608
Total funds receivable and customer accounts	17,365	—	17,365
Derivatives[4]	148	—	148
Long-term investments[2],[5]:			
U.S. government and agency securities	521	—	521
Corporate debt securities	633	—	633
Mortgage-backed and asset-backed securities	1,115	—	1,115
Marketable equity securities	106	106	—
Total long-term investments	2,375	106	2,269
Total financial assets	$ 22,800	$ 155	$ 22,645
Liabilities:			
Derivatives[4]	$ 52	$ —	$ 52

[1] Excludes cash and cash equivalents of $8.3 billion not measured and recorded at fair value.
[2] Excludes time deposits of $92 million not measured and recorded at fair value.
[3] Excludes cash, time deposits, and funds receivable of $22.4 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 $1.6 billion measured using the Measurement Alternative or equity method accounting.

	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 June 30, 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 June 30, 2026 and December 31, 2025:

	June 30, 2026		December 31, 2025	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	(In millions)			
Funds receivable and customer accounts	$ 685	$ 684	$ 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 and six months ended June 30, 2026 and 2025:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
	(In millions)			
Funds receivable and customer accounts	$ (5)	$ 61	$ (20)	$ 92

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

The following tables summarize our assets held as of June 30, 2026 and December 31, 2025 for which a non-recurring fair value measurement was recorded during the six months ended June 30, 2026 and the year ended December 31, 2025, respectively:

	June 30, 2026	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
		(In millions)	
Loans and interest receivable, held for sale	$ 1,395	$ 1,142	$ 253
Non-marketable equity securities measured using the Measurement Alternative[1]	271	117	154
Total	$ 1,666	$ 1,259	$ 407

[1] Excludes non-marketable equity securities of $1.2 billion accounted for under the Measurement Alternative for which no observable price changes occurred during the six months ended June 30, 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.

The fair value of certain loans and interest receivables held for sale is classified within Level 3 when we estimate fair value using significant unobservable inputs. The significant unobservable input is the price at which the Company expects to sell the loans and is determined based upon certain loan and risk classifications of the portfolio. The following table presents the valuation techniques covering the majority of Level 3 non-recurring fair value measurements and the most significant unobservable inputs used in those measurements as of June 30, 2026:

	Fair Value (In millions)	Methodology	Input	Low[(1)]	High[(1)]	Weighted Average[(1)(2)]
Loans and interest receivable, held for sale	$ 253	Price-based	Price	$ 0.01	$ 1.00	$ 0.89

[(1)] Prices are measured in relation to $1.00 par.
[(2)] Weighted average is calculated based on the fair value of the loans.

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 $12.6 billion and fair value of approximately $11.9 billion as of June 30, 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, we monitor the potential risk of loss with any one counterparty resulting from this type of credit risk 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 June 30, 2026, we estimated that $101 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 and six months ended June 30, 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. 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. 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.

PayPal Holdings, Inc.

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

FAIR VALUE OF DERIVATIVE CONTRACTS

The fair value of our outstanding derivative instruments as of June 30, 2026 and December 31, 2025 was as follows:

	Balance Sheet Location	June 30, 2026	December 31, 2025
		(In millions)	
Derivative Assets:			
Foreign exchange contracts designated as hedging instruments	Other current assets	$ 116	$ 7
Foreign exchange contracts not designated as hedging instruments	Other current assets	32	13
Total derivative assets		$ 148	$ 20
Derivative Liabilities:			
Foreign exchange contracts designated as hedging instruments	Other current liabilities	$ 15	$ 118
Foreign exchange contracts not designated as hedging instruments	Other current liabilities	37	40
Total derivative liabilities		$ 52	$ 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 for the three months ended June 30, 2026 and 2025:

	Three Months Ended June 30,				
	2026				
	(In millions)				
	Net revenues	Customer support and operations	Technology and development	General and administrative	Other income (expense), net
Total amounts presented in the condensed consolidated statements of income (loss) in which the gains (losses) on derivatives are recorded	$ 8,682	$ 462	$ 849	$ 503	$ (117)
Gains (losses) on derivatives in cash flow hedging relationship:					
Amount of net gains (losses) on foreign exchange contracts reclassified from AOCI	6	(2)	(2)	(1)	—
Gains (losses) on derivatives not designated as hedging instruments:					
Amount of net gains (losses) on foreign exchange contracts	—	—	—	—	(42)
Total net gains (losses)	$ 6	$ (2)	$ (2)	$ (1)	$ (42)

	Three Months Ended June 30,	
	2025	
	(In millions)	
	Net revenues	Other income (expense), net
Total amounts presented in the condensed consolidated statements of income (loss) in which the gains (losses) on derivatives are recorded	$ 8,288	$ 25
Gains (losses) on derivatives in cash flow hedging relationship:		
Amount of net gains (losses) on foreign exchange contracts reclassified from AOCI	(70)	—
Gains (losses) on derivatives not designated as hedging instruments:		
Amount of net gains (losses) on foreign exchange contracts	—	(152)
Total net gains (losses)	$ (70)	$ (152)

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 for the six months ended June 30, 2026 and 2025:

	Six Months Ended June 30,				
	2026				
	(In millions)				
	Net revenues	Customer support and operations	Technology and development	General and administrative	Other income (expense), net
Total amounts presented in the condensed consolidated statements of income (loss) in which the gains (losses) on derivatives are recorded	$ 17,035	$ 908	$ 1,642	$ 994	$ (212)
Gains (losses) on derivatives in cash flow hedging relationship:					
Amount of net gains (losses) on foreign exchange contracts reclassified from AOCI	(80)	(3)	(3)	(1)	—
Gains (losses) on derivatives not designated as hedging instruments:					
Amount of net gains (losses) on foreign exchange contracts	—	—	—	—	11
Total net gains (losses)	$ (80)	$ (3)	$ (3)	$ (1)	$ 11

	Six Months Ended June 30,			
	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 gains (losses) on derivatives are recorded	$ 16,079	$ 811	$ 1,498	$ 98
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	—	—	—	(235)
Total net gains (losses)	$ (35)	$ (1)	$ (1)	$ (235)

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 June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
	(In millions)			
Unrealized net gains (losses) on foreign exchange contracts designated as cash flow hedges	$ 20	$ (318)	$ 124	$ (461)

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:

	June 30, 2026	December 31, 2025
	(In millions)	
Foreign exchange contracts designated as hedging instruments	$ 7,221	$ 5,878
Foreign exchange contracts not designated as hedging instruments	9,032	11,932
Total	$ 16,253	$ 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 June 30, 2026				
Derivative assets[3]	$ 148	$ 16	$ 110	$ 22
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 June 30, 2026				
Derivative liabilities[3]	$ 52	$ 16	$ 16	$ 20
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 $120 million and $2 million as of June 30, 2026 and December 31, 2025, respectively, and securities from derivative counterparties with a fair value of $75 million and $90 million as of June 30, 2026 and December 31, 2025, respectively. We posted $20 million and $156 million of cash collateral as of June 30, 2026 and December 31, 2025, respectively, and securities to derivative counterparties with a fair value of $56 million and $91 million as of June 30, 2026 and December 31, 2025, respectively.

NOTE 11—LOANS AND INTEREST RECEIVABLE

LOANS AND INTEREST RECEIVABLE, HELD FOR SALE

As of June 30, 2026 and December 31, 2025, loans and interest receivable, held for sale was $1.9 billion and $1.7 billion, respectively. During the six months ended June 30, 2026, we derecognized loans with an unpaid balance of $15.9 billion and had net proceeds of $15.8 billion from loans and interest receivable sold. During the six months ended June 30, 2025, we derecognized loans with both an unpaid balance and net proceeds of $11.6 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 six months ended June 30, 2026 and 2025, we purchased approximately $783 million and $602 million in consumer receivables, respectively. For both June 30, 2026 and December 31, 2025, the outstanding balance of consumer receivables, which consisted of revolving and installment loans and interest receivable, was $5.5 billion, net of the participation interest sold to the partner institution of $36 million and $33 million as of June 30, 2026 and December 31, 2025, respectively.

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.

June 30, 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	$ 2,824	$ 1,533	$ 700	$ 198	$ 40	$ —	$ 5,295	96.6%
30 - 59 Days	27	25	10	3	1	—	66	1.2%
60 - 89 Days	17	13	6	2	1	—	39	0.7%
90 - 179 Days	45	12	20	3	—	—	80	1.5%
Total	$ 2,913	$ 1,583	$ 736	$ 206	$ 42	$ —	$ 5,480	100%
Gross charge-offs for the six months ended June 30, 2026	$ 75	$ 1	$ 69	$ 11	$ —	$ —	$ 156	

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 six months ended June 30, 2026 and 2025:

	June 30, 2026			June 30, 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	93	8	101	117	6	123
Charge-offs	(148)	(8)	(156)	(143)	(9)	(152)
Recoveries	41	—	41	33	—	33
Other[1]	(7)	—	(7)	25	—	25
Ending balance	$ 345	$ 3	$ 348	$ 373	$ 4	$ 377

[1] Includes amounts related to foreign currency remeasurement.

The allowance for credit losses at June 30, 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 six months ended June 30, 2026 and 2025, we purchased approximately $1.2 billion and $1.0 billion in merchant receivables, respectively. As of June 30, 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 $67 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.

	June 30, 2026 (In millions, except percentages)						
	2026	2025	2024	2023	2022	Total	Percent
Merchant loans, advances, and fees receivable:							
Current	$ 1,340	$ 343	$ 15	$ 2	$ 2	$ 1,702	89.6%
30 - 59 Days	32	41	8	1	—	82	4.3%
60 - 89 Days	11	25	5	1	—	42	2.2%
90 - 179 Days	7	46	9	1	—	63	3.3%
180+ Days	—	6	4	1	—	11	0.6%
Total	$ 1,390	$ 461	$ 41	$ 6	$ 2	$ 1,900	100%
Gross charge-offs for the six months ended June 30, 2026	$ —	$ 61	$ 20	$ 3	$ —	$ 84	

	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 six months ended June 30, 2026 and 2025:

	June 30, 2026			June 30, 2025		
	Merchant Loans and Advances	Fees Receivable	Total Allowance	Merchant Loans and Advances	Fees Receivable	Total Allowance
	(In millions)					
Beginning balance	$ 156	$ 14	$ 170	$ 107	$ 6	$ 113
Provisions	83	8	91	69	8	77
Charge-offs	(77)	(7)	(84)	(55)	(4)	(59)
Recoveries	9	—	9	12	—	12
Other[1]	(1)	—	(1)	4	—	4
Ending balance	$ 170	$ 15	$ 185	$ 137	$ 10	$ 147

[1] Includes amounts related to foreign currency remeasurement.

The allowance for credit losses at June 30, 2026 for our merchant receivable portfolio remained relatively consistent with the allowance for credit losses at December 31, 2025.

NOTE 12—DEBT

NOTES

In May 2026, we issued fixed-rate notes with varying maturity dates for an aggregate principal amount of $2.0 billion, consisting of $650 million aggregate principal amount of 4.550% notes due 2028, $850 million aggregate principal amount of 4.950% notes due 2031, and $500 million aggregate principal amount of 5.550% notes due 2036. Interest on the notes is payable on June 1 and December 1, beginning on December 1, 2026.

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

The following table summarizes total long-term debt:

	Maturities	Effective Interest Rate	June 30, 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%	—	147
¥37 billion fixed-rate 1.240% notes	6/9/2028	1.31%	228	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	4.68%	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
May 2026 debt issuance:				
Fixed-rate 4.550% notes	6/1/2028	4.87%	650	—
Fixed-rate 4.950% notes	6/1/2031	5.11%	850	—
Fixed-rate 5.550% notes	6/1/2036	5.66%	500	—
Total term debt			12,728	10,884
Unamortized premium (discount) and issuance costs, net			(84)	(76)
Less: current portion of term debt[(2)]			(1,749)	(1,396)
Total carrying amount of term debt			$ 10,895	$ 9,412

(1) Principal amounts represent the U.S. dollar equivalent as of June 30, 2026 and December 31, 2025, respectively.
(2) The current portion of term debt is included within "short-term debt" on our condensed consolidated balance sheets.

As of June 30, 2026, the future principal payments associated with our long-term debt was as follows (in millions):

Remaining 2026	$ 1,250
2027	500
2028	1,778
2029	1,500
2030	1,000
Thereafter	6,700
Total	$ 12,728

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 $119 million and $225 million for the three and six months ended June 30, 2026, respectively. The interest expense recorded for the notes, including amortization of the debt discount and debt issuance costs, was $110 million and $208 million for the three and six months ended June 30, 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 $556 million as of June 30, 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 June 30, 2026 and December 31, 2025, ¥90.0 billion (approximately $556 million) and ¥90.0 billion (approximately $575 million) was drawn down under the Paidy Credit Agreement, respectively, which was recorded in short-term debt and long-term debt, respectively, on our condensed consolidated balance sheets. The weighted average interest rate on the borrowing was 1.49% as of June 30, 2026. At June 30, 2026, no borrowing capacity was available for the purposes permitted by the Paidy Credit Agreement. During the three and six months ended June 30, 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 June 30, 2026 and December 31, 2025, which was recorded in short-term debt on our condensed consolidated balance sheets. The weighted average interest rate on the commercial paper borrowings was 4.06% and 4.07% as of June 30, 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 June 30, 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 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 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, 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.

On May 21, 2026, the Norfolk Securities Action was consolidated with the Darcy Securities Action under the caption *In re PayPal Branded Checkout Securities Litigation*, Case No. 3:26-cv-01589 (the “Branded Checkout Securities Action”), and the Court appointed the Wayne County Employees’ Retirement System, Macomb County Intermediate Retirees Medical Benefits Trust, Macomb County Retirement Health Care Fund, Macomb County Employees’ Retirement System, and Norfolk County Retirement System as lead plaintiffs.

On March 11, 2026, a putative shareholder derivative action captioned *Goncalves v. Chriss et al.*, Case No. 3:26-cv-02145, was filed in the U.S. District Court for the Northern District of California (the “Goncalves Action”), purportedly on behalf of the Company. On May 6, 2026, a putative shareholder derivative action captioned *LR Trust v. Chriss et al.*, Case No. 3:26-cv-04132, was filed in the U.S. District Court for the Northern District of California (the “LR Trust Action”), purportedly on behalf of the Company. On May 11, 2026, a putative shareholder derivative action captioned *Stan v. Chriss et al.*, Case No. 5:26-cv-04330, was filed in the U.S. District Court for the Northern District of California (the “Stan Action”), purportedly on behalf of the Company. On May 17, 2026, a putative shareholder derivative action captioned *Lovoi v. Adkins et al.*, Case No. 3:26-cv-04650, was filed in the U.S. District Court for the Northern District of California (the “Lovoi Action”), purportedly on behalf of the Company. On June 3, 2026, a putative shareholder derivative action captioned *Haliburton v. Chriss et al.*, Case No. 1:26-cv-00655, was filed in the U.S. District Court for the District of Delaware (the “Haliburton Action,” and collectively with the Goncalves Action, LR Trust Action, Stan Action, and Lovoi Action, the “Branded Checkout Derivative Actions”), purportedly on behalf of the Company. The Branded Checkout Derivative Actions are based on the same alleged facts and circumstances as the Branded Checkout Securities Action, and name certain of our officers, including our former Chief Executive Officer, and members of our Board of Directors, as defendants. The Branded Checkout Derivative Actions allege claims for breach of fiduciary duty, aiding and abetting breach of fiduciary duty, unjust enrichment, waste of corporate assets, gross mismanagement, abuse of control, insider trading, contribution, and violations of the Exchange Act, and seek, on behalf of the Company, an award of damages and an order directing the Company to reform its corporate governance and internal procedures. On July 10, 2026, the Goncalves Action, the LR Trust Action, the Stan Action, and the Lovoi Action were consolidated in the U.S. District Court for the Northern District of California under the caption *In re PayPal Holdings, Inc. Stockholder Derivative Litigation*, Case No. 3:26-cv-02145.

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 June 30, 2026 and December 31, 2025, the current outstanding balances of the loans sold was $3.9 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 June 30, 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 June 30, 2026 and December 31, 2025, the allowance for transaction losses was $92 million and $73 million, respectively. The allowance for negative customer balances was $221 million and $271 million at June 30, 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 and six months ended June 30, 2026 and 2025:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
	(in millions)			
Beginning balance	$ 310	$ 305	$ 344	$ 342
Provision[1]	323	383	599	661
Realized losses and charge-offs	(373)	(371)	(732)	(719)
Recoveries[2]	53	35	102	68
Ending balance	$ 313	$ 352	$ 313	$ 352

[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 six months ended June 30, 2026, we repurchased approximately 67 million shares of our common stock for approximately $3.0 billion at an average cost of $44.99, excluding excise tax. These shares were purchased in the open market under our stock repurchase program authorized in February 2025. As of June 30, 2026, a total of approximately $10.9 billion remained available for future repurchases of our common stock under our February 2025 stock repurchase program.

DIVIDEND PROGRAM

The following table summarizes our dividend activities for the six months ended June 30, 2026:

Record Date	Payment Date	Dividend Per Share	Total $ Value (in millions)
June 4, 2026	June 25, 2026	$0.14	$125
March 4, 2026	March 25, 2026	$0.14	$130

NOTE 15—STOCK-BASED PLANS

In May 2026, our stockholders approved the PayPal Holdings, Inc. 2026 Equity Incentive Award Plan (the "2026 Plan") to replace the PayPal Holdings, Inc. 2015 Equity Incentive Award Plan, as amended and restated (the "2015 Plan") as the source of equity awards granted on or after May 19, 2026, and no additional equity awards will be granted under the 2015 Plan following that date. The 2026 Plan authorizes the issuance of up to 39.1 million shares of our common stock, plus up to 44.6 million shares of our common stock underlying awards granted under the 2015 Plan that expire or are terminated, are settled in cash without the delivery of shares, or otherwise become available for grant in accordance with the terms of the 2015 Plan on or after May 19, 2026.

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 and six months ended June 30, 2026 and 2025:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
	(In millions)			
Customer support and operations	$ 52	$ 53	$ 101	$ 104
Sales and marketing	32	34	67	67
Technology and development	131	136	257	247
General and administrative	67	83	141	155
Restructuring and other	19	—	19	—
Total stock-based compensation expense	$ 301	$ 306	$ 585	$ 573
Capitalized as part of internal use software and website development costs	$ 31	$ 33	$ 62	$ 68

NOTE 16—INCOME TAXES

Our effective tax rate for the three and six months ended June 30, 2026 was 16% and 18%, respectively. Our effective tax rate for the three and six months ended June 30, 2025 was 18% and 19%, respectively. 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 June 30, 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.

In the three and six months ended June 30, 2026, we recorded $44 million in restructuring charges associated with the strategic reorganization announced in April 2026. These charges were primarily employee severance and benefits costs including stock-based compensation.

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 completed in the second quarter of 2026 and the technology infrastructure component expected to be substantially completed in 2028.

The following table summarizes the associated restructuring charges (reversals):

	Three Months Ended June 30,		Six Months Ended June 30,		Total Plan Costs Incurred to Date
	2026	2025	2026	2025	
	(In millions)				
Employee severance and benefits costs	$ (13)	$ 95	$ (11)	$ 95	$ 85
Other restructuring costs[(1)]	15	—	24	—	30
Total	$ 2	$ 95	$ 13	$ 95	$ 115

[(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 $85 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 six months ended June 30, 2026:

	Employee Severance and Benefits Costs	Other Restructuring Costs	Total
	(In millions)		
Accrued liability as of January 1, 2026	$ 52	$ 6	$ 58
Charges (reversals)	(11)	24	13
Payments	(31)	(10)	(41)
Accrued liability as of June 30, 2026	$ 10	$ 20	$ 30

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 six months ended June 30, 2025 were $36 million and included employee severance and benefits costs, which was completed in the third quarter of 2025.

OTHER

During the three and six months ended June 30, 2026, approximately $65 million and $126 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. During the three and six months ended June 30, 2025, approximately $27 million and $52 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 June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
	(In millions)			
Net revenues	$ 8,682	$ 8,288	$ 17,035	$ 16,079
Less (add):				
Transaction expense	4,385	3,968	8,550	7,672
Transaction losses	323	383	599	661
Credit losses	74	93	176	186
Customer support and operations[1]	462	413	908	811
Sales and marketing[1]	546	583	1,064	1,071
Technology and development[1]	849	767	1,642	1,498
General and administrative[1]	503	461	994	964
Restructuring and other	113	116	187	182
Other income (expense), net	117	(25)	212	(98)
Income tax expense	206	268	486	584
Segment net income (loss)	$ 1,104	$ 1,261	$ 2,217	$ 2,548

[1] Includes depreciation and amortization expense. For the three and six months ended June 30, 2026, total depreciation and amortization expense was $246 million and $484 million, respectively. For the three and six months ended June 30, 2025, total depreciation and amortization expense was $239 million and $484 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," "guidance," "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 and data privacy 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

In April 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 intends to reinvest a significant portion of these savings back into its highest-priority growth initiatives. As part of this program, certain actions have been identified that are expected to be completed by the end of this year and which have the potential to generate approximately $400 million of run-rate gross savings, with a portion to be realized in the fourth quarter. The Company is still finalizing plans but this first phase of actions could result in a transformation related charge within the range of approximately $120 million to $140 million during the second half of 2026. 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 and six months ended June 30, 2026 and 2025:

	Three Months Ended June 30,		Increase/(Decrease)		Six Months Ended June 30,		Increase/(Decrease)	
	2026	2025	Dollar	Percent	2026	2025	Dollar	Percent
	(In millions, except percentages and per share data)							
Net revenues	$ 8,682	$ 8,288	$ 394	5 %	$ 17,035	$ 16,079	$ 956	6 %
Operating expenses	7,255	6,784	471	7 %	14,120	13,045	1,075	8 %
Operating income	1,427	1,504	(77)	(5)%	2,915	3,034	(119)	(4)%
Operating margin	16 %	18 %	**	**	17 %	19 %	**	**
Other income (expense), net	(117)	25	(142)	(568)%	(212)	98	(310)	(316)%
Income tax expense	206	268	(62)	(23)%	486	584	(98)	(17)%
Effective tax rate	16 %	18 %	**	**	18 %	19 %	**	**
Net income (loss)	$ 1,104	$ 1,261	$ (157)	(12)%	$ 2,217	$ 2,548	$ (331)	(13)%
Net income (loss) per diluted share	$ 1.25	$ 1.29	$ (0.04)	(3)%	$ 2.46	$ 2.58	$ (0.12)	(5)%
Net cash provided by operating activities	$ 1,983	$ 898	$ 1,085	121 %	$ 3,117	$ 2,058	$ 1,059	51 %

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 JUNE 30, 2026 AND 2025

The increase in net revenues was driven primarily by growth in total payment volume ("TPV") of 10% and favorable impact from hedging activities.

The increase in operating expenses was due primarily to an increase in transaction expense and, to a lesser extent, an increase in technology and development expense, partially offset by a decline in transaction and credit losses.

Our operating margin declined, reflecting the unfavorable impact of a higher transaction expense growth rate, partially offset by the decline in transaction and credit losses.

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 U.S income taxed at different rates.

SIX MONTHS ENDED JUNE 30, 2026 AND 2025

The increase in net revenues was driven primarily by growth in TPV of 10% and growth in revenue earned from an independent chartered financial institution ("partner institution").

The increase in operating expenses was due primarily to an increase in transaction expense and, to a lesser extent, increases in technology and development expense and customer support and operations expense, partially offset by a decline in transaction and credit losses.

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 U.S income taxed at different rates.

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 and six months ended June 30, 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 and six months ended June 30, 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 June 30, 2026	Six Months Ended June 30, 2026
	(In millions)	
Favorable impact to net revenues (exclusive of hedging impact)	$ 74	$ 331
Hedging impact	6	(80)
Favorable impact to net revenues	80	251
Unfavorable impact to operating expenses (exclusive of hedging impact)	(20)	(157)
Hedging impact	(5)	(7)
Unfavorable impact to operating expenses	(25)	(164)
Net favorable impact to operating income	$ 55	$ 87

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 and six months ended June 30, 2026 and 2025 were as follows:

	Three Months Ended June 30,		Increase/(Decrease)		Six Months Ended June 30,		Increase/(Decrease)	
	2026	2025	Dollar	Percent	2026	2025	Dollar	Percent
	(In millions, except percentages)							
Transaction revenues	$ 7,832	$ 7,441	$ 391	5 %	$ 15,333	$ 14,457	$ 876	6 %
Revenues from other value added services	850	847	3	— %	1,702	1,622	80	5 %
Total revenues	$ 8,682	$ 8,288	$ 394	5 %	$ 17,035	$ 16,079	$ 956	6 %

Transaction revenues

The increase in transaction revenues for the three months ended June 30, 2026 compared to the same period of the prior year was primarily attributable to:

- an increase of approximately $400 million in revenue from Braintree products and services, which was largely driven by growth in TPV and number of payment transactions;
- approximately $80 million of favorable impact from hedging activities resulting from net gains in the current period compared to net losses in the prior period;
- an increase of approximately $60 million in revenue from Venmo products and services, which was largely due to growth in TPV and number of payment transactions; and
- partially offset by a decline in revenue from PayPal products and services of approximately $130 million primarily attributable to higher co-marketing campaigns with large merchants, which are recorded as reductions to revenues, and lower foreign exchange fee revenue.

The increase in transaction revenues for the six months ended June 30, 2026 compared to the same period of the prior year was primarily attributable to:

- an increase of approximately $810 million and $130 million in revenue from Braintree and Venmo products and services, respectively, which was largely driven by growth in TPV and number of payment transactions;
- an increase of $130 million in revenue from PayPal products and services, which was offset by a $120 million decline due to higher co-marketing campaigns with large merchants; and
- partially offset by approximately $50 million of unfavorable impact from hedging activities resulting from higher net losses in the current period compared to the prior period.

The following table provides a summary of key metrics:

	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025	Percent Increase/(Decrease)	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025	Percent Increase/(Decrease)
	(In millions, except percentages and number of payment transactions per active account)					
Active accounts[1]	439	438	— %	439	438	— %
Number of payment transactions	6,750	6,226	8 %	13,225	12,271	8 %
Number of payment transactions per active account	60.0	58.3	3 %	60.0	58.3	3 %
TPV	$ 486,448	$ 443,547	10 %	$ 950,403	$ 860,755	10 %
Percent of TPV generated outside of the U.S.	35 %	38 %	**	35 %	36 %	**

[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 and six months ended June 30, 2026 compared to the same periods in the prior year due primarily to changes in product mix, higher co-marketing campaigns, lower foreign exchange fee revenue, and lower partner incentives.

Revenues from other value added services

Revenues from other value added services for the three months ended June 30, 2026 remained relatively consistent compared to the same period in the prior year due to:

- an increase of approximately $40 million from interest and fee revenue earned from our loans receivable portfolios; and
- offset by approximately $40 million lower revenues from interest earned on certain assets underlying customer account balances resulting from lower interest rates on higher average cash and investment balances.

The increase in revenues from other value added services for the six months ended June 30, 2026 compared to the same period in the prior year was primarily attributable to:

- an increase of approximately $100 million in revenue earned from a partner institution;
- an increase of approximately $80 million from interest and fee revenue earned from our loans receivable portfolios;
- partially offset by approximately $60 million lower revenues from interest earned on certain assets underlying customer account balances resulting from lower interest rates on higher average cash and investment balances; and
- a decline of approximately $40 million from lower revenues from Honey and other value added services.

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.

OPERATING EXPENSES

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

	Three Months Ended June 30,		Increase/(Decrease)		Six Months Ended June 30,		Increase/(Decrease)	
	2026	2025	Dollar	Percent	2026	2025	Dollar	Percent
	(In millions, except percentages)							
Transaction expense	$ 4,385	$ 3,968	$ 417	11 %	$ 8,550	$ 7,672	$ 878	11 %
Transaction and credit losses	397	476	(79)	(17)%	775	847	(72)	(9)%
Customer support and operations	462	413	49	12 %	908	811	97	12 %
Sales and marketing	546	583	(37)	(6)%	1,064	1,071	(7)	(1)%
Technology and development	849	767	82	11 %	1,642	1,498	144	10 %
General and administrative	503	461	42	9 %	994	964	30	3 %
Restructuring and other	113	116	(3)	(3)%	187	182	5	3 %
Total operating expenses	$ 7,255	$ 6,784	$ 471	7 %	$ 14,120	$ 13,045	$ 1,075	8 %
Transaction expense rate[1]	0.90 %	0.89 %	**	**	0.90 %	0.89 %	**	**
Transaction and credit loss rate[2]	0.08 %	0.11 %	**	**	0.08 %	0.10 %	**	**

[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 and six months ended June 30, 2026 compared to the same periods in the prior year was primarily attributable to the increase in TPV of 10% in each respective period, 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 and six months ended June 30, 2026 compared to the same periods in the prior year was primarily attributable to unfavorable changes in funding 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 and six months ended June 30, 2026 and 2025 were as follows:

	Three Months Ended June 30,		Increase/(Decrease)		Six Months Ended June 30,		Increase/(Decrease)	
	2026	2025	Dollar	Percent	2026	2025	Dollar	Percent
	(In millions, except percentages)							
Transaction losses	$ 323	$ 383	$ (60)	(16)%	$ 599	$ 661	$ (62)	(9)%
Credit losses	74	93	(19)	(20)%	176	186	(10)	(5)%
Transaction and credit losses	$ 397	$ 476	$ (79)	(17)%	$ 775	$ 847	$ (72)	(9)%
Transaction loss rate[1]	0.07 %	0.09 %	**	**	0.06 %	0.08 %	**	**

[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 and six months ended June 30, 2026 decreased compared to the same periods in the prior year due to lower fraud losses, benefits realized from risk mitigation strategies, and higher recoveries partially offset by an increase due to higher TPV.

The components of credit losses for the three and six months ended June 30, 2026 and 2025 were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
	(In millions)			
Net charge-offs[1]	$ 101	$ 75	$ 175	$ 153
Reserve build (release)[2]	(27)	18	1	33
Credit losses	$ 74	$ 93	$ 176	$ 186

[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 and six months ended June 30, 2026 and 2025 were primarily attributable to loan originations during the periods.

Consumer loan portfolio

We have entered into forward flow arrangements with third-party investors to sell certain loans receivable portfolios. As of June 30, 2026 and 2025, loans and interest receivable, held for sale were $1.9 billion and $817 million, respectively.

The consumer loans and interest receivable balance as of June 30, 2026 and 2025 was $5.5 billion and $5.8 billion, respectively, net of participation interest sold, representing a decrease of 6%. The decline in consumer loans and interest receivable outstanding was primarily driven 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 and a decline of approximately $200 million in our installment credit product portfolio in Japan, partially offset by growth in our revolving credit product portfolio in the United Kingdom ("U.K.") and our interest-bearing installment credit product portfolio in the U.S. of approximately $200 million and $180 million, respectively.

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

	June 30,	
	2026	2025
Percent of consumer loans and interest receivable current	96.6 %	96.2 %
Percent of consumer loans and interest receivable > 90 days outstanding[1]	1.5 %	1.6 %
Net charge-off rate[2]	4.8 %	3.6 %

[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 June 30, 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 and six months ended June 30, 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 June 30, 2026 and 2025 was $1.9 billion and $1.7 billion, respectively, reflecting an increase of 14%. The increase was due primarily to growth of approximately $140 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:

	June 30,	
	2026	2025
Percent of merchant loans, advances, and fees receivable current	89.6 %	89.9 %
Percent of merchant loans, advances, and fees receivable > 90 days outstanding[(1)]	3.9 %	3.6 %
Net charge-off rate[(2)]	7.6 %	6.1 %

[(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 June 30, 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 and six months ended June 30, 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 and six months ended June 30, 2026 compared to the same periods in the prior year was due primarily to an increase in employee-related costs of approximately $40 million and $60 million, respectively. The increase in customer support and operations expenses in the six months ended June 30, 2026 compared to the same period in the prior year was also attributable to higher contractor and consulting costs.

Sales and marketing

The decrease in sales and marketing expenses in the three months ended June 30, 2026 compared to the same period in the prior year was due primarily to declines in marketing and brand advertising spend and amortization expense for acquired intangible assets, partially offset by an increase in employee-related costs. The decrease in sales and marketing expenses in the six months ended June 30, 2026 compared to the same period in the prior year was due primarily to a decline in amortization expense for acquired intangible assets, partially offset by an increase in employee-related costs and higher spend on marketing and brand advertising, predominantly for Venmo.

Technology and development

The increase in technology and development expenses in the three and six months ended June 30, 2026 compared to the same periods in the prior year was due primarily to increases in employee-related costs, depreciation and amortization expense from internally developed software, and cloud computing costs utilized in delivering our products and services.

General and administrative

The increase in general and administrative expenses in the three and six months ended June 30, 2026 compared to the same periods in the prior year was due primarily to an increase in indirect tax expense. The increase in general and administrative expenses in the six months ended June 30, 2026 compared to the same period in the prior year was also attributable to an increase in employee-related costs.

Restructuring and other

In the three and six months ended June 30, 2026, we recorded $44 million in restructuring charges associated with the strategic reorganization announced in April 2026. These charges were primarily employee severance and benefits costs including stock-based compensation.

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 completed in the second quarter of 2026 and the technology infrastructure component expected to be substantially completed in 2028. The associated restructuring charges during the three and six months ended June 30, 2026 were $2 million and $13 million, respectively, consisting of employee severance and benefits costs and other restructuring costs. The associated restructuring charges for both the three and six months ended June 30, 2025 were $95 million and included employee severance and benefits costs.

In connection with this restructuring, we expect to incur employee severance and benefits costs of approximately $85 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 $260 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 six months ended June 30, 2025 were $36 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 and six months ended June 30, 2026, approximately $65 million and $126 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. During the three and six months ended June 30, 2025, approximately $27 million and $52 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 and six months ended June 30, 2026 compared to the same periods 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 $80 million and $230 million, respectively; and
- lower interest income due to lower interest rates, which contributed a decrease of approximately $30 million and $70 million, respectively.

Income tax expense

Our effective income tax rate was 16% and 18% for the three months ended June 30, 2026 and 2025, respectively. Our effective tax rate decreased compared to the same period in the prior year primarily due to U.S. income taxed at different rates.

Our effective income tax rate was 18% and 19% for the six months ended June 30, 2026 and 2025, respectively. Our effective tax rate decreased compared to the same period in the prior year primarily due to U.S. income taxed at different rates, partially offset by 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 June 30, 2026 and December 31, 2025:

	June 30, 2026	December 31, 2025
	(In millions)	
Cash, cash equivalents, and investments[1],[2]	$ 13,530	$ 12,848

[1] Excludes assets related to funds receivable and customer accounts of $39.7 billion and $38.2 billion at June 30, 2026 and December 31, 2025, respectively.
[2] Excludes total strategic investments of $1.7 billion and $1.9 billion at June 30, 2026 and December 31, 2025, respectively.

Cash, cash equivalents, and investments held by our foreign subsidiaries were $6.9 billion and $7.5 billion at June 30, 2026 and December 31, 2025, or 51% 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:

	Six Months Ended June 30,	
	2026	2025
	(In millions)	
Net cash provided by (used in):		
Operating activities	$ 3,117	$ 2,058
Investing activities	(4,985)	(3,677)
Financing activities	(156)	(2,180)
Effect of exchange rates on cash, cash equivalents, and restricted cash	(21)	289
Net change in cash, cash equivalents, and restricted cash	$ (2,045)	$ (3,510)

Operating activities

Net cash provided by operating activities increased $1.1 billion in the six months ended June 30, 2026 compared to the same period of the prior year due primarily to the impact of:

- changes in other current and non-current assets of approximately $450 million predominantly from timing differences in payment partner receivables and income tax receivables;
- changes in other current and non-current liabilities of approximately $240 million resulting from lower annual incentive plan payments;
- an increase of approximately $230 million in net income adjusted primarily for non-cash items; and
- changes in accounts receivable of approximately $190 million.

In the six months ended June 30, 2026 and 2025, cash paid for income taxes, net was $225 million and $837 million, respectively. The difference between our cash paid for income taxes in the periods presented primarily relates to the final transition tax installment payment paid in the previous period.

Investing activities

Net cash used in investing activities increased $1.3 billion in the six months ended June 30, 2026 compared to the same period of the prior year due primarily to:

- a decrease of approximately $3.4 billion in maturities and sales, net of purchases of investments, partially offset by
- the positive impact of changes in funds receivable of approximately $2.0 billion.

Financing activities

Net cash used in financing activities decreased $2.0 billion in the six months ended June 30, 2026 compared to the same period of the prior year due primarily to:

- an increase of approximately $1.6 billion in borrowings under financing arrangements, net of repayments; and
- the positive impact of changes related to funds payable and amounts due to customers of approximately $410 million.

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

Foreign currency exchange rates had a negative impact of $21 million and a positive impact of $289 million on cash, cash equivalents, and restricted cash for the six months ended June 30, 2026 and 2025, respectively. The negative impact on cash, cash equivalents, and restricted cash in the six months ended June 30, 2026 was due primarily to unfavorable fluctuations in the exchange rate of the U.S. dollar to the British pound, Indian rupee, and Euro, partially offset by favorability from fluctuations in exchange rate of the U.S. dollar to the Australian dollar. The positive impact on cash, cash equivalents, and restricted cash in the six months ended June 30, 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

In May 2026, we issued fixed-rate notes with varying maturity dates for an aggregate principal amount of $2.0 billion. Proceeds from the issuance of these notes may be used for general corporate purposes, which may include funding the repayment or redemption of outstanding debt, share repurchases, ongoing operations, capital expenditures, and possible acquisitions of businesses, assets, or strategic investments. As of June 30, 2026, we had an aggregate principal amount of $12.7 billion in notes outstanding with varying maturity dates.

Other than as described above, 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 June 30, 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 June 30, 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. In July 2026, an additional $500 million was approved by management to fund our credit activities, increasing the aggregate cumulative amount approved by management for this purpose to $2.5 billion. 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 six months ended June 30, 2026 and 2025, we had net proceeds of $15.8 billion and $11.6 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 0.09% of TPV. Historical loss rates may not be indicative of future results.

Capital return program

Stock repurchases

During the six months ended June 30, 2026, we repurchased approximately $3.0 billion of our common stock in the open market under our stock repurchase program authorized in February 2025. As of June 30, 2026, a total of approximately $10.9 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. In May 2026, the Company's Board of Directors declared a cash dividend of $0.14 per share on our common stock, totaling approximately $125 million. The dividend was paid on June 25, 2026, to stockholders of record of our common stock as of the close of business on June 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 June 30, 2026 and December 31, 2025, approximately 61% 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 June 30, 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 June 30, 2026 and December 31, 2025, we had an aggregate principal amount of $12.3 billion and $10.4 billion, respectively, 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 both June 30, 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 and six months ended June 30, 2026.

As of both June 30, 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 June 30, 2026 and December 31, 2025, ¥90.0 billion (approximately $556 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 and six months ended June 30, 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 June 30, 2026 and December 31, 2025, the amounts recorded in AOCI related to our foreign exchange contracts, before taxes, would have been approximately $413 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 $436 million and $547 million at June 30, 2026 and December 31, 2025, respectively, without considering the offsetting effect of foreign exchange contracts. Foreign exchange contracts in place as of June 30, 2026 would have positively impacted income before income taxes by approximately $367 million, resulting in a net negative impact of approximately $69 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 June 30, 2026 and December 31, 2025, our strategic investments totaled $1.7 billion and $1.9 billion respectively, and represented approximately 11% and 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 June 30, 2026, which could be experienced in the near term, would have resulted in a decrease of approximately $174 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 June 30, 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.

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

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

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

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

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

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; and 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 June 30, 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 March 31, 2026				$ 12,354
April 1, 2026 through April 30, 2026	10.7	$ 48.24	10.7	11,837
May 1, 2026 through May 31, 2026	10.8	$ 45.47	10.8	11,345
June 1, 2026 through June 30, 2026	11.5	$ 42.68	11.5	10,853
Balance as of June 30, 2026	33.0		33.0	$ 10,853

[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.

Table of Contents

ITEM 6: EXHIBITS

INDEX TO EXHIBITS

		Incorporated by Reference		
Exhibit Number	Exhibit Description	Form	Date Filed	Filed Herewith
4.01	Officer's Certificate, dated as of May 15, 2026, pursuant to the Indenture, dated as of September 26, 2019, by and between PayPal Holdings, Inc. and Computershare Trust Company, N.A. as successor to Wells Fargo Bank, National Association, as Trustee, containing Forms of Note for 4.550% Notes due 2028, 4.950% Notes due 2031 and 5.550% Notes due 2036	8-K	05/15/2026	-
10.01+	PayPal Holdings, Inc. 2026 Equity Incentive Award Plan	S-8	05/19/2026	-
10.02+	Form of Global Restricted Stock Unit Award Grant Notice and Restricted Stock Unit Award Agreement under the PayPal Holdings, Inc. 2026 Equity Incentive Award Plan (2026)	-	-	X
10.03+	Form of Global Performance-Based Restricted Stock Unit Award Grant Notice and Performance-Based Restricted Stock Unit Award Agreement under the PayPal Holdings, Inc. 2026 Equity Incentive Award Plan (2026)	-	-	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 June 30, 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: July 28, 2026

By: */s/ Enrique Lores*

Enrique Lores
President, Chief Executive Officer and Director

Principal Financial Officer:

Date: July 28, 2026

By: */s/ Jamie Miller*

Jamie Miller
Executive Vice President, Chief Financial and Operating Officer

Principal Accounting Officer:

Date: July 28, 2026

By: */s/ Christopher Natali*

Christopher Natali
Senior Vice President, Chief Accounting Officer

Exhibit 10.02

PayPal Holdings, Inc.
2026 Equity Incentive Award Plan
Restricted Stock Unit Award Grant Notice
and Restricted Stock Unit Award Agreement

[Name]	Award Number:
[Country]	
Grant Date:	Type: RSU
Company Shares:	

Effective as of the Grant Date set forth above (the "***Grant Date***"), PayPal Holdings, Inc., a Delaware corporation (the "***Company***"), pursuant to its 2026 Equity Incentive Award Plan, as amended and restated from time to time (the "***Plan***"), hereby grants to the individual named above ("***Participant***"), an award of Restricted Stock Units ("***RSUs***") with respect to the number of shares of Stock provided above in this Grant Notice (the "***Shares***"). This Restricted Stock Unit Award (the "***Award***") is subject to all of the terms and conditions set forth in this Restricted Stock Unit Award Grant Notice (this "***Grant Notice***"), the Restricted Stock Unit Award Agreement attached hereto as Exhibit A (the "***Award Agreement***"), and the additional provisions for Participant's country, if any, attached hereto as Exhibit B (together with the Grant Notice and the Award Agreement, the "***Agreement***") and the Plan, all of which are incorporated herein by reference. Any capitalized terms used in this Agreement without definition have the meanings ascribed to such terms in the Plan.

The Award will vest in increments as indicated below. The Administrator has the sole and absolute discretion to determine the applicable vesting schedule for each award granted under the Plan.

[Vesting Schedule]

All vesting is subject to Participant's continued service with the Company or a subsidiary of the Company through each applicable vesting date and Participant not having experienced a Termination of Service.

By Participant's signature and the Company's signature below, or by Participant's acceptance of the Agreement through the Company's designated online acceptance procedure, Participant agrees to be bound by the terms and conditions of the Plan and the Agreement. Participant has reviewed and fully understands all provisions of the Plan and the Agreement, and has had an opportunity to obtain the advice of counsel prior to executing the Agreement or accepting the Agreement through the Company's designated online acceptance procedure. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Company with respect to any questions arising under the Plan or the Agreement.

If Participant has not executed the Agreement or affirmatively accepted or rejected the Agreement through the Company's designated online acceptance procedure prior to the first scheduled vesting date of the Award as set forth in this Grant Notice, Participant will be deemed to have accepted the Award and all terms and conditions applicable to the Award. If Participant rejects the Award, the Award will be cancelled and no benefits from the Award nor any compensation or benefits in lieu of the Award will be provided to Participant.

PayPal Holdings, Inc.	Date
[Name]	Date

EXHIBIT A
To Restricted Stock Unit Award Grant Notice

PayPal Holdings, Inc. Restricted Stock Unit Award Agreement

Pursuant to the Restricted Stock Unit Award Grant Notice (the "***Grant Notice***") to which this Restricted Stock Unit Award Agreement is attached (together with the Grant Notice and the additional provisions for Participant's country, if any, attached hereto as Exhibit B, the "***Agreement***"), PayPal Holdings, Inc., a Delaware corporation (the "***Company***"), has granted to Participant an award of Restricted Stock Units ("***RSUs***") with respect to the number of shares of Stock ("***Shares***") under the Company's 2026 Equity Incentive Award Plan, as it may be amended and restated from time to time (the "***Plan***"), as set forth in the Grant Notice.

GENERAL

1. Definitions. Any capitalized terms used in this Agreement without definition have the meanings ascribed to such terms in the Plan, as applicable.

2. Incorporation of Terms of Plan. The Award is subject to the terms and conditions of the Plan, which are incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan will control.

AGREEMENT

1. Grant of the RSUs. As set forth in the Grant Notice, as of the Grant Date (as defined in the Grant Notice), the Company hereby grants to Participant the RSUs, subject to all the terms and conditions in this Agreement and the Plan. However, no Shares will be issued to Participant until the time set forth in Section 2. Prior to the actual issuance of any Shares, such RSUs will represent an unsecured obligation of the Company, payable only from the general assets of the Company. Unless otherwise determined by the Administrator, the RSUs include a right to receive an amount equal to the value of any dividends paid on the Stock for which the dividend record date occurs between the Grant Date and the date the RSUs are settled or forfeited ("***Dividend Equivalents***"). Subject to vesting, each Dividend Equivalent entitles Participant to receive the equivalent value of any such dividends paid on the number of Shares underlying the RSUs that are outstanding during such period. Dividend Equivalents will be (i) accrued (without interest), (ii) settled in cash or, subject to the approval of the Administrator, in Shares, and (iii) subject to the same conditions as the RSUs to which they are attributable, including, without limitation, the vesting conditions, the provisions governing the time of settlement of the RSUs, and any additional provisions for Participant's country in Exhibit B.

2. Issuance of Stock and Payment of Dividend Equivalents. As soon as administratively practicable after each date that RSUs vest (each, a "***Vesting Date***") (and in no event later than March 15 following the calendar year of the applicable Vesting Date), the Company will promptly (i) cause to be issued (either in book-entry form or otherwise) to Participant or Participant's beneficiaries, as the case may be, Shares with respect to RSUs that become vested on each Vesting Date, and (ii) pay any accrued Dividend Equivalents with respect to such Shares, in each case subject to Section 3 hereof; *provided* that Participant has not experienced a Termination of Service on or prior to such Vesting Date. Unless otherwise determined by the Administrator and permitted by the Plan, no fractional Shares will be issued under this Agreement. The vesting of the RSUs and associated Dividend Equivalents will cease immediately upon a Termination of Service, as further described in Section 8(m) below, and any unvested RSUs and associated Dividend Equivalents awarded by this Agreement will be forfeited upon such Termination of Service.

3. Responsibility for Taxes. Participant acknowledges that, regardless of any action taken by the Company and/or Participant's employer (the "***Employer***"), the ultimate liability for all Tax-Related Items is and remains Participant's responsibility and may exceed the amount (if any) withheld by the Company or the Employer. Participant further acknowledges that the Company and/or the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Award, including, but not limited to, the grant, vesting, settlement, release or cancellation of the RSUs and associated

Dividend Equivalents, the issuance of Shares upon settlement of the RSUs, the subsequent sale of Shares acquired pursuant to such issuance and the receipt of any dividends, and (b) do not commit to and are under no obligation to structure the terms of the Award or any aspect of the RSUs to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if Participant is or becomes subject to Tax-Related Items in more than one jurisdiction, Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

In connection with any relevant taxable or tax withholding event, as applicable, Participant agrees to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy the Tax-Related Items. In this regard, Participant authorizes the Company and/or the Employer (or their respective agents), at their discretion and pursuant to such procedures as they may specify from time to time, to satisfy their obligations (if any) with regard to the Tax-Related Items by one or a combination of the following:

(i) withholding a net number of otherwise issuable vested Shares having a then-current Fair Market Value not exceeding the amount necessary to satisfy the withholding obligation of the Company and/or the Employer pursuant to the terms and conditions of the Plan or other applicable withholding rates;

(ii) arranging for the Company-designated broker to sell on the market a portion of the otherwise issuable vested Shares that have an aggregate market value sufficient to pay the Tax-Related Items (also known as a "*sell to cover*"), on Participant's behalf and at Participant's direction pursuant to this authorization;

(iii) withholding from Participant's wages or other cash compensation payable to Participant by the Company, the Employer, or any subsidiary of the Company (including from any Dividend Equivalents);

(iv) requiring Participant to make a payment in cash (or cash equivalent) to the Company or the Employer; and/or

(v) any other method determined by the Company to be permitted under the Plan and applicable laws;

provided, *however*, that if Participant is an officer of the Company subject to Section 16 of the Exchange Act, then the obligations with regard to the Tax-Related Items will be satisfied by first withholding any otherwise payable Dividend Equivalents upon the relevant taxable or tax withholding event, as applicable, and then withholding a net number of otherwise issuable vested Shares upon the relevant taxable or tax withholding event, as applicable, as described in clause (i) above, unless the use of such withholding method would result in adverse consequences under applicable tax or securities law or accounting principles, in which case the obligations with regard to the Tax-Related Items in excess of the amount of otherwise payable Dividend Equivalents will be satisfied by the method described in clause (ii) above.

Unless otherwise determined by the Administrator and permitted by the Plan, no fractional Shares will be sold to cover or withheld to cover Tax-Related Items. The Company may withhold or account for Tax-Related Items by considering statutory withholding amounts or other withholding rates, including maximum rates applicable in Participant's jurisdiction(s). In the event of over-withholding, Participant may receive a refund of any over-withheld amount in cash (with no entitlement to the equivalent amount in Shares) from the Company or the Employer; otherwise, Participant may be able to seek a refund from the local tax authority. In the event of under-withholding, Participant may be required to pay any additional Tax-Related Items directly to the applicable tax authority. If the obligation for Tax-Related Items is satisfied by withholding a number of Shares as described in (i) above, for tax purposes Participant will be deemed to have been issued the full number of Shares subject to the vested RSUs, notwithstanding that a number of Shares are held back solely for the purpose of paying the Tax-Related Items. The Company may refuse to issue or deliver the Shares or refuse to deliver the proceeds of the sale of Shares if Participant fails to comply with Participant's obligations in connection with the Tax-Related Items.

4. Rights as Stockholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless

and until certificates representing such Shares (which may be in book entry form) will have been issued and recorded in the records of the Company or its transfer agents or registrars, and delivered to Participant (including through electronic delivery to a brokerage account). After such issuance, recordation and delivery, Participant will have all the rights of a stockholder of the Company with respect to voting such Shares and receipt of dividends and distributions on such Shares.

5. Conditions to Issuance of Certificates. Notwithstanding any other provision of this Agreement, the Company will not be required to issue or deliver any certificate or certificates for any Shares (or make any book entries representing Shares) prior to the fulfillment of all of the following conditions: (a) the admission of the Shares to listing on all stock exchanges on which such Shares are then listed, (b) the completion of any registration or other qualification of the Shares under any U.S. or non-U.S. federal, state or local law or under rulings or regulations of the U.S. Securities and Exchange Commission or other governmental regulatory body (including any applicable non-U.S. governmental regulatory body), which the Company will, in its sole and absolute discretion, deem necessary and advisable, (c) the obtaining of any approval or other clearance from any U.S. or non-U.S. federal, state or local governmental agency that the Company will, in its absolute discretion, determine to be necessary or advisable and (d) the lapse of any such reasonable period of time following the date the RSUs vest as the Company may from time to time establish for reasons of administrative convenience.

6. Plan Governs. This Agreement is subject to all terms and provisions of the Plan. In the event of a conflict between one or more provisions of this Agreement and one or more provisions of the Plan, the provisions of the Plan will govern.

7. Award Not Transferable. This Award and the rights and privileges conferred hereby will not be transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and will not be subject to sale under execution, attachment or similar process. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of this Award, or any right or privilege conferred hereby, or upon any attempted sale under any execution, attachment or similar process, this Award and the rights and privileges conferred hereby immediately will become null and void.

8. Nature of Grant. By accepting the Award, Participant acknowledges, understands and agrees that:

(a) the Plan is established voluntarily by the Company and is discretionary in nature, and the Plan and this Agreement may be modified, amended, or terminated by the Company at any time, to the extent permitted by the Plan;

(b) the Plan is operated and the RSUs are granted solely by the Company, and only the Company is a party to this Agreement; accordingly, any rights Participant may have under this Agreement may be raised only against the Company but not any subsidiary of the Company (including, but not limited to, the Employer);

(c) no subsidiary or affiliate of the Company (including, but not limited to, the Employer) has any obligation to make any payment of any kind to Participant under this Agreement;

(d) the grant of the RSUs is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of RSUs, or benefits in lieu of RSUs, even if RSUs have been granted in the past;

(e) all decisions with respect to future grants of RSUs, if any, will be at the sole discretion of the Company;

(f) Participant is voluntarily participating in the Plan;

(g) the grant of the RSUs and Participant's participation in the Plan will not create a right to employment or service or be interpreted as forming an employment or service contract with the Company, the

Employer or any subsidiary of the Company and will not interfere with the ability of the Company, the Employer or any subsidiary of the Company to terminate Participant's employment or service relationship (if any);

(h) the RSUs and any Shares subject to the RSUs, and the income from and value of such RSUs and any Shares subject thereto, are not intended to replace any pension rights or compensation;

(i) the RSUs and any Shares subject to the RSUs, and the income from and value of such RSUs and any Shares subject thereto, are not part of normal or expected compensation or salary for any purpose, including but not limited to calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, holiday pay, pension or retirement or welfare benefits or similar payments;

(j) unless otherwise agreed with the Company in writing, the RSUs and the Shares subject to the RSUs, and the income from and value of such RSUs and any Shares subject thereto, are not granted as consideration for, or in connection with, the service Participant may provide as a director of a subsidiary of the Company;

(k) the future value of the Shares subject to the RSUs is unknown, indeterminable and cannot be predicted with certainty;

(l) no claim or entitlement to compensation or damages arises from forfeiture of the RSUs resulting from (i) Participant ceasing to provide services to the Company, the Employer or any subsidiary of the Company (whether or not such cessation of services is later found to be invalid or in breach of applicable laws in the jurisdiction where Participant is employed or providing services or the terms of Participant's employment agreement or service contract, if any) and/or (ii) the application of the Clawback Policy as described in Section 17 below;

(m) in the event of Participant's Termination of Service (whether or not such Termination of Service is later found to be invalid or in breach of applicable laws in the jurisdiction where Participant is employed or providing services or the terms of Participant's employment agreement or service contract, if any), unless otherwise provided by this Agreement or determined by the Company, Participant's right to vest in the RSUs, if any, will terminate effective as of the date that Participant is no longer actively providing services and will not be extended by any notice period (*e.g.*, active service would not include any contractual notice period or any period of "*garden leave*" or similar period mandated under applicable laws in the jurisdiction where Participant is employed or providing services or the terms of Participant's employment agreement or service contract, if any); the Administrator will have the sole discretion to determine when Participant is no longer actively providing services for purposes of the RSUs; and

(n) neither the Company, the Employer nor any subsidiary of the Company will be liable for any foreign exchange rate fluctuation between Participant's local currency and the United States dollar that may affect the value of the RSUs or any amounts due to Participant pursuant to the vesting of the RSUs or the subsequent sale of any Shares acquired under the Plan.

9. No Advice Regarding Grant. Participant acknowledges and agrees that the Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding participation in the Plan, or Participant's acquisition or sale of Shares. Participant understands and agrees that Participant should consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

10. Insider Trading Restrictions/Market Abuse Laws. Participant may be subject to insider trading restrictions and/or market abuse laws, which may affect Participant's ability to accept, acquire, sell or otherwise dispose of Shares or rights to Shares during such times as Participant is considered to have "inside information" regarding the Company (as defined by applicable laws or regulations, including applicable laws or regulations in Participant's country). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders Participant places before possessing inside information. Furthermore, Participant could be prohibited from (i) disclosing the inside information to any third party (other than on a "need to know" basis) and (ii) "tipping" third parties, including but not limited to fellow employees, or causing them otherwise to buy or sell securities.

Any restrictions under these laws or regulations are separate from, and in addition to, any restrictions that may be imposed under any applicable Company insider trading policy. Participant is responsible for complying with any applicable restrictions and should speak with a personal legal advisor on this matter.

11. Foreign Asset/Account Reporting; Exchange Controls. Participant's country may have certain foreign asset and/or account reporting requirements and/or exchange controls that may affect Participant's ability to acquire or hold Shares or cash received from participating in the Plan (including from any dividends or Dividend Equivalents received or sale proceeds arising from the sale of Shares) in a brokerage or bank account outside Participant's country. Participant may be required to report such accounts, assets, or transactions to tax or other authorities in Participant's country. Participant may also be required to repatriate sale proceeds or other funds received as a result of Participant's participation in the Plan to Participant's country through a designated broker or bank and/or within a certain time after receipt. Participant acknowledges and agrees that it is Participant's responsibility to be compliant with such regulations, and that Participant should consult his or her personal legal advisor for any details.

12. ***Data Privacy Information and Consent. This section references the PayPal Privacy Statements that describe the Company's privacy and data protection practices for the personal data of Company employees, available at: https://careers.pypl.com/paypal-privacy-statements/ (referred to as the "Privacy Statements").***

To participate in the Plan, Participant will need to (i) review the information provided below about the collection, processing and transfer of Participant's Personal Data (as defined below) and (ii) consent to the collection, processing and transfer of Participant's Personal Data. The Controller of Participant's Personal Data for purposes of the Plan is the Company, located at 2211 North First Street, San Jose, CA 95131, U.S.A.

(a) Data Collection and Usage. The Company and the Employer collect, process and use certain personal information about Participant, such as: Participant's name, home address and telephone number, email address, date of birth, social insurance number, tax ID number, passport or other identification number in a government issued document, salary, nationality, job title, any shares or directorships held in the Company, and details of all entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor ("Personal Data"), for the purposes of implementing, administering and managing the Plan. The legal basis, where required, for the processing of Personal Data by the Company and the Employer is set forth in the applicable Privacy Statement.

(b) Stock Plan Administration Service Providers. The Company transfers Personal Data to Morgan Stanley Smith Barney, LLC and/or certain of its affiliates (collectively, "Morgan Stanley"), an independent service provider based in the United States, which is assisting the Company with the implementation, administration and management of the Plan. The Company may select a different service provider or additional service providers and share Personal Data with any such other provider serving in a similar manner. Participant may be asked to agree on separate terms and data processing practices with the service provider, with such agreement being a condition to participating in the Plan. The Company's legal basis, where required, for the transfer of Personal Data to Morgan Stanley or such different or additional service providers as the Company may select is Participant's consent.

(c) International Data Transfers. The Company and its service providers are based in the United States. The Privacy Statements describe the transfer and sharing of Personal Data among the Company and its subsidiaries, affiliates and personnel worldwide.

The Company may receive, process, transfer and share Personal Data with its subsidiaries and affiliates on the basis of data transfer agreements or other appropriate safeguards permissible under applicable law and as further set out in the Privacy Statements. The Company may transfer Personal Data in the European Union ("EU") to a country outside the EU because the Company has established Binding Corporate Rules ("BCRs"). For Personal Data outside the EU, the Company has entered into an Intra Group Data Processing Agreement among the various affiliates of the Company group. Both BCRs and the Privacy Statements are available on the Company's intranet site.

(d) Data Retention. The Company and its subsidiaries and affiliates will keep Personal Data for the purpose of this Agreement only as long as is necessary to implement, administer and manage Participant's participation in the Plan or to comply with legal or regulatory obligations, including, without limitation, under tax and securities laws. When Personal Data is no longer needed for any of the foregoing purposes under the Plan, the Company and its subsidiaries and affiliates will cease to use the Personal Data and remove it from their systems as reasonably practicable with respect to the Plan. This provision addresses only the retention and removal of Personal Data collected and used for purposes of the Plan. If Personal Data has been collected and used for other purposes, it may be retained for such purposes, as set forth in the applicable Privacy Statement.

(e) Voluntariness and Consequences of Consent Denial or Withdrawal. As set forth above, the transfer of Personal Data to Morgan Stanley or such different or additional service providers as the Company may select is based on Participant's consent. Participation in the Plan is voluntary and Participant is providing the consent herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke Participant's consent, Participant's salary from or employment with the Employer will not be affected; the only consequence of refusing or withdrawing Participant's consent is that the Company would not be able to administer or maintain Participant's participation in the Plan.

(f) Data Subject Rights. Subject to the conditions set out in applicable law, Participant may, without limitation, have the rights of access, rectification, erasure, restriction and objection with respect to the Company as set out in the applicable Privacy Statement under "what are my rights" (available on the Company's intranet site or at the link provided in the introduction to this Section 12 above).

By participating in the Plan and indicating consent via the Company's acceptance procedure, Participant is declaring that Participant agrees with the transfer of Personal Data to Morgan Stanley and other service providers as described herein, and consents to such transfer of Personal Data by the Company and its subsidiaries and affiliates for the purposes of the Plan.

13. Electronic Delivery and Participation. The Company may, in its sole discretion, decide to deliver any documents related to the RSUs or any future RSUs granted under the Plan by electronic means or request Participant's consent to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an electronic system established and maintained by the Company or a third party designated by the Company.

14. Language. Participant acknowledges that Participant is sufficiently proficient in English, or has consulted with an advisor who is sufficiently proficient in English, so as to allow Participant to understand the terms and conditions of this Agreement. Furthermore, if Participant has received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control, unless otherwise required by applicable laws.

15. Governing Law and Choice of Venue. The laws of the State of Delaware govern the interpretation, validity, administration, enforcement and performance of the terms of this Agreement (including the additional provisions for Participants outside the U.S. attached to this Agreement as Exhibit B), without giving effect to any choice or conflict of laws provision or rule that would cause the application of the domestic substantive laws of any other jurisdiction.

For purposes of litigating any dispute that arises directly or indirectly in respect of this Award, the parties hereby submit to and consent to the exclusive jurisdiction of the federal and state courts located within the geographic boundaries of the United States District Court for the District of Delaware and agree that such litigation will be conducted in the federal and state courts located within the geographic boundaries of the United States District Court for the District of Delaware, and no other courts, where this grant is made and/or to be performed.

16. Conformity to U.S. Securities Laws. Participant acknowledges that the Plan and this Agreement are intended to conform to the extent necessary with all provisions of the Securities Act of 1933, as amended, and the

Exchange Act, and any and all regulations and rules promulgated thereunder by the U.S. Securities and Exchange Commission, including, without limitation, Rule 16b-3 under the Exchange Act, as well as any applicable stock exchange rules or listing standards. Notwithstanding anything herein to the contrary, the Plan will be administered, and the Award is granted, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, the Plan and this Agreement will be deemed amended to the extent necessary to conform to such laws, rules and regulations.

17. Award Subject to Clawback. The Award and any cash payment or Shares delivered pursuant to the Award are subject to forfeiture, recovery by the Company or other action pursuant to any clawback or recoupment policy which the Company may adopt from time to time, including, without limitation, the Company's Mandatory Recovery Policy for Executive Officers, or any other policy which the Company may be required to adopt under the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act and implementing rules and regulations thereunder, or as otherwise required by law (collectively, the "***Clawback Policy***"). Further, the RSUs, and any Shares issued or Dividend Equivalents paid on vesting of the RSUs, will be subject to deduction, clawback or forfeiture to the extent required to comply with any recoupment requirement imposed under applicable laws, rules, regulations or stock exchange listing standards. In order to satisfy any recoupment obligation arising under the Clawback Policy, among other things, Participant expressly and explicitly authorizes the Company to issue instructions, on Participant's behalf, to any brokerage firm or stock plan service provider engaged by the Company to hold any Shares or other amounts acquired pursuant to the RSUs to re-convey, transfer or otherwise return such Shares and/or other amounts to the Company upon the Company's enforcement of the Clawback Policy.

18. Amendment, Modification and Termination. To the extent permitted by the Plan, this Agreement may be wholly or partially amended or otherwise modified or terminated at any time or from time to time by the Administrator, *provided* that, except as may otherwise be provided by the Plan, no amendment, modification or termination of this Agreement will adversely affect the Award in any material respect without the prior written consent of Participant.

19. Notices. Notices required or permitted hereunder will be given in writing and will be deemed effectively given upon (i) personal delivery, (ii) transmission, if sent by email or other electronic means, or (iii) deposit in the post by certified mail, or its non-U.S. equivalent, with postage and fees prepaid, addressed to Participant at his or her address or email address shown in the Company records, and to the Company at its principal executive office or such email address as the Company designates.

20. Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement will inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth, and to the extent permissible under local law, this Agreement will be binding upon Participant and his or her heirs, executors, administrators, successors and assigns.

21. Compliance in Form and Operation. This Agreement and the RSUs are intended to be exempt from or comply with Section 409A and will be interpreted in a manner consistent with that intention, to the extent Participant is or becomes subject to U.S. federal income taxation. Notwithstanding any other provisions of this Agreement, the Company reserves the right in its sole and absolute discretion, to the extent the Company deems necessary or advisable, if Participant is or becomes subject to U.S. federal income taxation, and without any obligation to do so or to indemnify Participant for any failure to do so, to unilaterally amend the Plan and/or this Agreement to ensure that all RSUs are awarded in a manner that qualifies for exemption from or complies with Section 409A, *provided*, *however*, that the Company makes no representation that the RSUs will comply with or be exempt from Section 409A and makes no undertaking to preclude Section 409A from applying to the RSUs.

22. Country-Specific Provisions. The Award will be subject to any additional or different provisions set forth in Exhibit B of the Grant Notice for Participant's country, if any. If Participant relocates to one of the countries included in Exhibit B of the Grant Notice prior to any Vesting Date or while holding Shares issued upon vesting of the RSUs, the additional provisions for such country will apply to Participant, to the extent the Company determines that the application of such provisions is advisable or necessary for legal, tax or administrative reasons. Exhibit B of the Grant Notice constitutes part of this Agreement.

23. Imposition of Other Requirements. The Company reserves the right to impose other requirements on the RSUs and on any Shares issued upon vesting of the RSUs, to the extent the Company determines it is necessary or advisable for legal, regulatory or administrative reasons, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

24. Entire Agreement. The Plan and this Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof, *provided, however*, that if Participant is also a participant in the Company's Executive Change in Control and Severance Plan, as it may be amended or restated, the applicable provisions of such plan will apply to the RSUs granted under this Agreement.

25. Severability. If any provision of the Plan or this Agreement is found to be invalid, illegal or unenforceable in any respect, such provision will be applied to the fullest extent permitted by law and such invalidity, illegality or unenforceability will not affect any other provision of the Plan or this Agreement.

26. Waiver. Participant acknowledges that a waiver by the Company of breach of any provision of this Agreement will not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by Participant or any other participant.

* * * * *

Exhibit 10.03

PayPal Holdings, Inc.
2026 Equity Incentive Award Plan
Performance Based Restricted Stock Unit Award Grant Notice
and Performance Based Restricted Stock Unit Award Agreement

[Name]	Award Number:
[Country]	
Grant Date:	Type: PBRSU
Vesting Date:	
Target Shares:	

Effective as of the Grant Date set forth above (the ***"Grant Date"***), PayPal Holdings, Inc., a Delaware corporation (the "***Company***"), pursuant to its 2026 Equity Incentive Award Plan, as amended and restated from time to time (the "***Plan***"), hereby grants to the individual named above ("***Participant***") an award of performance-based Restricted Stock Units ("***PBRSUs***") with respect to the target number of shares of Stock provided above in this Grant Notice, at the Target level of performance specified in Appendix A hereto (the "***Target Shares***"). This PBRSU Award (the "***Award***") is subject to all of the terms and conditions set forth in this Performance Based Restricted Stock Unit Award Grant Notice (including, without limitation, the performance-based vesting conditions set forth in Appendix A of this Grant Notice, this "***Grant Notice***"), the Performance Based Restricted Stock Unit Award Agreement attached hereto as Exhibit A (the "***Award Agreement***"), and the additional provisions for Participant's country, if any, attached hereto as Exhibit B (together with the Grant Notice and the Award Agreement, the "***Agreement***") and the Plan, all of which are incorporated herein by reference. The number of shares of Stock ("***Shares***") Participant could actually receive pursuant to the Award, if any, may increase or decrease from the Target Shares based on the Company's actual performance, as set forth in Appendix A hereto. Any capitalized terms used in this Grant Notice without definition have the meanings ascribed to such terms in the Plan.

Subject to Participant's continuous employment with the Company or a subsidiary of the Company through the Vesting Date set forth above (the "***Vesting Date***") and further subject to Section 17 of the Agreement, Participant will vest in a number of PBRSUs on the Vesting Date, if any, determined based on the extent to which the performance goals set forth in Appendix A of this Grant Notice (the "***Performance Goals***") are achieved during the performance period beginning and ending on the dates set forth in Appendix A of this Grant Notice (the "***Performance Period***"). Any portion of the Shares subject to the Award that does not vest based on the terms and conditions of this Grant Notice and the Agreement will be forfeited by Participant and cancelled by the Company. Attainment of the Performance Goals will be determined by the Administrator in its sole and absolute discretion and certified by the Administrator in writing prior to the settlement of the Award. All vesting is subject to Participant's continued service with the Company or a subsidiary of the Company through the Vesting Date.

By Participant's signature and the Company's signature below, or by Participant's acceptance of the Agreement through the Company's designated online acceptance procedure, Participant agrees to be bound by the terms and conditions of the Plan and the Agreement. Participant has reviewed and fully understands all provisions of the Plan and the Agreement, and has had an opportunity to obtain the advice of counsel prior to executing the Agreement or accepting the Agreement through the Company's designated online acceptance procedure. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Company with respect to any questions arising under the Plan or the Agreement.

If Participant has not executed the Agreement or affirmatively accepted or rejected the Agreement through the Company's designated online acceptance procedure prior to the first scheduled vesting date of the Award as set forth in this Grant Notice, Participant will be deemed to have accepted the Award and all terms and conditions applicable to the Award. If Participant rejects the Award, the Award will be cancelled and no benefits from the Award nor any compensation or benefits in lieu of the Award will be provided to Participant.

PayPal Holdings, Inc.	Date
[Name]	Date

EXHIBIT A
To Performance Based Restricted Stock Unit Award Grant Notice
PayPal Holdings, Inc. Performance Based Restricted Stock Unit Award Agreement

Pursuant to the Performance Based Restricted Stock Unit Award Grant Notice (the "***Grant Notice***") to which this Performance Based Restricted Stock Unit Award Agreement is attached (together with the Grant Notice, the performance-based vesting conditions set forth in Appendix A to the Grant Notice and the additional provisions for Participant's country, if any, attached hereto as Exhibit B, the "***Agreement***"), PayPal Holdings, Inc., a Delaware corporation (the "***Company***") has granted to Participant an award of performance-based Restricted Stock Units ("***PBRSUs***") with respect to the number of shares of Stock ("***Shares***") under the Company's 2026 Equity Incentive Award Plan, as it may be amended and restated from time to time (the "***Plan***"), as set forth in the Grant Notice.

GENERAL

1. Definitions. Any capitalized terms used in this Agreement without definition have the meanings ascribed to such terms in the Plan or the Grant Notice, as applicable.

2. Incorporation of Terms of Plan. The Award is subject to the terms and conditions of the Plan, which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan will control.

AGREEMENT

1. Grant of the PBRSUs. As set forth in the Grant Notice, as of the Grant Date (as defined in the Grant Notice), the Company hereby grants to Participant the number of PBRSUs based on the Shares set forth in the Grant Notice, subject to all the terms and conditions in this Agreement and the Plan. The number of PBRSUs specified in the Grant Notice reflects the Target Shares that may be earned by Participant. The number of Shares Participant could actually receive pursuant to the Award, if any, may increase or decrease from the Target Shares based on the Company's actual performance as determined by the Administrator in its sole and absolute discretion. No Shares will be issued to Participant until the time set forth in Section 2. Prior to the actual issuance of any Shares, such PBRSUs will represent an unsecured obligation of the Company, payable only from the general assets of the Company. Unless otherwise determined by the Administrator, the PBRSUs include a right to receive an amount equal to the value of any dividends paid on the Stock for which the dividend record date occurs between the Grant Date and the date the PBRSUs are settled or forfeited ("***Dividend Equivalents***"). Subject to vesting and the extent to which the Performance Goals are achieved during the Performance Period, each Dividend Equivalent entitles Participant to receive the equivalent value of any such dividends paid on the number of Shares underlying the PBRSUs that are earned during such period. Dividend Equivalents will be (i) accrued (without interest), (ii) settled in cash or, subject to the approval of the Administrator, in Shares, and (iii) subject to the same conditions as the PBRSUs to which they are attributable, including, without limitation, the vesting conditions, the provisions governing the time of settlement of the PBRSUs, and any additional provisions for Participant's country in Exhibit B.

2. Issuance of Stock and Payment of Dividend Equivalents. As soon as administratively practicable after the Vesting Date (and in no event later than the March 15 following the calendar year of the Vesting Date), the Company will promptly (i) cause to be issued (either in book-entry form or otherwise) to Participant or Participant's beneficiaries, as the case may be, Shares with respect to PBRSUs that become vested on such Vesting Date, and (ii) pay any accrued Dividend Equivalents with respect to such Shares, in each case subject to Section 3 hereof, *provided* that Participant has not experienced a Termination of Service on or prior to such Vesting Date. Any portion of the Shares subject to the Award that does not vest will be forfeited by Participant and cancelled by the Company. Unless otherwise determined by the Administrator and permitted by the Plan, no fractional Shares will be issued under this Agreement. The vesting of the PBRSUs and associated Dividend Equivalents will cease immediately upon a Termination of Service, as further described in Section 8(m) below, and any unvested PBRSUs and associated Dividend Equivalents awarded by this Agreement will be forfeited upon such Termination of Service.

3. Responsibility for Taxes. Participant acknowledges that, regardless of any action taken by the Company and/or Participant's employer (the "***Employer***"), the ultimate liability for all Tax-Related Items is and remains Participant's responsibility and may exceed the amount (if any) withheld by the Company or the Employer. Participant further acknowledges that the Company and/or the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Award, including, but not limited to, the grant, vesting, settlement, release or cancellation of the PBRSUs and associated Dividend Equivalents, the issuance of Shares upon settlement of the PBRSUs, the subsequent sale of Shares acquired pursuant to such issuance and the receipt of any dividends, and (b) do not commit to and are under no obligation to structure the terms of the Award or

any aspect of the PBRSUs to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if Participant is or becomes subject to Tax-Related Items in more than one jurisdiction, Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

In connection with any relevant taxable or tax withholding event, as applicable, Participant agrees to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy the Tax-Related Items. In this regard, Participant authorizes the Company and/or the Employer (or their respective agents), at their discretion and pursuant to such procedures as they may specify from time to time, to satisfy their obligations (if any) with regard to the Tax-Related Items by one or a combination of the following:

(i) withholding a net number of otherwise issuable vested Shares having a then-current Fair Market Value not exceeding the amount necessary to satisfy the withholding obligation of the Company and/or the Employer pursuant to the terms and conditions of the Plan or other applicable withholding rates;

(ii) arranging for the Company-designated broker to sell on the market a portion of the otherwise issuable vested Shares that have an aggregate market value sufficient to pay the Tax-Related Items (also known as a "*sell to cover*"), on Participant's behalf and at Participant's direction pursuant to this authorization;

(iii) withholding from Participant's wages or other cash compensation payable to Participant by the Company, the Employer, or any subsidiary of the Company (including from any Dividend Equivalents);

(iv) requiring Participant to make a payment in cash (or cash equivalent) to the Company or the Employer; and/or

(v) any other method determined by the Company to be permitted under the Plan and applicable laws;

provided, *however*, that if Participant is an officer of the Company subject to Section 16 of the Exchange Act, then the obligations with regard to the Tax-Related Items will be satisfied by first withholding any otherwise payable Dividend Equivalents upon the relevant taxable or tax withholding event, as applicable, and then withholding a net number of otherwise issuable vested Shares upon the relevant taxable or tax withholding event, as applicable, as described in clause (i) above, unless the use of such withholding method would result in adverse consequences under applicable tax or securities law or accounting principles, in which case the obligations with regard to the Tax-Related Items in excess of the amount of otherwise payable Dividend Equivalents will be satisfied by the method described in clause (ii) above.

Unless otherwise determined by the Administrator and permitted by the Plan, no fractional Shares will be sold to cover or withheld to cover Tax-Related Items. The Company may withhold or account for Tax-Related Items by considering statutory withholding amounts or other withholding rates, including maximum rates applicable in Participant's jurisdiction(s). In the event of over-withholding, Participant may receive a refund of any over-withheld amount in cash (with no entitlement to the equivalent amount in Shares) from the Company or the Employer; otherwise, Participant may be able to seek a refund from the local tax authority. In the event of under-withholding, Participant may be required to pay any additional Tax-Related Items directly to the applicable tax authority. If the obligation for Tax-Related Items is satisfied by withholding a number of Shares as described in (i) above, for tax purposes Participant will be deemed to have been issued the full number of Shares subject to the vested PBRSUs, notwithstanding that a number of Shares are held back solely for the purpose of paying the Tax-Related Items. The Company may refuse to issue or deliver the Shares or refuse to deliver the proceeds of the sale of Shares if Participant fails to comply with Participant's obligations in connection with the Tax-Related Items.

4. Rights as Stockholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until certificates representing such Shares (which may be in book entry form) will have been issued and recorded in the records of the Company or its transfer agents or registrars, and delivered to Participant (including through electronic delivery to a brokerage account). After such issuance, recordation and delivery, Participant will have all the rights of a stockholder of the Company with respect to voting such Shares and receipt of dividends and distributions on such Shares.

5. Conditions to Issuance of Certificates. Notwithstanding any other provision of this Agreement, the Company will not be required to issue or deliver any certificate or certificates for any Shares (or make any book entries representing Shares) prior to the fulfillment of all of the following conditions: (a) the admission of the Shares to listing on all stock exchanges on which such Shares are then listed, (b) the completion of any registration or other qualification of the Shares under any U.S. or non-U.S. federal, state or local law or under rulings or regulations of the U.S. Securities and Exchange Commission or other governmental regulatory body

(including any applicable non-U.S. governmental regulatory body), which the Company will, in its sole and absolute discretion, deem necessary and advisable, (c) the obtaining of any approval or other clearance from any U.S. or non-U.S. federal, state or local governmental agency that the Company will, in its absolute discretion, determine to be necessary or advisable and (d) the lapse of any such reasonable period of time following the date the PBRSUs vest as the Company may from time to time establish for reasons of administrative convenience.

6. Plan Governs. This Agreement is subject to all terms and provisions of the Plan. In the event of a conflict between one or more provisions of this Agreement and one or more provisions of the Plan, the provisions of the Plan will govern.

7. Award Not Transferable. This Award and the rights and privileges conferred hereby will not be transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and will not be subject to sale under execution, attachment or similar process. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of this Award, or any right or privilege conferred hereby, or upon any attempted sale under any execution, attachment or similar process, this Award and the rights and privileges conferred hereby immediately will become null and void.

8. Nature of Grant. By accepting the Award, Participant acknowledges, understands and agrees that:

(a) the Plan is established voluntarily by the Company and is discretionary in nature, and the Plan and this Agreement may be modified, amended, or terminated by the Company at any time, to the extent permitted by the Plan;

(b) the Plan is operated and the PBRSUs are granted solely by the Company, and only the Company is a party to this Agreement; accordingly, any rights Participant may have under this Agreement may be raised only against the Company but not any subsidiary or affiliate of the Company (including, but not limited to, the Employer);

(c) no subsidiary or affiliate of the Company (including, but not limited to, the Employer) has any obligation to make any payment of any kind to Participant under this Agreement;

(d) the grant of the PBRSUs is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of PBRSUs, or benefits in lieu of PBRSUs, even if PBRSUs have been granted in the past;

(e) all decisions with respect to future grants of PBRSUs, if any, will be at the sole discretion of the Company;

(f) Participant is voluntarily participating in the Plan;

(g) the grant of the PBRSUs and Participant's participation in the Plan will not create a right to employment or service or be interpreted as forming an employment or service contract with the Company, the Employer or any subsidiary of the Company and will not interfere with the ability of the Company, the Employer or any subsidiary of the Company to terminate Participant's employment or service relationship (if any);

(h) the PBRSUs and any Shares subject to the PBRSUs, and the income from and value of such PBRSUs and any Shares subject thereto, are not intended to replace any pension rights or compensation;

(i) the PBRSUs and any Shares subject to the PBRSUs, and the income from and value of such PBRSUs and any Shares subject thereto, are not part of normal or expected compensation or salary for any purpose, including but not limited to calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, holiday pay, pension or retirement or welfare benefits or similar payments;

(j) unless otherwise agreed with the Company in writing, the PBRSUs and the Shares subject to the PBRSUs, and the income from and value of such PBRSUs and any Shares subject thereto, are not granted as consideration for, or in connection with, the service Participant may provide as a director of a subsidiary of the Company;

(k) the future value of the Shares subject to the PBRSUs is unknown, indeterminable and cannot be predicted with certainty;

(l) no claim or entitlement to compensation or damages arises from forfeiture of the PBRSUs resulting from (i) Participant ceasing to provide services to the Company, the Employer or any subsidiary of the Company (whether or not such cessation of services is later found to be invalid or in breach of applicable laws in the jurisdiction where Participant is employed or providing services or the terms of Participant's employment agreement or service contract, if any) and/or (ii) the application of the Clawback Policy as described in Section 17 below;

(m) in the event of Participant's Termination of Service (whether or not such Termination of Service is later found to be invalid or in breach of applicable laws in the jurisdiction where Participant is employed or providing services or the terms of Participant's employment agreement or service contract, if any), unless otherwise provided by this Agreement or determined by the Company, Participant's right to vest in the PBRSUs, if any, will terminate effective as of the date that Participant is no longer actively providing services and will not be extended by any notice period (*e.g.*, active service would not include any contractual notice period or any period of "*garden leave*" or similar period mandated under applicable laws in the jurisdiction where Participant is employed or providing services or the terms of Participant's employment agreement or service contract, if any); the Administrator will have the sole discretion to determine when Participant is no longer actively providing services for purposes of the PBRSUs; and

(n) neither the Company, the Employer nor any subsidiary of the Company will be liable for any foreign exchange rate fluctuation between Participant's local currency and the United States dollar that may affect the value of the PBRSUs or any amounts due to Participant pursuant to the vesting of the PBRSUs or the subsequent sale of any Shares acquired under the Plan.

9. No Advice Regarding Grant. Participant acknowledges and agrees that the Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding participation in the Plan, or Participant's acquisition or sale of Shares. Participant understands and agrees that Participant should consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

10. Insider Trading Restrictions/Market Abuse Laws. Participant may be subject to insider trading restrictions and/or market abuse laws, which may affect Participant's ability to accept, acquire, sell or otherwise dispose of Shares during such times as Participant is considered to have "*inside information*" regarding the Company (as defined by applicable laws or regulations in Participant's country). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders Participant places before possessing inside information. Furthermore, Participant could be prohibited from (i) disclosing the inside information to any third party (other than on a "need to know" basis) and (ii) "tipping" third parties, including but not limited to fellow employees, or causing them otherwise to buy or sell securities.

Any restrictions under these laws or regulations are separate from, and in addition to, any restrictions that may be imposed under any applicable Company insider trading policy. Participant is responsible for complying with any applicable restrictions and should speak with a personal legal advisor on this matter.

11. Foreign Asset/Account Reporting; Exchange Controls. Participant's country may have certain foreign asset and/or account reporting requirements and/or exchange controls that may affect Participant's ability to acquire or hold Shares or cash received from participating in the Plan (including from any dividends or Dividend Equivalents received or sale proceeds arising from the sale of Shares) in a brokerage or bank account outside Participant's country. Participant may be required to report such accounts, assets, or transactions to tax or other authorities in Participant's country. Participant may also be required to repatriate sale proceeds or other funds received as a result of Participant's participation in the Plan to Participant's country through a designated broker or bank and/or within a certain time after receipt. Participant acknowledges and agrees that it is Participant's responsibility to be compliant with such regulations, and that Participant should consult his or her personal legal advisor for any details.

12. Data Privacy Information and Consent. This section references the PayPal Privacy Statements that describe the Company's privacy and data protection practices for the personal data of Company employees***, available at: https://careers.pypl.com/paypal-privacy-statements/ (referred to as the "Privacy Statements").***

To participate in the Plan, Participant will need to ***(i)*** review the information provided below about the collection, processing and transfer of Participant's Personal Data (as defined below) and ***(ii)*** consent to the collection, processing and transfer of Participant's Personal Data. The Controller of Participant's Personal Data for purposes of the Plan is the Company, located at 2211 North First Street, San Jose, CA 95131, U.S.A.

(a) Data Collection and Usage. The ***Company and the Employer collect, process and use certain personal information about Participant, such as: Participant's name, home address and telephone number, email address, date of birth, social insurance number, tax ID number, passport or other identification number in a government issued document, salary, nationality, job title, any shares or directorships held in the Company, and details of all entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor ("Personal Data"), for the purposes of implementing,***

administering and managing the Plan. The legal basis, where required, for the processing of Personal Data by the Company and the Employer is set forth in the applicable Privacy Statement.

(b) Stock Plan Administration Service Providers. The Company transfers ***Personal Data to Morgan Stanley Smith Barney, LLC and/or certain of its affiliates (collectively, "Morgan Stanley")***, an independent ***service provider based in the United States, which is assisting the Company with the implementation, administration and management of the Plan.*** The Company may select a different service provider or additional service providers and share Personal Data with ***any*** such other provider serving in a similar manner. Participant may be asked to agree on separate terms and data processing practices with the service provider, with such agreement being a condition to ***participating*** in the Plan. The Company's legal basis, where required, for the transfer of Personal Data to ***Morgan Stanley*** or such different or additional service providers as the Company may select is Participant's consent.

(c) International Data Transfers. The Company and its service providers are based in the United States. The Privacy Statements describe the transfer and sharing of Participant's Personal Data among the Company and its ***s***ubsidiaries, ***a***ffiliates and personnel worldwide.

The Company may receive, process, transfer and share Participant's Personal Data with its *s*ubsidiaries and ***a***ffiliates on the basis of data transfer agreements or other appropriate safeguards permissible under applicable law and as further set out in the Privacy Statements. The Company may transfer Personal Data in the ***European Union ("***EU***")*** to a country outside the EU because the Company has established Binding Corporate Rules ("BCRs"). For Personal Data outside the EU, the Company has entered into an Intra Group Data Processing Agreement among the various *a*ffiliates of the Company group. Both BCRs and the Privacy Statements are available on ***the Company's intranet site***.

(d) Data Retention. The Company and its ***s***ubsidiaries and ***a***ffiliates will keep Participant's Personal Data for the purpose of th***is*** Agreement only as long as is necessary to implement, administer and manage Participant's participation in the Plan or to comply with legal or regulatory obligations, including, without limitation, under tax and securities laws. When Participant's Personal Data is no longer needed for any of the foregoing purposes under the Plan, the Company and its ***s***ubsidiaries and ***af***filiates will cease to use the Personal Data and remove it from their systems as reasonably practicable with respect to the Plan. This provision addresses only the retention and removal of Personal Data collected and used for purposes of the Plan. If Personal Data has been collected and used for other purposes, it may be retained for such purposes, as set forth in the applicable Privacy Statement.

(e) Voluntariness and Consequences of Consent Denial or Withdrawal. As set forth above, the transfer of Personal Data to ***Morgan Stanley*** or such different or additional service providers as the Company may select is based on Participant's consent. Participation in the Plan is voluntary and ***Participant is providing the consent herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke Participant's consent, Participant's salary from or employment with the Employer will not be affected; the only consequence of refusing or withdrawing Participant's consent is that the Company would not be able to administer or maintain Participant's participation in the Plan.***

(f) Data Subject Rights. Subject to the conditions set out in applicable law, Participant may, without limitation, have the rights of access, rectification, erasure, restriction and objection with respect to the Company as set out in the applicable Privacy Statement under "what are my rights" (available on ***the Company's intranet site or*** at the link provided in the introduction to this Section 12 above).

By participating in the Plan and indicating consent via the Company's acceptance procedure, Participant is declaring that Participant agrees with the transfer of Personal Data to ***Morgan Stanley*** and other service providers as described herein**,** and consents to such transfer of Personal Data by the Company ***and its subsidiaries and affiliates*** for the purposes of the Plan.

13. Electronic Delivery and Participation. The Company may, in its sole discretion, decide to deliver any documents related to the PBRSUs or any future PBRSUs granted under the Plan by electronic means or request Participant's consent to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an electronic system established and maintained by the Company or a third party designated by the Company.

14. Language. Participant acknowledges that Participant is sufficiently proficient in English, or has consulted with an advisor who is sufficiently proficient in English, so as to allow Participant to understand the terms and conditions of this Agreement. Furthermore, if Participant has received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control, unless otherwise required by applicable laws.

15. Governing Law and Choice of Venue. The laws of the State of Delaware govern the interpretation, validity, administration, enforcement and performance of the terms of this Agreement (including the additional provisions for Participants outside the U.S. attached to this Agreement as Exhibit B) without giving effect to any choice or conflict of laws provision or rule that would cause the application of the domestic substantive laws of any other jurisdiction.

For purposes of litigating any dispute that arises directly or indirectly in respect of this Award, the parties hereby submit to and consent to the exclusive jurisdiction of the federal and state courts located within the geographic boundaries of the United States District Court for the District of Delaware and agree that such litigation will be conducted in the federal and state courts located within the geographic boundaries of the United States District Court for the District of Delaware, and no other courts, where this grant is made and/or to be performed.

16. Conformity to U.S. Securities Laws. Participant acknowledges that the Plan and this Agreement are intended to conform to the extent necessary with all provisions of the Securities Act of 1933, as amended, and the Exchange Act, and any and all regulations and rules promulgated thereunder by the U.S. Securities and Exchange Commission, including, without limitation, Rule 16b-3 under the Exchange Act, as well as any applicable stock exchange rules or listing standards. Notwithstanding anything herein to the contrary, the Plan will be administered, and the Award is granted, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, the Plan and this Agreement will be deemed amended to the extent necessary to conform to such laws, rules and regulations.

17. Award Subject to Clawback. The Award and any cash payment or Shares delivered pursuant to the Award are subject to forfeiture, recovery by the Company or other action pursuant to any clawback or recoupment policy which the Company may adopt from time to time, including, without limitation, the Company's Mandatory Recovery Policy for Executive Officers, or any other policy which the Company may be required to adopt under the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act and implementing rules and regulations thereunder, or as otherwise required by law (collectively, the "***Clawback Policy***"). Further, the PBRSUs, and any Shares issued or Dividend Equivalents paid on vesting of the PBRSUs, will be subject to deduction, clawback or forfeiture to the extent required to comply with any recoupment requirement imposed under applicable laws, rules, regulations or stock exchange listing standards. In order to satisfy any recoupment obligation arising under the Clawback Policy, among other things, Participant expressly and explicitly authorizes the Company to issue instructions, on Participant's behalf, to any brokerage firm or stock plan service provider engaged by the Company to hold any Shares or other amounts acquired pursuant to the PBRSUs to re-convey, transfer or otherwise return such Shares and/or other amounts to the Company upon the Company's enforcement of the Clawback Policy.

18. Amendment, Modification and Termination. To the extent permitted by the Plan, this Agreement may be wholly or partially amended or otherwise modified or terminated at any time or from time to time by the Administrator, *provided* that, except as may otherwise be provided by the Plan, no amendment, modification or termination of this Agreement will adversely affect the Award in any material respect without the prior written consent of Participant.

19. Notices. Notices required or permitted hereunder will be given in writing and will be deemed effectively given upon (i) personal delivery, (ii) transmission, if sent by email or other electronic means, or (iii) deposit in the post by certified mail, or its non-U.S. equivalent, with postage and fees prepaid, addressed to Participant at his or her address or email address shown in the Company records, and to the Company at its principal executive office or such email address as the Company designates.

20. Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement will inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth, and to the extent permissible under local law, this Agreement will be binding upon Participant and his or her heirs, executors, administrators, successors and assigns.

21. Compliance in Form and Operation. This Agreement and the PBRSUs are intended to be exempt from or comply with Section 409A and will be interpreted in a manner consistent with that intention, to the extent Participant is or becomes subject to U.S. federal income taxation. Notwithstanding any other provisions of this Agreement, the Company reserves the right in its sole and absolute discretion, to the extent the Company deems necessary or advisable, if Participant is or becomes subject to U.S. federal income taxation, and without any obligation to do so or to indemnify Participant for any failure to do so, to unilaterally amend the Plan and/or this Agreement to ensure that all PBRSUs are awarded in a manner that qualifies for exemption from or complies with Section 409A, *provided*, *however*, that the Company makes no representation that the PBRSUs will comply with or be exempt from Section 409A and makes no undertaking to preclude Section 409A from applying to the PBRSUs.

22. Country-Specific Provisions. The Award will be subject to any additional or different provisions set forth in Exhibit B of the Grant Notice for Participant's country, if any. If Participant relocates to one of the countries included in Exhibit B of the Grant Notice prior to the Vesting Date or while holding Shares issued upon vesting of the PBRSUs, the additional provisions for such country will apply to Participant, to the extent the Company determines that the application of such provisions is advisable or necessary for legal, tax or administrative reasons. Exhibit B of the Grant Notice constitutes part of this Agreement.

23. Imposition of Other Requirements. The Company reserves the right to impose other requirements on the PBRSUs and on any Shares issued upon vesting of the PBRSUs, to the extent the Company determines it is necessary or advisable for legal, regulatory or administrative reasons, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

24. Entire Agreement. The Plan and this Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof, *provided*, *however*, that if Participant is also a participant in the Company's Executive Change in Control and Severance Plan, as it may be amended or restated, the applicable provisions of such plan will apply to the PBRSUs granted under this Agreement.

25. Severability. If any provision of the Plan or this Agreement is found to be invalid, illegal or unenforceable in any respect, such provision will be applied to the fullest extent permitted by law and such invalidity, illegality or unenforceability will not affect any other provision of the Plan or this Agreement.

26. Waiver. Participant acknowledges that a waiver by the Company of breach of any provision of this Agreement will not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by Participant or any other participant.

* * * * *

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: July 28, 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: July 28, 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 June 30, 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: July 28, 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 June 30, 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: July 28, 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.